

# BASE PROSPECTUS



## CIMPOR FINANCIAL OPERATIONS B.V.

*(a private company incorporated with limited liability (besloten vennootschap met beperkte aansprakelijkheid) under the laws of The Netherlands and having its seat in Amsterdam)*

*as Issuer*

*of Notes which have the support of a Keep Well Agreement provided by*

## CIMPOR CIMENTOS DE PORTUGAL, SGPS, S.A.

*(a public listed company incorporated with limited liability in the Portuguese Republic)*

*and*

*a joint and several Guarantee by*

## CIMPOR INVERSIONES, S.A.U. and CORPORACIÓN NOROESTE, S.A.

*(each a limited liability company (sociedad anónima) incorporated in the Kingdom of Spain)*

**EUR 2,500,000,000**

### Global Medium Term Note Programme

Under this EUR 2,500,000,000 Global Medium Term Note Programme (the **Programme**), CIMPOR Financial Operations B.V. (the **Issuer**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed EUR 2,500,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The obligations of the Issuer in respect of Notes issued by it have been guaranteed on a joint and several basis by CIMPOR Inversiones, S.A.U. and Corporación Noroeste, S.A. (each, a **Guarantor** and together, the **Guarantors**). In addition, the Notes will have the support of a keep well agreement (as amended, supplemented or replaced from time to time, the **Keep Well Agreement**) between CIMPOR Cimentos de Portugal, SGPS, S.A. (CIMPOR S.A.) and the Issuer.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

**An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "Risk Factors".**

Application has been made to the *Commission de Surveillance du Secteur Financier* (the **CSSF**) in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 on prospectuses for securities to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC (the **Markets in Financial Instruments Directive**).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a final terms document (the **Final Terms**) which, with respect to Notes to be listed on the on the Luxembourg Stock Exchange will be filed with the **CSSF**.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer, CIMPOR S.A., the Guarantors and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

Neither the Notes nor the Guarantee thereof have been nor will they be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or under any securities laws of any State or jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or the benefit of, U.S. persons unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. See "*Form of the Notes*" for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer, see "*Subscription and Sale and Transfer and Selling Restrictions*".

Notes may be issued in bearer or registered form (respectively **Bearer Notes** and **Registered Notes**). Save as provided below, (a) each Series (as defined on page 57) of Bearer Notes will be represented on Issue by a temporary global note in bearer form (each a **Temporary Global Note**) or a permanent global note in bearer form (each a **Permanent Global Note**); and (b) each series of Registered Notes will be represented by a global note in registered form. Registered Notes will not be exchangeable for Bearer Notes and *vice versa*. Global Notes (other than Registered Global Notes) may be deposited on the issue date with a common depository or a common safekeeper (as the case may be) on behalf of Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, *société anonyme*, Luxembourg (**Clearstream, Luxembourg**). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "Form of the Notes".

Registered Notes offered and sold to non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act (**Regulation S**) will initially be represented by a global note in registered form (a **Regulation S Global Note**) and may not, prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to such Notes, be held otherwise than through Euroclear or Clearstream, Luxembourg, and such Regulation S Global Note will bear a legend regarding such restrictions on transfer. Registered Notes may only be offered and sold in the United States or to U.S. persons in private transactions to "qualified institutional buyers" (**QIBs**) within the meaning of Rule 144A under the Securities Act (**Rule 144A**). The Registered Notes sold to QIBs will be represented by a global note in registered form (a **Rule 144A Global Note** and, together with a Regulation S Global Note, the **Registered Global Notes**). Registered Notes are subject to certain restrictions on transfer, see "*Subscription and Sale and Transfer and Selling Restrictions*".

Registered Global Notes will either (i) be deposited with a custodian for, and registered in the name of a nominee of, the Depository Trust Company (DTC) or (ii) be deposited with a common depository or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg, or in the name of a nominee of the common safekeeper, as specified in the applicable Final Terms. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

Neither the Notes nor the Guarantee thereof have been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Base Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Base Prospectus. Any representation to the contrary is a criminal offence in the United States.

The Issuer, CIMPOR S.A. and the Guarantors may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplement to this Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EU) No 1060/2009 (the **CRA Regulation**) will be disclosed in the Final Terms. Please also refer to "*Rating of the Notes*" in the *Risk Factors* section of this Base Prospectus.

### **Arranger**

## **SOCIÉTÉ GÉNÉRALE CORPORATE & INVESTMENT BANKING**

### **Dealers**

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.  
BANCO ESPÍRITO SANTO DE INVESTIMENTO, S.A.  
BANCO SANTANDER TOTTA, S.A.  
BOFA MERRILL LYNCH  
CITI  
DEUTSCHE BANK  
ITAÚ BBA  
ING COMMERCIAL BANKING  
THE ROYAL BANK OF SCOTLAND

BANCO BPI, S.A.  
BANCO COMERCIAL PORTUGUÊS, S.A..  
BNP PARIBAS  
CAIXA – BANCO DE INVESTIMENTO, S.A.  
CREDIT SUISSE  
HSBC  
J.P. MORGAN  
SOCIÉTÉ GÉNÉRALE CORPORATE & INVESTMENT  
BANKING

The date of this Base Prospectus is 22 July 2011.

**This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the *Prospectus Directive*) as amended (which includes the amendments made by Directive 2010/73/EU (the *2010 PD Amending Directive*) to the extent that such amendments have been implemented in a Member State of the European Economic Area).**

**The Issuer, CIMPOR S.A. and the Guarantors (the *Responsible Persons*) accept responsibility for the information contained in this Base Prospectus. To the best of the knowledge of the Issuer, CIMPOR S.A. and the Guarantors (each having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.**

**This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Base Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Base Prospectus.**

**The Dealers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer, CIMPOR S.A. or the Guarantors in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer, CIMPOR S.A. or the Guarantors in connection with the Programme.**

**No person is or has been authorised by the Issuer, CIMPOR S.A. or the Guarantors to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, CIMPOR S.A., the Guarantors or any of the Dealers.**

**Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer, CIMPOR S.A. or the Guarantors is correct at any time subsequent to the date hereof or that there has been no adverse change in the financial position of the Issuer, CIMPOR S.A. or the Guarantors since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer, CIMPOR S.A. or the Guarantors during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, inter alia, the most recent financial statements of the Issuer, CIMPOR S.A. and the Guarantors when deciding whether or not to purchase any of the Notes.**

**Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, CIMPOR S.A., the Guarantors or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, CIMPOR S.A. or the Guarantors. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, CIMPOR S.A., the Guarantors or any of the Dealers to any person to subscribe for or to purchase any Notes.**

**This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, CIMPOR S.A., the Guarantors and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, CIMPOR S.A., the Guarantors or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom, The Netherlands, Spain, Portugal) and Japan, see "*Subscription and Sale and Transfer and Selling Restrictions*".**

**This Base Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a *Relevant Member State*) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by Final Terms in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer, CIMPOR S.A., the Guarantors or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. The expression *Prospectus Directive* means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression *2010 PD Amending Directive* means Directive 2010/73/EU. Neither the Issuer, CIMPOR S.A., the Guarantors nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.**

**In making an investment decision, investors must rely on their own examination of the Issuer, CIMPOR S.A., the Guarantors and the terms of the Notes being offered, including the merits and risks involved.**

**None of the Dealers, the Issuer, CIMPOR S.A., or the Guarantors makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.**

#### **U.S. INFORMATION**

**This Base Prospectus is being submitted on a confidential basis in the United States to a limited number of QIBs as defined under "*Form of the Notes*") for informational use solely in connection with the consideration of the purchase of certain Notes issued under the Programme. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.**

Registered Notes may be offered or sold within the United States only to QIBs in transactions exempt from registration under the Securities Act in reliance on Rule 144A under the Securities Act or any other applicable exemption. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be being made in reliance upon the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A.

Each purchaser or holder of Notes represented by a Rule 144A Global Note or any Notes issued in registered form in exchange or substitution therefor (together *Legended Notes*) will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in "*Subscription and Sale and Transfer and Selling Restrictions*". Unless otherwise stated, terms used in this paragraph have the meanings given to them in "*Form of the Notes*".

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and the regulations promulgated thereunder.

#### NOTICE TO NEW HAMPSHIRE RESIDENTS

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

#### AVAILABLE INFORMATION UNDER RULE 144A

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are "restricted securities" within the meaning of the Securities Act, each of the Issuer, CIMPOR S.A., and the Guarantors will undertake in a deed poll to be entered into on or before the first issue of Notes to be offered pursuant to Rule 144A (as defined below)(the *Deed Poll*) to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Notes remain outstanding as "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act and each of the Issuer, CIMPOR S.A., and the Guarantors is neither a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, (the *Exchange Act*) nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

## SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a corporation organised under the laws of The Netherlands. All of the officers and directors named herein reside outside the United States and all or a substantial portion of the assets of the Issuer and of such officers and directors are located outside the United States. As a result, it may not be possible for investors to effect service of process outside The Netherlands upon the Issuer or such persons, or to enforce judgments against them obtained in courts outside The Netherlands predicated upon civil liabilities of the Issuer or such directors and officers under laws other than the laws of The Netherlands, including any judgment predicated upon United States federal securities laws.

CIMPOR S.A. is a corporation organised under the laws of Portugal. All of the officers and directors named herein reside outside the United States and all or a substantial portion of the assets of CIMPOR S.A. and of such officers and directors are located outside the United States. As a result, it may not be possible for investors to effect service of process outside Portugal upon CIMPOR S.A. or such persons, or to enforce judgments against them obtained in courts outside Portugal predicated upon civil liabilities of CIMPOR S.A. or such directors and officers under laws other than Portuguese law, including any judgment predicated upon United States federal securities laws.

The Guarantors are corporations organised under the laws of Spain. All of the officers and directors named herein reside outside the United States and all or a substantial portion of the assets of the Guarantors and of such officers and directors are located outside the United States. As a result, it may not be possible for investors to effect service of process outside Spain upon the Guarantors or such persons, or to enforce judgments against them obtained in courts outside Spain predicated upon civil liabilities of the Guarantors or such directors and officers under laws other than Spanish law, including any judgment predicated upon United States federal securities laws.

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### *Presentation of Financial Information*

Unless otherwise indicated, the financial information in this Base Prospectus relating to the Issuer, CIMPOR S.A. and the Guarantors has been derived from the audited consolidated and unconsolidated financial statements of the Issuer, CIMPOR S.A. and the Guarantors, respectively, for the financial years ended 31 December 2009 and 31 December 2010 (together, the *Financial Statements*).

The financial year of the Issuer, CIMPOR S.A. and the Guarantors ends on 31 December, and references in this Base Prospectus to any specific year are to the 12-month period ended on 31 December of such year. The Financial Statements have been prepared in accordance with International Financial Reporting Standards (*IFRS*) issued by the International Accounting Standards Board.

### *Certain Defined Terms and Conventions*

Capitalised terms which are used but not defined in any particular section of this Base Prospectus will have the meaning attributed thereto in "*Terms and Conditions of the Notes*" or any other section of this Base Prospectus. In addition, the following terms as used in this Base Prospectus have the meanings defined below:

**Group** means CIMPOR S.A. and its Subsidiaries, taken as a whole;

**Person** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality.

**Subsidiary** means, in relation to any Person (the first Person) at any particular time, any other Person (the second Person):

- (a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles consolidated with those of the first Person.

Certain figures and percentages included in this Base Prospectus have been subject to rounding adjustments; accordingly figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

All references in this document to *U.S. dollars*, *U.S.\$* and *\$* refer to United States dollars and all references to *EUR*, *Euro*, *euro* and *€* refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the functioning of the European Union, as amended.

#### CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

Some statements in this Base Prospectus may be deemed to be forward looking statements. Forward looking statements include statements concerning the Issuer's, CIMPOR S.A.'s and/or the Guarantors' plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward looking statements. When used in this Base Prospectus, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward looking statements. These forward looking statements are contained in the sections entitled "*Risk Factors*", "*Description of CIMPOR Financial Operations B.V.*", "*Description of CIMPOR Cimentos de Portugal, SGPS, S.A.*", "*Description of CIMPOR Inversiones, S.A.U.*" and "*Description of Corporación Noroeste, S.A.*" and other sections of this Base Prospectus. The Issuer, CIMPOR S.A. and the Guarantors have based these forward looking statements on the current view of their management with respect to future events and financial performance. Although each of the Issuer, CIMPOR S.A. and the Guarantors believes that the expectations, estimates and projections reflected in its forward looking statements are reasonable as of the date of this Base Prospectus, if one or more of the risks or uncertainties materialise, including those identified below or which the Issuer, CIMPOR S.A. and/or the Guarantors have otherwise identified in this Base Prospectus, or if any of the Issuer's, CIMPOR S.A.'s and/or the Guarantors' underlying assumptions prove to be incomplete or inaccurate, the Issuer's CIMPOR S.A.'s and/or the Guarantors' actual results of operation may vary from those expected, estimated or predicted.

The risks and uncertainties referred to above include:

- the Issuer's, CIMPOR S.A.'s, or the Guarantors' ability to achieve and manage the growth of the business conducted by it directly or through any of its Subsidiaries;
- the performance of the financial markets, general economies, and particular industries and sectors in the Netherlands, Portugal, Spain and the wider region in which the Issuer, CIMPOR S.A., and the Guarantors operate directly or through any of its Subsidiaries;

- **the Issuer's, CIMPOR S.A.'s, or the Guarantors' ability to realise the benefits it expects from existing and future projects and investments it is undertaking or plans to or may undertake directly or through any of its Subsidiaries;**
- **the Issuer's, CIMPOR S.A.'s, or the Guarantors' ability to obtain external financing or maintain sufficient capital to fund its existing and future investments and projects or the existing and future investments and projects of its Subsidiaries;**
- **changes in political, social, legal or economic conditions in the markets in which the Issuer, CIMPOR S.A., the Guarantors and their customers operate directly or through any of its Subsidiaries; and**
- **various other factors beyond the control of the Issuer, CIMPOR S.A. and the Guarantors.**

**The foregoing list of important factors is not exhaustive. Additional information regarding the factors and events that could cause differences between forward-looking statements and actual results is contained in this Base Prospectus, as amended or supplemented from time to time. For further discussion of these and other factors, see "Risk Factors", "Description of CIMPOR Financial Operations B.V", "Description of CIMPOR Inversiones, S.A.U.", "Description of Corporación Noroeste, S.A." and "CIMPOR Cimentos de Portugal, SGPS, S.A." in this Base Prospectus. Any forward looking statements contained in this Base Prospectus speak only as at the date of this Base Prospectus. Without prejudice to any requirements under applicable laws and regulations, each of the Issuer, CIMPOR S.A. and the Guarantors expressly disclaims any obligation or undertaking to disseminate after the date of this Base Prospectus any updates or revisions to any forward looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward looking statement is based.**

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**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action or over-allotment may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.**

## **RISK FACTORS**

*Each of the Issuer and the Guarantors believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantors are in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*Each of the Issuer and the Guarantors believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer or the Guarantors to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer and the Guarantors based on information currently available to them or which they may not currently be able to anticipate.*

*The purchase of the Notes may involve substantial risks and may be suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes. Prior to making an investment decision, prospective investors should consider carefully, in light of their own financial circumstances and investment objectives (i) all the information set out in this Base Prospectus, and in particular the considerations set forth below, and (ii) all the information set forth in the applicable Final Terms. Prospective investors should make such enquiries as they deem necessary without relying on the Issuer or the Guarantors or any Dealer.*

**Factors that may affect the Issuer's, CIMPOR S.A.'s and the Guarantors' ability to fulfil their obligations under Notes issued under the Programme**

### ***Market and business related risks***

The Group's results of operations and profitability could be adversely affected by a continued downturn in construction activity on a global scale or in a significant market in which it operates.

The construction market is the exclusive cement and cement sub products destination market, hence all Group core businesses are dependant of its evolution and progress, in both its sectors, private (residential and non-residential) and governmental (civil works).

The Group's business is sensitive to factors such as GDP growth and housing needs. An economic downturn could lead to a recession in the construction industry and consequently in the production of cement. The turmoil in the financial sector, which intensified during the second half of 2008, had a negative impact on the global real economy, with a reduced demand for cement and a decrease in prices in mature and in certain emerging markets.

As a consequence, some of the Group's markets, including Portugal, Spain, Egypt and India, have been affected in 2010.

Historically the Group's broad geographic base has contributed to earnings stability as cyclical declines in individual markets have been offset by growth in other markets. However, while the twelve countries in which the Group operates are most of them affected by regional downturn or upturn economic dynamics, there can be no assurance that negative economic conditions in one or more regions will not affect the construction markets in some countries.

### ***Competition risks***

The Group competes in each of its markets with domestic and foreign suppliers as well as with importers. As a result, the prices that the Group may be able to charge its customers are not likely to be materially different from the prices charged by producers of the same products and by competitors in the same markets.

Accordingly, the Group's profitability is generally dependent on the level of demand for such products as a whole and on its ability to control its efficiency and operating costs. Prices in these segments are subject to material changes in response to relatively minor fluctuations in supply and demand, general economic conditions, and other market conditions beyond the Group's control.

As a consequence, the Group may face price, margin or volume declines in the future. Any significant volume, margin or price declines could have a material adverse effect on the Group's results. New capacity to be installed by competitors without an increase in demand could result in an oversupply in certain regions pushing down the selling prices and reducing the margins.

Since 1994, antitrust and competition regulators worldwide have been subjecting the cement industry to increased scrutiny and imposing fines on companies for involvement in illegal cartel practices or other anticompetitive practices. Group companies in Brazil and in South Africa are currently subject to investigations and proceedings by competition authorities and the Group cannot predict with certainty the outcome of the pending competition law proceedings or investigations or give any assurances that other subsidiaries or affiliates of the Group will not in the future be the subject of further investigations by competition authorities.

### ***Availability of raw materials risks***

In each of its business areas the Group's long term success is dependent on its ability to secure enough raw materials including limestone, gypsum and other materials for the production of clinker and cement available in quarries located near the different plants.

Limestone is normally obtained through the exploitation of the Group's own quarries or rented quarries with a minimum life time of 50 to 100 years.

In some situations the Group may face the risk of the exhaustion of the raw materials in certain quarries, especially as regards limestone and the cancellation of rental agreements, forcing the Group to find other quarries further from its sites of operation with a corresponding impact in terms of costs to extract and transport the raw materials. This could have an adverse effect on the Group's ability to meet production targets.

### ***Increased energy costs risks***

The Group's results of operations are significantly affected by movements in the prices of fuel, namely oil sub products, and indirectly power prices.

This is due to the time gap, especially in a price climbing period, between the purchase and use of these resources, delaying the Group's response in terms of final product price compensation. Additionally the high importance of fuel costs in logistic operations may by itself affect the aforementioned risk.

The Group seeks to protect itself against the risk of energy price inflation through the ability to diversify fuel sources and the use of alternative fuels.

### ***Regulatory risks***

The Group's business is affected by laws and regulations, including regulations regarding concessions of quarries, operating licences, environmental regulations, restoration of mining properties, controlled prices, bans on exports and fees to be paid to allow the construction of new plants.

The Group believes that it is in possession of, and/or has submitted fully compliant requests to obtain, all material permits and licences required to conduct its present mining and plants operations. However, it cannot assure investors that current or future regulations, and compliance with such regulations, will not have a material adverse effect on the Group's business.

### ***Environmental risks***

The operations of cement suppliers are subject to numerous national and supranational environmental laws, regulations, treaties and conventions, including those regulating the discharge of materials into the environment, requiring the removal and clean-up of environmental contamination, or otherwise relating to the protection of the environment.

Violations of existing environmental regulations expose violators to substantial fines and sanctions and may require technical measures or investments to ensure compliance with mandatory emission limits. Environmental regulations currently in force may be amended or modified, or new environmental regulations may be adopted, further curtailing or regulating the operations of the cement industry in the various jurisdictions in which the Group operates.

Environmental regulations currently in force apply mainly to the emission of CO<sub>2</sub> by the cement industry, which primarily results from the chemical process of making clinker and from the combustion of fossil fuels.

As a result of the Kyoto Protocol, the European Union introduced a cap on CO<sub>2</sub> emissions with effect from 1 January 2005. This applies only to the operations of the Group in Portugal and Spain, where the relevant members of the Group receive allowances from their governments setting the limits of carbon dioxide emissions.

The policy of the Group regarding CO<sub>2</sub> emissions has been to adjust the level of clinker production in Spain and in Portugal in line with the allowances granted, thereby limiting the need to purchase or sell additional allowances in the market.

For the 2008 – 2012 period, the Group members operating in Portugal and Spain will receive approximately the same allowances which were received in the previous period (from 2003 – 2007). This will permit these entities to operate a similar level of clinker production as in the previous period.

From 2013 it is expected that the European Union will further significantly reduce the volume of emission allowances to the industry, and the cost of CO<sub>2</sub> emission allowances may increase accordingly. Given the reduced allocation of allowances, there is a significant risk that the Group will have to buy additional emission allowances or possibly reduce its clinker production in Portugal and Spain.

Certain emerging markets where the Group has a presence do not yet have an obligation to reduce their CO<sub>2</sub> emissions, but the Kyoto Protocol creates financial incentives and promotes clean development mechanisms in these regions as well. The implementation of increasingly varied regulatory systems in different parts of the world may affect international competitiveness and eventually lead to discontinuation of the use of such assets in regions with emissions regulations, such as Europe.

There can be no assurance that the Group will be able to meet its stated targets relating to CO<sub>2</sub> emissions or comply with targets imposed upon the cement industry by external regulators. Furthermore, additional, new and/or different regulations in this area, such as the imposition of lower limits than those currently contemplated, could be enacted, all of which could have a material adverse effect on the Group's results.

The Group is increasingly using alternative fuels to reduce CO<sub>2</sub> and other emissions which in some situations are hazardous and require the Group to use special procedures to protect workers and local populations.

#### ***Health and safety risks***

Due to the nature of the industry in which the Group operates, there is a risk of accidents or improper operations. Although the Group invests significant resources in occupational health and safety measures, the number of severe incidents has increased recently, in part due to the Group's increased activities in emerging markets, where compliance with safety standards and practices tends to be lower than those applicable in more developed markets.

Notwithstanding the measures that the Group has taken or may take, there can be no assurance that accidents or improper operations will not occur and if they do occur, there can be no assurance that such accidents or improper operations will not damage the environment and/or injure the Group's own personnel or third party staff. This could result in an adverse effect on the Group's profits and its reputation.

#### ***Emerging markets risks***

The Group's expansion in emerging markets, where more than 70% of total production is located, exposes it to political risks, including nationalisation and expropriation of assets, risks associated with legal and tax systems, risks related to the volatility in GDP of the various emerging economies, inflation, exchange rates and interest rates, price controls, bans on exports, licence fees for the construction of new plants, restrictions on currency movements and repatriation of capital, and limitations in attracting qualified management and employees.

These risks may negatively affect the financial condition and results of operations of the Group. Accordingly, the Group is not able to assure investors that it will not be materially adversely affected by its exposure to emerging markets.

#### ***Currency risks***

Due to its exposure to emerging markets, the Group faces foreign exchange risks arising from various currencies, the movements in exchange rates having a significant influence on the Group's results and financial condition.

The translation of local balance sheets and statements of income into the Group's reporting currency (euro) leads to currency translation effects which the Group normally does not actively hedge. In addition, the balance sheet is only partially hedged by debt in foreign currencies and therefore a significant decrease in the aggregate value of such local currencies against the euro may have a material effect on the Group's shareholders' equity. Currency fluctuations can also result in the recognition of exchange rate losses on transactions, which are reflected in the Group's consolidated income statement.

#### ***Investments risks***

The Group's investments in fixed assets comprise both maintenance capital expenditure to maintain existing facilities and expansion capital expenditure in connection with the implementation of organic growth projects as well as the acquisition of new businesses.

There can be no assurance that such growth projects will be initiated and/or completed according to the proposed calendar therefor considering the current economic and market conditions, increased funding costs or greater difficulty in accessing financing and increased investment costs.

As part of its growth strategy, the Group has made, and in the future may make, selective acquisitions to strengthen and develop its existing activities, particularly in geographic areas it believes to be growing areas that have strong synergies with the Group's existing business.

The successful implementation of such an acquisition strategy depends on a range of factors, including the Group's ability to identify appropriate opportunities, to agree adequate prices and to access the necessary funding.

There may also be substantial challenges or delays in integrating and adding value to the businesses acquired or to be acquired by the Group. The costs of integration could be materially high and the Group may fail to achieve the synergies expected from such acquisitions which may have a material adverse effect on the Group's results.

### ***Logistic risks***

The Group relies upon third party service providers for the transport of its products to its customers. The Group's ability to service customers at a reasonable cost depends, in many cases, upon its ability to negotiate reasonable terms with suppliers including railroad, trucking and shipment companies.

Due to the heavy weight of its products, the Group incurs substantial transportation costs. To the extent that the Group's third party suppliers increase their rates, the Group may be forced to pay such increase sooner than it is able to pass on such increase to customers, if at all.

As a result of shipping and logistical problems resulting from high demand, the Group decided to acquire and currently owns two vessels with a total DWT (*dead weight tonnage*) of 92.211 tonnes as a way of limiting the impact of any increase in the cost of shipping clinker and pet coke.

### ***Funding risks***

The Group's ability to borrow from banks or in the capital markets to meet its financial requirements is dependent on favourable market conditions.

The recent financial crisis on the credit markets has limited the ability of companies to access necessary funds, mainly in terms of bank finance and increased funding costs due to the widening of credit spreads.

This market slowdown may adversely impact the Group's ability to borrow from banks or in the capital markets and may significantly increase the costs of such borrowings.

If sufficient sources of financing are not available in the future for these or other reasons, the Group may be unable to meet its financial requirements, which could materially and adversely affect its results and financial condition.

### ***CIMPOR rating risks***

The Group's ability to compete successfully in the marketplace for funding depends on various factors, including financial stability as reflected by its operating results and credit ratings as assigned by recognised credit agencies. As a result, a downgrade in credit ratings may impact the Group's ability to raise funding and this could adversely affect its business, financial condition and results of operations.

The current rating of CIMPOR S.A. and CIMPOR Inversiones, S.A.U. is BBB- with a stable outlook, as assigned by Standard & Poor's Credit Market Services Europe Limited, a subsidiary of Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc ("**Standard & Poor's**").

Credit ratings are susceptible to change at any time, and in light of the above, CIMPOR S.A.'s corporate credit rating could be also downgraded at any time according with the rating agencies own criteria.

Standard & Poor's is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.

Please also refer to "*Ratings of the Notes*" below .

### ***Impairment risks***

The cement and, to a lesser extent, the concrete and the aggregates industries, are very capital intensive industries and the majority of company acquisitions imply a substantial goodwill which is subject to annual impairment tests.

At each balance sheet date, the Group assesses whether there is any indication that a non-financial asset may be impaired. If any such indication exists, the recoverable amount of the non-financial asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of a non-financial asset is established to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

Impairment losses are recognised in the income statement and may therefore have a material effect on the Group's results.

### ***Tax risks***

The Group could be adversely affected by tax changes in the countries in which it operates and has no control over such tax changes, or changes in the interpretation of tax laws by any fiscal authority. Significant changes in tax legislation or difficulty in implementation or complying with new tax legislation could have an adverse effect on the Group business, financial condition and results of operations.

### ***Business interruption risks***

As a consequence of the capital intensive nature of the cement industry, interruptions in production capabilities at any plant may cause the productivity and results of operations to decline significantly during the affected period. The manufacturing processes of cement are dependent upon critical pieces of equipment such as crushers for the raw materials, kilns to produce the clinker and grinding mills for the cement. This equipment may, on occasion, be out of service as a result of strikes, unanticipated failures, accidents or force majeure events. In addition, there is a risk that equipment or production facilities may be damaged or destroyed by such events.

### ***Litigation risks***

The Group is involved and may in the future become involved, in the ordinary course of business, in lawsuits, claims, investigations and proceedings, including product liability, ownership, commercial, environment, health and safety matters and tax claims. Such proceedings may have a material adverse effect on the asset position, financial condition and results of operations of the Group.

### ***Insurance coverage risks***

The operating risk management policy of the Group is held through a captive reinsurance company – Cimpor Reinsurance SA, which is located in Luxembourg and is 100% wholly owned by CIMPOR S.A. This entity directly assumes all material damage and machine breakdown risks with compensation limits of up to 3 million per insured event and third-party liability and product liability of up to 250 thousand per insured event, in each case being the excess covered by international reinsurance companies. The Group also has insurance cover in respect of loss of profits due to a material damage occurrence covered by the policy wording for a period of up to 18 months per insured event. However, the Group cannot assure investors that it will not incur losses or that no claim will be raised which is not covered by the type or scope of existing insurance coverage. The Group's locations in the Iberian peninsula and in certain countries in the Mediterranean basin are exposed to increased risks of earthquakes and other natural disasters which are covered by existing policies up to the insurance limit. The Group has no insurance coverage in respect of acts of terrorism. If there is damage to the Group's properties, plant and equipment or any third party liability for which there is no coverage or insufficient coverage, the Group's operations and financial condition may be affected.

### ***Key personnel risks***

The development of the Group's business, and in particular its technological evolution and geographic diversification is dependent on attracting and retaining qualified and motivated personnel. Competition for such personnel has increased in recent years, creating difficulties in obtaining or retaining such personnel. Loss of employees, particularly of individuals in key positions or at the level of the managing board or personnel shortages, could negatively impact the future development of the Group and its ability to keep the necessary level of know-how.

### ***Information and communication technology risks***

The efficiency and uninterrupted operations of the Group's computers, telecommunications and data processing systems are essential for the continued operation of the Group's production facilities, sales activities and all general services, including payroll, accounting, planning and financial. To the extent that these systems are affected by disturbances, damage, electricity failures, computer viruses, fire and similar events, there may be a resulting material adverse effect on the Group and have a negative impact on the Group's operations and financial situation.

### ***Risks relating to the economic situation generally***

The current rating of CIMPOR S.A. and Cimpor Inversiones, S.A.U. may be adversely affected by a downgrade of the ratings assigned to the sovereign debt issued by the Republic of Portugal and the Kingdom of Spain. The Group is not solely dependent of the Portuguese banking system to obtain the funds necessary to conduct its business in Portugal and in other countries but the weaknesses of sovereign ratings may also affect the ratings of the banks and financial institutions from time to time providing funding to the Group to enable it to conduct its business. The ability of the Group to obtain new funds or to refinance its existing financial indebtedness and its operational results may therefore be affected thereby. The turnover of the Group may also be adversely affected by a decline of economic activity in Portugal, Spain and elsewhere in the world.

### **Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme**

#### ***The Notes may not be a suitable investment for all investors***

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

***Risks related to the structure of a particular issue of Notes***

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

***Notes subject to optional redemption by the Issuer***

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

***Index Linked Notes and Dual Currency Notes***

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a **Relevant Factor**). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (a) the market price of such Notes may be volatile;

- (b) they may receive no interest;
- (c) payment of principal or interest may occur at a different time or in a different currency than expected;
- (d) they may lose all or a substantial portion of their principal;
- (e) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (f) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (g) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of its particular circumstances.

#### *Partly-paid Notes*

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

#### *Variable rate Notes with a multiplier or other leverage factor*

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

#### *Inverse Floating Rate Notes*

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

#### *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a

floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

#### *Zero Coupon Notes and Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

#### *Risks related to Notes generally*

Set out below is a brief description of certain risks relating to the Notes generally:

#### *Modification and waivers*

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Issuer may, without the consent of the Noteholders, agree to (i) any modification (not being a modification requiring the approval of a meeting of Noteholders) of the Notes, the Coupons or the Agency Agreement which is not materially prejudicial to the interests of the Noteholders or (ii) any modification of the Notes, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law.

#### *EU Savings Directive*

Under EC Council Directive 2003/48/EC on the taxation of savings income (the **Directive**), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

Investors who are in any doubt as to their position should consult their professional advisers.

### *Change of law*

The conditions of the Notes are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus.

### *Bearer Notes where denominations involve integral multiples: definitive bearer Notes*

In relation to any issue of Notes in bearer form which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in bearer form in respect of such holding (should such Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes in bearer form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

### *Reliance on DTC, Euroclear and Clearstream, Luxembourg procedures*

Notes issued under the Programme will be represented on issue by one or more Global Notes that may be deposited with a common depository for Euroclear and Clearstream, Luxembourg or may be deposited with a nominee for DTC (each as defined under "*Form of the Notes*"). Except in the circumstances described in each Global Note, investors will not be entitled to receive Notes in definitive form. Each of DTC, Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note held through it. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Notes, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

### ***Risks related to the market generally***

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

#### *The secondary market generally*

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the

investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

#### *Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Notes and the Guarantor will make any payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

#### *Interest rate risks*

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

#### *Credit ratings may not reflect all risks of investments in the Notes*

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by its assigning rating agency at any time.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (the **CRA Regulation**) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect to the credit rating agencies and ratings referred to in this Base Prospectus and/or the Final Terms, is set out in "*CIMPOR rating risks*" above and will be disclosed in the Final Terms.

#### *Legal investment considerations may restrict certain investments*

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## **DOCUMENTS INCORPORATED BY REFERENCE**

The following documents which have previously been published or are published simultaneously with this Base Prospectus and have been filed with the CSSF shall be incorporated in, and form part of, this Base Prospectus:

- (a) the auditors report and the audited unconsolidated financial statements of the Issuer for the year ended 31 December 2010, including the information set out at the following pages in particular:

Balance Sheet.....	Pages 3 to 4
Profit and Loss Account.....	Page 5
Accounting Principles and Notes.....	Pages 7 to 14
Audit Report.....	Final 2 pages

Any other information not listed above but contained in such document is incorporated by reference for information purposes only;

- (b) the auditors report and the audited unconsolidated financial statements of the Issuer for the year ended 31 December 2009, including the information set out at the following pages in particular:

Balance Sheet.....	Pages 1 to 2
Profit and Loss Account.....	Page 3
Accounting Principles and Notes.....	Pages 5 to 11
Audit Report.....	Pages 12 to 13

Any other information not listed above but contained in such document is incorporated by reference for information purposes only;

- (c) the auditors report and the audited consolidated financial statements of CIMPOR S.A. for the year ended 31 December 2010, including the information set out at the following pages in particular:

Balance Sheet.....	Page 99
Profit and Loss Account.....	Page 98
Accounting Principles and Notes.....	Page 108 to 207
Audit Report.....	Pages 300-to 301

Any other information not listed above but contained in such document is incorporated by reference for information purposes only;

- (d) the auditors report and the audited consolidated financial statements of CIMPOR S.A. for the year ended 31 December 2009 including the information set out at the following pages in particular:

Balance Sheet.....	Page 124
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Profit and Loss Account.....	Page 123
Accounting Principles and Notes.....	Pages 127 to 230
Audit Report.....	Pages 257 to 258

Any other information not listed above but contained in such document is incorporated by reference for information purposes only;

- (e) the auditors report and the audited consolidated financial statements of CIMPOR Inversiones, S.A.U. for the year ended 31 December 2010 including the information set out at the following pages in particular:

Balance Sheet.....	Page 3
Profit and Loss Account.....	Page 4
Accounting Principles and Notes.....	Pages 7 to 39
Audit Report.....	Page 2

Any other information not listed above but contained in such document is incorporated by reference for information purposes only;

- (f) the auditors report and the audited consolidated financial statements of CIMPOR Inversiones, S.A.U. for the year ended 31 December 2009 including the information set out at the following pages in particular:

Balance Sheet.....	Page 3
Profit and Loss Account.....	Page 4
Accounting Principles and Notes.....	Pages 7 to 93
Audit Report.....	Page 2

Any other information not listed above but contained in such document is incorporated by reference for information purposes only;

- (g) the auditors report and the audited consolidated financial statements of Corporación Noroeste, S.A. for the year ended 31 December 2010 including the information set out at the following pages in particular:

Balance Sheet.....	Pages 2 to 3
Profit and Loss Account.....	Page 4
Accounting Principles and Notes.....	Pages 13 to 62
Audit Report.....	Page following cover page

Any other information not listed above but contained in such document is incorporated by reference for information purposes only;

- (h) the auditors report and the audited consolidated financial statements of Corporación Noroeste, S.A. for the year ended 31 December 2009 including the information set out at the following pages in particular:

Balance Sheet.....	Pages 2 to 3
Profit and Loss Account.....	Page 4
Accounting Principles and Notes.....	Pages 8 to 66
Audit Report.....	Page 72

Any other information not listed above but contained in such document is incorporated by reference for information purposes only;

- (i) the interim first quarter financial statements of CIMPOR S.A for the quarter ended 31 March 2011 including the information set out at the following pages in particular:

Financial Results and Taxes.....	Page 7
Profit and Loss Account .....	Page 11
Balance Sheet .....	Page 12
Notes.....	Page 15-34

Any other information not listed above but contained in such document is incorporated by reference for information purposes only;

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of CIMPOR S.A., in Rua Alexandre Herculano, no. 35, 1250-009 Lisbon, Portugal and also at [www.cimpor.pt](http://www.cimpor.pt), from the specified office of the Paying Agent for the time being in London and, in respect of the documents incorporated by reference relating to CIMPOR S.A., at the website of the Portuguese Securities and Market Commission ([www.cmvm.pt](http://www.cmvm.pt)). All information incorporated by reference can also be found on the Luxembourg Stock Exchange's website ([www.bourse.lu](http://www.bourse.lu)).

The Issuer, CIMPOR S.A. and the Guarantors will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes. Any supplement so prepared will be published on the Luxembourg Stock Exchange's website ([www.bourse.lu](http://www.bourse.lu)).

## OVERVIEW OF THE PROGRAMME

*The following overview does not purport to be complete and is taken from, and is qualified in its entirety by the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer, the Guarantor and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, a new Base Prospectus or a supplement to the Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.*

This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive.

Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this overview.

Issuer: CIMPOR Financial Operations B.V. (the **Issuer**)

Guarantors: Corporación Noroeste, S.A.  
CIMPOR Inversiones, S.A.U.  
(together, the **Guarantors**)

Keep Well Provider: CIMPOR Cimentos de Portugal, SGPS, S.A. (**CIMPOR S.A.**)

Risk Factors: There are certain factors that may affect the ability of the Issuer and the Guarantors to fulfil their respective obligations under Notes issued under the Programme. These are set out under "Risk Factors" below and include risks relating to the market or the industry such as:

- CIMPOR S.A.'s results of operations and profitability could be adversely affected by a continued downturn in construction activity.
- CIMPOR S.A. competes with domestic and foreign suppliers and the prices it charges its customers are not likely to be materially different from the prices charged by its competitors in the same markets.
- CIMPOR S.A.'s success is dependent on its ability to secure raw materials from quarries located near its operations, and exhaustion of raw materials in local quarries will result in increased sourcing and transportation costs.
- CIMPOR S.A.'s results of operations are significantly affected by movements in the prices of energy.
- Regulations regarding concessions of quarries,

operating licences, the environment, the restoration of mining properties and controlled prices may have a material adverse effect on CIMPOR S.A.'s business.

- Environmental liabilities may adversely impact CIMPOR S.A.'s business.
- Health and safety risks exist in CIMPOR S.A.'s business and any related liabilities may have a significant impact on CIMPOR S.A.'s profits and reputation.
- CIMPOR S.A. operates in emerging markets, exposing it to political, legal and tax systems risks and these may negatively affect the financial condition and results of operations of CIMPOR S.A.
- Currency fluctuations can result in the recognition of exchange rate losses on transactions.
- Investments may be subject to unexpected or greater than expected liabilities relating to acquired assets or businesses and the possibility that related indemnification agreements may be unenforceable or insufficient to cover all potential liabilities.
- CIMPOR S.A. relies upon third party service providers for the transport of its products to its customers.
- CIMPOR S.A.'s ability to borrow from banks or in the capital markets to meet its financial requirements is dependent on favourable market conditions.
- The cement, concrete and the aggregates industries are capital intensive and company acquisitions imply a substantial goodwill which is subject to annual impairment tests.
- CIMPOR S.A. could be adversely affected by tax changes in the countries in which it operates.
- Interruptions in production capabilities at any plant may cause the productivity and results of CIMPOR S.A.'s operations to decline significantly during the affected period.
- Loss of employees could negatively impact the future development of CIMPOR S.A.
- CIMPOR S.A.'s technology systems may be affected by disturbances, damage, electricity failures, computer viruses, fire and similar events and result in a negative

impact.

CIMPOR S.A.'s ability to obtain new funds and/or refinance existing debt may be affected by a downgrade of Portugal and/or Spain's credit rating.

In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under "Risk Factors" and include the fact that the Notes may not be a suitable investment for all investors, certain risks relating to the structure of particular Series of Notes and certain market risks.

Description:	Global Medium Term Note Programme
Arranger:	Société Générale
Dealers:	Banco Bilbao Vizcaya Argentaria, S.A., Banco Comercial Português, S.A., Banco Espírito Santo de Investimento, S.A., Banco Itaú BBA International, S.A. – London Branch, Banco BPI, S.A., Banco Santander Totta, S.A., Merrill Lynch International, BNP Paribas, Caixa – Banco de Investimento, S.A., Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, HSBC Bank plc, ING Bank N.V., J.P. Morgan Securities Ltd., Société Générale, The Royal Bank of Scotland plc and any other Dealer appointed from time to time by the Issuer, CIMPOR S.A. and the Guarantors either generally in respect of the Programme or in relation to a particular Tranche of Notes.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see " <i>Subscription and Sale and Transfer and Selling Restrictions</i> ").  <b>Notes having a maturity of less than one year</b>  Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (FSMA) unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see " <i>Subscription and Sale</i> ".
Issuing and Principal Paying Agent:	Citibank, N.A. London Branch
Programme Size:	Up to Euro 2,500,000,000 (or its equivalent in other

currencies) aggregate principal amount of Notes outstanding and guaranteed at any one time.

- Distribution:** Notes may be distributed by way of private or public placement and in each case on a syndicated or non syndicated basis.
- Currencies:** Subject to any applicable legal or regulatory restrictions, any currency agreed between the Issuer and the relevant Dealer.
- Redenomination:** The applicable Final Terms may provide that certain Notes may be redenominated in euro.
- Maturities:** The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
- Issue Price:** Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
- Form of Notes:** The Notes will be issued in bearer or registered form as described in "*Form of the Notes*". Registered Notes will not be exchangeable for Bearer Notes and *vice versa*.
- Fixed Rate Notes:** Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and, on redemption, will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
- Floating Rate Notes:** Floating Rate Notes will bear interest at a rate determined:
- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or
  - (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
  - (c) on such other basis as may be agreed between the Issuer and the relevant Dealer.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Index Linked Notes:

Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer may agree.

Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:

Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

Dual Currency Notes:

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree.

Zero Coupon Notes:

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Redemption:

The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer. The terms of any such redemption, including notice periods, any relevant conditions to be satisfied and the relevant redemption dates and prices will be indicated in the applicable Final Terms.

The applicable Final Terms may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.

Notes having a maturity of less than one year are subject to restrictions on their denomination and distribution, see "*Certain Restrictions - Notes having a maturity of less*

*than one year*" above.

Denomination of Notes:

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions - Notes having a maturity of less than one year*" above, and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which would otherwise require the publication of a prospectus under the Prospectus Directive will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

Unless otherwise specified in the applicable Final Terms, Notes sold in the United States to QIBs will be subject to a minimum denomination requirement of U.S.\$100,000 (or the equivalent in another Specified Currency) and will be issued in integral denominations of U.S.\$1,000 (or the equivalent in another Specified Currency) in excess thereof.

Taxation:

All payments in respect of Notes (including payments by the Guarantors under the Guarantee) will be made free and clear of withholding taxes of The Netherlands or Spain, as the case may be, unless the withholding is required by law. In that event, the Issuer, or the Guarantors, as the case may be, will (subject as provided in Condition 8 (*Taxation*)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.

Negative Pledge:

The Notes will have the benefit of a negative pledge as described in Condition 4 (*Negative Pledge*).

Cross Default:

The Notes will have the benefit of a cross default as described in Condition 10 (*Events of Default*).

Status of the Notes:

The Notes constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 (*Negative Pledge*)) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Status of the Guarantee:	The obligations of the Guarantors under the Guarantee will be direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 ( <i>Negative Pledge</i> )) unsecured obligations of the Guarantors and will rank <i>pari passu</i> among themselves and (subject to any applicable statutory exceptions) rank equally with all other unsecured and unsubordinated obligations of the Guarantors.
Use of Proceeds:	The net proceeds from each issue of Notes will be applied by the Issuer to meet part of the general financing requirements of CIMPOR S.A. and its subsidiaries. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.
Rating:	The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EU) No 1060/2009 (the <b>CRA Regulation</b> ) will be disclosed in the Final Terms.
Listing and admission to trading:	<p>Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.</p> <p>Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.</p> <p>The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.</p>
Governing Law:	The Notes, the Agency Agreement, the Keep Well Agreement, the Deed of Covenant, the Deed of Guarantee and any non-contractual obligations arising out of or in connection with the Notes, the Agency Agreement, the Keep Well Agreement, the Deed of Covenant and the Deed of Guarantee are governed by English law.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including the United Kingdom, The Netherlands, Spain, Portugal) and Japan, see " <i>Subscription and Sale and Transfer and Selling Restrictions</i> ".

**United States Selling Restrictions:**

**Regulation S, Category 2. Rule 144A and TEFRA C or D/TEFRA not applicable, as specified in the applicable Final Terms.**

## FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached. Bearer Notes will be issued outside the United States in reliance on Regulation S and Registered Notes will be issued both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A.

### **Bearer Notes**

Each Tranche of Bearer Notes will be initially issued in the form of a temporary global note (a **Temporary Bearer Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Bearer Global Note**) and, together with a Temporary Bearer Global Note, each a **Bearer Global Note**) which, in either case, will:

- (a) if the Global Notes are intended to be issued in new global note (NGN) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear and Clearstream, Luxembourg; and
- (b) if the Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depository (the **Common Depository**) for, Euroclear and Clearstream, Luxembourg.

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Bearer Global Note if the Temporary Bearer Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Bearer Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) for definitive Bearer Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused. The Bearer Notes will be subject to certain restrictions on transfer set forth therein and such Bearer Notes, receipts and interest coupons relating to such Notes will bear a legend regarding such restrictions.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Bearer Global Note if the Permanent Bearer Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached upon either (a) not less than 60 days' written notice given at any time from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Principal Paying Agent as described therein or (b) only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 10 (*Events of Default*)) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or the common depositary or the common safekeeper for Euroclear and Clearstream, Luxembourg, as the case may be, on their behalf (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Notes which have an original maturity of more than 1 year and on all receipts and interest coupons relating to such Notes:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

### **Registered Notes**

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global note in registered form (a **Regulation S Global Note**). Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 (*Transfers of Registered Notes*) and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

The Registered Notes of each Tranche offered and sold in the United States or to U.S. persons may only be offered and sold in private transactions to "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act (**QIBs**) who agree to purchase the Notes for their own account and not with a view to the distribution thereof. Unless otherwise specified in the applicable Final Terms, the Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form (a **Rule 144A Global Note** and, together with a Regulation S Global Note, each a **Registered Global Note**).

Registered Global Notes will either (i) be deposited with a custodian for, and registered in the name of a nominee of, the Depository Trust Company (DTC) or (ii) be deposited with a common depository or common safekeeper, as the case may be for Euroclear and Clearstream, Luxembourg, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg or in the name of a nominee of the common safekeeper, as specified in the applicable Final Terms. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form. The Registered Global Notes will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 6.4 (*Payments - Payments in respect of Registered Notes*)) as the registered holder of the Registered Global Notes. None of the Issuer, CIMPOR S.A., the Guarantors, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6.4 (*Payments - Payments in respect of Registered Notes*)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default has occurred and is continuing, (ii) in the case of Notes registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act and no alternative clearing system is available, (iii) in the case of Notes registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available or (iv) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iv) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

### **Transfer of Interests**

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. **Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see "*Subscription and Sale and Transfer and Selling Restrictions*".**

## General

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until at least the expiry of any period that by law or regulation would require such Notes not to be fungible.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 10 (*Events of Default*). In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then the Global Note will become void at 8.00 p.m. (London time) on the day immediately following such day. At the same time holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear, Clearstream, Luxembourg and DTC on and subject to the terms of a deed of covenant (the **Deed of Covenant**) dated 22 July 2011 and executed by the Issuer. In addition, holders of interests in such Global Note credited to their accounts with DTC may require DTC to deliver definitive Notes in registered form in exchange for their interest in such Global Note in accordance with DTC's standard operating procedures.

The Issuer, CIMPOR S.A. and the Guarantors may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a new Base Prospectus or a supplement to the Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

## FORM OF FINAL TERMS

*Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of at least EUR 100,000 (or its equivalent in another currency).*

[Date]

### CIMPOR FINANCIAL OPERATIONS B.V.

*(a private company incorporated with limited liability (besloten vennootschap met beperkte aansprakelijkheid) under the laws of The Netherlands and having its seat in Amsterdam)*

**as Issuer  
of Notes which have the support of a  
Keep Well Agreement  
provided by**

### CIMPOR CIMENTOS DE PORTUGAL, SGPS, S.A.

*(incorporated with limited liability in the Portuguese Republic)*

**and a joint and several Guarantee by**

### CIMPOR INVERSIONES, S.A.U. and CORPORACIÓN NOROESTE, S.A.

*(each a limited liability company (sociedad anónima) incorporated in the Kingdom of Spain)*

*as Guarantors*

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the EUR 2,500,000,000  
Global Medium Term Note Programme**

## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 22 July 2011 [and the supplemental Base Prospectus dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) as amended (which includes the amendments made by Directive 2010/73/EU (the **2010 PD Amending Directive**) to the extent that such amendments have been implemented in a Member State). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus [as so supplemented]. Full information on the Issuer, CIMPOR Cimentos de Portugal, SGPS, S.A., the Guarantors and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented by a Supplement to the Base Prospectus]. The Base Prospectus [and the Supplement to the Base Prospectus] [is/are] available for viewing at [www.cimpor.pt](http://www.cimpor.pt) and during normal business hours at Rua Alexandre Herculano, no. 35, 1250-009 Lisbon, Portugal.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Base Prospectus with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus dated [original date]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) and must be read in conjunction with the Base Prospectus dated 22 July 2011 [and the supplemental Base Prospectus dated [●]] which [together] constitute[s] a base prospectus for the

purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated [*original date*] and are attached hereto. Full information on the Issuer, CIMPOR Cimentos de Portugal, SGPS, S.A., the Guarantors and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus dated 22 July 2011 [as so supplemented] and [*original date*]. Copies of such Base Prospectuses are available for viewing at [www.cimpor.pt](http://www.cimpor.pt) and during normal business hours at Rua Alexandre Herculano, no. 35, 1250-009 Lisbon, Portugal.

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]*

*[When adding any other final terms or information consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]*

*[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination [must/may need to] be £100,000 or its equivalent in any other currency.]*

- |    |                                   |  |
|----|-----------------------------------|--|
| 1. | (a) Issuer:                       | CIMPOR Financial Operations B.V.   |
|    | (b) Guarantors:                   | CIMPOR Inversiones, S.A.U. and Corporación Noroeste, S.A.  |
|    | (c) Keep Well Provider:           | CIMPOR Cimentos de Portugal, SGPS, S.A.  |
| 2. | (a) Series Number:                | [     ]  |
|    | (b) Tranche Number:               | [     ]<br><i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)</i> |
| 3. | Specified Currency or Currencies: | [     ]  |
| 4. | Aggregate Nominal Amount:         |  |
|    | (a) Series:                       | [     ]  |
|    | (b) Tranche:                      | [     ]  |
| 5. | (a) Issue Price:                  | [     ] per cent of the Aggregate Nominal Amount [plus accrued interest from [ <i>insert date</i> ] ( <i>if applicable</i> )]          |
|    | (b) [Net Proceed:]                | [     ]<br><i>[Include for 144A issues]</i>  |

6. (a) Specified Denominations: [ ]

*(in the case of Registered Notes this means the minimum integral amount in which transfers can be made)*

*(N.B. Following the entry into force of the 2010 PD Amending Directive on 31 December 2010, Notes to be admitted to trading on a regulated market within the European Economic Area with a maturity date which will fall after the implementation date of the 2010 PD Amending Directive in the relevant European Economic Area Member State (which is due to be no later than 1 July 2012) must have a minimum denomination of EUR 100,000 (or equivalent) in order to benefit from Transparency Directive exemptions in respect of wholesale securities. Similarly, Notes issued after the implementation of the 2010 PD Amending Directive in a Member State must have a minimum denomination of EUR 100,000 (or equivalent) in order to benefit from the wholesale exemption set out in Article 3.2(d) of the Prospectus Directive in that Member State.)*

*(Note – where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:*

*"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].")*

*(N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €100,000 or equivalent minimum denomination is not required.)*

(b) Calculation Amount: [ ]

*(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*

7. (a) Issue Date: [ ]

(b) Interest Commencement Date: [specify/Issue Date/Not Applicable]

*(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*

8. Maturity Date: *[Fixed rate - specify date/  
Floating rate - Interest Payment Date falling in or  
nearest to [specify month and year]]*
9. Interest Basis: *[[ ] per cent. Fixed Rate]  
[[LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate]  
[Zero Coupon]  
[Index Linked Interest]  
[Dual Currency Interest]  
[specify other]  
(further particulars specified below)*
10. Redemption/Payment Basis: *[Redemption at par]  
[Index Linked Redemption]  
[Dual Currency Redemption]  
[Partly Paid]  
[Instalment]  
[specify other]  
  
(N.B. If the Final Redemption Amount is other than  
100 per cent. of the nominal value the Notes will be  
derivative securities for the purposes of the  
Prospectus Directive and the requirements of Annex  
XII to the Prospectus Directive Regulation will  
apply.)*
11. Change of Interest Basis or  
Redemption/Payment Basis: *[Specify details of any provision for change of Notes  
into another Interest Basis or Redemption/Payment  
Basis]*
12. Put/Call Options: *[Investor Put]  
[Issuer Call]  
[(further particulars specified below)]*
13. (a) Status of the Notes: Senior
- (b) Status of the Guarantee: Senior
- (c) [Date [Board] approval for issuance  
of Notes [and Guarantee] obtained: [ ] [and [ ], respectively]]  
*(N.B. Only relevant where Board (or similar)  
authorisation is required for the particular Tranche  
of Notes or related Guarantee)*
14. Method of distribution: *[Syndicated/Non-syndicated]*

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15. Fixed Rate Note Provisions *[Applicable/Not Applicable]  
(If not applicable, delete the remaining  
subparagraphs of this paragraph)*
- (a) Rate(s) of Interest: *[ ] per cent. per annum [payable[annually/  
semi-annually/quarterly/other (specify)] in arrear]  
(If payable other than annually, consider amending*

Condition 5 [Interest])

- (b) Interest Payment Date(s): [[ ] in each year up to and including the Maturity Date]/[specify other]  
(N.B. This will need to be amended in the case of long or short coupons)
- (c) Fixed Coupon Amount(s): [ ] per Calculation Amount  
(Applicable to Notes in definitive form.)
- (d) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]  
(Applicable to Notes in definitive form.)
- (e) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or [specify other]]
- (f) Determination Date(s): [[ ] in each year] [Not Applicable]  
(Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon  
N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration  
N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))
- (g) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]

16. Floating Rate Note Provisions [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]
- (c) Additional Business Centre(s): [ ]
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/specify other]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): [ ]

- (f) Screen Rate Determination:
- Reference Rate: [ ]  
*(Either LIBOR, EURIBOR or other, although additional information is required if other - including fallback provisions in the Agency Agreement)*
  - Interest Determination Date(s): [ ]  
*(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
  - Relevant Screen Page: [ ]  
*(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (g) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (h) Margin(s): [ +/- ] [ ] per cent. per annum
- (i) Minimum Rate of Interest: [ ] per cent. per annum
- (j) Maximum Rate of Interest: [ ] per cent. per annum
- (k) Day Count Fraction: [Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360 (ISDA)  
Other]  
*(See Condition 5 (Interest) for alternatives)*
- (l) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]

17. Zero Coupon Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Accrual Yield: [ ] per cent. per annum
- (b) Reference Price: [ ]
- (c) Any other formula/basis of determining amount payable: [ ]
- (d) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions [Redemption and Purchase - Early Redemption Amounts] 7.5(c) and 7.10 [- Late Payment on Zero Coupon Notes] apply/specify other]  
*(Consider applicable day count fraction if not U.S. dollar denominated)*
18. Index Linked Interest Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (a) Index/Formula: [give or annex details]
- (b) Calculation Agent: [give name (and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address)]
- (c) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Principal Paying Agent): [ ]
- (d) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [need to include a description of market disruption or settlement disruption events and adjustment provisions]
- (e) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (f) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]

- (g) Additional Business Centre(s): [ ]
- (h) Minimum Rate of Interest: [ ] per cent. per annum
- (i) Maximum Rate of Interest: [ ] per cent. per annum
- (j) Day Count Fraction: [ ]

19. Dual Currency Interest Note Provisions

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*

- (a) Rate of Exchange/method of calculating Rate of Exchange: [give or annex details]
- (b) Party, if any, responsible for calculating the principal and/or interest due (if not the Principal Paying Agent): [ ]
- (c) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: *[need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (d) Person at whose option Specified Currency(ies) is/are payable: [ ]

**PROVISIONS RELATING TO REDEMPTION**

20. Issuer Call:

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[ ] per Calculation Amount/specify other/see Appendix]
- (c) If redeemable in part:
  - (i) Minimum Redemption Amount: [ ]
  - (ii) Maximum Redemption Amount: [ ]

- (d) Notice period (if other than as set out in the Conditions): [ ]

*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent)*

21. Investor Put:

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Optional Redemption Date(s): [ ]

- (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[ ] per Calculation Amount/specify other/see Appendix]

- (c) Notice period (if other than as set out in the Conditions): [ ]

*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent)*

22. Final Redemption Amount:

[[ ] per Calculation Amount/specify other/see Appendix]

*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*

23. Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition [Redemption and Purchase - Early Redemption Amounts]):

[[ ] per Calculation Amount/specify other/see Appendix]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

### 24. Form of Notes:

#### (a) Form:

#### [Bearer Notes:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]

[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]

[Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]

*[Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.]*

*(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Base Prospectus and the Notes themselves. N.B. The exchange upon notice/at any time at the request of the Issuer options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)*

#### [Registered Notes:

[Regulation S Global Note (U.S.\$[ ] nominal amount) registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]]

[Rule 144A Global Note (U.S.\$[ ] nominal amount) registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]]

- (b) New Global Note: [Yes][No]
25. Additional Financial Centre(s) or other special provisions relating to Payment Days: [Not Applicable/give details]  
*(Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraphs 16(c) and 18(g) relate)*
26. Talons for future Coupons or Receipts to be attached to Definitive Notes in bearer form (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details. *N.B. a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues*]
28. Details relating to Instalment Notes:
- (a) Instalment Amount(s): [Not Applicable/give details]
- (b) Instalment Date(s): [Not Applicable/give details]
29. Redenomination applicable: Redenomination [not] applicable  
*[(If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))][If Redenomination is applicable, specify the terms of the redenomination in an Annex to the Final Terms]*
30. Other final terms: [Not Applicable/give details]  
  
*[(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]*  
  
*(Consider including a term providing for tax certification if required to enable interest to be paid gross by issuers.)*

## **DISTRIBUTION**

31. (a) If syndicated, names of Managers: [Not Applicable/give names]  
  
*(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, include names of entities agreeing to underwrite the issue on a firm commitment basis and names of the*

*entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*

(b) Date of [Subscription] Agreement: [ ]

*(The above is only relevant if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

(c) Stabilising Manager(s) (if any): [Not Applicable/give name]

32. If non-syndicated, name of relevant Dealer: [Not Applicable/give name]

33. Total commission and concession: [●] per cent of the Aggregate Nominal Amount

34. U.S. Selling Restrictions: [Reg. S Category 2; TEFRA D/TEFRA C/TEFRA not applicable]

35. Additional selling restrictions: [Not Applicable/give details]

36. Additional U.S. federal income tax considerations: [Not Applicable/give details]

**PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for issue and admission to trading on *[specify relevant regulated market (for example the Bourse de Luxembourg, the London Stock Exchange's regulated market or the Regulated Market of the Irish Stock Exchange) and, if relevant listing on an official list (for example, the Official List of the Luxembourg Stock Exchange)]* of the Notes described herein pursuant to the Euro 2,500,000,000 Global Medium Term Note Programme of CIMPOR Financial Operations B.V.

**RESPONSIBILITY**

The Issuer and the Guarantors accept responsibility for the information contained in these Final Terms. *[[Relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index or its components]* has been extracted from *[specify source]*. Each of the Issuer and the Guarantors confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by *[specify source]*, no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of CIMPOR Financial Operations B.V.

Signed on behalf of CIMPOR Inversiones, S.A.U.:

By: .....  
*Duly authorised*

By: .....  
*Duly authorised*

Signed on behalf of Corporación Noroeste, S.A.:

By: .....  
*Duly authorised*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market (for example the Bourse de Luxembourg, the London Stock Exchange's regulated market or the Regulated Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)] with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market (for example the Bourse de Luxembourg, the London Stock Exchange's regulated market or the Regulated Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)] with effect from [ ].] [Not Applicable.]
- (ii) Estimate of total expenses related to admission to trading: [ ]

### 2. RATINGS

Ratings:

The Notes to be issued have been rated:

[S & P: [ ]]  
[Moody's: [ ]]  
[Fitch: [ ]]  
[[Other]: [ ]]

*(The above disclosure should only be included in issuances in reliance on Regulation S and reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

[[Insert credit rating agency] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]

[[Insert credit rating agency] is established in the European Union and is registered under Regulation (EC) No. 1060/2009.]

[[Insert credit rating agency] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009.]

[[*Insert credit rating agency*]] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009. However, the application for registration under Regulation (EC) No. 1060/2009 of [*insert the name of the relevant EU CRA affiliate that applied for registration*], which is established in the European Union, disclosed the intention to endorse credit ratings of [*insert credit rating agency*].]

[[*Insert credit rating agency*]] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009. The ratings [[*have been*]/[*are expected to be*]] endorsed by [*insert the name of the relevant EU-registered credit rating agency*] in accordance with Regulation (EC) No. 1060/2009. [*Insert the name of the relevant EU-registered credit rating agency*] is established in the European Union and registered under Regulation (EC) No. 1060/2009.]

[[*Insert credit rating agency*]] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009, but it is certified in accordance with such Regulation.]

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealer], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. - *Amend as appropriate if there are other interests*]

[[*When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.*]]

### 4. REASONS FOR THE OFFER / USE OF PROCEEDS, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

(i) Reasons for the offer / use of [ ] proceeds:

*(N.B. In the case of issuances in reliance on Rule 144A, note the disclosure requirements of the use of proceeds.)*

(ii) Estimated net proceeds: [ ]

(iii) Estimated total expenses: [ ]

*(N.B.: Delete unless the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, in which case (i) above is required where the reasons for the offer are different from*

*making profit and/or hedging certain risks and, where such reasons are inserted in (i), disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)*

**5. YIELD (Fixed Rate Notes only)**

Indication of yield: [ ]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

**6. PERFORMANCE OF INDEX/FORMULA AND OTHER INFORMATION CONCERNING THE UNDERLYING (Index-linked Notes only)**

*[Need to include details of where past and future performance and volatility of the index/formula can be obtained.]*

*[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.]*

*[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]*

*[(When completing the above paragraphs, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]*

The Issuer [intends to provide post-issuance information in respect of the underlying [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].

*(N.B. This paragraph 6 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

**7. PERFORMANCE OF RATE[S] OF EXCHANGE (Dual Currency Notes only)**

*[Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]*

*[(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]*

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].

*(N.B. This paragraph 7 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

**8. OPERATIONAL INFORMATION**

(i) ISIN Code: [ ]

- (ii) Common Code: [ ]
- (iii) CUSIP: [ ]
- (iv) CINS: [ ]
- (v) Any clearing system(s) other than DTC, Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
- (vi) Delivery: Delivery [against/free of] payment
- (vii) Names and addresses of additional Paying Agent(s) (if any): [ ]
- (viii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes] [No]  
 [Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the NSS,] [*include this text for Registered Notes which are to be held under the NSS*] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] [*include this text if "yes" selected in which case Bearer Notes must be issued in NGN form*]

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of the Notes" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a Series (as defined below) of Notes issued by CIMPOR Financial Operations B.V. (the **Issuer**) pursuant to the Agency Agreement (as defined below).

The payment of all amounts in respect of this Note have been guaranteed by the Guarantors pursuant to a guarantee (the **Guarantee**) dated 22 July 2011 and executed by the Guarantors. The original of the Guarantee is held by the Principal Paying Agent on behalf of the Noteholders, the Receiptholders and the Couponholders at its specified office.

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note;
- (c) any definitive Notes in bearer form (**Definitive Bearer Notes**) issued in exchange for a Global Note in bearer form; and
- (d) any definitive Notes in registered form (**Definitive Registered Notes**) (whether or not issued in exchange for a Global Note in registered form).

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 22 July 2011 and made between the Issuer, CIMPOR Cimentos de Portugal, SGPS, S.A. (**CIMPOR S.A.**), CIMPOR Inversiones, S.A. and Corporación Noroeste, S.A. (each, a **Guarantor** and together, the **Guarantors**) as guarantors, Citibank N.A., London Branch as issuing and principal paying agent and agent bank (the **Principal Paying Agent**, which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents), Citibank N.A., London Branch as exchange agent (the **Exchange Agent**, which expression shall include any successor exchange agent) and Citigroup Global Markets Deutschland AG & Co. as registrar (the **Registrar**, which expression shall include any successor registrar) and a transfer agent and the other transfer agents named therein (together with the Registrar, the **Transfer Agents**, which expression shall include any additional or successor transfer agents) and a Keep Well Agreement (the **Keep Well Agreement**) dated 22 July 2011 and made by CIMPOR S.A. in favour of the Issuer.

Interest bearing definitive Bearer Notes have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons.

Definitive Bearer Notes repayable in instalments have receipts (**Receipts**) for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions (the **Conditions**) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the **applicable Final Terms** are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Receiptholders** shall mean the holders of the Receipts and any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, (unless this is a Zero Coupon Note) Interest Commencement Dates and/or Issue Prices.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the **Deed of Covenant**) dated 22 July 2011 and made by the Issuer. The original of the Deed of Covenant is held by the common depository for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement, the Keep Well Agreement, the Guarantee, and when entered into a deed poll (the **Deed Poll**), to be dated 22 July 2011 and made by the Issuer and the Guarantors and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Principal Paying Agent, the Registrar and the other Paying Agents, the Exchange Agent and the other Transfer Agents (such Agents and the Registrar being together referred to as the **Agents**). Copies of the applicable Final Terms are available for viewing at the registered office of CIMPOR S.A. and of the Principal Paying Agent and copies may be obtained from those offices save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive (Directive 2003/71/EC), the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Keep Well Agreement, the Guarantee, the Deed Poll (when so entered into), the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

## 1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form or in registered form as specified in the applicable Final Terms and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "Certain Restrictions - Notes having a maturity of less than one year", and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which would otherwise require the publication of a prospectus under the Prospectus Directive will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency). Unless otherwise specified in the applicable Final Terms, Notes sold in the United States to QIBs (as defined in Condition 2) will be subject to a minimum denomination requirement of U.S.\$100,000 (or the equivalent in another Specified Currency) and will be issued in integral denominations of U.S.\$1,000 (or the equivalent in another Specified Currency) in excess thereof.

Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Final Terms.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the Guarantors and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, société anonyme (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantors and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Guarantors and any Agent as the holder of such nominal amount of such Notes in accordance with

and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

For so long as the Depository Trust Company (**DTC**) or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and the Notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, Luxembourg, as the case may be. References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Guarantors, and the Principal Paying Agent.

## **2. TRANSFERS OF REGISTERED NOTES**

### **2.1 Transfers of interests in Registered Global Notes**

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

### **2.2 Transfers of Registered Notes in definitive form**

Subject as provided in paragraphs 2.6, 2.7, 2.8 and 2.9 below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 10 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), deliver, or procure the delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate

nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so delivered or (at the risk of the transferor) sent to the transferor.

### **2.3 Registration of transfer upon partial redemption**

In the event of a partial redemption of Notes under Condition 7 (*Redemption and Purchase*), the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

### **2.4 Costs of registration**

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

### **2.5 Closed periods**

No Noteholder may require the transfer of a Registered Note to be registered (a) during the period of 15 days ending on the due date for redemption of that Note, (b) during the period of 15 days prior to any date on which Notes may be redeemed by the Issuer at its option pursuant to Condition 6(c) or (c) after any such Note has been drawn for redemption in whole or in part.

### **2.6 Transfers of interests in Regulation S Global Notes**

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Regulation S Global Note to a transferee in the United States or who is a U.S. person will only be made:

- (a) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate (a **Transfer Certificate**), copies of which are available from the specified office of any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or
- (b) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

In the case of (a) above, such transferee may take delivery through a Legended Note in global or definitive form. After expiry of the applicable Distribution Compliance Period (A) beneficial interests in Regulation S Global Notes registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (B) such certification requirements will no longer apply to such transfers.

## 2.7 Transfers of interests in Legended Notes

Transfers of Legended Notes or beneficial interests therein may be made:

- (a) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that in the case of a Regulation S Global Note registered in the name of a nominee for DTC, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or
- (b) to a transferee who takes delivery of such interest through a Legended Note where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or
- (c) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the Legend, the Registrar shall deliver only Legended Notes or refuse to remove the Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

## 2.8 Exchanges and transfers of Registered Notes generally

Holders of Registered Notes in definitive form may exchange such Notes for interests in a Registered Global Note of the same type at any time.

## 2.9 Definitions

In this Condition, the following expressions shall have the following meanings:

**Distribution Compliance Period** means the period that ends 40 days after the completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue);

**Legended Note** means Registered Notes (whether in definitive form or represented by a Registered Global Note) sold in private transactions to QIBs in accordance with the requirements of Rule 144A which bear a legend specifying certain restrictions on transfer (a **Legend**);

**QIB** means a **qualified institutional buyer** within the meaning of Rule 144A;

**Regulation S** means Regulation S under the Securities Act;

**Regulation S Global Note** means a Registered Global Note representing Notes sold outside the United States in reliance on Regulation S;

**Rule 144A** means Rule 144A under the Securities Act;

**Rule 144A Global Note** means a Registered Global Note representing Notes sold in the United States or to QIBs; and

**Securities Act** means the United States Securities Act of 1933, as amended.

### **3. STATUS OF THE NOTES AND THE GUARANTEE**

*Spanish Law 22/2003 (Ley Concursal) dated 9 July 2003 (“Law 22/2003”), which came into force on 1 September 2004 supersedes all Spanish provisions prior to it which regulated bankruptcy, insolvency (including suspension of payments) and any other process affecting creditors’ rights generally, including the ranking of their claims.*

*Law 22/2003 provides, among other things, that: (i) any claim may become subordinated if it is not included in a company’s accounts or otherwise reported to the insolvency administrators within one month from the last official publication of the court order declaring the insolvency, (ii) provisions in a contract granting one party the right to terminate by reason only of the other’s insolvency may not be enforceable, (iii) interest accrued and unpaid until the commencement of the insolvency proceedings (concurso) shall become subordinated, and (iv) interest shall cease to accrue from the date of the declaration of insolvency (declaración de concurso).*

*Certain provisions of Law 22/2003 could affect claims relating to the Notes upon the insolvency of CIMPOR Inversiones, S.A.U. or Corporación Noroeste, S.A.*

#### **3.1 Status of the Notes**

The Notes and any relative Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 (*Negative Pledge*)) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

#### **3.2 Status of the Guarantee**

The obligations of the Guarantors under the Guarantee are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 (*Negative Pledge*)) unsecured obligations of the Guarantors and rank *pari passu* among themselves and (subject to any applicable statutory exceptions) rank equally with all other unsecured and unsubordinated obligations of the Guarantors.

### **4. NEGATIVE PLEDGE**

So long as any of the Notes remain outstanding none of the Issuer, the Guarantors and CIMPOR S.A. will create or, save only by operation of law, have outstanding any Security Interest upon the whole or any part of its undertaking or assets, present or future (including any uncalled capital), to secure any Relevant Indebtedness of any Person or to secure any obligation of any Person under any guarantee of or indemnity or purchase of indebtedness undertaking in respect of any Relevant Indebtedness of any other Person without at the same time or prior thereto, either (i) securing the Notes or the obligations of the Guarantors under the Deed of Guarantee equally and rateably therewith or (ii) providing such other security for or other arrangements in respect of the Notes or the obligations of the Guarantors under the Deed of Guarantee as shall be approved by an Extraordinary Resolution of the Noteholders.

In this Condition, the following expression shall have the following meanings:

**Person** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

**Relevant Indebtedness** means indebtedness having an original maturity of more than one year which is in form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other debt securities (not comprising, for the avoidance of doubt, preference shares or other equity securities) which, with the consent of the Issuer are quoted, listed, ordinarily dealt in or traded on any stock exchange, over-the-counter or other established securities market, other than any such indebtedness more than 50 per cent. in aggregate principal amount of which is initially placed in Portugal and, if such indebtedness is cleared through an automatic clearance system, it is cleared through a Portuguese domestic system; and

**Security Interest** means any mortgage, lien, pledge or charge or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction.

## 5. INTEREST

### 5.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

**Day Count Fraction** means, in respect of the calculation of an amount of interest, in accordance with this Condition 5.1:

- (i) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:
  - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
  - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
    - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Conditions:

**Determination Period** means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

**sub-unit** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

## 5.2 Interest on Floating Rate Notes and Index Linked Interest Notes

### (a) Interest Payment Dates

Each Floating Rate Note and Index Linked Interest Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest**

**Payment Date)** which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 5.2(a) (*Interest –Interest on Floating Rate Notes and Index Linked Interest Notes – Interest Payment Dates – (ii)*) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (b) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (1) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (2) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means a day which is both:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Additional Business Centre specified in the applicable Final Terms; and
- (b) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET 2) System (the **TARGET 2 System**) is open.

**(b) Rate of Interest**

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Final Terms.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is either (1) if the applicable Floating Rate Option is based on the London interbank offered rate (**LIBOR**) or on the Euro-zone interbank offered rate (**EURIBOR**), the first day of that Interest Period or (2) in any other case, as specified in the applicable Final Terms.

For the purposes of this subparagraph (i), **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered

quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

**(c) Minimum Rate of Interest and/or Maximum Rate of Interest**

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

**(d) Determination of Rate of Interest and calculation of Interest Amounts**

The Principal Paying Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Principal Paying Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (ii) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 5.2:

- (i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the

Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

- (ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Interest Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Interest Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case **D<sub>1</sub>** will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case **D<sub>2</sub>** will be 30;

- (vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Interest Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case **D<sub>1</sub>** will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case **D<sub>2</sub>** will be 30.

**(e) Notification of Rate of Interest and Interest Amounts**

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 14 (*Notices*). For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

**(f) Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2 (*Interest - Interest on Floating Rate Notes and Index Linked Interest Notes*), whether by the Principal Paying Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantors, the Principal Paying Agent, the Calculation Agent (if applicable), the other Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Guarantors, the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or, if applicable, the Calculation Agent in connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

**5.3 Interest on Dual Currency Interest Notes**

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Final Terms.

**5.4 Interest on Partly Paid Notes**

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

**5.5 Accrual of interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Principal Paying Agent or the Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 14 (*Notices*).

**6. PAYMENTS**

**6.1 Method of payment**

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*).

## 6.2 Presentation of definitive Bearer Notes, Receipts and Coupons

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in paragraph 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Payments of instalments of principal (if any) in respect of definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Note to which it appertains. Receipts presented without the definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 8 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

### 6.3 Payments in respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes or otherwise in the manner specified in the relevant Global Note, where applicable against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note either by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

### 6.4 Payments in respect of Registered Notes

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the **Register**) (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (a) a holder does not have a Designated Account or (b) the principal amount of the Notes held by a holder is less than U.S.\$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese yen to a non resident of Japan, shall be a non resident account) maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the **Record Date**) at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of

interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Agency Agreement.

None of the Issuer, the Guarantors or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

## **6.5 General provisions applicable to payments**

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or, as the case may be, the Guarantors will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream, Luxembourg or DTC, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, the Guarantors to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantor, adverse tax consequences to the Issuer or the Guarantors.

## 6.6 Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 9 *Prescription*) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (i) in the case of Notes in definitive form only, the relevant place of presentation;
  - (ii) each Additional Financial Centre specified in the applicable Final Terms;
- (b) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET 2 System is open; and
- (c) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

## 6.7 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 8 (*Taxation*);
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (f) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7.5 (*Redemption and Purchase - Early Redemption Amounts*)); and
- (g) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 (*Taxation*).

## **7. REDEMPTION AND PURCHASE**

### **7.1 Redemption at maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

### **7.2 Redemption for tax reasons**

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note, an Index Linked Interest Note nor a Dual Currency Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note), on giving not less than 30 nor more than 60 days' notice to the Principal Paying Agent and, in accordance with Condition 14 (*Notices*), the Noteholders (which notice shall be irrevocable), if:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) or the Guarantors would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 8 (*Taxation*)) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (b) such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantors taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantors would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Principal Paying Agent a certificate signed by two Directors of the Issuer or, as the case may be, two Directors of the Guarantors stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantors has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 7.2 (*Redemption and Purchase - Redemption for Tax Reasons*) will be redeemed at their Early Redemption Amount referred to in paragraph 7.5 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

### 7.3 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given:

- (a) not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 14 (*Notices*); and
- (b) not less than 15 days before the giving of the notice referred to in (a) above, notice to the Principal Paying Agent and, in the case of a redemption of Registered Notes, the Registrar;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) and/or DTC, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 (*Notices*) not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph 7.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 (*Notices*) at least five days prior to the Selection Date.

### 7.4 Redemption at the option of the Noteholders (Investor Put)

If Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 14 (*Notices*) not less than 15 nor more than 30 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. Registered Notes may be redeemed under this Condition 7.4 (*Redemption and Purchase - Redemption at the option of the Noteholders (Investor Put)*) in any multiple of their lowest Specified Denomination. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be

sent subject to and in accordance with the provisions of Condition 2.2 (*Transfers of Registered Notes -Transfers of Registered Notes in definitive form*). If this Note is in definitive bearer form, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear, Clearstream, Luxembourg or DTC, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and DTC (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg, DTC or any depository for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear, Clearstream, Luxembourg and DTC from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and DTC given by a holder of any Note pursuant to this Condition 7.4 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7.4.

## 7.5 Early Redemption Amounts

For the purpose of paragraph 7.2 above and Condition 10 (*Events of Default*), each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (a) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (b) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (c) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

**RP** means the Reference Price;

**AY** means the Accrual Yield expressed as a decimal; and

**y** is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Final Terms.

## **7.6 Instalments**

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph 7.5 above.

## **7.7 Partly Paid Notes**

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Final Terms.

## **7.8 Purchases**

The Issuer, CIMPOR S.A., the Guarantors or any of the Issuer's, CIMPOR S.A.'s or the Guarantors' respective Subsidiaries may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. All Notes so purchased will be surrendered to a Paying Agent or the Registrar for cancellation.

In this Condition, the following expressions shall have the following meaning:

**Subsidiary** means, in relation to any Person (the **first Person**) at any particular time, any other Person (the **second Person**):

- (a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles consolidated with those of the first Person; and

**Person** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality.

## **7.9 Cancellation**

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to paragraph 7.8 above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

## **7.10 Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph 7.1, 7.2, 7.3 or 7.4 above or upon its becoming due and repayable as provided in Condition 10 (*Events of Default*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph 7.5(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent or the Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 14 (*Notices*).

## 8. TAXATION

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer or the Guarantors will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantors will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) the holder of which is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon; or
- (b) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6 (*Payments - Payment Day*)); or
- (c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (d) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used herein:

- (i) **Tax Jurisdiction** means The Netherlands or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Issuer) or Spain or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Guarantor); and
- (ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14 (*Notices*).

## 9. PRESCRIPTION

The Notes (whether in bearer or registered form), Receipts and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of

principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8 (*Taxation*)) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6.2 (*Payments - Presentation of definitive Bearer Notes, Receipts and Coupons*) or any Talon which would be void pursuant to Condition 6.2 (*Payments - Presentation of definitive Bearer Notes, Receipts and Coupons*).

## 10. EVENTS OF DEFAULT

### 10.1 Events of Default

If any one or more of the following events (each an **Event of Default**) shall occur and be continuing with respect to any Note:

- (a) *Non-payment*: the Issuer fails to pay any amount of principal in respect of the Notes within seven days of the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within fifteen days of the due date for payment thereof; or
- (b) *Breach of other obligations*: the Issuer or either of the Guarantors default in the performance or observance of any of its other obligations under or in respect of the Notes or the Deed of Guarantee and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer and the Guarantors by any Noteholder, has been delivered to the Issuer and the Guarantors or to the specified office of the Principal Paying Agent; or
- (c) *Cross-default of Issuer, CIMPOR S.A., Guarantors or Subsidiary*:
  - (i) any Indebtedness of the Issuer, CIMPOR S.A., either of the Guarantors or of any Material Subsidiary is not paid when due or (as the case may be) within any originally applicable grace period;
  - (ii) any such Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer, CIMPOR S.A., the relevant Guarantor or (as the case may be) a Material Subsidiary or (provided that no event of default, howsoever described, has occurred) any Person entitled to such Indebtedness; or
  - (iii) the Issuer, CIMPOR S.A., either of the Guarantors or any Material Subsidiary fails to pay when due any amount payable by it under any Guarantee of any Indebtedness,

provided that the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above individually or in the aggregate exceeds EUR 25,000,000 (or its equivalent in any other currency or currencies) and provided further that neither the Issuer, CIMPOR S.A., either of the Guarantors nor any Material Subsidiary shall be deemed to be in default with respect to such Indebtedness or with respect to such Guarantee or indemnity if it shall be contesting in good faith by appropriate means its liability to make payment thereunder and has been advised by independent legal advisers of recognised standing that it is reasonable for it to do so; or

- (d) *Unsatisfied judgment*: one or more judgment(s) or order(s) from which no further appeal or judicial review is permissible under applicable law for the payment of an amount exceeding

EUR 25,000,000 (or its equivalent in any other currency or currencies) is rendered against the Issuer, CIMPOR S.A., either of the Guarantors or any Material Subsidiary and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or

- (e) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a substantial part of the undertaking, assets and revenues of the Issuer, CIMPOR S.A., either of the Guarantors or any Material Subsidiary; or
- (f) *Insolvency etc*: (i) the Issuer, CIMPOR S.A., either of the Guarantors or any Material Subsidiary becomes insolvent or is unable to pay its debts as they fall due, subject to applicable cure or rehabilitation periods, (ii) an administrator or liquidator of the Issuer, CIMPOR S.A., either of the Guarantors or any Material Subsidiary or the whole or a substantial part of the undertaking, assets and revenues of the Issuer, CIMPOR S.A., either of the Guarantors or any Material Subsidiary is appointed (or application for any such appointment is made), (iii) the Issuer, CIMPOR S.A., either of the Guarantors or any Material Subsidiary takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any guarantee of any Indebtedness given by it or (iv) the Issuer, CIMPOR S.A., either of the Guarantors or any Material Subsidiary ceases to carry on all or any substantial part of its business (otherwise than, in the case of a Material Subsidiary, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
- (g) *Winding up etc*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, CIMPOR S.A., either of the Guarantors or any Material Subsidiary (otherwise than, in the case of a Material Subsidiary, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
- (h) *Analogous event*: any event occurs which under the laws of The Netherlands or Spain has an analogous effect to any of the events referred to in paragraphs (d) to (g) above; or
- (i) *Keep Well Agreement not in force*: the Keep Well Agreement ceases to be, or is claimed by CIMPOR S.A. not to be, in full force and effect or any provision of the Keep Well Agreement is amended or waived in circumstances where such amendment or waiver would have an adverse effect on the interests of the Noteholders or is not enforced in a timely manner by the Issuer or is breached by CIMPOR S.A.
- (j) *Guarantee not in force*: the Deed of Guarantee in relation to the Notes is not (or is claimed by either of the Guarantors not to be) in full force and effect,

then, any holder of a Note may, by written notice to the Issuer and the Guarantors and delivered to the Issuer and the Guarantors or to the specified office of the Principal Paying Agent, declare any Note held by it to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount together with accrued interest (if any) without further action or formality.

## 10.2 Definitions

For the purposes of the Conditions:

**Indebtedness** means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (a) amounts raised by acceptance under any acceptance credit facility;
- (b) amounts raised under any note purchase facility;
- (c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (d) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and
- (e) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

**Material Subsidiaries** means, at any time, a Person which is a Subsidiary of CIMPOR S.A. (other than the Issuer and the Guarantors):

- (a) whose gross assets represent 5 per cent. or more of the consolidated gross assets of the Group; or
- (b) whose EBITDA represents 5 per cent. or more of the EBITDA of the Group; or
- (c) whose turnover represents 5 per cent. or more of the consolidated turnover from operations of the Group,

where the gross assets, EBITDA and turnover from operations of the Group are determined in accordance with the latest published, audited, consolidated financial statements of CIMPOR S.A.;

**Person** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality; and

**Subsidiary** means, in relation to any Person (the **first Person**) at any particular time, any other Person (the **second Person**):

- (a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles consolidated with those of the first Person.

## **11. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS**

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes, Receipts or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## **12. AGENTS**

The names of the initial Agents and their initial specified offices are set out below.

The Issuer and the Guarantors are entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

- (a) there will at all times be a Principal Paying Agent and a Registrar;
- (b) so long as the Notes are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;
- (c) so long as any of the Registered Global Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in New York City; and
- (d) there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; and
- (e) if a Calculation Agent is specified in the relevant Final Terms, there will at all times be a Calculation Agent.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.5 (*Payments - General provisions applicable to payments*). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14 (*Notices*).

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and the Guarantors and do not assume any obligation to, or relationship of agency or trust with, any Noteholder, Receiptholder or Couponholder. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

### **13. EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9 (*Prescription*).

### **14. NOTICES**

All notices regarding the Bearer Notes will be deemed to be validly given if published (a) in a leading English language daily newspaper of general circulation in London and (b) if and for so long as the Notes are admitted to trading on, and listed on the Official List of the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg or the Luxembourg Stock Exchange's website, [www.bourse.lu](http://www.bourse.lu). It is expected that any such publication in a newspaper will be made in the *Financial Times* in London and the *Luxemburger Wort* or the *Tageblatt* in Luxembourg.

The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, may approve for this purpose.

## **15. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER**

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons, the Guarantee or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or the Guarantors and shall be convened by the Issuer if required in writing by Noteholders holding not less than 5% in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50% in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts or the Coupons or the Guarantee (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes, altering the currency of payment of the Notes, the Receipts or the Coupons or amending the Deed of Covenant or the Guarantee in certain respects), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at

any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Principal Paying Agent and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (a) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Notes, the Receipts, the Coupons, the Guarantee, the Deed of Covenant or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (b) any modification of the Notes, the Receipts, the Coupons, the Guarantee, the Deed of Covenant or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 (*Notices*) as soon as practicable thereafter.

## **16. FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes, provided, however, that in the case of any issue of Notes in registered form, for purposes of U.S. federal income taxation (regardless of whether any Noteholders are subject to U.S. federal income tax laws) are either (i) not issued with original issue discount, (ii) issued with less than a *de minimis* amount of original issue discount, or (iii) issued in a "qualified reopening" for U.S. federal income tax purposes.

## **17. CURRENCY INDEMNITY**

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the **first currency**) in which the same is payable under these Conditions or such order or judgment into another currency (the **second currency**) for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the specified office of the Principal Paying Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

## **18. ROUNDING**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with

0.000005% being rounded up to 0.00001%), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

## **19. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## **20. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

### **20.1 Governing law**

The Agency Agreement, the Guarantee, the Keep Well Agreement, the Deed of Covenant, the Deed Poll, the Notes, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with *Agency Agreement*, the Guarantee, the Keep Well Agreement, the Deed of Covenant, the Deed Poll, the Notes, the Receipts and the Coupons, are and shall be governed by, and construed in accordance with, English law.

### **20.2 Submission to jurisdiction**

The Issuer irrevocably agrees, for the benefit of the Noteholders, the Receiptholders and the Couponholders, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes, the Receipts and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes, the Receipts and/or the Coupons) and accordingly submits to the exclusive jurisdiction of the English courts.

Each of the Issuer, CIMPOR S.A. and the Guarantors waive any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Noteholders, the Receiptholders and the Couponholders may take any suit, action or proceedings (together referred to as **Proceedings**) arising out of or in connection with the Notes, the Receipts and the Coupons (including any Proceeding relating to any non-contractual obligations arising out of or in connection with the Notes, the Receipts and/or the Coupons) against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

### **20.3 Appointment of Process Agent**

Each of the Issuer, CIMPOR S.A. and the Guarantors appoint Law Debenture Corporate Services Limited at its registered office at Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent for service of process, and undertakes that, in the event of Law Debenture Corporate Services Limited ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

### **20.4 Other documents and the Guarantors**

The Issuer and, where applicable, CIMPOR S.A. and the Guarantors have in the Agency Agreement, the Guarantee, the Keep Well Agreement the Deed of Covenant and the Deed Poll submitted to the

jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be applied by the Issuer to meet part of the general financing requirements of CIMPOR S.A. and its subsidiaries. If, in respect of any particular issue of Notes, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

## DESCRIPTION OF CIMPOR FINANCIAL OPERATIONS B.V.

### **Incorporation and Status**

CIMPOR Financial Operations B.V. was incorporated on 12 November 1999 under the laws of The Netherlands as a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) for an indefinite period. The registered office of CIMPOR Financial Operations B.V. is at Teleportboulevard 140, 1043 EJ Amsterdam, The Netherlands, and its telephone number is +31 20 5405880. CIMPOR Financial Operations B.V. is registered with the Trade Register of the Amsterdam Chamber of Commerce under number 34123771. The whole of the issued and paid up share capital of CIMPOR Financial Operations B.V. is owned by CIMPOR Cimentos de Portugal, SGPS, S.A.

### **Share Capital**

CIMPOR Financial Operations B.V.'s authorised capital is €90,000 divided into 900 ordinary shares of €100 each. Its issued and fully paid up capital is €18,500 divided into 185 ordinary shares of €100 each.

### **Business**

CIMPOR Financial Operations B.V. was incorporated to facilitate the raising of finance for CIMPOR Cimentos de Portugal, SGPS, S.A. and its subsidiaries (the “**CIMPOR Group**”).

In order to achieve its objectives, CIMPOR Financial Operations B.V. is authorised to raise funds by issuing negotiable obligations on the capital and money markets.

### **Managing Directors**

The board of managing directors of CIMPOR Financial Operations B.V. has the ultimate responsibility for the administration of the affairs of the company. The managing director of CIMPOR Financial Operations B.V. is Orangefield Trust (Netherlands) B.V. The business address of the managing director is Teleportboulevard 140, 1043 EJ Amsterdam, The Netherlands and the mailing address is P.O. Box 2838, 1000 CV Amsterdam, The Netherlands.

Any two of the following authorized signatories of Orangefield Trust (Netherlands) B.V. acting jointly, are authorized to represent this company:

- J. J. Bruins – Managing Director
- E. Jongsma – Managing Director
- T. Landstra – General Proxyholder
- D. R. J. Looij – General Proxyholder
- M. A. J. Noest – General Proxyholder
- F. H. Nijland – General Proxyholder
- M. T. Reijners-Sieger – General Proxyholder
- F. Y. Sips-Brons – General Proxyholder

- B. J. A. Smaal – General Proxyholder
- I. S. Tay – General Proxyholder

**Conflicts**

There are no potential conflicts of interest between any duties of any director of the Issuer and any private or other duty of its authorized signatories.

## DESCRIPTION OF CIMPOR INVERSIONES, S.A.U.

### **Incorporation and Status**

CIMPOR Inversiones, S.A.U. was incorporated on 29 August 2002 under the laws of Spain as a *Sociedad de Responsabilidad Limitada* for an indefinite period. On 4 June 2004 the company was converted to a *Sociedad Anónima*. The registered office of CIMPOR Inversiones, S.A.U. is at Calle Brasil, 56 – 36204 Vigo (Pontevedra), Spain and it is registered with the Trade Register of Pontevedra, book 2739, page 126, sheet PO-30732, 9th inscription. Its telephone number is +34 986 26 90 00. The entire issued and paid up share capital of CIMPOR Inversiones, S.A.U. is owned by CIMPOR Cimentos de Portugal, SGPS, S.A.

### **Share Capital**

CIMPOR Inversiones S.A.U.'s authorised capital is €522,700,000 divided into 52,270,000 ordinary shares of €10 each. Its issued and fully paid up capital is €522,700,000 divided into 52,270,000 ordinary shares of €10 each.

### **Business**

CIMPOR Inversiones, S.A.U. was incorporated to act as the holding company for the Group's international activity.

### **Board of Directors**

The Board of Directors of CIMPOR Inversiones, S.A.U. has the ultimate responsibility for the administration of the affairs of the company. The six (6) members of the Board of Directors are:

Dr. Francisco Jose Queiroz de Barros de Lacerda

Eng. Luís Filipe Sequeira Martins

Dr. António Carlos Custódio de Morais Varela

Dr. Luís Miguel da Silveira Ribeiro Vaz

Mr. Eduardo Guedes Duarte

Mr. Angel Longarela Pena

The business address for each member of management listed above is:

Calle Brasil, 56 – 36204 Vigo (Pontevedra), Spain.

### **Conflicts**

There are no potential conflicts of interest between any duties of any director of CIMPOR Inversiones, S.A.U. and any private or other duty of that director.

## DESCRIPTION OF CORPORACIÓN NOROESTE, S.A.

### **Incorporation and Status**

Corporación Noroeste, S.A. was incorporated on 21 August 1958 under the laws of Spain as a *Sociedad Anónima* for an indefinite period. The registered office of Corporación Noroeste, S.A. is at Calle Brasil, 56 – 36204 Vigo (Pontevedra), Spain and is registered with the Trade Register of Pontevedra under book 84, page 107, sheet PO-1332, 1st inscription. Its telephone number is +34 986 26 90 00. The issued and paid up share capital of Corporación Noroeste, S.A. is owned by CIMPOR Inversiones, S.A.U. in 99.5274%, by Cimpor Indústria de Cimentos, S.A. in 0.0115 and in 0.4611 per cent. by others.

### **Share Capital**

Corporación Noroeste, S.A.'s authorised capital is €26,162,160 divided into 872,072 ordinary shares of €30 each. Its issued and fully paid up capital is €26,162,160 divided into 872,072 ordinary shares of €30 each, represented in the form of book entries.

### **Business**

Corporación Noroeste, S.A. was incorporated to act as the holding company for the Group's Spanish operational activities.

### **Board of Directors**

The Board of Directors of Corporación Noroeste, S.A. has the ultimate responsibility for the administration of the affairs of the company. The members of the Board of Directors are:

Cimpor – Cimentos de Portugal, S.G.P.S., S.A. (represented by D. Antonio Vega Guerrero)

Cimpor – Cimentos de Portugal, S.G.P.S., S.A. (represented by Eng. Luís Filipe Sequeira Martins)

Cimpor Inversiones, S.A.U. (represented by Mr. Eduardo Guedes Duarte)

Cimpor Inversiones, S.A.U. (represented by Mr. Ángel Longarela Pena)

Cimpor – Cimentos de Portugal, S.G.P.S., S.A. (represented by Dr. José Augusto Brás Chaves)

Cimpor – Cimentos de Portugal, S.G.P.S., S.A. (represented by Dr. Luís Miguel da Silveira Ribeiro Vaz)

The business address for each member of management listed above is:

Calle Brasil, 56 – 36204 Vigo (Pontevedra), Spain.

### **Conflicts**

There are no potential conflicts of interest between any duties of any director of Corporación Noroeste, S.A. and any private or other duty of that director.

## DESCRIPTION OF CIMPOR CIMENTOS DE PORTUGAL, SGPS, S.A.

### Incorporation and Status

Cimpor S.A. was originally incorporated on 26 March 1976 as a state owned enterprise (“Cimpor – Cimentos de Portugal, Empresa Pública”) and subsequently converted into a private limited liability company by shares (“sociedade anónima”) on 29 May 1991, then adopting the name of “Cimpor – Cimentos de Portugal, S.A.”. It has finally been converted into a holding company and adopted its current name (“Cimpor – Cimentos de Portugal, SGPS, S.A.”) by way of a public deed executed on 31 December 1996.

CIMPOR is a public listed company (“**sociedade aberta**”) whose shares are admitted to listing at Euronext Lisbon, a regulated market managed by Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, SA. The issued share capital of CIMPOR is EUR 672,000,000 (six hundred seventy two million euros), is represented by 672,000,000 ordinary nominative shares with a par value of EUR 1.00 each.

The registered offices of CIMPOR is in Portugal, at Avenida Alexandre Herculano, no. 35, Lisbon, telephone number +351 21 311 81 00. CIMPOR’s Tax and Lisbon Companies Registry Registration number is 500 722 900.

As a public listed company, CIMPOR is subject to the supervision of the “*Comissão do Mercado de Valores Mobiliários*” (the Portuguese Securities and Market Commission or the “CMVM”) on matters relating to, *inter alia*, the disclosure of material facts, reporting of qualified shareholdings and compliance with certain governance rules.

### CIMPOR Group Business

CIMPOR is a holding company (“*sociedade gestora de participações sociais*”) whose objects and business consists of holding shares in other companies as an indirect way to pursue an economic activity. CIMPOR also provides certain management services to its subsidiaries. Given that this is CIMPOR’s sole business, CIMPOR depends on the other members of the CIMPOR Group and on the revenues it receives from them.

As a holding company, CIMPOR holds 100% of CIMPOR Portugal, SGPS, S.A., which owns the companies operating the Group’s Portuguese business activities and 100% of CIMPOR Inversiones, S.A., a subsidiary holding company based in Spain, which acts as the platform for the Group’s international expansion and holds majority control of the CIMPOR Group companies headquartered in Spain, Morocco, Tunisia, Egypt, Turkey, Brazil, Mozambique, Cape Verde, South Africa, India and China.

A chart detailing the Group’s corporate structure is included below.

Through its directly and indirectly owned operating subsidiaries, CIMPOR is focused on the production and marketing of cement, the CIMPOR Group’s core business. It complements its business with the production of hydraulic lime, concrete and aggregates, precast and dry mortars and other associated activities such as trading of clinker and cement.

The CIMPOR Group has its home based market in Portugal, with an operating cement production capacity of 6.9 million tons per year where it leads the market with a 55% share.

The CIMPOR Group operates its business activities across 4 continents and 12 countries with the following cement installed capacity per annum with its own clinker:

- Portugal – 7.2 million tons
- Brazil – 6.5 million tons

- China – 5.3 million tons
- Egypt – 4.0 million tons
- Spain – 3.1 million tons
- Turkey – 3.0 million tons
- Tunisia – 1.7 million tons;
- Morocco – 1.3 million tons
- South Africa – 1.5 million tons
- India – 1.1 million tons
- Mozambique – 0.7 million tons; and
- Cape Verde (a cement terminal).

CIMPOR Group is the 2nd largest producer of cement in the Iberian Peninsula with approximately 19.0% of the market participation. In Spain it is the third largest producer of cement in Andalusia and a regional leader in Galicia and in the Canary Islands. It is the leading cement producer in Mozambique and Cape Verde, and the regional leading producer of cement in Morocco (Rabat), Tunisia (Tunis), Egypt (Nile Delta), and South Africa (Kwazulu Natal) and also the 4th largest cement producer in Brazil.

### **Vision**

CIMPOR Group is one of the pioneers of the concept of sustainable development within the cement industry, with special reference to the environmental and social performance and is one of the leading cement producers in the world. It intends to grow by consolidating its positions where already present and through geographic diversification, remaining independent of other large cement producers and keeping its headquarters where strategic decisions are made in Portugal.

### **Values**

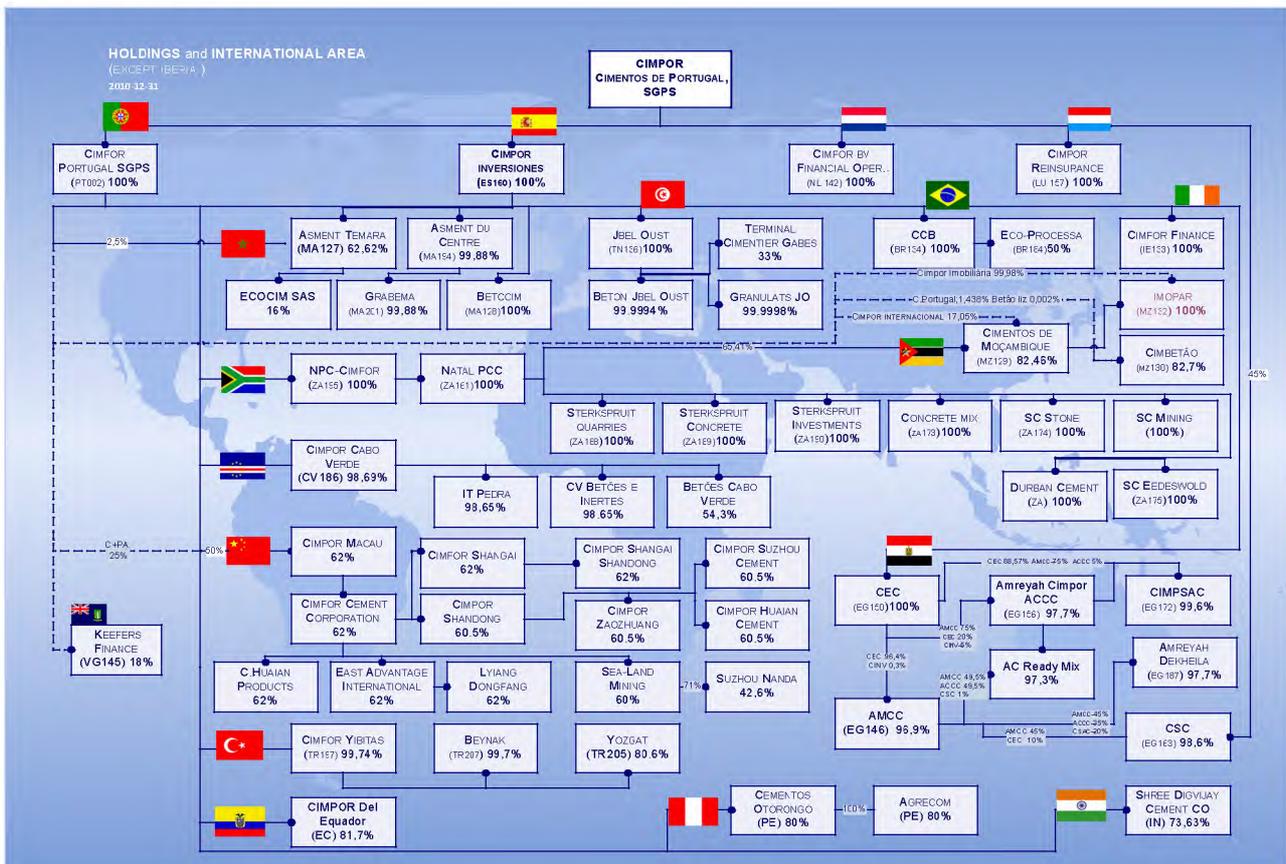
- Shareholders – To defend their legitimate interests through the intrinsic appreciation of capital invested in the company and adequate remuneration.
- Clients – Focus on fully satisfying client expectations, in accordance with the ethical principles of integrity and the applicable standards.
- Personnel – Adequate remuneration for work performed, career advancement opportunities and fair treatment.
- Organisation – Constant striving for excellence by setting ambitious goals and selecting leaders that are able to assume responsibility and meet these goals.
- Quality – Compliance with national and international standards, with particular reference to product certification, occupation health and safety.
- Environment – Harmonious integration in the social and cultural surroundings, based on an active policy of environmental protection and cooperation with local communities.

- Innovation – Pursuit of a policy of innovation and the development of technologies, products and services in collaboration with the academic and scientific community, clients and suppliers.
- Local communities – Implement a policy of social support considering the shortfall at local level in terms of infrastructures and support to social and cultural activities.
- Society in general – Pursue communication and corporate social responsibility policies that are wholly transparent in regard to the Group’s undertakings and which demonstrate its proactive adoption of civic responsibilities.

## Strategy

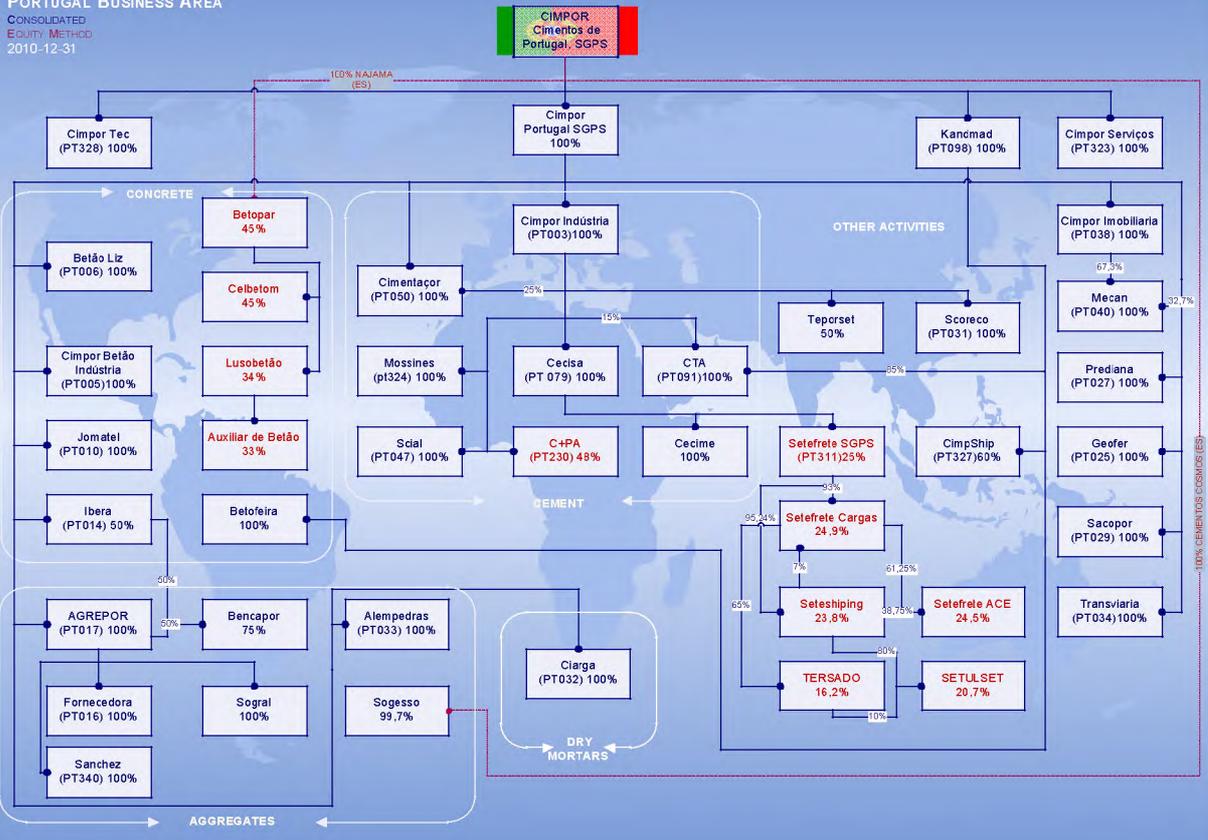
- To consolidate the CIMPOR Group’s current position through internal growth and greater penetration in the markets where the CIMPOR Group already operates, through expansion into business areas related to the cement sector.
- To make new acquisitions, within CIMPOR Group’s financial limits, seeking to ensure balance between operations focused on emerging markets and presence in consolidated and mature markets, where the lower potential for growth is offset by lower risk.
- Optimise operations by taking advantage of synergies, cutting costs, particularly energy costs, increasing employee productivity and investing in research and development.
- To develop trading between CIMPOR Group’s companies so as to balance peaks in demand in certain markets with excess supply in others.

## Corporate Structure



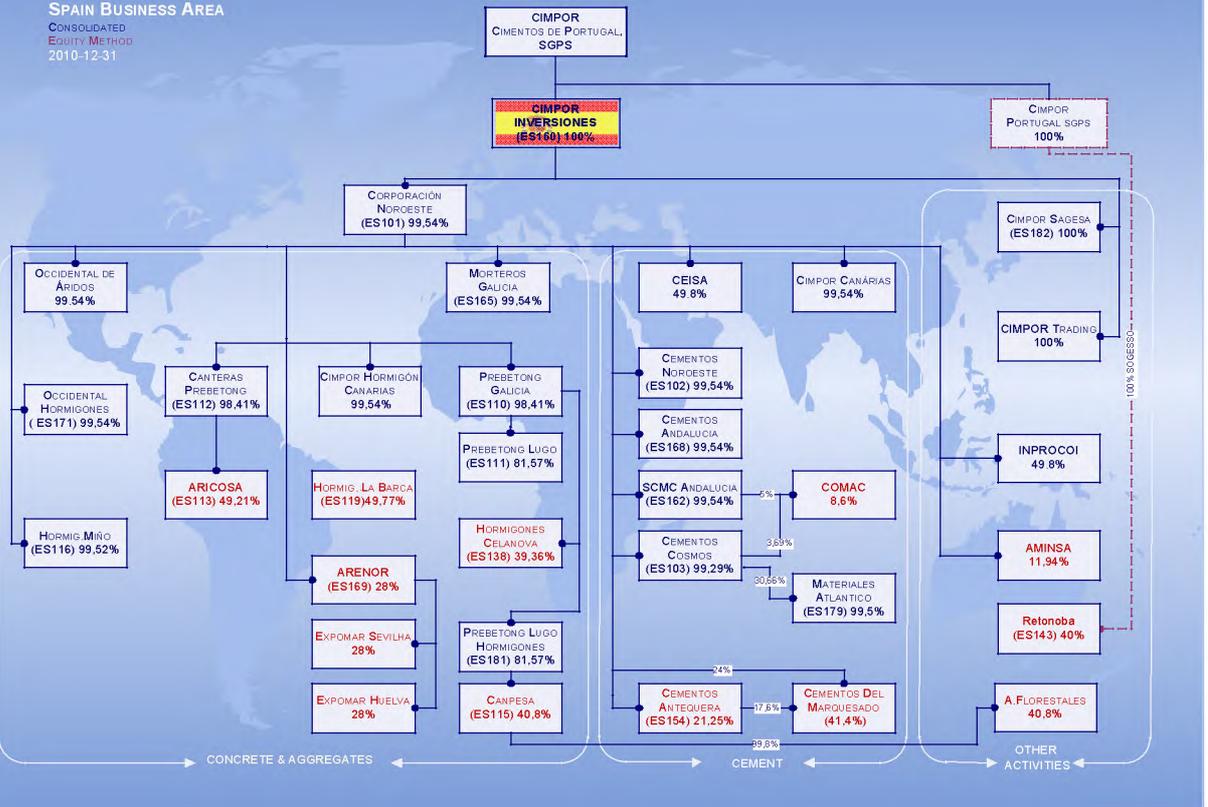
**PORTUGAL BUSINESS AREA**

CONSOLIDATED  
EQUITY METHOD  
2010-12-31



**SPAIN BUSINESS AREA**

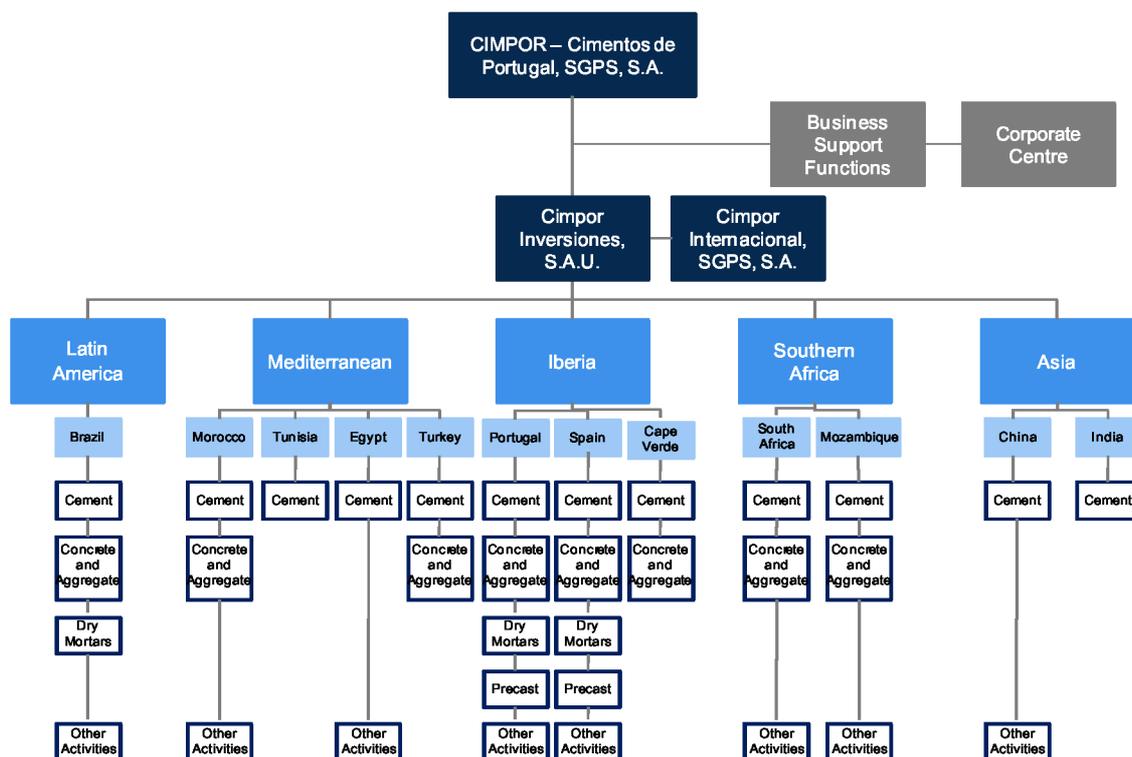
CONSOLIDATED  
EQUITY METHOD  
2010-12-31



## Main Areas of Business

CIMPOR Group is structured by business areas, corresponding to the countries where it operates, which are further sub-divided into business activities. CIMPOR Group's primary business activity is the production and sale of cement, which represents more than 75% of total turnover and 90% of EBITDA.

Globally CIMPOR Group operates 25 integrated cement plants, 15 grinding mills and 1 hydraulic lime plant as well as 44 aggregate facilities and 207 concrete plants. The number of employees at the end of December 2010 was 8,493, of which 7,017 were in international operations.



## Recent Events

There are no recent events particular to CIMPOR Group which are materially relevant to an evaluation of CIMPOR's solvency since 31 December, 2010.

## Business Areas by Activity in 2010 (EUR M)

Million Euros	Turnover	Operating Cash Flow (EBITDA)	Operating Profit (EBIT)	Net Profit <sup>(1)</sup>	Capital Expenditures	Financial Debt
Portugal .....	441.4	139.3	—	—	16.6	34.3
Spain .....	272.5	32.5	—	—	21.3	2.9
Morocco .....	94.5	41.6	—	—	9.6	1.4
Tunisia .....	78.0	23.3	—	—	4.7	1.0
Egypt.....	226.6	86.9	—	—	0.0	12.7
Turkey.....	154.5	22.0	—	—	6.6	75.8
Brazil .....	609.2	190.9	—	—	59.8	10.8
Mozambique .....	88.1	11.4	—	—	0.7	9.1
South Africa .....	144.8	58.9	—	—	6.0	7.4
China.....	106.1	8.9	—	—	6.4	48.1
India.....	48.2	4.3	—	—	1.1	—

Cape Verde .....	31.1	3.7	–	–	0.1	1.3
Trading/Shipping	147.9	9.7				
Other .....	-203.5 <sup>(2)</sup>	-3.4	–	–	–	–
<b>Total Consolidation .....</b>	<b>2,239.4</b>	<b>629.8</b>	<b>409.1</b>	<b>251.7</b>	<b>133.1</b>	<b>2,188.0<sup>(3)</sup></b>

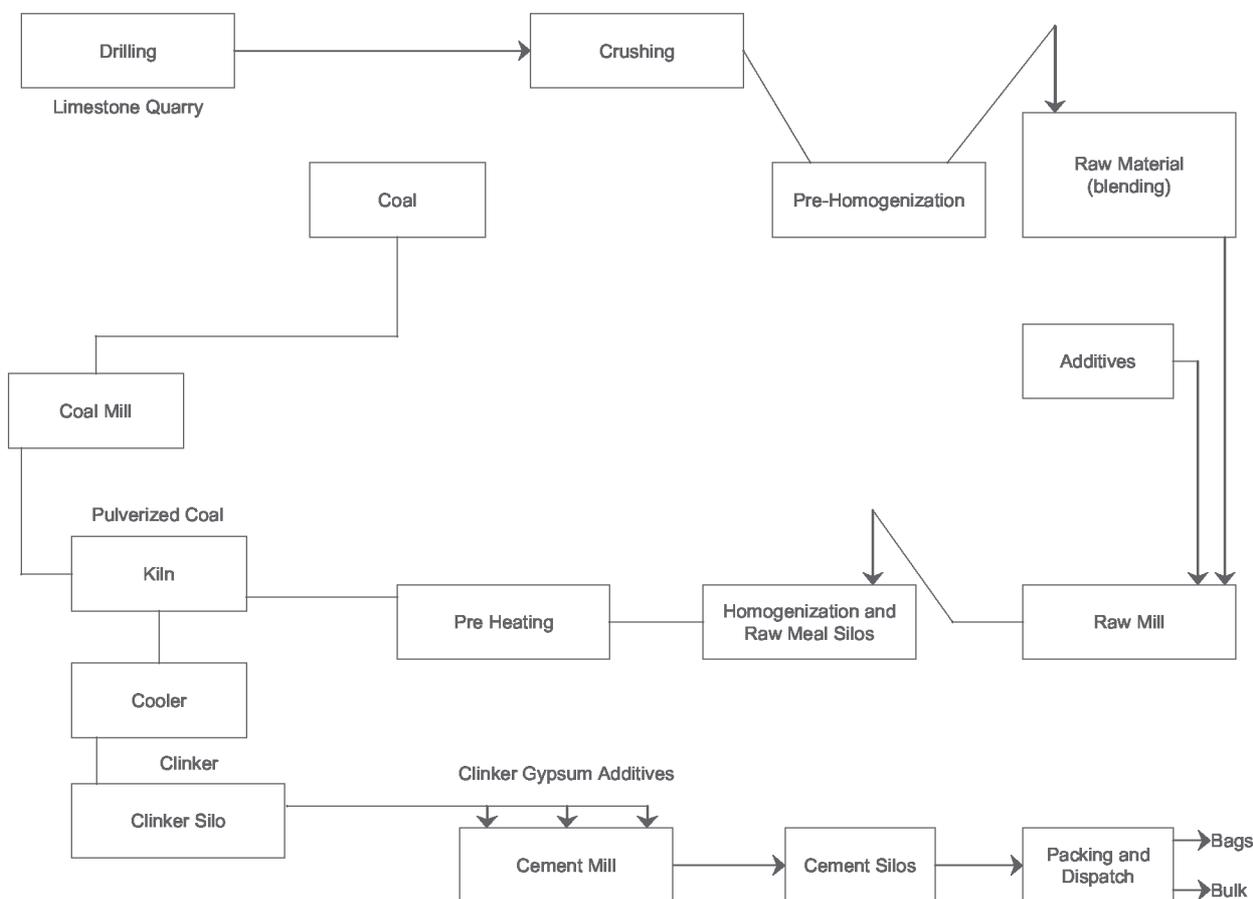
(1) Before Minority Interests

(2) Including Intra-Group elimination.

(3) Including holdings and Cimpor Financial Operations B.V.

## Production

Limestone is extracted from quarries and is crushed before being blended. The limestone is then passed through a raw mill and pre-heated. The limestone is mixed with additives and is heated to temperatures above 1,500°C in kilns using different kinds of fuels for example coal, pet coke and gas to produce clinker. Clinker is mixed with gypsum and other additives and grinded on a cement mill to produce cement. Several cement mills are fed by each kiln. The cement is stored in cement silos, before being packaged and dispatched in either bags or in bulk. See the Cement Making Process Flow Chart with coal as a fuel.



The CIMPOR Group operates the following plants:

### Portugal

The CIMPOR Group operates plants in Alhandra (2 kilns), Souselas (3 kilns), Loulé (1 kiln) and two grinding mills in Sines and the Azores having a total capacity of 7.2 million tons per year.

### *Spain*

The CIMPOR Group operates two plants in Galicia, Oural (Lugo) and Toral (Ponferrada), and two plants in Andalusia, Cordoba and Niebla, holding a total capacity of 3.1 million tons of cement per year. The kilns in Galicia were constructed in 1964 and 1976. The Cordoba Plant operates one kiln, built in 1966, while the Niebla Plant operates 1 kiln built in 1970.

The Spanish operations also include in Andalusia, a grinding mill in Huelva and a terminal in Seville, in Galicia a grinding mill in Narón and 2 grinding mills and 8 terminals in the Canary Islands.

### *Morocco*

The CIMPOR Group operates one plant in Témara with one kiln constructed in 1978, which has a recently upgraded capacity of 1.3 million tons of cement per year.

### *Tunisia*

The CIMPOR Group operates one plant in Jbel Oust, with one kiln constructed in 1987, which has a capacity of 1.7 million tons of cement and hydraulic lime per year.

### *Egypt*

The CIMPOR Group operates one plant near Alexandria, constructed in 1988 with 2 kilns and expanded in 2004 through the installation of a new kiln, bringing the total capacity to 4.0 million tons of cement per year.

### *Turkey*

The CIMPOR Group presently has 3.0 million tons of cement production capacity per year and operates in the regions of Central and East Anatolia and in the Black Sea. It has four cement plants: Hasanoglan (1 kiln) – construction completed in June 2009; Çorum (1 kiln); Sivas (2 kilns) and Yozgat (1 kiln).

The CIMPOR Group also operates two grinding mills in Samsun and in Nevsehir.

### *Brazil*

In Brazil, the CIMPOR Group operates the plants of Cimepar, Atol and Campo Formoso in the Northeast, the plant of Goiás in the West, the plant of Cajati in the Southeast and the plant of Candiota in the South.

The Brazilian operations also have two cement grinding mills, Brumado in the Northeast and Nova Santa Rita in the South.

The CIMPOR Group's total cement production capacity, with its own clinker, is currently 6.5 million tons per year.

### *Mozambique*

The CIMPOR Group operates one plant in Matola near Maputo, one grinding mill in Dondo near Beira and another plant in Nacala in the North of the country. The plant in Matola has one kiln, constructed in 1973, producing 0.7 million tons of cement per year. This plant has undergone significant rebuilding and modernisation since 1994.

### *South Africa*

The CIMPOR Group is present in South Africa operating in the province of KwaZulu-Natal, having in mid 2008 increased its cement production capacity, from 1 million to 1.5 million tons, at its plant in Simuma (2 kilns). The operations in South Africa also include a cement mill in Durban and a slag mill in New Castle.

### *India*

The CIMPOR Group operates one plant with a sole kiln located near Jamnagar, in the state of Gujarat, with a cement production capacity of 1.2 million tons per year.

### *China*

The CIMPOR Group operates two integrated cement plants in the Province of Shandong: Zaozhuang (1 kiln) and Shandong (2 kilns) and in the Province of Jiangsu a clinker production unit in Liyang (1 kiln) and two grinding mills, one in Suzhou and another in Huaian. The Group's cement production capacity in China is currently of 5.3 million tons per year.

### **Raw Materials**

The primary raw materials used in CIMPOR Group's cement production are limestone, clay and gypsum.

Geographically, CIMPOR Group owns the following quarries where limestone is extracted:

<b>Country</b>	<b>N° of Quarries</b>			<b>Limestone Reserves (Mt)</b>
	<b>Limestone</b>	<b>Other Raw Materials</b>	<b>TOTAL</b>	
<b>PORTUGAL</b>	3	3	6	195
<b>BRAZIL</b>	10	5	15	107
<b>Spain</b>	6	5	11	90
<b>Egypt</b>	3	2	5	79
<b>TUNÍSIA</b>	1	1	2	128
<b>Morocco</b>	2	1	3	39
<b>South Africa</b>	1	1	2	238
<b>Mocambique</b>	3	2	5	68
<b>CHINA</b>	3	0	3	252
<b>INDIA</b>	3	0	3	15
<b>Turkey</b>	5	8	13	118

The majority of quarries in each country are located in the plant's perimeter and most of the limestone used in clinker production comes from quarries owned by the Group.

### **Electricity**

The consumption of electricity in kilowatt-hours (kWh) per ton of cement produced in 2010 by country is as follows:

<b>Country</b>	<b>kWh/t</b>
Portugal.....	94
Spain .....	114
Morocco.....	99
Tunisia .....	98
Egypt.....	124

Turkey.....	107
Brazil .....	115
Mozambique .....	148
South Africa .....	99
China.....	88
India.....	99

### Fuel, Coal and Petcoke

The consumption in kCal of fuel, coal and petcoke per ton of clinker produced in 2010 by country is as follows:

Country	kCal
Portugal.....	816
Spain .....	838
Morocco.....	812
Tunisia .....	869
Egypt.....	917
Turkey.....	867
Brazil .....	898
Mozambique .....	1,183
South Africa .....	838
China.....	863
India.....	835

### Turnover

As at 31 December 2010, the CIMPOR Group's total turnover by country was as follows:

Portugal.....	16.8%
Spain .....	12%
Morocco.....	4.2%
Tunisia .....	3.5%
Egypt.....	10.1%
Turkey.....	6.9%
Brazil .....	27.2%
Mozambique .....	3.9%
South Africa .....	6.3%
China.....	4.7%
India.....	2.1%
Cape Verde .....	1.4%
Trading/shipping	0.9%

As at 31 December 2010, the CIMPOR Group's total turnover by business activity was as follows:

Cement.....	76%
RMC and Aggregates .....	19%
Mortars.....	5%

## Country Overview

	Cement Factories	Capacity '000t	Capacity Utilization (2010) <sup>(1)</sup>	Hydraulic lime plant	Concrete Units	Mortar Units	Quarries
Portugal.....	3+1 grinding mill	7.200	68%	1	56	2	10
Spain .....	4 + 4 grinding mills	3.100	81%		85	6	20
Morocco.....	1	1.300	90%		5		4
Tunisia.....	1	1.670	89%				1
Egypt .....	1	4.000	86%				
Turkey .....	4+2 grinding mills	3.000	87%		17		2
Brazil .....	6+2 grinding mills	6.510	80%		32	2	1
Mozambique .....	1 +2 grinding mills	0.735	39%		3		
South Africa.....	1+2 grinding mills	1.500	52%		6		3
China .....	2 + 1 clinker production factory + 2 grinding mills	5.300	73%				
India.....	1	1.150	89%				
Cape Verde .....	1 terminal				3		3

<sup>(1)</sup> Year average

### Portugal

In 2010 the Portuguese economy reversed the recessive trend of previous years, and it is estimated that GDP grew by 1.4%, primarily driven by the increased exports of goods and services. The year was marked by the sovereign debt crisis of the peripheral countries of the euro zone, including Portugal.

The difficulties in obtaining credit and the increased cost of credit had a very negative influence on the construction and public works sector. In this harsh economic environment, domestic cement consumption continued to decline. It is estimated to have receded by approximately 7%, standing at 5.6 million tonnes.

However, sales of CIMPOR cement and clinker rose by 7.2% to reach about 4.6 million tonnes, driven by a 63.5% increase in exports.

For concrete, although it is estimated that in 2010 the market declined about 12%, CIMPOR's sales only fell 8.5% to 2.1 million cubic metres. As for aggregates, the domestic market contracted approximately 20% as a result of the adverse macroeconomic environment and the suspension or postponement of a significant number of works, with CIMPOR registering a 12.1% decrease in sales to 5.7 million tonnes. Sales of mortar were 122,000 tonnes, representing a decrease of 8.9% from 2009.

The cement sale price was not updated during 2010. Even so, average prices fell 1.8% year on year, by virtue of the different mix of products sold. The price of concrete and aggregates recorded slight positive variations which were based, in particular, on different types of products sold.

The lower price of cement and clinker exports and the drop in sales of concrete and aggregates explain the evolution of consolidated turnover of Portugal, which fell by 1.6% year-on-year to EUR 441.4 million.

Cash Costs rose by 1.0% from 2009, amounting to EUR 302.2 million. In addition to the increase of approximately 10% in the production of clinker, the main factors underlying this change are related with the 2.1% increase in the average cost of electricity (due to efficient energy management, since the tariff rise was more than 7%) and approximately an 11% rise of fuel. The impact of higher fuel costs has been offset by an increased use of alternative fuels, which generated cost savings and environmental benefits.

The lower margin on exports of cement and clinker, higher fuel costs and the decline of concrete and aggregates business led to the 6.9% reduction of EBITDA to EUR 139.3 million. EBITDA margin was 31.5%, down 1.8 percentage points compared to the previous year.

Operating investments decreased by approximately 10% to EUR 18 million and mainly because of improved operational, safety and environmental conditions of the cement plants. In addition, during the course of 2010 Agrepor, SA acquired 100% of the share capital of Sanchez, SA, owner of a quarry operation in the Sesimbra area.

Working Capital was EUR 79.3 million, (down 5.7% from 2009), as a direct result of efforts made to increase the average payment period to suppliers and reduce stock levels.

It is expected that 2011 will be a difficult year for the Portuguese economy, with all forecasts pointing to a contraction of GDP as a result of measures to curb the budget deficit. For the construction sector in particular, no reversal of the trend of declining activity in recent years is envisaged. Therefore, cement consumption should continue to decline, albeit slightly, taking into account the substantial decrease in recent years.

Thus, given the conditions mentioned above, improvements to the various activities where CIMPOR is present are not expected. The use of exports to offset the reduction of domestic business will continue to be very important.

## **Spain**

The Spanish economy, though showing some recovery from the preceding year (3.6% contraction in 2009) remained in recession, with GDP falling by about 0.5%. On the positive side, exports increased by 10.3%. The major sovereign debt crisis of the peripheral countries of the euro zone, including Spain, prompted the decision to reduce public expenditure, which resulted in a slight easing of the budget deficit which stood at 9.3 % of GDP (10.4% in 2009).

The unemployment rate, as a consequence of the economic downturn, remains one of the country's biggest problems, and it has already surpassed 20% in 2010.

In the construction sector, the downward trend continued to sharpen, with cement consumption standing at 24.5 million tonnes, (down 15% from the previous year and less than half of the 56 million tonnes consumed in 2007). In markets where CIMPOR operates, there were differences in performance, and it is estimated that Galicia has decreased significantly less than the national average (around 6.5%), while in Andalusia estimates point to a decline of about 12%, and the Canaries suffered a reduction higher than the national average, in the region of 17%.

Sales of cement and clinker by CIMPOR totalled 2.9 million tonnes, down 9.3% from the previous year. The increase of sales of clinker, especially for export, partly offset the slump in the domestic market.

The slowdown of the construction industry also negatively affected concrete sales, which fell by 36.2% to a total of approximately 1.4 million cubic metres.

The aggregates and mortars businesses were likewise penalised, with sales of aggregates and mortar declining to 4.2 million tonnes and 143,000 tonnes, respectively (down 14.1% and 28.4% respectively, from 2009).

As in the previous two years, the sale price of cement continued to be driven by declining demand, and it fell nearly 2% from the 2009 price. Concrete's sale price remained unchanged from the previous year, despite the sharp decline in terms of quantities.

Turnover in Spain decreased to EUR 273 million (down 17% from 2009) demonstrating the decline in CIMPOR's business throughout the country.

Cash Costs shrank 15% to a total of EUR 239.9 million, which is explained by decreased business, namely the 13% fall in cement production. In addition, the substantial increase of 44.5% in the average price of fuel (which wiped out the improvements made in caloric intake) and the increase of over 7% in the price of electricity significantly contributed to the decline of business in Spain.

EBITDA decreased by 30.2% to EUR 32.5 million, as a result of the drop in sales in all business activities, the reduction of the cement sale price and rising fuel and electricity costs. Margins fell by 2.2 percentage points to 11.9%.

The major investments in Spain, which totalled EUR 11.5 million (down 40.1% from 2009 figure) were those related to reducing emissions of NOx at the Oural and Toral plants, and various investments to maintain the continuity of operations and increase equipment reliability.

CIMPOR will begin operating a cement grinding plant at Antequera (Málaga Province, Andalusia) from the beginning of 2011, by leasing the premises.

Working Capital totalled EUR 54.9 million at the end of 2010, (down 25% from 2009), primarily reflecting the decrease in commercial activity. The average collection period grew by 17% in cement business, and 8% in the concrete business, as the result of strong competitive pressure experienced in a market with excessive supply of cement.

As Spain was one of the last European economies to remain in recession in late 2010, it is only expected to reverse this trend in 2011, with expected moderate GDP growth. However, due to the serious real estate sector crisis in the country since 2008, together with pressure from the European Union to control the budget deficit, it is expected that cement consumption may still fall between 5% and 10% in 2011.

In the case of CIMPOR, despite the fact that sales are not expected to rise, a certain improvement in the sale price as well as the implementation of cost reduction measures already underway lead to the forecast of a slight recovery of EBITDA.

## **Brazil**

After a slight contraction in 2009, the Brazilian economy has recorded a remarkable performance in 2010 with a GDP growth rate estimated at 7.5%, based primarily on increased domestic demand. 2010 has been very positive for all economic sectors with the construction activities growing approximately 11%. Although inflation has risen to 5.9%, unemployment achieved a historic low of 6.7% in November 2010, and it is estimated that 2.5 million new jobs will be created in 2011.

Thus, in a scenario of strong public and private investments in infrastructure and housing, it is estimated that cement consumption may have been 59.1 million tonnes, which is an increase of approximately 15% compared to 2009. Such increase in consumption is particularly evident in the North and Northeast, where many of the public and private investments are focused.

As a result of the growth of demand in 2010 CIMPOR reached its highest ever sales volume in Brazil, selling 5.3 million tonnes of cement and clinker, 17.5% more than in 2009.

The estimated domestic consumption of concrete in 2010 was 37 million cubic metres, up 15% from the previous year and CIMPOR's sales of concrete amounted to 1.5 million cubic metres, an increase of 17.9% from 2009, which contributed to the opening of three new fixed plants (Feira de Santana in June, Petrolina in August and Maceió in November).

In the aggregates business, sales fell 3% to 160,000 tonnes as a result of some production problems at the Gurinhém quarry (Paraíba) during the first half of the year.

In terms of mortars, a business in which CIMPOR operates two industrial units in Brazil (Nova Santa Rita and Cajati), 209,000 tonnes were sold, the same amount as 2009.

Sale prices of both cement (+3.9%) and concrete (+2.8%) increased from the previous year.

As a result of a significant increase in the sale of cement and concrete, the increase of prices and the appreciation of the Brazilian real against the euro by about 16%, Turnover in Brazil reached EUR 609.2 million, up 42.5% compared to 2009.

Cash Costs increased 37.5% to EUR 418.3 million. This development which is primarily explained by increased production and the exchange rate impact, was also driven by positive contribution of the reduction of the average price of electricity by around 4%, mainly as a result of lower costs at the São Miguel dos Campos plant, following this unit's return to the regulated energy market. A negative influence mainly arose from the increased cost of fuel (mainly as a result of higher overall prices in the international market) and the use of about 230,000 tonnes of clinker imported from Portugal, which has a higher cost than local produce.

The strong sales growth, coupled with positive developments in prices and a significant appreciation of the Brazilian real against the euro, generated an EBITDA in Brazil of EUR 190.9 million, up 55.1% from the previous year. The EBITDA margin continued that trend, up 2.5 percentage points to 31.3%.

In terms of investments, CIMPOR announced in late 2010 the decision to proceed with two major projects in order to accompany the expected growth of the Brazilian market in forthcoming years: the construction of a new plant at Caxitu (about 15kms from the current João Pessoa plant, Paraíba, Northeast) and the installation of one more clinker line at the Cezarina unit (Goiás, Central West). Operating investment in 2010 amounted to EUR 60.4 million, with the most significant in cement business being the capacity increase at Candiota, Cajati, João Pessoa and Cezarina, the new cement grinder at Cezarina and the reactivation of cement grinder No. 2 at Nova Santa Rita. The most important investments related to the concrete business, in order to accompany the high growth rate of this activity, are the acquisition of three fixed concrete plants, five mobile concrete plants and 20 concrete mixer trucks.

Working Capital, as a result of increased activity and influenced by foreign exchange gains, totalled EUR 88.8 million, up 45.4% on 2009 (+ 28.4% excluding the currency effect). Both the cement and the concrete businesses maintained the average collection time of receivables during 2010.

The outlook for 2011 in relation to the Brazilian economy are quite optimistic, with a forecast GDP growth rate of 4.5%, mainly driven by the continued increase of domestic demand. The construction sector is also expected to continue growing at a rapid pace (the forecast for 2011 is 6.6%), taking into account the investments in infrastructure and housing, as well as the hosting of the 2014 Football World Cup and the 2016 Olympic Games. It is expected that this dynamism of the construction sector will continue to positively influence cement consumption, which according to latest forecasts will grow by about 9% in 2011.

As a result of various investments to increase capacity that are already undertaken and ongoing, CIMPOR expects that sales growth in line with market developments may contribute to another year of EBITDA growth of the Brazil Business Area.

## **Morocco**

The Moroccan economy in 2010 confirmed the growth trend recorded in 2009, when it showed strong resilience to the global economic crisis. It is estimated that GDP growth exceeded 4%, despite the declines observed in important areas such as exports and tourism revenue.

Construction and public works, which recorded a sharp slowdown following the global crisis began to show some recovery - albeit slowly and below the strong growth of 2006 to 2008 - based on major State projects in social areas that are expected to have the greatest impact during 2011.

Total cement consumption was identical to that of 2009, at around 14.5 million tonnes. The entry of a new competitor in the market led to a reduction of sales of CIMPOR, to 1.1 million tonnes (down 3.5% from 2009).

Sales in this business rose by 13.1% compared with the previous year to 351,000 cubic metres, with six concrete plants in full operation during the 12 months of 2010, reflecting the start-up of two new plants in the last quarter of 2009.

Although cement sale prices underwent an average increase of 1.6% in March, annual growth was just 0.3%, mainly due to two factors: the important change in the sales mix of products and, in response to increased competition, a sales strategy covering greater distances leading to higher transport costs.

The evolution of the consolidated turnover of CIMPOR in Morocco shows a slight decline in cement sales, a slight price increase and a significant increase in sales of concrete. All these factors, together with a slight appreciation of local currencies against the euro, led CIMPOR to obtain a turnover of EUR 94.5 million, which is almost identical to the previous year (+0.3%).

Cash Costs increased by 1.1% to a total of EUR 52.9 million. This increase is mainly due to increased electricity consumption from the use of a limestone with greater hardness, as well as the rise in the costs of refractory bodies and grinding media. These effects were partially offset by lower fuel costs, due not only to the reduction of specific consumption but also the use of the large stock held at the beginning of the year, bought at prices far more competitive than existing ones.

The stagnation of the market and the start-up of a new operator are the main causes of a slight decrease (-0.7%) in EBITDA in Morocco, which totalled EUR 41.6 million. The margin remained virtually unchanged, decreasing by only 0.4 percentage points to 44.0%.

Operating investments totalled EUR 5.4 million (45% lower than 2009), with the highlight being the start of construction of a new cement silo with a two thousand ton capacity.

Working Capital increased by 14% to EUR 29.3 million. This rise is largely explained by the increase by over 30% of the value of stocks, including mechanical and electrical maintenance parts to be consumed at the start of 2011. The average collection period of the cement business remained in line with that of 2009 while in the concrete business it underwent significant improvement, with a decrease in the region of 30% of this indicator. CIMPOR also managed to extend the average payment period to suppliers.

After two years of sharp slowdown in demand for cement a recovery is expected during 2011, primarily through investments in social housing and public works.

CIMPOR plans to start selling a new type of cement in 2011, allowing the company to fill an important gap in its supply. Despite the expected completion of some competitors' projects to increase capacity, the expected global market growth should allow Cimpor to increase turnover in 2011. It is also expecting to conclude a licensing agreement for the operation of a new limestone quarry that will substantially increase the available reserves.

## **Tunisia**

According to the latest estimates the Tunisian economy in 2010 recorded higher growth than in 2009, with GDP rising by around 3.8%, mainly driven by industrial and mining exports. The poor agricultural year and the increased food prices lifted inflation to an estimated 4.5%, which, coupled with social problems, especially unemployment, particularly among young people, caused prominent recent political developments in Tunisia.

It is estimated that cement consumption, essentially based on direct foreign and State investment has increased by approximately 8.6% in 2010, exceeding 7 million tonnes. This surpassed the trend of the Tunisian national economy.

CIMPOR's cement sales, mirroring the rise in domestic consumption, recorded a sharp increase in the domestic market (8.9%), enabling maintenance of the 23.4% market share. Total sales were 7.6% higher than in 2009, at 1.7 million tonnes, despite the slight decrease in exports, from 74,000 to 59,000 tonnes. In addition during the course of 2010, Cimpor negotiated the purchase of 167,000 tonnes of clinker, almost double the previous year's value to meet market needs.

In addition, during the course of 2010, CIMPOR started the aggregates business in Tunisia, with a total of 264,000 tonnes of aggregates sold.

The average cement sale price, which is determined by the government, rose by 5.9% from the previous year. That fact, combined with sales growth, resulted in a significant increase in turnover of 11.7%, to over EUR 78 million.

Cash Costs rose by 9.1% to EUR 54.8 million. The company has been affected by rising fuel prices (16.8%) and the increase in the quantities of clinker purchased, despite the gains generated by incorporating a greater proportion of slag in the cement production.

EBITDA, leveraged by the strong turnover growth totalled EUR 23.3 million (up 18.3% from 2009). EBITDA margin also followed this change, growing 1.7 percentage points to 29.8%.

Operating investments totalled approximately EUR 5.9 million (up 16.3% from 2009), focusing in particular on the installation of the crusher associated with the start of the aggregates business and the connection of cement silos 5, 6 and 7 to the bagging line 1.

Working Capital evolved favourably, and it was possible to harmonise the increase in commercial activity with the reduction of this indicator by 5.8% to a total of EUR 13.7 million. The average collection period of the cement business decreased from 37 to 28 days. Also, the acquisition of clinker produced no effect on the Working Capital, and the company could maintain its average level of stocks.

The political crisis at the start of 2011 brought some instability to the Tunisian economy, with possible consequences in relevant sectors, particularly tourism. Nonetheless, it appears that sales of CIMPOR have not been particularly affected by events, based on the 2011 data available to date.

## **Egypt**

The Egyptian economy, in contrast to the slowdown of 2009, showed clear signs of recovery during 2010, reflected in GDP growth of approximately 5.1%. The continuing increase of domestic demand, the recovery of public consumption, and the sustainable development of important sectors such as construction and telecommunications, contributed to the good economic performance.

The growth of the construction and public works sector led to an estimated increase in cement consumption of over 3% compared to 2009, to more than 49 million tonnes, which is higher than the local production capacity, meaning that cement has to be imported.

In relation to CIMPOR, although it had to import 535,000 tonnes of clinker (mainly during the first half of the year), the worse operating performance recorded in the second half of 2010 and the emergence of new competitors operating in the Delta region caused cement sales to fall by 11.9%, to a total of 3.7 million tonnes.

2010 was marked by the start-up of the concrete business in Egypt for CIMPOR with the inauguration of a concrete plant in the Alexandria region, in July. This plant produced 19,000 cubic metres.

The average sale price of cement rose by approximately 3.4% compared to 2009.

The combined effect of rising prices and a slight appreciation of the Egyptian pound against the euro did not offset the decrease in sales of cement and therefore the turnover of EUR 227 million was 5.8% less than that registered in 2009.

Cash Costs increased by 2.7% in consolidated terms, due to the increased consumption of clinker, with 187,000 additional tonnes being purchased compared to 2009 (the cost of importing clinker is significantly higher than producing it domestically) as well as the rise of about 17% in the price of electricity and 48% in duties relative to the consumption of clay, both in the second half of the year.

EBITDA registered by the Egypt business area reflects the decline in CIMPOR's commercial activity and the increased operating costs, decreasing by 17% to approximately EUR 87 million in 2010. This fall was also reflected in the EBITDA margin which fell by 5.1 percentage points to 38.3%.

Operating investments totalled EUR 5.6 million, 70% of which were related to the cement business. The most important of these related to the installation of a new bag filter on Line 1 and the increased capacity of the most recent raw grinder. The remaining investments were allocated to the start-up of the concrete business activity in Egypt, the new plant already in operation and the equipment required for its normal operation.

Working Capital was EUR 79.1 million, (up 58% from 2009), mainly due to the sharp rise in the stocks of clinker purchased and from own production, resulting from the drop in sales in the year's last quarter.

The outlook for the performance of the Egyptian economy in 2011 is rather uncertain given the recent political events. The installed capacity of cement in the country is expected to increase given the progress in the assembly of new lines, which may put some pressure on the sale price.

In relation to CIMPOR, production was halted for a week because of turmoil caused by the social crisis affecting the country. However, after the stoppage period operations were resumed at levels close to normal. The main goal of the concrete business is the consolidation of the activity by increasing sales volumes in the Alexandria market, which will be supported by the opening of a second plant.

## Turkey

2010, following the trend initiated in the last quarter of 2009, was marked by strong dynamism of the Turkish economy. It is estimated that GDP grew by approximately 8%, which contributed to a reduction of the unemployment rate from 14.0 % in 2009 to 11.2% in October 2010. The construction sector was one of the largest drivers of this growth with an increase in activity of more than 18% in the first nine months of the year.

Cement consumption increased by approximately 14% to a total of 48.5 million tonnes, which represents its highest ever value. The regions where CIMPOR operates (Central Anatolia and Black Sea) were among those with the highest cement consumption growth rates, with rates of about 20%, surpassing the national average. The main drivers of such increased consumption were the residential market and investments in infrastructure and energy production. It is estimated that exports of cement and clinker have fallen by approximately 6% nationally, in response to increased domestic demand, although they still account for a significant volume (more than 15 million tonnes).

CIMPOR's sales reached a record 2.9 million tonnes of cement and clinker, which is 700,000 tonnes higher than in 2009, equivalent to an increase of 32.1%.

Both concrete and aggregates of CIMPOR also recorded a significant increase in sales volumes. Sales of concrete were 1.1 million cubic metres and 1.7 million tonnes of aggregates were sold, equivalent to year-on-year growth of 25.1% and 42.4%, respectively.

The average price of cement rose about 4% in 2010, founded on the sound performance of the market. The price of concrete also recorded growth, of around 1.6%.

As a result of the increase in sales and prices in all businesses, and the appreciation of the value of the Turkish lira against the euro (around 8%), the turnover of CIMPOR in Turkey in 2010 amounted to EUR 154.5 million, (up 43.7% from 2009).

Cash Costs increased by 37.4% to EUR 132.6 million mainly due to higher production volumes and the increase in the price of fuel and electricity. The average price of fuel increased by around 6%, tempered by the constant search for more competitive alternatives, and the price of electricity rose 12%, influenced by production growth in the new Hasanoglan plant since this region has a more expensive tariff than the other areas where Cimpdor operates in the country. A new contract for the purchase of electricity for this plant is currently being negotiated.

The EBITDA of the Turkey Business Area almost doubled from the previous year (98.7%), to EUR 22 million, based primarily on increase in volumes and prices and the positive impact of the appreciation of the Turkish lira against the euro. The EBITDA margin also showed a substantial improvement to 14.2%, 3.9 percentage points more than in 2009.

Operating investments totalled EUR 5.6 million, a significant drop from the previous year (-91%). This variation is mainly due to the fact that in 2009 that value was influenced by the construction of the clinker line at Hasanoglan. The highlights of 2010 are also the amounts related to the completion of the investment at Hasanoglan as well as the modernisation of the cooler at the Sivas plant and a new concrete plant at Hasköy.

In a year of strong sales growth, Working Capital decreased by about 11% to EUR 29.6 million mainly thanks to the improvement of the average collection period of receivables and the reduction of the stocks' value.

Forecasts for 2011 indicate strong growth by the Turkish economy. The Turkish government expects GDP to grow 4.5%. As 2011 is an election year, an increase in public investment can be expected which should contribute to an increase in cement consumption of around 5%.

In relation to CIMPOR, it is expected to be another year of sales growth with the consequent positive impact on EBITDA.

## **Mozambique**

The Mozambican economy continued to perform well in 2010 with an expected growth of approximately 7%. The construction sector contributed strongly to the positive performance of the economy and provided 18% growth in the first two quarters of the year and 12% in the third quarter. This increase in construction activity is underpinned by important projects for the rehabilitation of public infrastructure and private investment in the sectors of housing, sea ports and mineral exploration. However, the continued increase in fuel prices, coupled with the sharp currency devaluation, has caused a very high inflation rate.

As a result of economic dynamism, cement consumption increased by about 10% in 2010, to 1.1 million tons, this variation is essentially justified by the increased import of cement into the country.

CIMPOR increased its sales of cement and clinker by 13.7%, to 884,000 tons in 2010, despite some operational problems, gaining a market share of above 80%. This volume of sales - the highest ever - was also achieved using the increased imports of clinker and cement and the use of outside grinding capacity in Nacala.

National concrete consumption remained at the same level as last year. However, CIMPOR's sales declined by 7.6% compared to 2009, to 139,000 cubic metres, as a result of the completion of some major projects (the new airport and the football stadium).

The average sale price increased by around 11%, which is a growth rate lower than the average devaluation of the metical against the euro (around 17%), in order to counteract the increase of production factors (largely due to the devaluation of the local currency). The average sale price of concrete also increased by around 12%, for the same reason.

The consolidated turnover of CIMPOR in Mozambique in 2010 totalled EUR 88.1 million, an increase of 8.8% on the previous year.

Cash Costs, which recorded consolidated growth of 11.0% to EUR 76.6 million, were heavily influenced by operational problems that occurred during 2010 at the Matola plant, which resulted in low use of the installed capacity of clinker production. Clinker production was interrupted for 45 days due to a fire in the transformer station. This combined with high calorific intake and recurring maintenance problems forced the use of a greater amount of imported clinker, which is priced much higher than that produced locally. The growth of Cash Costs was also influenced by the significant increase in the price of gas, the main fuel used at Matola, and electricity.

In general, most of the factors of production of the country were put under pressure by the loss of value of the Metical and the high inflation associated with it. At the end of 2010, CIMPOR began to reduce the use of clinker, replacing it with fly ash, in order to minimize the increase in production costs.

Hence, despite the significant increase in quantities and sale prices, operational difficulties and the devaluation of local currency affected EBITDA, which in 2010 amounted to EUR 11.4 million, thereby registering a decrease of 4.1% on the 2009 value. EBITDA margin also declined by approximately about 1.7 percentage points on the previous year, to 13.0%.

Operating investments amounted to EUR 15.6 million, 29.6% more than in 2009. The notable investments are the new cement grinder (which is planned to enter into service in mid-2011), the purchase and installation of a gearbox for the raw grinder and the modernisation of the transformer stations at Matola, as well as the replacement of the bagging lines at all plants.

Working Capital was EUR 20.5 million at 31 December 2010, (up approximately 59% from 2009). This increase is largely explained by the increase of stocks of imported clinker. The average collection time of receivables in the cement business remained virtually unchanged from 2009, with some deterioration in this indicator in the concrete business.

In October 2010 a binding agreement was signed to acquire a 51% stake in CINAC, a company with a cement grinding plant in Nacala, northern Mozambique.

It is expected that in 2011, despite facing some challenges such as the currency exchange rate developments and inflation, the Mozambican economy will continue to grow at a pace similar to that of recent years and cement consumption also is expected to continue to increase accordingly.

In relation to CIMPOR, thanks to the start-up of the new cement grinder and the results of the optimisation programme at the Matola plant, as well as the conclusion of the acquisition agreement of CINAC, the prospects for increasing EBITDA and the respective margin generated by Mozambique in 2011 are favourable.

## **South Africa**

The South African economy experienced moderate growth in 2010, approximately 2.6%, rebounding from the recession of 2009. Inflation, affected by the appreciation of the South African rand, registered a significant drop of 3.6 percentage points to 3.5%, the lowest it has been in the last five years. The positive impact of the appreciation of the local currency on import costs, particularly fuel, was offset by the negative effect on the competitiveness of exports, a sector of vital importance to the recovery of the South African economy.

The construction and public works sector did not accompany the economic recovery which occurred in 2010, significantly affecting the consumption of cement, which is estimated to have dropped by approximately 8% in South Africa in comparison with 2009, at 10.9 million tonnes, mainly due to the end of the period of preparation for the 2010 Football World Cup.

The significant increase in imports of cement and clinker in the Durban market adversely affected the sales of CIMPOR which fell by 19.5% to 1.2 million tonnes. The reduction by approximately 26% in exports also contributed to that decline.

Sales of concrete and aggregates, also affected by the reduced activity of the construction sector decreased to 124,000 cubic metres (-25%) and 574,000 tonnes (-31%), respectively.

The sharp fall in cement consumption and the increase in imports led to the sale price remained unchanged during 2010. Similarly, there was no change to concrete and aggregates prices.

Despite the sharp fall in sales in all businesses, the appreciation of the South African rand attenuated the decrease in turnover, which stood at EUR 144.8 million, a decrease of 5.2% on the previous year.

Cash Costs increased (4.3%) to EUR 85.9 million, despite the decrease in turnover, mainly due to the strong exchange rate. On the other hand, the significant increase in fuel prices (12%) and electricity (25%) are of note. The rise for fuel was mitigated by a lower specific fuel consumption, while in relation to electricity the efficient management of the tariff managed to reduce the impact to only 12.5%.

The optimisation made in relation to the consumption of slag, the inclusion of which has evolved from 30% to 37%, resulted in a significant reduction in costs, despite its higher price.

The sharp decrease in quantities sold and rising fuel and electricity costs, combined with the strong appreciation of the South African rand, led to the South African EBITDA decreasing by 16.4% to EUR 58.9 million, with the respective margin decreasing by 5.4 percentage points, to 40.7%.

Operating investment decreased by 40.5% to EUR 4.7 million. The most relevant investment in the cement business was the fly ash mixture and transport project the modernisation of the bagging at Newcastle, repair carried out on kiln No. 1 at Simuma and the acquisition of a facility to wash sand.

Working Capital rose to EUR 21.1 million, up 3.9% from 2009. The appreciation of the South African rand decisively influenced the development of this indicator since its analysis with the currency exchange effect removed shows a decrease exceeding 13%. The significant improvements in the average collection period of receivables in the cement segment is positive, though that period slightly worsened in the concrete and aggregates businesses.

It is expected that the South African economy will maintain its moderate growth trend in 2011, with estimated GDP growth of around 3%. The actions of the monetary authorities on interest rates, with the expectation of further cuts in 2011, may be a crucial stimulus for economic activity.

CIMPOR's main goal in 2011 will be increasing sales, whether through exports or by increasing the share of local market. The focus on the use of alternative fuels should also translate into cost savings, in addition to the evident environmental benefits.

## **Cape Verde**

The Cape Verdean economy registered GDP growth of around 4.1% in 2010, according to latest estimates, , mainly supported by increased revenues from tourism and the implementation of public investment programme.

The reactivation of important works in the tourism sector, as well as the inauguration of a new facility on the island of Santo Antão boosted CIMPOR's cement sales, which rose by 4.3%, compared to the same period of 2009, reaching 234,000 tonnes (wholly imported from Portugal). Nevertheless, sales of concrete and aggregates were affected by operational problems and the conclusion of projects on the islands where CIMPOR's operations in these business areas are located (Santiago and Boavista), registering declines of 22.3% and 25.6% to 40,000 cubic metres and 108,000 tonnes, respectively.

The average sale price of cement decreased by approximately 5% in 2010, contributing to a slight decrease of 0.6% of CIMPOR's turnover in Cape Verde, which totalled EUR 31.1 million.

Consolidated cash costs in 2010 did not significantly change from the previous year, stabilising at EUR 27.4 million.

Income fell by a fraction, slightly affected by the drop in the average sale price of cement and the rise in price of maritime freighting. EBITDA registered EUR 3.7 million, 4.3% less than in 2009. The EBITDA margin also fell by 0.5 percentage points to 11.8%.

After heavy investment in 2009 (EUR 1.2 million), including the improvement of operating conditions on the island of Boavista and equipment for the activities of concrete and aggregates, in 2010 the operating investments amount decreased by approximately 87.1%, to EUR 152,000. These investments include the building of an infrastructure for storing cement on the island of Sal, which will significantly improve CIMPOR's operating conditions and ensure significant competitive advantages on that island.

The sharp reduction in the average collection period of receivables of cement (30 to 19 days), despite a slight worsening in terms of stocks, allowed Working Capital to decrease by about 16.6% to EUR 5.6 million.

An increase in public investment is expected, through the development of social welfare programs and the construction of some State infrastructures, with an expected economic growth of 6% approximately, which is encouraging for CIMPOR's income prospects in Cape Verde.

## **India**

In 2010, the Indian economy continued to perform remarkably well. According to the latest estimates, GDP grew over 8.5%, with particular emphasis on the contribution by the industrial sector which grew by 10% in the first nine months of 2010. However, one of the latent concerns of India is the high inflation rate, which exceeded 9% in 2010.

Against a background of strong GDP growth, cement consumption in India, according to the latest estimates, was 220 million tonnes in 2010, which represents a 10% increase on the previous year. In Gujarat state, where the CIMPOR plant is located, the increase has been higher, with a growth of approximately 16%.

However, sales of CIMPOR fell by 15.8% to 950,000 tonnes due to a combination of several adverse factors. On the one hand, the rainy season was particularly harsh in the region of the plant and caused some production problems. Furthermore, despite the significant increase in demand for cement in the region, new competitors entered the market during 2010, which resulted in oversupply. Exports fell by more than 50% due to the low competitiveness of production in India and the contraction of some of the markets that are usually the export target markets.

There was also a decline in the average sale price by approximately 5.3%, due to oversupply.

Consolidated turnover in India suffered a decrease of 8.9% in 2010, down to EUR 48.2 million, as a result of declining sales and prices.

Cash Costs rose by 2.1% to EUR 43.8 million, due to various factors, the most significant of which are increased specific consumption of fuel and electricity (partly caused by the frequent stoppages of equipment due to rains) and rises by approximately 5% in the price of fuel and approximately 17% in the price of electricity. A significant increase in the cost of transporting raw materials and royalties for the operation of quarries also contributed to such rise.

Several measures have been adopted to contain the rise in Cash Costs, such as the increased incorporation of fly ash, the installation of a system for generating electricity by recovering energy from production process gases and the search for quarries closer to the plant.

Although the Indian rupee appreciated approximately 10% against the euro, the decrease in quantities sold, lower prices and higher costs resulted in EBITDA falling by 56.4% in comparison with the previous year. EBITDA for 2010 was EUR 4.3 million. The EBITDA margin also fell significantly to 9.0%, 9.8 percentage points less than in 2009.

Operating investments amounted to EUR 1.1 million, the most significant were those related to the start of the project to generate electricity from production process gases, the fly ash transportation system from the thermal power station producing the fly ash to the plant and the implementation of SAP software.

Working Capital increased by approximately EUR 8.2 million to EUR 11.9 million, primarily as a result of larger clinker stocks due to the drop in sales and as the result of a supply of coal received at the end of 2010.

The Indian economy is expected to continue to grow at a rapid pace in 2011. It is envisaged that the consumption of cement, both nationwide and in Gujarat, will maintain the high growth rates registered in 2010.

CIMPOR expects that the improved sale price at the end of 2010 and the various projects underway to reduce Cash Costs may contribute to EBITDA growth in 2011.

## **China**

2010 was another year of strong growth for China, with the latest estimates indicating GDP growth of 10.5%. The industrial sector (along with telecommunications) remained one of the drivers of this development with an estimated rise of 15%.

Cement consumption in the Chinese market continued its upward trend observed in previous years and, during 2010 it is estimated to have increased by approximately 10% to a total of 1.8 billion tons, which is equivalent to more than half of world consumption.

The operational start-up of the new Zaozhuang plant and the full 12 months of operation of the Huainan grinding plant allowed CIMPOR to increase sales of cement and clinker by 13.7% to a total of 4.1 million tons (the Group's highest amount ever in China), and CIMPOR achieved a significant 39% increase in cement sales (the most profitable product) compared to a 28% decrease of sales of clinker.

The restrictions on energy consumption in the Jiangsu province in the last quarter of 2010, the district in which CIMPOR has its operations, caused a shortage of cement in the market prompting a sharp rise in the sale price to record highs, even increasing by 100% in some regions when compared to the price at the start of the year. Despite this fact, and due to a fall in early 2010, the rise in the average sale price over 2010 was 1.8%.

The combination of increased sales and improvements in price resulted in turnover growing more than 30%, to a total of EUR 106.1 million.

The evolution of operational activity, with an increase in clinker and cement production of 23% and 62%, respectively, and increased electricity and fuel prices, have contributed decisively to the growth of Cash Costs by about 27%, to EUR 97.2 million.

Accordingly, based on the increase in sales as well as the appreciation of the yuan against the euro (6% approximately), CIMPOR's EBITDA grew by 88% to EUR 8.9 million. The EBITDA margin also reflected this trend showing an increase of 2.5 percentage points to 8.4%.

The completion of the construction of the Zaozhuang plant and the Huainan grinding facility substantially reduced operating investments, which fell from a total of EUR 49.8 million in 2009 to EUR 6.4 million in 2010. About 90% of investments are still earmarked for the completion of construction work at the plants mentioned above.

Working Capital rose considerably, reaching EUR 28.9 million at the end of the year. This growth is explained by the increase in stocks resulting from the overall business growth of the company and the start-up of operations at the Zaozhuang plant. Cumulatively, and despite the continued credit risk and the extensively positive impact of EBITDA, changes in business conditions extended the average collection period on receivables, which also contributed to the increase in Working Capital.

It is estimated that China will continue to register considerable GDP growth in 2011, largely founded on exports despite the pressure that is beginning to be exerted in international markets for the appreciation of its currency.

The promised closure of obsolete units still in operation with high levels of pollution must be intensified during 2011. This may have an effect on cement supply, which could provide important competitive advantages to CIMPOR. Thus, it is expected that the path of good results achieved in the final months of 2010 will be continued, based on sales volume and prices, although the latter will be at a lower level than that reached at the end of 2010 .

## **Competition**

The CIMPOR Group's subsidiaries operate locally on a regional basis and, as a consequence, they have different competitors in each market.

### *Portugal*

Cimpor Indústria, S.A. is the leading cement producer in Portugal with a 56% market participation with Secil as the sole competitor producing clinker and cement. Approximately 5% of the cement is imported.

In the concrete business, Cimpor Betão, S.A. is the largest concrete producer, with a market participation of approximately 30% and its main competitors are Secil (Unibetão) and Lafarge Betões.

CIMPOR Group controls 100% of Cimpor Indústria and of Cimpor Betão.

### *Spain*

The Spanish cement market is relatively consolidated with approximately 80% of installed cement production capacity in Spain owned by six companies, five of which are controlled by multinational cement groups (Cemex, Lafarge, Holcim, Cimpor and Italcementi).

Regionally, Corporación Noroeste, S.A., the Spanish subsidiary of CIMPOR Group that controls the operational companies in Spain, faces competition from Tudela Veguin in Galicia, while the main competitors in Andalusia are Cementos Portland Valderrivas, Cementos Balboa, Cemex, Holcim, and Italcementi, together with some local producers with grinding mills and cement silos.

Corporación Noroeste, S.A. holds a strong position in Galicia, Andalusia and Canary Islands with a participation of more than 11% of the Spanish cement market.

In the concrete business, the Cimpor Group holds a market participation of approximately 3.5%.

The CIMPOR Group controls 99.5% of Corporación Noroeste.

### *Morocco*

Asment de Témara, S.A., CIMPOR Group's subsidiary in Morocco, is the fourth largest cement company in this country with an 8% market participation. It is the market leader in the region of Rabat with a local market participation of 70%. Competitors include major international companies such as Lafarge, Holcim and Italcementi.

The CIMPOR Group controls 62.6% of Asment de Témara.

### *Tunisia*

In Tunisia, the cement industry is quite consolidated, with the top four producers responsible for approximately 80% of production.

Ciments de Jbel Oust, CIMPOR Groups' subsidiary in Tunisia, is the second largest cement producer in Tunisia, with a market participation of approximately 23%, and a market participation in the region of Tunis

of around 40%. Its competitors include Cementos Portland, a Spanish company operating Enfidha, Secil, a Portuguese producer operating Gabés, Colacem, an Italian company operating Ciments Artificiel and two state owned companies, Bizerte and Ciments d'Oum Kelli.

The CIMPOR Group controls 100% of Ciments de Jbel Oust.

### *Egypt*

The CIMPOR Group's subsidiaries for the cement business in Egypt are, Amreyah Cement Company, S.A.E and Amreyah Cimpor Cement Company, SAE, are together the fifth largest cement producers in Egypt, with a market participation of approximately 7%. They are the market leaders in the region of Alexandria with a 60% market participation. Their competitors include some of the major international players, namely, Lafarge, Italicementi, Cemex, Titan Cement and Vicat and as well as several local private and state owned companies.

The CIMPOR Group controls 99.14% of Amreyah Cement Company and 100% of Amreyah Cimpor Cement Company.

### *Turkey*

The Turkish cement industry is very fragmented. Apart from CIMPOR Group's subsidiaries Cimpor Yibitas, AS and YibitasYozgat, AS, there are international groups active in Turkey including Heidelberg Cement, Cementir and Vicat. The two CIMPOR Group's subsidiaries together hold a 6% market participation in this country and face Vicat and local producers as main competitors.

CIMPOR Group controls 99.7% of Cimpor Yibitas and 81.7% of Yibitas Yozgat.

In the concrete business, the Cimpor Group holds a market participation of approximately 2.0%.

### *Brazil*

Brazil's cement market, which is the fifth largest in the world, is concentrated, with 80% of market capacity owned by five groups including Votorantim with 40% market participation, João Santos with 11% market participation, Camargo Corrêa with 10% market participation, CIMPOR Group with 9% market participation, Lafarge with 7% market participation and Holcim with 7% market participation, followed by other Brazilian companies like, Itambé and Soeicom.

Cimpor Cimentos do Brasil, Ltda, the CIMPOR Group's subsidiary in Brazil, is the fourth largest cement company in Brazil, with operations in various regions and holding market participations of 19%, 16%, 3% and 10% in the Northeast, Central-West, Southeast and South, respectively.

In the concrete business, the Cimpor Group holds a market participation of approximately 4.0%

CIMPOR Group controls 100% of Cimpor Cimentos do Brasil.

### *Mozambique*

Cimentos de Mozambique, S.A., the CIMPOR Group's subsidiary in Mozambique, holds an 81% participation of the cement market. As the only producer in the country, its competitors are other non-Mozambican producers, mainly from South Africa.

CIMPOR Group controls 82.5% of Cimentos de Mozambique.

### *South Africa*

Natal Portland Cement Company, LTD, the CIMPOR Group's subsidiary in South Africa, through its subsidiary NPC – Cimpor, Limited, is the fourth largest cement producer in South Africa, with a market participation of approximately 10%, and the market leader in the Kwazulu Natal region with a 70% market participation.

NPC's main competitors in South Africa are Pretoria Portland Cement, the market leader with a market participation of 45%, followed by Afrisam, a local producer that in 2008 acquired Holcim's South Africa operations, with a 20% market participation and Lafarge South Africa with a 17% market participation.

The CIMPOR Group controls 100% of Natal Portland Cement Company and 74% of NPC – Cimpor, Limited.

### *China*

The Chinese cement industry is highly fragmented with 90% of producers, approximately 4,500 companies, holding a cement production capacity of less than 600 thousand tonnes each. Lafarge, Holcim, Heidelberg and CRH are among the international cement players operating in this country, as well as Anhui Conch, Sinoma, Shansui and China Building Material the largest national cement Groups in China.

In the province of Shandong CIMPOR Group competes mainly with Taishan and the Conch Group, while in the province of Jiangsu the CIMPOR Group faces competition mainly from China Building Material.

In China the CIMPOR Group has a joint venture with Chinese investors who own 25% of Cimpor Macau Investment, a holding company based in Macau.

Cimpor Macau Investment controls 100% of Cimpor Cement Corporation Limited, a holding located in Hong Kong which owns the shareholdings in the operational companies in Continental China.

### *India*

India is the second largest cement market in the world. International cement producers are present, such as Holcim, Lafarge, Italcementi and Heidelberg Cement, which together with the national producers Grasim/Ultra Tech, Shree Cement and India Cement, account for more than a quarter of the total market.

Based in Gujarat, Shree Digvijay Cement Co, the CIMPOR Group's subsidiary in India, faces competition from Holcim (Ambuja), Grasim (Ultra Tech), Metha and Sanghi.

The CIMPOR Group controls 73.63% of Shree Digvijay.

### *Cape Verde*

Cimpor Cabo Verde, S.A. is the leader in cement sales in Cape Verde with a market participation of approximately 72%.

The CIMPOR Group controls 98.7% of Cimpor Cabo Verde.

### **Capital Expenditure**

CIMPOR Group's capital expenditure in 2010 reached €133 million.

## Regulation

There are no governmental regulations with respect to pricing policies for the business activities of the Group, except in Tunisia where cement prices rises are subject to an annual government authorisation.

## Information Technology

CIMPOR Group's business units use the most up-to-date technology for the control of the production process.

As to information technology systems, in 1998 the CIMPOR Group decided, in accordance with its strategic development plan, to introduce the software (SAP R3) in all of its business areas in order to guarantee an efficient integration of the main management functions, including accounting, budget, planning, invoices, control of inventories and pay roll. These systems became fully operational in the whole CIMPOR Group except for China, India and Cape Verde where they are still being implemented.

## Environmental Matters

CIMPOR Group is committed to:

- Complying with applicable environmental legislation and relevant codes of practice.
- Continuously improving its environmental performance.
- Setting specific objectives for the control or reduction of emissions to all environmental media.
- Promoting improvements in energy efficiency and resource usage.
- Minimising water use and discharges.
- Preparing and maintaining quarry development plans.
- Increasing the environmental awareness of all employees, contractors and suppliers.
- Reducing emission of cement kiln dust, hazardous gases and other waste and encourage recycling.
- Reducing releases of dust and other emissions into the atmosphere wherever practicable.
- Including environmental performance in personnel development training.
- Preventing industrial injuries and accidents through workplace studies, surveys and action plans.
- Utilising alternative materials and fuels resulting from other industries as products and wastes where this is environmentally, technically and economically feasible.

## Employees

As at 31 December 2010, the Group had 8,493 employees. The following is a breakdown of CIMPOR Group's employees:

Business Support + Corporate	<b>2010</b>
Portugal	103
Spain	<hr/> 1.373
	1.006

Morocco	198
Tunisia	211
Egypt	500
Turkey	824
Brazil	1.629
Mozambique	464
South Africa	534
China	1.022
India	502
Cape Verde	123
Peru	4
Total	<u>8,493</u>

### **Management Structure**

In accordance with the Articles of the Association of CIMPOR, the Board of Directors may be formed by five to fifteen members, one of whom shall be designated as the chairman and the others members. The Board of Directors is elected at a general meeting, where the chairman is also appointed. As with the other corporate offices, the Board of Directors is elected for a three year term and may be re-elected.

The present Board of Directors was elected, prior to the 2010 changes in bylaws, for the four-year term from 2009 to 2012 and consists of the following members:

- António José de Castro Guerra – Chairman
- José Manuel Baptista Fino – Director
- Jorge Humberto Correia Tomé – Director
- Albrecht Curt Reuter Domenech – Director
- João José Belard da Fonseca Lopes Raimundo – Director
- José Edison Barros Franco – Director
- Walter Schalka – Director
- Manuel Luís Barata de Faria Blanc – Director
- António Sarmento Gomes Mota – Director
- José Manuel Trindade Neves Adelino – Director
- Paulo Henrique de Oliveira Santos – Director
- Francisco José Queiroz de Barros de Lacerda – Chief Executive Officer
- Luís Filipe Sequeira Martins – Executive Director
- António Carlos Custódio de Morais Varela – Executive Director
- Luís Miguel da Silveira Ribeiro Vaz – Executive Director

The business address for each director listed above is:

Rua Alexandre Herculano, 35, 1250-009, Lisbon, Portugal.

## **Conflicts**

There are no potential conflicts of interest between any duties of any director of CIMPOR S.A. and any private or other duty of that director.

## **Executive Committee**

As in previous mandates and as foreseen in article 14(1) of the Articles of Association of CIMPOR S.A., the newly elected Board of Directors decided at their meeting held on 29 April 2010 to appoint an Executive Committee composed of five of their members, being subsequently reduced to four due to the resignation of Álvaro Luís Veloso as an Executive Director for professional reasons. The Board of Directors has delegated to the Executive Committee all powers to perform the ordinary day-to-day business of CIMPOR, save for certain matters the delegation of which is not permitted by law.

This Executive Committee is composed of the following members:

**Francisco de Lacerda.** Born in 1960. Newly appointed CEO on the April 29 2010 General Meeting. Former CEO of Banco Mello (1993-2000) and Executive Director of Millennium bcp (2000-08), Head of European Banking and Investment Banking. Now in direct charge of Strategy and Development, Human Resources and Organization, Corporate Communications, Legal Services, Company Secretary and Internal Auditing. Mr. Lacerda is also a non-executive member of the Board of Directors, member of the Remuneration Committee of Portugal Telecom and has a Business Degree with honors conferred by Universidade Católica Portuguesa.

**Luís Filipe Sequeira Martins.** Born in 1947. Has served on CIMPOR – Cimentos de Portugal, SGPS, S.A. Executive Committee since 1987 and is in direct charge of Iberia and Cape Verde, Latin America, Egypt and Asia Business Areas as well as CimporTec and Health and Safety. He is Director of several subsidiaries. He has been Director in IPE (1992-1994). Chairman of the Supervisory Committee of QUIMIGAL. EP (1986-1987). Chief of Staff of the Secretary of State for Industry and Energy (1985-1987) and Head of Department of the General-Directorate of Industry (1983-1985). Mr. Sequeira Martins holds a degree in Chemical Engineering from Instituto Superior Técnico, in Lisbon.

**António Carlos Custódio de Morais Varela.** Born in 1956. Has served on CIMPOR – Cimentos de Portugal, SGPS, S.A. Executive Committee since May 2009 and has primary responsibility for planning and control, financial operations, investor relations, accounting consolidation, tax and information technologies (CFO). He served UBS, AG from 2000 to 2009, first as Executive Director and then as Managing Director of the Lisbon representation office. Formerly he directed the Corporate and Project Finance area at the presently named Millennium Investment Banking (1995-2000). Member of the first Executive Board of the Portuguese Securities and Exchange Commission (CMVM) from 1991 to 1995. Consultant to the Board of Directors of Petrogal and, afterwards, Partex, where he became the head of the Financial Department. Mr. António Varela holds a degree in Business Administration from “Instituto Superior de Economia e Gestão (ISEG)” of the Lisbon University and, in 1981, received the M. Sc. in Industrial Relations and Personnel Management by the London School of Economics.

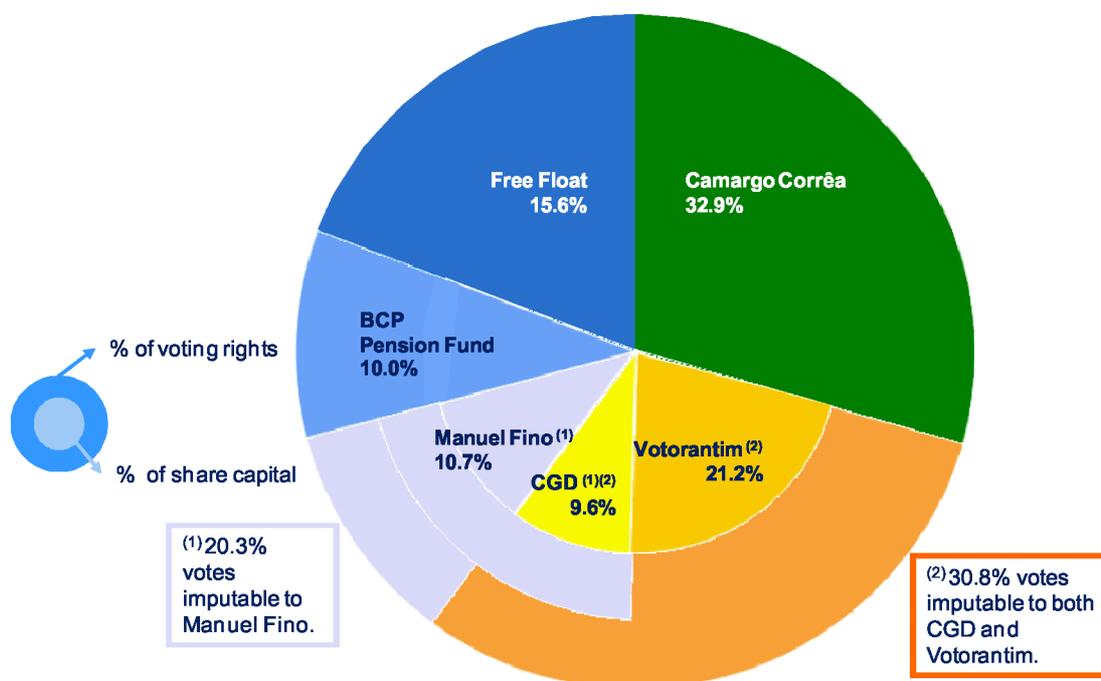
**Luís Miguel da Silveira Ribeiro Vaz.** Born in 1965. Has served on the CIMPOR S.A. Executive Committee since May 2009 and has primary responsibility for Mediterranean Rim (except for Egypt) and Southern Africa Business Areas, concrete, aggregates, dry mortars, precast, trading and shipping operations as well as purchasing and logistics. He is Director of several Subsidiaries. Executive Director at TAP, S.A and Director of SPdH – Serviços Portugueses de Handling, S.A. (2006-2009). Formerly he was a member of the board of Directors of ONI, SGPS and Executive Vice-President of Comunitel (2000-2006). He was head of Planning and Strategy of Jerónimo Martins and member of its executive board (1998 -2000). Between 1991 and 1998 he was Partner of Mckinsey & Company. Served as manager at Jerónimo Martins (1986-

1990). Mr. Luís Vaz holds a degree in Economics from “Universidade Nova de Lisboa” and an MBA from INSEAD (France).

The Executive Committee, chaired by Francisco de Lacerda, who, when necessary, is substituted by Luís Filipe Sequeira Martins, cannot formally meet and resolve without the majority of its members attending or being duly represented by other member. Valid resolutions require the favourable vote of the majority of Executive Directors attending or being duly represented. In result of the member reduction of the Executive Committee, the CEO holds a quality vote in case of ties on voting the abovementioned day-to-day business matters.

## Major Shareholders

The shareholders holding qualifying holdings in CIMPOR are as follows:



(1) Call option for Caixa Geral de Depósitos participation in favor of Investifino/Manuel Fino;  
 (2) Shareholders Agreement between CGD and Votorantim.

None of the shareholders has a shareholding which gives it control of CIMPOR and CIMPOR is unaware of any agreement or arrangement entered into by any of its shareholders, the operation of which may at a future date result in the acquisition of control over CIMPOR by one or more of its shareholders.

## Disclosed 2010 Consolidated Results

### 1. 2010 Operating Performance

The strong operating growths (Sales, Turnover and EBITDA) in Brazil and Turkey largely made up for the decreases in other Business Areas, such as Iberia and Egypt.

#### Sales

2010 cement and clinker consolidated sales were circa 28.3 million tons, a 3.2% increase in relation to 2009 27.4 million tons.

## Cement and Clinker Sales (Thousand Tons)

	2010	2009	Var. %	4 <sup>th</sup> Quarter		
				2010	2009	Var. %
Portugal	4,557	4,251	7.2	945	1,072	-11.9
Spain	2,856	3,147	-9.3	622	748	-16.9
Morocco	1,135	1,175	-3.5	256	285	-9.9
Tunisia	1,737	1,614	7.6	414	401	3.4
Egypt	3,657	4,151	-11.9	796	1,113	-28.5
Turkey	2,884	2,184	32.1	753	542	39.0
Brazil	5,327	4,532	17.5	1,363	1,207	12.9
Mozambique	884	777	13.7	232	197	17.8
South Africa	1,152	1,432	-19.5	266	328	-18.8
China	4,105	3,610	13.7	1,185	902	31.4
India	950	1,128	-15.8	286	340	-15.9
Cape Verde	234	224	4.3	49	46	5.6
Intra-group	-1,208	-824	n.s.	-218	-305	n.s.
<b>Consolidated</b>	<b>28,269</b>	<b>27,402</b>	<b>3.2</b>	<b>6,949</b>	<b>6,876</b>	<b>1.1</b>

In the 4<sup>th</sup> quarter of 2010, which saw a growth slowdown compared to previous Quarters, cement and clinker sales were 6.9 million tons (up 1.1% from 2009).

Brazil and Turkey, as a consequence of the increase of local demand in their respective markets (approximately 15% and 14%, respectively), were the countries which contributed the most for the cement and clinker sales increase. China, especially in the last quarter of 2010, also contributed largely to the increase in Group sales to become the third largest contributor in sales volumes.

The growth on sales volumes in Mozambique and in Tunisia were supported by increased local consumption.

Sales growth in Portugal was essentially due to the compensation of local market contraction with higher cement and clinker exports, both for other Cimpor operating regions, and for other players.

Important sales volume decreases in relation to 2009 were seen in India, as a consequence of larger supply in the market and adverse weather conditions, in South Africa and in Spain due to demand decrease, and in Egypt due to the reduction of production levels.

## Concrete, Aggregates and Mortars Sales

Concrete (1,000 m <sup>3</sup> )	2010	2009	Var. %
Portugal	2,061	2,253	-8.5
Spain	1,397	2,190	-36.2
Turkey	1,088	870	25.1
Brazil	1,502	1,274	17.9
Other	673	677	-0.6
Total Concrete	6,721	7,264	-7.5
Aggregates (1,000 ton)	2010	2009	Var. %
Portugal	5,651	6,431	-12.1
Spain	4,233	4,926	-14.1
Turkey	1,719	1,207	42.4
South Africa	574	831	-30.9
Other	578	495	16.8
Total Aggregates	12,756	13,891	-8.2
Mortars (1,000 ton)	2010	2009	Var. %

Portugal	122	134	-8.9
Spain	143	200	-28.4
Brazil	209	209	-0.1
<b>Total Mortars</b>	<b>474</b>	<b>543</b>	<b>-12.7</b>

In concrete, aggregates and mortars, in which the weight of Iberia in crisis is over 50% in concrete and of circa 80% in aggregates, the sales volume was inferior to the recorded in 2009.

Regarding concrete, Cimpor sold approximately 6.7 million cubic meters in 2010, (down 7.5% from 2009).

As for aggregates, 12.8 million tons were sold, (down 8.2% from 2009).

In mortars, business in which Cimpor is present only in Portugal, Spain and Brazil, 474 thousand tons were sold, (down 12.7% from 2009).

In contrast, sales of concrete in Brazil grew by 17.9% and sales of concrete and aggregates in Turkey grew by 25.1% and 42.4% respectively. In 2010 Cimpor started an operation of an aggregates exploration in Tunisia and a concrete plant in Egypt, Cimpor's first facilities of such kind in those countries.

### Turnover

Cimpor's consolidated Turnover reached 2,239.4 Million Euros in 2010, (up 7.4% from 2009), as a result of different trends in the several markets.

### Turnover (Million Euros)

	2010	2009	Var. %	4 <sup>th</sup> Quarter		
				2010	2009	Var.%
Portugal	441.4	448.8	-1.6	98.1	104.3	-6.0
Spain	272.5	328.8	-17.1	59.3	75.8	-21.8
Morocco	94.5	94.2	0.3	21.4	22.2	-3.6
Tunisia	78.0	69.9	11.7	19.2	17.3	11.2
Egypt	226.6	240.6	-5.8	47.3	61.8	-23.4
Turkey	154.5	107.5	43.7	44.0	27.4	60.6
Brazil	609.2	427.4	42.5	164.0	120.3	36.3
Mozambique	88.1	80.9	8.8	22.5	17.2	30.6
South Africa	144.8	152.8	-5.2	33.2	37.1	-10.6
China	106.1	81.1	30.8	39.7	18.1	118.9
India	48.2	52.9	-8.9	13.1	13.4	-2.3
Cape Verde	31.1	31.3	-0.6	6.8	6.5	4.4
Trading / Shipping	147.9	71.1	108.0	49.7	22.7	118.7
Other <sup>(1)</sup>	-203.5	-101.6	n.s.	-59.9	-33.7	n.s.
<b>Consolidated</b>	<b>2,239.4</b>	<b>2,085.5</b>	<b>7.4</b>	<b>558.4</b>	<b>510.5</b>	<b>9.4</b>

<sup>(1)</sup> Including intra-Group eliminations

In the 4<sup>th</sup> Quarter of 2010, essentially as a consequence of price improvement in Turkey and mainly in China, the growth of the consolidated Turnover reached €558.4 million (up 9.4% from 2009).

In annual terms, Brazil, Turkey, China, Tunisia and Mozambique, as a consequence of sales and prices increase, contributed positively to Turnover growth of Cimpor. In the cases of Brazil and Turkey and in contrary to Mozambique, exchange rate appreciation also favorably influenced their respective Turnovers.

In Morocco, despite the lower cement sales volume, a slight increase in cement prices and increase on concrete sales allowed a Turnover similar to 2009. In Portugal the growth of exports largely compensated the contraction of the internal market.

Spain, India, South Africa and Egypt recorded a decrease in Turnover. In Spain, in spite of the increase of exports, the fall of the local market, combined with some cement sales price deterioration, lead to an important reduction of Turnover, compared with the previous year.

The Trading / Shipping activity has shown a substantial growth in Turnover, although a significant share of it was made inside the Group.

## EBITDA

CIMPOR, as a result of its substantial investments in emerging markets, recorded its higher EBITDA (Operating Cash Flow) ever by reaching €629.8 million, (up 3.9% from 2009).

### EBITDA (Million Euros)

				4 <sup>th</sup> Quarter		
	2010	2009	Var. %	2010	2009	Var.%
Portugal	139.3	149.6	-6.9	28.9	37.0	-21.9
Spain	32.5	46.6	-30.2	9.0	11.9	-24.6
Morocco	41.6	41.8	-0.7	8.6	10.6	-19.4
Tunisia	23.3	19.6	18.3	5.4	5.0	6.5
Egypt	86.9	104.5	-16.9	18.2	26.7	-32.0
Turkey	22.0	11.1	98.7	4.8	1.0	388.2
Brazil	190.9	123.1	55.1	47.5	35.2	34.9
Mozambique	11.4	11.9	-4.1	3.8	1.2	220.8
South Africa	58.9	70.4	-16.4	12.8	17.2	-25.5
China	8.9	4.7	87.7	11.3	0.7	n.s.
India	4.3	9.9	-56.4	0.5	0.5	8.3
Cape Verde	3.7	3.8	-4.3	0.7	0.3	160.3
Trading / Shipping	9.7	6.4	52.1	0.1	1.6	-94.9
Other	-3.4	2.4	n.s.	3.3	0.0	n.s.
<b>Consolidated</b>	<b>629.8</b>	<b>605.9</b>	<b>3.9</b>	<b>154.7</b>	<b>148.9</b>	<b>3.9</b>
<b>EBITDA Margin</b>	<b>28.1%</b>	<b>29.1%</b>	<b>-1.0 p.p.</b>	<b>27.7%</b>	<b>29.2%</b>	<b>-1.5 p.p.</b>

The devaluation of the Euro in relation to the majority of the local currencies also contributed positively to EBITDA growth.

Regarding only the 4<sup>th</sup> Quarter of 2010, EBITDA was €154.7 million, presenting a 3.9% growth compared to the same period of the previous year.

The EBITDA Margin was of 28.1%, 1.0 p.p. less than in 2009. The margin reduction was essentially due to the widespread increase of fuel and electricity prices in the majority of countries where Cimpor is present.

Decisive for the EBITDA increase was Brazil, with an increase of 67.8 million Euros compared to 2009. A substantial rise of the volume of cement sold (as a consequence of its remarkable economic dynamics) allied to a slight increase in sales prices and positive exchange rate evolutions were the main reasons for this growth.

Turkey also played an important role in the Group's operating performance in 2010 with an EBITDA growth of approximately €11 million. A favourable economic environment (where construction is one of the sectors with higher growth rates) allowed a significant increase in sales,

which, jointly with price increase and Turkish Lira appreciation against the Euro were the foundations for the good operating performance.

China, with a remarkable comeback in the 4<sup>th</sup> quarter of 2010, contributed with €4.2 million to EBITDA increase against the previous year. The production start of a new plant (Zaozhuang) during 2010 allowed this Business Area to benefit from some cement shortages in the neighboring provinces and significantly increase the volumes sold.

Tunisia, with an increase of €3.6 million compared to 2009, in spite of some technical problems during the year's last quarter, also contributed favorably to EBITDA evolution.

The abovementioned exports increase, namely from Iberia, led to the growth of Trading / Shipping Business Area EBITDA. This area also benefited from the gain on the sale of a vessel.

In the cases of Cape Verde, Morocco and Mozambique, the contribution for EBITDA evolution was slightly negative, being these countries, as a whole, responsible for a decrease of around €0.9 million in this indicator. In the case of Cape Verde, the reduction was essentially due to sales prices decrease. In Morocco, the EBITDA decrease largely resulted from the slowdown of the market and from the entry of a new player. Finally, in Mozambique, the main reasons for the decrease of EBITDA were the production problems that lead to higher clinker imports and the strong appreciation of the Euro against the local currency.

India, as a consequence of a sharp decline in volumes and lower sales prices (as a result of the entry of new capacities and a particularly severe monsoon season) saw its EBITDA decrease of approximately €5.6 million compared to 2009.

Both Portugal (less €10.3 million) and South Africa (less €11.5 million) contributed negatively to EBITDA evolution. In the case of Portugal, the sales decrease in the internal market was offset – although with lower margin – by cement and clinker exports. Moreover, in the 4<sup>th</sup> Quarter, both in Portugal and in Spain, despite the slowdown in exported volumes, the sale of CO2 rights was suspended while waiting for better market conditions. In South Africa, as a consequence of the decline after the strong cement consumption periods in the preparation to the 2010 Football World Cup, the decrease in quantities sold was the main driver for the EBITDA decrease.

Spain and Egypt were the countries with the greatest reductions in EBITDA, compared to 2009, being jointly responsible for a negative variation of circa €32 million. In the case of Spain, and despite the ongoing restructuring processes and the increase in clinker exports, the real estate crisis lead to the reduction of quantities sold and price deterioration. In Egypt the year was marked by production difficulties that forced the increase of clinker imports and consequent EBITDA margin reduction.

In 2010 Depreciations and Amortizations reached €220.7 million, decreasing by around €8 million in relation to 2009. This decrease is partially explained by the investment containment policy lead by the Group in 2009 and 2010.

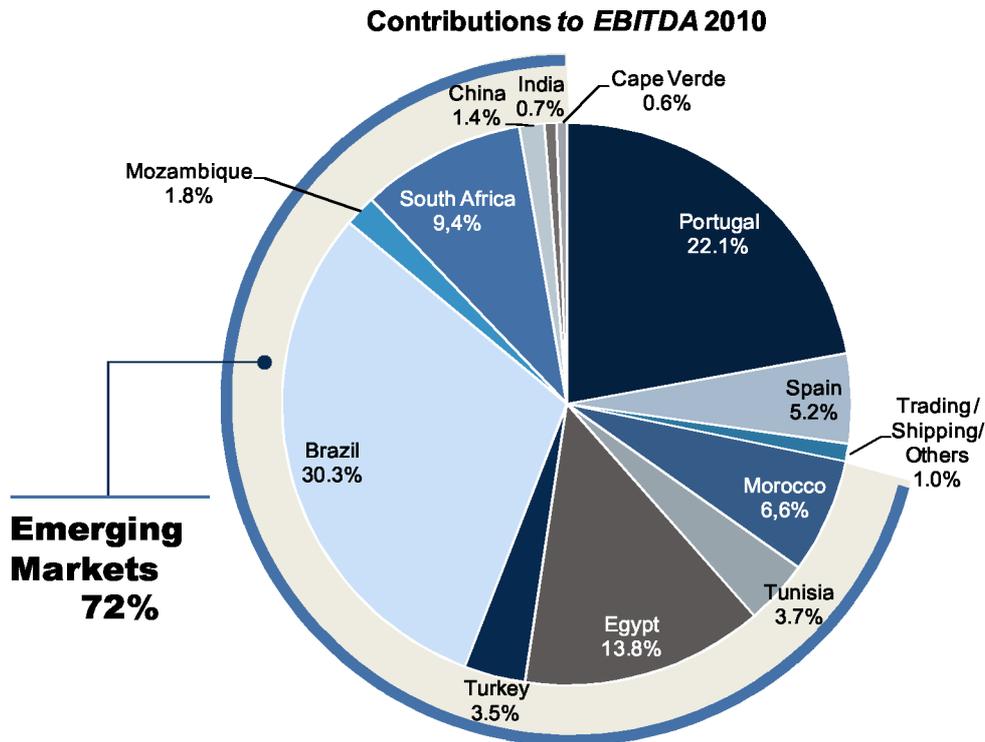
Therefore, EBIT was 409.1 million Euros, recording a remarkable increase of 8.6% in relation to 2009.

## **2. Financial Results and Taxes**

In 2010 the Financial Results presented an improvement of approximately 2.5 million Euros compared to the previous year; largely due to the increase in interest, received from the substantial increase in Cash and Equivalents. While in 2009 the average Cash and Equivalents at Quarter end was around €340 million, in 2010 the average amount was €520 million. This increase resulted

primarily from strong operating performance (combined with a cash focused policy), in addition to greater aggressiveness in raising outside funds to increase the levels of the Group's liquidity.

The Brazilian Real and Egyptian Lira appreciation against the Euro in 2010 – currencies in which normally an important part of the Group's monetary assets are denominated – combined with the high level of interest rates in those markets, also helped the increase of received interest. This offset the natural increase of funding costs, caused by the rise of interest rates in Europe and by the increase of refinancing operations costs to strengthen liquidity. Regarding the increase in interest rates note that in the 2<sup>nd</sup> half of 2010 alone the Euribor rate rose by approximately 20bp which had a significant impact in a debt portfolio mostly indexed to variable rates.



In relation to liquidity reinforcement, the available lines rose from €740 million in the end of 2009 to circa €1,300 million at December 31<sup>st</sup> 2010.

The increase in the tax rate on the previous year was influenced by the impact of the new State surtax on current and deferred tax in Portugal (around 2p.p.) by several untaxed operating and financial results, including the recording of a €13 million imparity loss on a shareholding position, and by profit generation in jurisdictions with higher tax rates.

#### Profit & Loss Statement (Million Euros)

	2010	2009	Var. %	4 <sup>th</sup> Quarter		
				2010	2009	Var. %
Turnover	2,239.4	2,085.5	7.4	558.4	510.5	9.4
Operating Cash Costs	1,609.6	1,479.6	8.8	403.6	361.6	11.6
EBITDA	629.8	605.9	3.9	154.7	148.9	3.9
Depreciations and Amortizations	220.7	229.0	-3.6	44.3	71.6	-38.1
EBIT	409.1	376.9	8.6	110.4	77.3	42.7
Financial Results	-60.6	-63.1	n.s.	-12.6	-9.8	n.s.
EBT	348.5	313.8	11.1	97.8	67.5	44.9

Corporate Tax	96.8	68.1	42.1	21.4	5.5	292.8
<b>Net Profit</b>	<b>251.7</b>	<b>245.7</b>	<b>2.5</b>	<b>76.4</b>	<b>62.1</b>	<b>23.1</b>
Attributable to:						
Equity Holders	241.8	237.0	2.0	71.4	59.2	20.5
Minority Interests	9.9	8.7	14.1	5.0	2.8	77.8

### 3. Balance Sheet

#### Summary of Consolidated Balance Sheet (Million Euros)

	<b>Dec 31<sup>st</sup> 2010</b>	<b>Dec 31<sup>st</sup> 2009</b>	<b>Var.%</b>
<b>Assets</b>			
Non-current Assets	3,937.5	3,764.0	4.6
Current Assets			
Cash and Equivalents	659.7	439.2	50.2
Other Current Assets	787.7	724.2	8.8
<b>Total Assets</b>	<b>5,384.9</b>	<b>4,927.4</b>	<b>9.3</b>
Shareholders' Equity attributable to:			
Equity Holders	2,132.8	1,830.5	16.5
Minority Interests	97.4	92.5	5.4
<b>Total Shareholders' Equity</b>	<b>2,230.2</b>	<b>1,923.0</b>	<b>16.0</b>
<b>Liabilities</b>			
Loans	2,194.1	2,098.4	4.6
Provisions	195.2	179.2	8.9
Other Liabilities	765.3	726.7	5.3
<b>Total Liabilities</b>	<b>3,154.6</b>	<b>3,004.4</b>	<b>5.0</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>5,384.9</b>	<b>4,927.4</b>	<b>9.3</b>

On December 31<sup>st</sup> 2010, the Net Assets of CIMPOR, excluding Cash and Equivalents, was €4,725.2 million, recording an increase of 5.3% in contrast to December 31<sup>st</sup> 2009. The main reason for this variation is the Forex gain on assets denominated in currencies which appreciated against the Euro.

Net operating investments in 2010 reached €164 million, approximately 25% less than in 2009. Among those investments the following stand out due to their value: the new cement grinding facilities in Cezarina (Brazil) and Matola (Mozambique), the conclusion of the Zaozhuang plant (China), and capacity increases in Brazil (Cezarina, Cajati and João Pessoa).

Cimpor Net Debt reached at the end of 2010 €1,562 million, thus presenting a €137 million reduction in comparison to 2009 year-end. This reduction is explained by the Group's strong operating performance and by its investment containment policy.

The reinforcement of the financial structure and liquidity has resulted in higher Gross Debt than last year (+€97 million), largely offset by the strong increase in Cash (+€221 million). This simultaneous increase of Gross Debt and Cash resulted largely from the materialization of funding operations with effective cash-in of the funds, which were part of a comprehensive global restructuring program of the Financial Debt undertaken during the last Quarter of the year.

The program had as its main goals the increase of the financial liabilities' average maturity in approximately 2 years and the assurance of sufficient funding levels to respond, without the need for significant additional operations, to debt serving in the years 2011 and 2012. The following operations stand out by magnitude or by the maturity and obtained conditions: the private placement with selected institutional investors in the United States of US\$125 adjustable rate series A notes due 2020 and US\$75 million adjustable rate series B notes due 2022 issued by the Issuer under a note

purchase agreement dated December 22 2010 entered into by such investors, the Issuer, the Guarantors and CIMPOR S.A..

### **Group Business Outlook**

The current atmosphere of uncertainty surrounding an eventual short-term economic recovery in Europe, particularly in Portugal and Spain, together with turbulence in the Mediterranean Basin, as well as the risks associated with the presence of CIMPOR in emerging markets and the volatility of the corresponding currencies, require a prudent approach when estimating Group profits for the next year.

However, the Group's international presence in countries that have varying rates of economic growth, allow it to look in a positive way to the future, especially if we also take into considerations the internal programs to reduce costs and control investments. The Group is exposed to strong growing markets such as Brazil, China and India as well as in others with a more matured profile like Portugal and South Africa, among others, where the cash-flow generations is quite high.

## BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the **Clearing Systems**) currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Guarantors nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

### Book-entry Systems

#### DTC

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a **banking organisation** within the meaning of the New York Banking Law, a Member of the Federal Reserve System, a **clearing corporation** within the meaning of the New York Uniform Commercial Code and a **clearing agency** registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (**Direct Participants**) deposit with DTC. DTC also facilitates the settlement among Direct Participants of sales and other securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (**DTCC**). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulation subsidiaries. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**Indirect Participants**). The DTC rules applicable to its participants are on file with the Securities and Exchange Commission. More information about DTCC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Under the rules, regulations and procedures creating and affecting DTC and its operations (the **Rules**), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system (**DTC Notes**) as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (**Owners**) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note (**Beneficial Owner**) is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not

receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Note, will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

#### *Euroclear and Clearstream, Luxembourg*

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream,

Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

### **Book-entry Ownership of and Payments in respect of DTC Notes**

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book-entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Note will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Note, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Note in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Principal Paying Agent, the Registrar or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

### **Transfers of Notes Represented by Registered Global Notes**

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a direct or indirect participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Subscription and Sale and Transfer and Selling Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian (**Custodian**) with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Guarantors, CIMPOR S.A., the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

## TAXATION

### General

The following is a general description of certain Dutch, Portuguese and Spanish tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

#### 1. SPANISH TAXATION

##### *Payments made by the Issuer*

On the basis that the Issuer is not resident in Spain for tax purposes and does not operate in Spain through a permanent establishment, branch or agency, all payments of principal and interest in respect of the Notes can be made free of any withholding or deduction for or on account of any taxes in Spain of whatsoever nature imposed, levied, withheld, or assessed by Spain or any political subdivision or taxing authority thereof or therein, in accordance with applicable Spanish law.

Under certain conditions, withholding taxes may apply to Spanish taxpayers when a Spanish resident entity or a non-resident entity that operates in Spain through a permanent establishment in Spain is acting as depositary of the Notes or as collecting agent of any income arising from the Notes.

##### *Payments made by the Guarantors*

In the opinion of the Guarantors, any payments of principal and interest made by the Guarantors under the Guarantee may be characterised as an indemnity and, accordingly, be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by the Kingdom of Spain or any political subdivision or authority thereof or therein having power to tax.

However, although no clear precedent, statement of law or regulation exists in relation thereto, in the event that the Spanish Tax Authorities take the view that the Guarantors have validly, legally and effectively assumed all the obligations of the Issuer under the Notes subject to and in accordance with the Guarantee, they may attempt to impose withholding tax in the Kingdom of Spain on any payments made by the Guarantors in respect of interest. Such interest withholding tax shall not apply when the recipient is either (a) resident for tax purposes in a Member State of the European Union, other than Spain, not acting through a territory considered as a tax haven pursuant to Spanish law (currently set out in Royal Decree 1080/1991, of 5 of July) nor through a permanent establishment in Spain, provided that such person submits to the Guarantors the relevant tax residence certificate, issued by the competent Tax Authorities, each certificate being valid for a period of one year beginning on the date of the issuance, or (b) a Spanish Corporate Income Taxpayer, provided that the Notes have been admitted to trading on the Luxembourg Stock Exchange's regulated market and have been admitted to the Official List of the Luxembourg Stock Exchange, as initially envisaged. Tax treaties could eliminate or reduce this hypothetical withholding taxation.

## 2. DUTCH TAXATION

### *General*

The following summary outlines the principal Netherlands tax consequences of the acquisition, holding, settlement, redemption and disposal of the Notes, but does not purport to be a comprehensive description of all Netherlands tax considerations in relation thereto. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of an investment in the Notes.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Base Prospectus, and does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Netherlands tax consequences for:

- (i) holders of Notes holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer and holders of Notes of whom a certain related person holds a substantial interest in the Issuer. Generally speaking, a substantial interest in the Issuer arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), directly or indirectly, holds or is deemed to hold (i) an interest of 5% or more of the total issued capital of the Issuer or of 5% or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer;
- (ii) investment institutions (*fiscale beleggingsinstellingen*); and
- (iii) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other entities that are exempt from Netherlands corporate income tax.

Where this summary refers to a holder of Notes, such reference is restricted to a holder holding legal title to as well as an economic interest in such Notes.

Where this summary refers to the Netherlands, such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

### *Withholding Tax*

All payments made by the Issuer under the Notes may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein provided that the Notes do not in fact function as equity of the Issuer within the meaning of article 10, paragraph 1, under d of the Netherlands corporate income tax act 1969 (*Wet op de vennootschapsbelasting 1969*).

### *Corporate and Individual Income Tax*

#### (a) *Residents of the Netherlands*

If a holder is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of an enterprise to which the Notes are attributable, income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are generally taxable in the Netherlands (at up to a maximum rate of 25%).

If an individual holder is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes (including an individual holder who has opted to be taxed as a resident of the Netherlands), income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are taxable at the progressive rates (at up to a maximum rate of 52%) under the Netherlands income tax act 2001 (*Wet inkomstenbelasting 2001*), if:

- (i) the holder is an entrepreneur (*ondernemer*) and has an enterprise to which the Notes are attributable or the holder has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Notes are attributable; or
- (ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which include the performance of activities with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) applies to the holder of the Notes, taxable income with regard to the Notes must be determined on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on income from savings and investments has been fixed at a rate of 4% of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year, insofar as the individual's yield basis exceeds a certain threshold. The individual's yield basis is determined as the fair market value of certain qualifying assets held by the holder of the Notes less the fair market value of certain qualifying liabilities on 1 January. The fair market value of the Notes will be included as an asset in the individual's yield basis. The 4% deemed return on income from savings and investments will be taxed at a rate of 30%.

(b) *Non-residents of the Netherlands*

If a holder is not a resident nor is deemed to be a resident of the Netherlands for Netherlands tax purposes (or has not opted to be taxed as a resident of the Netherlands), such holder is not liable to Dutch income tax in respect of income derived from the Notes and gains realised upon the settlement, redemption or disposal of the Notes, unless:

- (i) the holder is not an individual and such holder (1) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Notes are attributable, or (2) is (other than by way of securities) entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands and to which enterprise the Notes are attributable.

This income is subject to Netherlands corporate income tax at up to a maximum rate of 25%.

- (ii) the holder is an individual and such holder (1) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Notes are attributable, or (2) realises income or gains with respect to the Notes that qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*) in the Netherlands, which activities include the performance of activities in the Netherlands with respect to the Notes which exceed regular, active portfolio management (*normaal, actief vermogensbeheer*), or (3) is (other than by way of securities) entitled to a share in the profits of an

enterprise which is effectively managed in the Netherlands and to which enterprise the Notes are attributable.

Income derived from the Notes as specified under (1) and (2) is subject to individual income tax at up to a maximum rate of 52%. Income derived from a share in the profits as specified under (3) that is not already included under (1) or (2) will be taxed on the basis of a deemed return on income from savings and investments (as described above under “Residents of the Netherlands”). The fair market value of the share in the profits of the enterprise (which includes the Notes) will be part of the individual’s Netherlands yield basis.

#### ***Gift and Inheritance Tax***

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of a Note by way of gift by, or on the death of, a holder of a Note, unless:

- (i) the holder of a Note is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or
- (ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions.

#### ***Value Added Tax***

In general, no value added tax will arise in respect of payments in consideration for the issue of the Notes or in respect of a cash payment made under the Notes, or in respect of a transfer of Notes.

#### ***Other Taxes and Duties***

No registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Notes.

### **3. PORTUGUESE TAXATION**

The following is a summary of current law in Portugal as in effect on the date of this Base Prospectus in relation to certain current relevant aspects to Portuguese taxation of the Notes and is subject to changes in such laws, including changes that could have a retrospective effect. The statements do not deal with other Portuguese tax aspects regarding the Notes and relate only to the position of persons who are absolute beneficial owners of the Notes. The following is a general guide, does not constitute tax or legal advice and should be treated with appropriate caution. Tax consequences may differ according to the provisions of different tax treaties, as well as according to a prospective investor’s particular circumstances.

References to “interest”, “investment income” and “capital gains” in this Portuguese Taxation section mean interest, investment income and capital gains as understood under Portuguese tax law. The statements below do not take into account any different definitions of interest, investment income or capital gains that may prevail under any other law or that may be created by the Conditions or any related documentation.

Interest and other investment income obtained by Portuguese resident individuals on Notes issued by the Issuer are subject to personal income tax.

If the payment of interest or other investment income is made available to Portuguese resident individuals through a Portuguese resident entity or a Portuguese branch of a non-resident entity, withholding tax is applicable at a rate of 21.5%, which is the final tax on that income unless the

individual elects to include it in his taxable income, which is subject to tax at progressive rates of up to 46.5%. In such a case, the tax withheld is deemed a payment on account of the final tax due. If interest on the Notes is not received through an entity that is a resident or located in Portugal for tax purposes, it is not subject to Portuguese withholding tax, but an autonomous taxation rate of 21.5% will apply, unless an option for aggregation is made.

Capital gains obtained by Portuguese resident individuals on the transfer of Notes are subject to personal income tax at a rate of 20%. Accrued interest does not qualify as capital gains for tax purposes.

Interest and other investment income derived from the Notes, and capital gains obtained on the transfer of the Notes, by legal persons resident for tax purposes in Portugal and by non-resident legal persons with a permanent establishment in Portugal to which the income or gains are attributable are included in such persons' taxable profits and are subject to corporate tax at a rate of 12.5% on taxable income of up to EUR 12,500 and 25% on taxable income in excess of that amount. Taxable profits in excess of EUR 2,000,000 are subject to a surcharge levied at the rate of 2.5%. To which may be added a municipal surcharge (*derrama*) of up to 1.5%, over a Noteholder's taxable profits. This is levied by most municipalities.

Payments made by the Issuer of interest, other investment income or principal on Notes issued by it to an individual or legal person that is a non-resident in Portugal for tax purposes, and without a permanent establishment in Portugal to which income may be attributable, are not subject to Portuguese income tax.

Capital gains obtained on the transfer of a Note by an individual or a legal person who is neither resident nor engaged in business through a permanent establishment in Portugal to which that gain is attributable are not subject to Portuguese income tax.

#### 4. EU SAVINGS DIRECTIVE

Under EC Council Directive 2003/48/EC (the **Directive**) on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

#### 5. U.S. TAXATION

##### U.S. Federal Income Tax Considerations

**TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE (IRS) CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER**

**SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.**

The following is a summary of certain U.S. federal income tax considerations relevant to U.S. Holders (as defined below) acquiring, holding and disposing of Notes. This summary addresses only the U.S. federal income tax considerations for initial purchasers of Notes at their issue price (as defined below) that will hold the Notes as capital assets (generally, property held for investment). This summary is based on the U.S. Internal Revenue Code of 1986 (the Code), final, temporary and proposed U.S. Treasury regulations, administrative and judicial interpretations, all of which are subject to change, possibly with retroactive effect.

This summary does not address the material U.S. federal income tax consequences of every type of Note which may be issued under the Programme, and the relevant Final Terms may contain additional or modified disclosure concerning the material U.S. federal income tax consequences relevant to such type of Note as appropriate. This summary does not discuss all aspects of U.S. federal income taxation that may be relevant to investors in light of their particular circumstances, such as investors subject to special tax rules (including, without limitation: (i) financial institutions; (ii) insurance companies; (iii) dealers or traders in stocks, securities, or currencies or notional principal contracts; (iv) regulated investment companies; (v) real estate investment trusts; (vi) tax-exempt organisations; (vii) partnerships, pass-through entities, or persons that hold Notes through pass-through entities; (viii) holders that are not U.S. Holders; (ix) investors that hold Notes as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes; (x) investors that have a functional currency other than the U.S. Dollar and (xi) U.S. expatriates and former long-term residents of the United States), all of whom may be subject to tax rules that differ significantly from those summarised below. This summary does not address U.S. federal estate, gift or alternative minimum tax considerations, or non-US, state or local tax considerations. This discussion applies only to holders of Registered Notes. Bearer Notes are not being offered to U.S. Holders. A U.S. Holder who owns a Bearer Note may be subject to limitations under U.S. federal income tax laws, including the limitations provided in Section 165(j) and 1287 of the Code. Moreover, the summary deals only with Notes with a term of 30 years or less. The U.S. federal income tax consequences of owning Notes with a longer term may be discussed in the applicable Final Terms.

For the purposes of this summary, a **U.S. Holder** is a beneficial owner of Notes that is for U.S. federal income tax purposes (i) an individual who is a citizen or resident of the United States, (ii) a corporation created in, or organised under the laws of, the United States or any state thereof, including the District of Columbia, (iii) an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source or (iv) a trust that is subject to U.S. tax on its worldwide income regardless of its source.

This summary should be read in conjunction with any discussion of U.S. federal income tax consequences in the applicable Final Terms. To the extent there is any inconsistency in the discussion of U.S. federal income tax consequences to holders between this Base Prospectus and the applicable Final Terms, holders should rely on the tax consequences described in the applicable Final Terms instead of this Base Prospectus. The Issuer generally intends to treat Notes issued under the Programme as debt, unless otherwise indicated in the applicable Final Terms. Certain Notes, however, such as certain Index Linked Notes or Notes with extremely long maturities, may be treated as other than debt for U.S. federal income tax purposes. The tax treatment of Notes to which a treatment other than as debt may apply may be discussed in the applicable Final Terms. The following disclosure applies only to Notes that are treated as debt for U.S. federal income tax purposes.

## **Payments of Interest**

### *General*

Interest on a Note, including the payment of any additional amounts whether payable in U.S. Dollars or a currency other than U.S. Dollars (a **foreign currency**), other than interest on a "Discount Note" that is not "qualified stated interest" (each as defined below under "Original Issue Discount — General"), will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, in accordance with the holder's method of accounting for tax purposes. Interest paid by the Issuer on the Notes and OID (as defined below), if any, accrued with respect to the Notes (as described below under "Original Issue Discount") and payments of any additional amounts will generally constitute income from sources outside the United States.

### *Foreign Currency Denominated Interest*

If a qualified stated interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognized by a cash basis U.S. Holder will be the U.S. Dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. Dollars.

An accrual basis U.S. Holder may determine the amount of income recognized with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, with respect to an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year. Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period or taxable year, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. Dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of the interest payment (including a payment attributable to accrued but unpaid interest upon the sale or other disposition of a Note) denominated in, or determined by reference to, a foreign currency, the U.S. Holder will recognize U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference, if any, between the amount received (translated into U.S. Dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. Dollars.

## **Original Issue Discount**

### *General*

The following is a summary of the principal U.S. federal income tax consequences of the ownership of Notes issued with original issue discount (**OID**). The following summary does not discuss Notes that are characterized as contingent payment debt instruments for U.S. federal income tax purposes. In the event that the Issuer issues contingent payment debt instruments, the applicable Final Terms may describe the material U.S. federal income tax consequences thereof.

A Note, other than a Note with a term of one year or less (a **Short-Term Note**), will be treated as issued with OID (a **Discount Note**) if the excess of the Note's "stated redemption price at maturity" over its issue price is at least a *de minimis* amount (0.25% of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated interest before maturity (an **instalment obligation**) will be treated as a Discount Note if the excess of the Note's stated redemption price at maturity over its issue price is equal to or greater than 0.25% of the Note's stated redemption price at maturity multiplied by the weighted average maturity of the Note. A Note's weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note's stated redemption price at maturity. Generally, the **issue price** of a Note under the applicable Final Terms will be the first price at which a substantial amount of such Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. The **stated redemption price at maturity** of a Note is the total of all payments provided by the Note that are not payments of "qualified stated interest". A **qualified stated interest** payment is generally any one of a series of stated interest payments on a Note that are unconditionally payable at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described below under "Variable Interest Rate Notes"), applied to the outstanding principal amount of the Note. Solely for the purpose of determining whether a Note has OID, the Issuer will be deemed to exercise any call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Note. If a Note has *de minimis* OID, a U.S. Holder must include the *de minimis* amount in income as stated principal payments are made on the Note, unless the holder makes the election described below under "— Election to Treat All Interest as Original Issue Discount". A U.S. Holder can determine the includible amount with respect to each such payment by multiplying the total amount of the Note's *de minimis* OID by a fraction equal to the amount of the principal payment made divided by the stated principal amount of the Note.

U.S. Holders of Discount Notes must generally include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and will generally have to include in income increasingly greater amounts of OID over the life of the Discount Notes. The amount of OID includible in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Discount Note (**accrued OID**). The daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Discount Note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note's adjusted issue price at the beginning of the accrual period and the Discount Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Discount Note allocable to the accrual period. The **adjusted issue price** of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

### *Further Issuances*

The Issuer may, from time to time, without notice to or the consent of the holders of the outstanding Notes, create and issue additional debt securities with identical terms and ranking *pari passu* with the Notes in all respects. The Issuer may consolidate such additional debt securities with the outstanding Notes to form a single series, provided, however, that for purposes of U.S. federal income taxation (regardless of whether any Noteholders are subject to U.S. federal income tax laws) such additional debt securities are either (i) not issued with OID, (ii) issued with less than a *de minimis* amount of OID, or (iii) issued in a "qualified reopening" for U.S. federal income tax purposes.

### *Election to Treat All Interest as Original Issue Discount*

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under "Original Issue Discount — General" with certain modifications. For purposes of this election, interest includes stated interest, OID, *de minimis* OID, as adjusted by any amortizable bond premium (described below under "Notes Purchased at a Premium"). If a U.S. Holder makes this election for the Note, then, when the constant-yield method is applied, the issue price of the Note will equal its cost, the issue date of the Note will be the date of acquisition, and no payments on the Note will be treated as payments of qualified stated interest. This election will generally apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. However, if the Note has amortizable bond premium, the U.S. Holder will be deemed to have made an election to apply amortizable bond premium against interest for all debt instruments with amortizable bond premium, other than debt instruments the interest on which is excludible from gross income, held as of the beginning of the taxable year to which the election applies or any taxable year thereafter.

### *Variable Interest Rate Notes*

Notes that provide for interest at variable rates (**Variable Interest Rate Notes**) will generally bear interest at a "qualified floating rate" and thus will be treated as "variable rate debt instruments" under U.S. Treasury regulations governing accrual of OID. A Variable Interest Rate Note will qualify as a "variable rate debt instrument" if (a) its issue price does not exceed the total noncontingent principal payments due under the Variable Interest Rate Note by more than a specified *de minimis* amount and (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate.

A **qualified floating rate** is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (*e.g.*, two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Note's issue date) will be treated as a single qualified floating rate.

An **objective rate** is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (*e.g.*, one or more qualified floating rates or the yield of actively traded personal property). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the

foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note's term. A **qualified inverse floating rate** is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Note's issue date is intended to approximate the fixed rate (*e.g.*, the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a "current value" of that rate. A **current value** of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a "variable rate debt instrument", then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a "variable rate debt instrument" will generally not be treated as having been issued with OID unless the Variable Interest Rate Note is issued at a "true" discount (*i.e.*, at a price below the Note's stated principal amount) in excess of a specified *de minimis* amount. OID on a Variable Interest Rate Note arising from "true" discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a "variable rate debt instrument" will be converted into an "equivalent" fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an "equivalent" fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Note's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a "variable rate debt instrument" and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Note as of the Variable Interest Rate Note's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate

rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Note is converted into an "equivalent" fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note is converted into an "equivalent" fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the "equivalent" fixed rate debt instrument by applying the general OID rules to the "equivalent" fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the "equivalent" fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the "equivalent" fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

If a Variable Interest Rate Note, such as a Note the payments on which are determined by reference to an index, does not qualify as a "variable rate debt instrument", then the Variable Interest Rate Note will be treated as a contingent payment debt obligation. The proper U.S. federal income tax treatment of Variable Interest Rate Notes that are treated as contingent payment debt may be more fully described in the applicable Final Terms.

#### *Short-Term Notes*

In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID (calculated as set forth below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight-line basis or, if the U.S. Holder so elects, under the constant-yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realized on the sale or other disposition of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale or other disposition. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realized.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short Term Note had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Note. This election shall apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

#### *Foreign Currency Notes*

OID for any accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency will be determined in the foreign currency and then translated into U.S. Dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above under "Payments of Interest". Upon receipt of an amount attributable to OID (whether in connection with a payment of interest or the sale or other disposition of a Note), a U.S. Holder will generally recognize exchange gain or loss, which will be ordinary gain or loss measured by the difference between the amount received (translated into U.S. Dollars at the exchange rate on the date

of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. Dollars.

### **Notes Purchased at a Premium**

A U.S. Holder that purchases a Note for an amount in excess of its principal amount may elect to treat the excess as "amortizable bond premium", in which case the amount required to be included in the U.S. Holder's income each year with respect to interest on the Note will be reduced by the amount of amortizable bond premium allocable (based on the Note's yield to maturity) to that year. In the case of a Note that is denominated in, or determined by reference to, a foreign currency, bond premium will be computed in units of foreign currency, and any such bond premium that is taken into account currently will reduce interest income in units of the foreign currency. On the date bond premium offsets interest income, a U.S. Holder will generally recognize U.S. source exchange gain or loss (taxable as ordinary income or loss) measured by the difference between the spot rate in effect on that date, and on the date the Notes were acquired by the U.S. Holder. Any election to amortize bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also "Original Issue Discount – Election to Treat All Interest as Original Issue Discount". A U.S. Holder that does not elect to take bond premium into account currently will recognize a capital loss when the Note matures.

### **Sale or Other Disposition of Notes**

A U.S. Holder's tax basis in a Note will generally be its cost, increased by the amount of any OID included in the U.S. Holder's income with respect to the Note and the amount, if any, of income attributable to *de minimis* OID included in the U.S. Holder's income with respect to the Note, and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortizable bond premium applied to reduce interest on the Note. A U.S. Holder's tax basis in a Foreign Currency Note will be determined by reference to the U.S. Dollar cost of the Notes. The U.S. Dollar cost of a Note purchased with a foreign currency will generally be the U.S. Dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market, as defined in the applicable U.S. Treasury regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

A U.S. Holder will generally recognize gain or loss on the sale or other disposition of a Note equal to the difference between the amount realized on the sale or other disposition and the tax basis of the Note. The amount realized on a sale or other disposition for an amount in foreign currency will be the U.S. Dollar value of this amount on the date of sale or other disposition or, in the case of Notes traded on an established securities market, as defined in the applicable U.S. Treasury regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS. Except to the extent described above under "Original Issue Discount – Short-Term Notes" or attributable to accrued but unpaid interest or changes in exchange rates, gain or loss recognized on the sale or other disposition of a Note will be capital gain or loss and will generally be treated as from U.S. sources for purposes of the U.S. foreign tax credit limitation. In the case of a U.S. Holder that is an individual, estate or trust, the maximum marginal federal income tax rate applicable to capital gains is currently lower than the maximum marginal rate applicable to ordinary income if the Notes are held for more than one year. The deductibility of capital losses is subject to significant limitations.

Gain or loss recognized by a U.S. Holder on the sale or other disposition of a Note that is attributable to changes in exchange rates will be treated as U.S. source ordinary income or loss. However,

exchange gain or loss is taken into account only to the extent of total gain or loss realized on the transaction.

### **Disposition of Foreign Currency**

Foreign currency received as interest on a Note or on the sale or other disposition of a Note will have a tax basis equal to its U.S. Dollar value at the time the interest is received or at the time of the sale or other disposition. Foreign currency that is purchased will generally have a tax basis equal to the U.S. Dollar value of the foreign currency on the date of purchase. Any gain or loss recognized on a sale or other disposition of a foreign currency (including its use to purchase Notes or an exchange for U.S. Dollars) will be U.S. source ordinary income or loss.]

### **Backup Withholding and Information Reporting**

In general, payments of principal, interest and accrued OID on, and the proceeds of a sale, redemption or other disposition of, the Notes, payable to a U.S. Holder by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding will apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or otherwise to comply with the applicable backup withholding requirements. Certain U.S. Holders are not subject to backup withholding.

Recently enacted legislation may require individual U.S. Holders to report to the IRS certain information with respect to their beneficial ownership of the Notes. Investors who fail to report required information could be subject to substantial penalties.

### **Disclosure Requirements**

U.S. Treasury Regulations meant to require the reporting of certain tax shelter transactions (**Reportable Transactions**) could be interpreted to cover transactions generally not regarded as tax shelters, including certain foreign currency transactions. Under the U.S. Treasury Regulations, certain transactions with respect to the Notes may be characterized as Reportable Transactions including, in certain circumstances, a sale, exchange, retirement or other taxable disposition of a Foreign Currency Note. Persons considering the purchase of such Notes should consult with their tax advisers to determine the tax return obligations, if any, with respect to an investment in such Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

## SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have, in a programme agreement (the **Programme Agreement**) dated 22 July 2011 agreed with the Issuer, CIMPOR S.A. and the Guarantors a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer (failing which, the Guarantors) has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

In order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time.

### **Transfer Restrictions**

***As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.***

Each purchaser of Registered Notes (other than a person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or *vice versa*, will be required to acknowledge, represent and agree, and each person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note will be deemed to have acknowledged, represented and agreed, as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (a) that either: (i) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A or (ii) it is outside the United States and is not a U.S. person;
- (b) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (c) that, unless it holds an interest in a Regulation S Global Note and either is a person located outside the United States or is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the date which is one year after the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes, only (i) to the Issuer or any affiliate thereof, (ii)

inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (iii) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (iv) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;

- (d) it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (c) above, if then applicable;
- (e) that Notes initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Notes and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;
- (f) that the Notes in registered form, other than the Regulation S Global Notes, will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"NEITHER THE SECURITIES EVIDENCED HEREBY NOR THE GUARANTEE THEREOF HAVE BEEN NOR WILL THEY BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER ANY SECURITIES LAWS OF ANY STATE OR JURISDICTION OF THE UNITED STATES AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS, (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND, PRIOR TO THE DATE WHICH IS TWO YEARS AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES, OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144A FOR REALES OF THE SECURITY.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN

APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).";

- (g) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the closing date with respect to the original issuance of the Notes), it will do so only (i)(A) outside the United States in compliance with Rule 903 or 904 under the Securities Act or (B) to a QIB in compliance with Rule 144A and (ii) in accordance with all applicable U.S. State securities laws; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"NEITHER THE SECURITIES EVIDENCED HEREBY NOR THE GUARANTEE THEREOF HAVE BEEN NOR WILL THEY BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR UNDER ANY SECURITIES LAWS OF ANY STATE OR JURISDICTION OF THE UNITED STATES AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART."; and

- (h) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Unless otherwise specified in the applicable Final Terms, no sale of Legended Notes in the United States to any one purchaser will be for less than U.S.\$100,000 (or its foreign currency equivalent) principal amount and no Legended Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$100,000 (or its foreign currency equivalent).

## **Selling Restrictions**

### ***United States***

Neither the Notes nor the Guarantee thereof have been nor will they be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

In connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S (**Regulation S Notes**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver such Regulation S Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Regulation S Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Regulation S Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Dealers may arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. Unless otherwise specified in the applicable Final Terms the minimum aggregate principal amount of Notes which may be purchased by a QIB pursuant to Rule 144A is U.S.\$100,000 (or the approximate equivalent thereof in any other currency). To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are "restricted securities" within the meaning of the Securities Act, each of the Issuer, CIMPOR S.A. and the Guarantors will undertake in the Deed Poll (when so entered into) to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Notes remain outstanding as "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act and each of the Issuer, CIMPOR S.A. and the Guarantors is neither a reporting company under Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

#### ***Public Offer Selling Restriction under the Prospectus Directive***

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified

investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer, the Guarantors or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression **an offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression **PD Amending Directive 2010** means Directive 2010/73/EU.

### ***United Kingdom***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (FSMA) by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### ***Selling Restrictions Addressing Additional Dutch Securities Laws***

Zero Coupon Notes (as defined below) in definitive form may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the relevant Issuer or a member firm of Euronext Amsterdam N.V., admitted in a function on one or more markets or systems held or operated by Euronext Amsterdam N.V., in accordance with the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended).

No such mediation is required: (a) in respect of the transfer and acceptance of rights representing an interest in a Global Note; (b) in respect of the transfer and acceptance of Zero Coupon Notes in definitive form between individuals who do not act in the conduct of a business or profession; (c) to the initial issue of Zero Coupon Notes in definitive form to the first holders thereof; or (d) in respect of the transfer and acceptance of such Zero Coupon Notes within, from or into The Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in a Zero Coupon Note in global form) of any particular

Series/Tranche are issued outside The Netherlands and are not distributed into The Netherlands in the course of initial distribution or immediately thereafter.

In the event that the Savings Certificates Act applies, certain identification requirements in relation to the issue and transfer of, and payments on, Zero Coupon Notes have to be complied with.

As used herein **Zero Coupon Notes** are Notes that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

### ***Spain***

Neither the Notes nor this Base Prospectus have been approved or registered in the administrative registries of the Spanish Securities Markets Commission (*Comisión Nacional del Mercado de Valores*). Accordingly, the Notes may not be offered, sold or re-sold in Spain except in circumstances which do not constitute a public offering of securities in Spain within the meaning of section 30-bis of Law 24/1988, of 28 July on Securities Market (hereinafter, Law 24/1988) (*Ley 24/1988, de 28 de julio, del Mercado de Valores*) as amended, and Royal Decree 1310/2005 of 4 November on admission to listing and on issues and public offers of securities (*Real Decreto 1310/2005 de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, de Mercado de Valores, en material de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*), and supplemental rules enacted thereunder or in substitution thereof from time to time.

### ***Portugal***

This Base Prospectus has not been nor will be submitted for approval, nor notified, to the CMVM. However, the offering in Portugal of any securities, including debt securities, with a denomination or subscription price equal or superior to €100,000 (or its equivalent amount in other currency) shall not be subject to any public offering regulations in Portugal.

### ***Japan***

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the FIEA) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### ***General***

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer, the Guarantors, CIMPOR S.A. nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Guarantors, CIMPOR S.A. and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

## GENERAL INFORMATION

### Authorisation

The update of the Programme and the issue of Notes have been duly authorised by:

- (a) written resolutions by the managing board and general meeting of shareholders of CIMPOR B.V. dated 28 June 2011 and 30 June 30 2011 respectively;
- (b) a resolution of the board of directors of CIMPOR Inversiones, S.A.U. dated 20 June 2011;
- (c) a written resolution in lieu of a meeting of the executive committee of CIMPOR S.A. dated 15 July 2011; and
- (d) a resolution of the board of directors of Corporación Noroeste, S.A. dated 20 June 2011.

The Issuer and each of the Guarantors has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes and the giving of the guarantee relating to them.

### Listing of Notes and admission to trading

Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

### Documents Available

Copies of the following documents (together with English translations thereof) may be inspected during normal business hours at the offices specified below for the period of 12 months following the date of this Base Prospectus:

- (a) the constitutive documents of the Issuer;
- (b) the constitutive documents of each of the Guarantors;
- (c) the constitutive documents of CIMPOR S.A.;
- (d) the audited unconsolidated financial statements of the Issuer for the years ended 31 December 2009 and 31 December 2010;
- (e) the audited consolidated and unconsolidated financial statements of each of the Guarantors for the years ended 31 December 2009 and 31 December 2010;
- (f) the audited consolidated and unconsolidated financial statements of CIMPOR S.A. for the years ended 31 December 2009 and 31 December 2010;
- (g) the interim first quarter financial statements of CIMPOR S.A for the quarter ended 31 March 2011;
- (h) the Agency Agreement;
- (i) the Keep Well Agreement;

- (j) the Deed of Guarantee;
- (k) the Deed of Covenant;
- (l) the Deed Poll (when so entered into);
- (m) the Programme Agreement; and
- (n) the Issuer-ICSDs Agreement.

The documents referred to in paragraphs (c) to (l) may be inspected during normal business hours at the offices of CIMPOR S.A. at Rua Alexandra Herculano, no. 35, 1250-009 Lisbon Portugal. In the case of CIMPOR S.A., the documents referred to in paragraph (f) are also available at [www.cimpor.pt](http://www.cimpor.pt). The constitutive documents of the Issuer, referred to in paragraph (a), and the documents referred to in paragraphs (d) and (m) may be inspected, during normal business hours, at Teleportboulevard 140, 1043 EJ Amsterdam, The Netherlands and the constitutive documents of each of the Guarantors may be inspected, during normal business hours, at Calle Brasil 56, 36204 Vigo (Pontevedra), Spain.

In addition, copies of this Base Prospectus, any supplement to this Base Prospectus, any Final Terms relating to the Notes which are admitted to trading on the Luxembourg Stock Exchange's regulated market and each document incorporated by reference are available on the Luxembourg Stock Exchange's website, [www.bourse.lu](http://www.bourse.lu).

### **Clearing Systems**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg which are the entities in charge of keeping the records. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. In addition, the Issuer may make an application for any Notes in registered form to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of such Registered Notes, together with the relevant ISIN and (if applicable) common code, will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, New York 10041, United States of America.

### **Conditions for determining price**

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

### **Significant or Material Change**

There has been no significant change in the financial or trading position of CIMPOR B.V., CIMPOR Inversiones, S.A.U. and Corporación Noroeste S.A. since 31 December, 2010 and CIMPOR S.A. since 31 March 2011, and there has been no material adverse change in the financial position or prospects of CIMPOR B.V., CIMPOR Inversiones, S.A.U. and Corporación Noroeste S.A.. and of CIMPOR S.A. since 31 December, 2010.

## Litigation

In the normal course of its business, the Group is involved in several legal cases and complaints relating to its products and services as well as of an environmental nature, labour cases, regulatory and tax claims.

### *Tax Litigation*

With respect to tax claims, the most significant of those relates to corrections and adjustments performed by the Portuguese, Spanish and Brazilian tax authorities, in relation to corporate income and other operational and transactional taxes, in an aggregate amount of about 135 million euros, for which provisions of about 62 million euros are booked as of 31 March 2011. Regarding the amounts for which no provision was recorded, it is the Management's belief that no significant impact on the Group's financial position or results is expected to occur. This is supported by the opinion of its legal and tax consultants, who do not envisage as probably, the possibility of losing such legal cases.

### *Other Litigation*

Besides the tax contingencies referred to above, reference should also be made to the contingencies relating to:

- (i) Egypt - the bank guarantee provided to the Industrial Development Authority (“IDA”), an Egyptian governmental entity, amounting to 217 million Egyptian pounds (approximately 26 million euros), due to a proceeding in which a similar amount is demanded by the Amreyah Cimpor Cement Company relating to the industrial license for the production facility owned by that company. The Management believes, based on the understanding of its legal consultants, that there is no obligation to make said payment, and accordingly the company has already filed a legal action against the IDA; and
- (ii) Brazil - as a result of the administrative charges brought by the Economic Law Department (“*Secretaria de Direito Econômico*”) of the Ministry of Justice in Brazil for alleged economic violations in the cement and ready-mix concrete markets, a provision of approximately 15 million Brazilian reais (approximately 6.5 million euros) is booked as of 31 March 2011, corresponding to the contribution that the Group has agreed to make under a Cessation Commitment Instrument (“*Termo de Compromisso de Cessação*”) proposed to the Economic Defence Administrative Council (“*Conselho Administrativo de Defesa Econômica*”), the Brazilian competition authority. The signing of such agreement with the Brazilian Competition Authority would not imply any admission of guilt or acknowledgement of illegal conduct.

Save as disclosed above, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Issuer, Cimpor S.A. or the Guarantors are aware), which may have, or have had during the 12 months prior to the date of this Base Prospectus, a significant adverse effect on the financial position or profitability of CIMPOR B.V. and its Subsidiaries, CIMPOR Inversiones S.A.U. and its Subsidiaries, CIMPOR S.A. and its Subsidiaries or Corporación Noroeste, S.A. and its Subsidiaries.

## Auditors

The consolidated and unconsolidated financial statements of the Issuer, CIMPOR S.A. and the Guarantors have been audited without qualification for the years ended 31 December 2009 and 2010 for the Issuer, by Deloitte Accountants B.V. Orly Plein 10, 1043 DP Amsterdam, for CIMPOR S.A., by Deloitte & Associados, SROC, S.A., Edifício Atrium Saldanha, Praça Duque de Saldanha, 1 – 60, 1050-094 Lisbon and, for the Guarantors, by Deloitte, S.L., Plaza Pablo Ruiz Picasso, 1 Torre Picasso, 28070 Madrid. In order to be able to audit and certify the accounts and financial statements of Portuguese companies, auditors must be chartered accountants and members of the Portuguese Chartered Accountants Association (“*Ordem dos Revisores Oficiais de Contas*”).

**Material Contracts**

All existing contracts entered into by CIMPOR S.A., the Issuer, either of the Guarantors or any Material Subsidiary have been entered into in the ordinary course of such party's business and accordingly there are no contracts whereby the Issuer, either of the Guarantors or any Material Subsidiary has an obligation or entitlement which is, or may be, material to the ability of the Issuer, or either of the Guarantors to meet its obligations in respect of the Notes.

**Post-issuance information**

Save as set out in the Final Terms, the Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

**Dealers transacting with the Issuer and the Guarantors**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer, the Guarantors and their affiliates in the ordinary course of business.

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