Offering memorandum

US$200,000,000

PETROTEMEX

GRUPO PETROTEMEX, S.A. DE C.V.

9.500% Senior Notes due 2014

We are offering US$200,000,000 aggregate principal amount of the notes. The notes will mature on August 19, 2014. The notes will accrue interest at a rate of 9.500% per year. We will pay interest on the notes semi-annually in arrears on February 19 and August 19 of each year, beginning on February 19, 2010.

The notes will be fully and unconditionally guaranteed by certain of our subsidiaries. The notes and the guarantees will be our and our subsidiary guarantors' respective senior unsecured obligations. The notes and the guarantees will rank equally with all of our and our subsidiary guarantors' respective existing and future senior unsecured indebtedness.

We may redeem the notes, in whole or in part, by paying the greater of the outstanding principal amount of the notes and a "make-whole" amount, in each case plus accrued and unpaid interest. We may also redeem up to 35% of the original principal amount of the notes prior to or on August 19, 2012 with the net proceeds from certain equity offerings by us at a price of 109.500% of their aggregate principal amount, plus accrued and unpaid interest. In addition, we may redeem the notes, in whole, but not in part, at a price equal to 100% of their outstanding principal amount, plus accrued and unpaid interest, in the event of certain changes in Mexican tax laws.

Application has been made to list the notes on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF Market.

An investment in the notes involves risks. See "Risk Factors" beginning on page 13 for a discussion of certain risks that you should consider in connection with an investment in the notes.

Issue Price: 99.029%, plus accrued interest, if any, from August 19, 2009

The notes may not be offered or sold in Mexico, absent an available exemption under Article 8 of the Mexican Securities Market Law (*Ley del Mercado de Valores*). The terms and conditions of this offering will be notified to the Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*) for informational purposes only and such notice does not constitute a certification as to the investment value of the notes or of our solvency. This offering memorandum is solely our responsibility and has not been reviewed or authorized by the Mexican National Banking and Securities Commission. In making an investment decision, all investors, including any Mexican citizen who may acquire notes from time to time, must rely on their own examination of us and the guarantors.

The notes have not been registered under the U.S. Securities Act of 1933, as amended, or the securities laws of any other jurisdiction. We are offering the notes only to qualified institutional buyers (as defined in Rule 144A under the Securities Act) and outside the United States to non-U.S. persons pursuant to Regulation S under the Securities Act. For a description of certain restrictions on the transfer of the notes, see "Transfer Restrictions."

Delivery of the notes was made to investors in book-entry form through the facilities of The Depository Trust Company on August 19, 2009.

Joint Book-Running Managers

BofA Merrill Lynch **J.P. Morgan**

The date of this offering memorandum is September 8, 2009

To the best of our knowledge, the information contained in this offering memorandum is in accordance with the facts and contains no omissions likely to affect the import of this offering memorandum.

We accept responsibility for the information contained in this offering memorandum regarding Grupo Petrotemex, S.A. de C.V., the subsidiary guarantors, the notes and the indenture governing the notes.

This offering memorandum is a prospectus for the purposes of the admission to listing on the Official List of the Luxembourg Stock Exchange and to trading of the notes on the Euro MTF Market in accordance with the rules and regulations of the Luxembourg Stock Exchange. The Euro MTF Market is not a "regulated market" in the sense of Article 36 of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC, This document does not constitute a prospectus for the purposes of Article 3 of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC.

Neither this offering memorandum, any accompanying documents nor any other marketing materials relating to the offer (together the "Offer Materials") have been delivered for approval to the *Commission de Surveillance du Secteur Financier* in Luxembourg as competent authority in Luxembourg for the purposes of the Prospectus Directive as implemented by the Luxembourg law dated 10 July 2005 on Prospectuses (the "Law"). No approved prospectus within the meaning of articles 5 and 8 of the Law has been prepared or published or is intended to be prepared or published in relation to the offer referred to in this offering memorandum or any other offer materials. This offering memorandum does not constitute a prospectus for the purposes of the Law, and any offer performed hereunder is only made in accordance with the exemption provided for under article 5.2(d) of the Law considering that the notes to be issued in accordance with the provisions of this offering memorandum and any other Offer Materials have a nominal value of at least the U.S. dollar equivalent of 50,000 Euro.

In making your investment decision, you should rely only on the information contained in this offering memorandum. We have not, and the initial purchasers have not, authorized any other person to provide you with different information. If any person provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this offering memorandum is accurate as of the date on the front cover of this offering memorandum only. Our business, properties, results of operations or financial condition may have changed since that date. Neither the delivery of this offering memorandum nor any sale made hereunder will under any circumstances imply that the information herein is correct as of any date subsequent to the date on the front cover of this offering memorandum.

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This offering memorandum has been prepared by us solely for use in connection with the proposed offering of the notes described in this offering memorandum and may be used only for such purpose. Unauthorized use of this offering memorandum is strictly prohibited.

We are not, and the initial purchasers are not, making an offer to sell the notes in any jurisdiction except where such an offer or sale is permitted. You must comply with all applicable laws and regulations in force in your jurisdiction and you must obtain any consent, approval or permission required by you for the purchase, offer or sale of the notes under the laws and regulations in force in your jurisdiction to which you are subject or in which you make such purchase, offer or sale, and neither we nor the initial purchasers will have any responsibility therefor.

We are relying upon an exemption from registration under the U.S. Securities Act of 1933, as amended (the "Securities Act"), for an offer and sale of securities which do not involve a public offering. By purchasing notes, you will be deemed to have made certain acknowledgments, representations and agreements as set forth under

"Transfer Restrictions" in this offering memorandum. The notes are subject to restrictions on transfer and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws pursuant to registration or exemption therefrom. As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

The initial purchasers make no representation or warranty, expressed or implied, as to the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the initial purchasers as to the past or future.

None of the U.S. Securities and Exchange Commission (the "SEC"), any state securities commission or any other regulatory authority has approved or disapproved of the notes nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

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

NOTICE TO NEW HAMPSHIRE RESIDENTS

Neither the fact that a registration statement or an application for a license has been filed under RSA 421-B with the State of New Hampshire nor the fact that a security is effectively registered or a person is licensed in the State of New Hampshire constitutes a finding by the Secretary of State that any document filed under RSA 421-B is true, complete and not misleading. Neither any such fact nor the fact that an exemption or exception is available for a security or 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

So long as any notes remain outstanding, we will make available, upon request, to any holder and any prospective purchaser of notes the information required pursuant to Rule 144(A)(d)(4)(i) under the Securities Act, during any period in which we are not subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act").

You may obtain a copy of the indenture that governs the notes by requesting it in writing or by telephone at the address and phone number below.

Grupo Petrotemex, S.A de C.V.
Attention: Daniel Pechir or
Juan Pablo Lozano
Belisario Dominguez No. 2002
Col. Obispado, C.P.
Monterrey, N.L., México 64060
Telephone number (52-81) 8748-1500

In addition, for so long as the notes are listed on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF Market, you may also obtain a copy of the indenture at the office of the paying agent in Luxembourg set forth on the inside back cover of this offering memorandum.

CAUTIONARY DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This offering memorandum includes forward-looking statements. These statements relate to our future prospects, developments and business strategies and are identified by our use of terms and phrases such as "anticipate," "believe," "could," "would," "will," "estimate," "expect," "intend," "may," "plan," "predict," "project," "goals," "target," "strategy" and similar terms and phrases, and may include references to assumptions. These statements are contained in the sections entitled "Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Industry," "Business" and other sections of this offering memorandum.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, by their nature, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include regional, national or global economic, business, market and regulatory conditions, without limitation, and the following:

- cyclicality in the demand for our products;
- availability and price volatility in the cost of raw materials and energy;
- our ability to maintain high capacity utilization rates, particularly as demand for polyester staple fiber in the NAFTA region continues to decline;
- the impact of competition from other petrochemical manufacturers, including imports of polyester-related raw materials and products from other regions and the use of substitute products;
- loss of business from significant customers;
- potential changes in industry pricing practices, including changes in the margins in the "cost plus" pricing formula for PTA in the NAFTA region;
- our ability to maintain margins for products sold under fixed price arrangements;
- losses from derivative transactions, particularly with respect to our energy and raw material requirements;
- the impact of hurricanes and other natural disasters;
- unanticipated downtime of our plants;
- changes to environmental and other regulations;
- our ability to refinance short-term debt on favorable terms, particularly during the current global credit crisis; and
- other factors described under "Risk Factors" and elsewhere in this offering memorandum.

Any forward-looking statements in this offering memorandum are based on certain assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the current circumstances and only as of the date on which we make them. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. Forward-looking statements are not a guarantee of future performance and actual results or developments may differ materially from expectations. For all the foregoing reasons, you are cautioned against relying on such forward-looking statements. Industry forecasts by third parties contained herein involve similar concerns and risks. While we continually review trends and uncertainties affecting our results of operations and financial condition, we do not intend to update any particular forward-looking statements contained in this offering memorandum, whether as a result of new information, future developments or otherwise.

INDUSTRY AND MARKET DATA

Statements in this offering memorandum with respect to capacity share and other industry data are based on industry sources, including independent consultants such as PCI–Xylenes & Polyesters Ltd. ("PCI") and CCI-PET ("CCI"), as well as our internal studies. Industry publications and forecasts may state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. Although we believe the information in this offering memorandum from third-party sources is reliable in all material respects and take responsibility for accurately reproducing such data herein, we have not independently verified such data or ascertained the underlying assumptions relied upon therein.

CERTAIN DEFINITIONS

In this offering memorandum, except where indicated or the context otherwise requires, references to:

- "We," "us," "our" or "Petrotemex" mean Grupo Petrotemex, S.A. de C.V., a corporation (*sociedad anónima de capital variable*) organized under the laws of Mexico, and all of its subsidiaries.
- Accounting terms have the definitions set forth under Mexican Financial Reporting Standards.
- Sales figures are net of intercompany sales, except in connection with net sales by product, which includes sales to third parties and intercompany sales.
- Tons means metric tons (one metric ton is equal to 1,000 kilograms or 2,204.6 pounds).
- "Akra" means Akra Polyester, S.A. de C.V., a company which is 51% owned by ALFA and 49% owned by Petrotemex.
- "ALFA" means Alfa, S.A.B. de C.V., the parent company of Petrotemex.
- "BP" means BP Amoco Chemical Company.
- "CAGR" means compound annual growth rate.
- "Capacity utilization rate" means the percentage utilization of production capacity (as defined below).
- "CNBV" means the Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*).
- "CPI" means the Consumer Price Index of the indicated country.
- "DAK Americas" means DAK Americas, LLC, a subsidiary of Petrotemex.
- "DAK Argentina" means DAK Americas Argentina, S.A.
- "DAK Mexico" means DAK Resinas Americas Mexico, S.A. de C.V., a subsidiary of Petrotemex.
- "DMT" means dimethyl terephthalate.
- "DuPont" means E.I. du Pont de Nemours and Company.
- "Euro" or "€" means the lawful currency of the European Union.
- "GAAP" means generally accepted accounting principles in the indicated country.
- "IFRS" means International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board.
- "Installed capacity" means the annual production capacity calculated based on operations for 24 hours each day of a 365-day year.
- "MEG" means monoethylene glycol.

- “Mexico” means the United Mexican States.
- “MFRS” means Mexican Financial Reporting Standards, as issued from time to time by the Mexican Financial Reporting Standards Board (*Consejo Mexicano para la Investigación de Normas de Información Financiera*).
- “NAFTA” means the North American Free Trade Agreement established on January 1, 1994.
- “NCPI” means the National Consumer Price Index (*Índice Nacional de Precios al Consumidor*), published from time to time by the Bank of Mexico, Mexico’s central bank (*Banco de México*), in the Official Gazette of Mexico (*Diario Oficial de la Federación*) or any index that may replace it.
- “Newpek” means Newpek LLC, a subsidiary of Petrotemex, which owns a 20% working interest in certain South Texas assets operated by Pioneer that are dedicated to the exploration, development and production of natural gas.
- “Pesos,” “pesos” or “Ps.” means the lawful currency of Mexico.
- “PET” means polyethylene terephthalate, in the form of resin.
- “Petrocel” means Petrocel, S.A., a former subsidiary of Petrotemex and a current subsidiary of ALFA.
- “Production capacity” means the annual production capacity which, in the case of Petrotemex, is calculated based on operations for 24 hours each day of a 365-day year and deducting 20 days per year of scheduled downtime for regular maintenance.
- “Pioneer” means Pioneer Natural Resources Company, which owns an 80% working interest in certain South Texas assets that are dedicated to the exploration, development and production of natural gas, in which Newpek owns the remaining 20% interest.
- “PTA” means purified terephthalic acid.
- “PTAL” means Productora de Tereftalatos de Altamira, S.A. de C.V., a subsidiary of Petrotemex with minority equity participation (8.6%) by BP.
- “pX” means paraxylene.
- “Temex” means Tereftalatos Mexicanos, S.A. de C.V., a subsidiary of Petrotemex with minority equity participation (8.6%) by BP.
- “U.S. dollars,” “dollars” or “US$” means the lawful currency of the United States of America.

Certain capitalized terms used and not defined in this offering memorandum have been defined in the indenture governing the notes. See “Description of the Notes—Certain Definitions.”

PRESENTATION OF FINANCIAL INFORMATION

The financial statements and other financial information in this offering memorandum are expressed in Mexican pesos and have been prepared in accordance with MFRS issued by the Mexican Financial Reporting Standards Board (*Consejo Mexicano para la Invstigación y Desarrollo de Normas de Información Financiera*) ("CINIF"). MFRS differ in certain significant respects from generally accepted accounting principles as applied in the United States ("U.S. GAAP"). For a description of certain differences between MFRS and U.S. GAAP, see Appendix A—"Summary of Certain Differences between MFRS and U.S. GAAP." We have not prepared a reconciliation of our consolidated financial statements and notes thereto to U.S. GAAP and have not quantified such differences. Accordingly, we cannot assure you that the description of certain differences between MFRS and U.S. GAAP in Appendix A is complete. Our parent company Alfa, S.A.B. de C.V. will be required by 2012 to prepare its financial statements in accordance with International Financial Reporting Standards ("IFRS"). As a result, we may elect in the future to adopt IFRS.

MFRS provide for the recognition of certain effects of inflation by restating non-monetary assets, non-monetary liabilities and the components of stockholders' equity, and recording gains or losses in purchasing power from holding monetary assets or liabilities. From January 1, 2008, the effects of inflation on the financial information are not recognized if inflation, in the countries of the functional currency that we have adopted, does not exceed 26% in the three most recent years. Since the accumulated inflation for 2006, 2007 and 2008 did not exceed 26% in the countries of the functional currency that we have adopted (except for Argentina), the financial statements as of and for the periods ended December 31, 2008, June 30, 2008 and June 30, 2009 do not include the effects of inflation from January 1, 2008 and have been prepared on a modified historical cost basis (that is, transactions carried out as of and prior to December 31, 2007 are stated in constant pesos of purchasing power as of that date, and transactions carried out after that date are stated in their nominal amounts), except for the effects of inflation on our operations in Argentina. The financial statements and the other financial information included herein as of and prior to December 31, 2007, except as otherwise indicated, are stated in constant pesos of December 31, 2007 purchasing power, based on factors derived from the NCPI for Mexican companies, and from the CPI of the country of origin of the subsidiaries operating outside Mexico.

This offering memorandum contains translations of certain peso amounts into U.S. dollars at specified rates solely for the convenience of the reader. These convenience translations should not be construed as representations that the peso amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the specified rate or at all. Furthermore, the exchange rate for purposes of the convenience translation is not necessarily the same rate we used in preparing our financial statements, which means that dollar-denominated items, including dollar-denominated net sales and liabilities, may have been translated into pesos using one exchange rate (or an average exchange rate) and have been retranslated into dollars for convenience of the reader using the convenience translation exchange rate. The exchange rate used for purposes of convenience translation is the exchange rate calculated and published by *Banco de México* in the Official Gazette of Mexico for the conversion of U.S. dollar-denominated amounts into pesos (the "Free Exchange Rate"). At June 30, 2009, the Free Exchange Rate was 13.2023 pesos per U.S. dollar. See "Exchange Rates."

We have made rounding adjustments to some amounts included in this offering memorandum. As a result, amounts shown as totals in some tables may not be arithmetic aggregations of the amounts that precede them.

Special Note Regarding Non-GAAP Financial Measures

A body of generally accepted accounting principles is commonly referred to as "GAAP." A non-GAAP financial measure is generally defined as one that purports to measure historical or future financial performance, financial position or cash flows but excludes or includes amounts that would not be so adjusted in the most comparable MFRS or U.S. GAAP measure. We disclose in this offering memorandum "EBITDA," which is a non-GAAP financial measure. We define EBITDA to mean consolidated net income (loss) after adding back or subtracting, as the case may be, (i) depreciation and amortization, (ii) comprehensive financing (expense) income (which includes financial expense, financial income, exchange loss, net, loss from derivative financial instruments, net and gain on monetary position), (iii) comprehensive financing cost capitalized, (iv) other expenses, net (which

typically consists of non-recurring items), (v) income tax and (vi) equity in income (loss) of associated companies. EBITDA differs from "Consolidated Adjusted EBITDA," which is used to determine our compliance with certain covenants contained in the indenture governing the notes. See "Description of the Notes—Certain Definitions—Consolidated Adjusted EBITDA."

In managing our business we rely on EBITDA as a means of assessing our operating performance. We believe that EBITDA enhances the understanding of our financial performance and our ability to satisfy principal and interest obligations with respect to our indebtedness as well as to fund capital expenditures and working capital requirements. We also believe EBITDA is a useful basis of comparing our results with those of other companies because it presents operating results on a basis unaffected by capital structure and taxes. EBITDA, however, is not a measure of financial performance under MFRS or U.S. GAAP and should not be considered as an alternative to net income or operating income as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. EBITDA has material limitations that impair its value as a measure of our overall profitability since it does not address certain ongoing costs of our business that could significantly affect profitability such as financial expenses, income taxes, depreciation, amortization and the impact of financial derivatives (except when designated as hedge accounting). Our calculation of EBITDA may not be comparable to other companies' calculation of similarly titled measures. The components of EBITDA presented herein relate to MFRS, which we use to prepare our consolidated financial statements. For a reconciliation of EBITDA to consolidated net income (loss) under MFRS for 2006, 2007 and 2008 and for the six months ended June 30, 2008 and 2009, see note 11 under "Summary—Summary Consolidated Financial and Operating Data" in this offering memorandum.

SUMMARY

You should read the following summary together with the more detailed information appearing elsewhere in this offering memorandum, including the consolidated financial statements and notes thereto. In this offering memorandum, references to "Petrotemex," "we," "us," and "our" refer to the business of Petrotemex and its subsidiaries on a consolidated basis unless indicated or the context requires otherwise.

Overview

We are a leading petrochemical company in the NAFTA region, specializing in the manufacture of key polyester-related raw materials and products that are principally used to produce plastic bottles and other containers for the beverage, food and personal care (cosmetics and personal hygiene) industries, as well as carpets, apparel and other consumer fiber-based products. Many of the world's best-known consumer brands use our products in their containers. We are the second largest producer of purified terephthalic acid ("PTA") in the NAFTA region and among the top five global producers based on production capacity as of December 31, 2008. We are also the second largest producer of polyethylene terephthalate ("PET") in the Americas and the largest producer of polyester staple fiber in the NAFTA region based on production capacity as of December 31, 2008. Additionally, we have an interest in a natural gas exploration and production venture in the United States.

For 2008, our total net sales, operating income and EBITDA were Ps. 34.1 billion (US$2.6 billion), Ps. 1.5 billion (US$116.4 million) and Ps. 2.3 billion (US$171.7 million), respectively. For the six months ended June 30, 2009, our total net sales, operating income and EBITDA were Ps. 17.7 billion (US$1.3 billion), Ps. 1.5 billion (US$116.0 million) and Ps. 2.0 billion (US$154.0 million), respectively. Our total assets as of June 30, 2009 were Ps. 24.8 billion (US$1.9 billion).

PTA is the principal raw material used to manufacture PET (used in plastic bottles, containers and other packaging) and polyester staple fiber (used for carpets, garments, home furnishings and consumer and industrial applications), in addition to other products.

PET has gained widespread use in bottles and other containers for liquids, food and personal care products, including carbonated soft drinks, sparkling water, natural water, fortified water, isotonic beverages, health drinks, juices, teas, dairy products, prepackaged food, health and beauty aids, pharmaceuticals and other household products. Sheet and film made from PET are used for cups, lids, trays, bowls and blister packaging. PET offers transparency, strength, durability, high barrier properties, no known health risks, light weight, cost efficiency and recyclability, as well as a high degree of design flexibility and customization, all of which enable custom PET containers to be used for a variety of reusable and temperature-sensitive packaging applications. PET has increasingly displaced glass, aluminum and tin cans and other plastics such as polyvinyl chloride ("PVC") or polyethylene, and has shown one of the highest growth rates of any plastic container product worldwide during the last decade.

Polyester staple fiber has multiple uses for carpets, garments, home furnishings (such as bedding, upholstery, drapery and towels) and non-woven consumer and industrial applications (such as wipes, medical, hygiene, packaging, pharmaceutical, automotive fabrics and linings). Polyester staple fiber is increasingly being used in these products due to its durability, flexibility in applications, color stability, quality and production processability. Because of a decline in the production of polyester staple fiber in the NAFTA region as manufacturing capacity for apparel and other end-uses of polyester staple fiber has shifted to Asia, we have increasingly focused on specific niche applications, such as carpets, certain knit apparel items (such as t-shirts, sweatshirts, socks and underwear) and non-woven consumer products (such as diapers, baby wipes, household wipes, feminine hygiene, filtration and floor polishers).

We have operations in Mexico, the United States and Argentina, with 92% of our total net sales and 93% of our total assets in 2008 coming from the NAFTA region. Our U.S. operations represented 45% of our total net sales and 27% of our total assets in 2008. In addition, approximately 98% of our 2008 sales were denominated in or linked to U.S. dollars, with the remaining 2% of our sales denominated in or linked to euros.

Competitive Strengths

Prominent Global and NAFTA Player

We are among the five largest producers of PTA in the world and the second largest in the NAFTA region based on production capacity as of December 31, 2008. In 2008, we estimate that we had a 36% capacity share for PTA in the NAFTA region, and we are the sole PTA producer in Mexico, with a 100% capacity share. Additionally, we are the second largest PET producer in the Americas, with an estimated 16% capacity share, and the largest polyester staple fiber producer in the NAFTA region, with an estimated 36% capacity share, as of December 31, 2008.

We are an integrated company in the PTA, PET and polyester staple fiber industries in the NAFTA region. We believe our vertical integration provides us with key competitive advantages, including the ability to operate our plants at higher capacity utilization rates, improved economies of scale and reduced operating costs, and higher barriers to entry against potential competitors. Our ability to reallocate PTA volumes from polyester staple fiber production to PET production has proven to be particularly beneficial given the declining polyester staple fiber market in the NAFTA region.

We have achieved our global standing, in part, through high output as we operated our PTA production plants at a capacity utilization rate of approximately 92% in 2008, compared to our estimate of an average of approximately 77% for the rest of the PTA producers in the NAFTA region in 2008. Reflecting our market leadership position, we are one of the world's largest pX buyers and play an active role in setting the pX price, which is, in turn, reflected in the PTA "cost plus" pricing formula that prevails in the NAFTA region.

Low-Cost Producer of PTA

We believe we are one of the lowest-cost PTA producers in the world with a cost advantage in relation to our competitors based on our (i) large-scale production facilities, (ii) state-of-the-art technology, (iii) valuable industry knowledge based on our experience as an integrated player, (iv) low labor costs in Mexico, (v) strategic access to raw materials and (vi) competitive logistics. Factors that contribute to our low-cost production include the following:

- plant expansions and acquisitions, which together with high capacity utilization rates of approximately 96% from 2003-2008, have resulted in significant economies of scale and decreased fixed costs per ton;

- cost savings in logistics, which are generated as a result of the proximity of our plants to suppliers of pX in the Gulf of Mexico and key customers as well as our access to well-developed infrastructure including railroads, deep water ports and roads; and

- investments in energy initiatives that have generated savings by increasing the efficiency of our production facilities, giving us the flexibility to run our operations with various forms of energy and reduced carbon emissions.

Stable Cash Flow Generation

Since 2003, we have demonstrated strong historical cash flow generation. Our stable cash flow generation has been driven by the following key elements:

- In 2008, we estimate that approximately 83% of our products were ultimately used to produce plastic containers for products in the beverage, food and personal care industries, which tend to be less susceptible to economic downturns, including brands such as Pepsi-Cola, Coca-Cola, Dasani, Aquafina, Ciel, Bonafont, Gatorade, Kraft, Powerade, Listerine, Tropicana Juices, 7-Up, Folger's, Ivory, Dawn, Pantene, Neutrogena, Clairol and Skippy.

- We sell our products primarily in the NAFTA region, where PTA margins have historically been more stable than those in Europe or Asia. Our strategic position as one of the NAFTA region's largest PTA producers together with our vertically integrated operations have helped us to achieve relatively stable, above-industry average margins over raw materials for the past five years.

- In 2008, approximately 96% of our PTA sales were based on the "cost plus" pricing formula, which generally allows changes in the cost of pX, PTA's main raw material, to be passed through to our customers.

- In 2008, approximately 86% of our PTA sales volumes to third parties were under long-term supply contracts, which further reduces exposure to industry cycles.

U.S. Dollar-Based Revenues

Our total net sales in 2008 were Ps. 34.1 billion (US$2.6 billion). Approximately 98% of our 2008 sales were denominated in or linked to U.S. dollars, with the remaining 2% of our sales denominated in or linked to euros. This creates a natural hedge with respect to our U.S. dollar-denominated liabilities against unfavorable movements in the U.S. dollar-peso exchange rate.

Favorable Industry Dynamics

We believe that our strong market position is supported by favorable industry fundamentals.

- We estimate that there is significant growth potential in the Mexican market because of the ongoing substitution of aluminum and glass containers with plastic containers and because there are more products that can be, and that we believe will be, shifted to PET packaging. According to CCI, demand in Mexico for PET is forecasted to increase at a CAGR of 4.4% from 2008-2012.

- We believe that we are well positioned in the U.S. market to continue to benefit from stable PTA and PET demand and potential declines in competitors' production capacity. Despite the attrition in the polyester staple fiber market and the maturation of U.S. PET demand, we believe we will benefit from our ability to convert our idle polyester staple fiber capacity to PET production and to tap profitable niche markets for polyester staple fiber. To date, the growth in PET demand has been more than sufficient to offset the decline in polyester staple fiber demand.

- We believe there is strong potential for additional PET growth through the development of new beverage and food packaging applications, such as for beer, milk, soft drinks and hot fill products, once technical and marketing challenges are overcome.

Experienced Management Team

We have a senior management team with an average of more than 20 years of industry experience and a seasoned and knowledgeable group of operating and technical managers in each of our businesses. We employ highly qualified and trained engineers and technicians to design, develop, operate and maintain our production facilities.

Business Strategy

Our strategy seeks to leverage our competitive strengths to enhance profitability and capture attractive growth opportunities in the industries in which we operate. We have the following three-pronged strategy focused on competitiveness, profitable growth and positioning:

Competitiveness

- take advantage of our position as a vertically integrated player;
- maintain a low cost structure through high capacity utilization rates at our large-scale production facilities;
- reduce energy costs and improve manufacturing efficiency through the use of multiple fuel sources and energy integration;
- capitalize on our proximity to customers and raw material suppliers; and
- continue to improve our technological, health, safety and environmental performance.

Profitable Growth

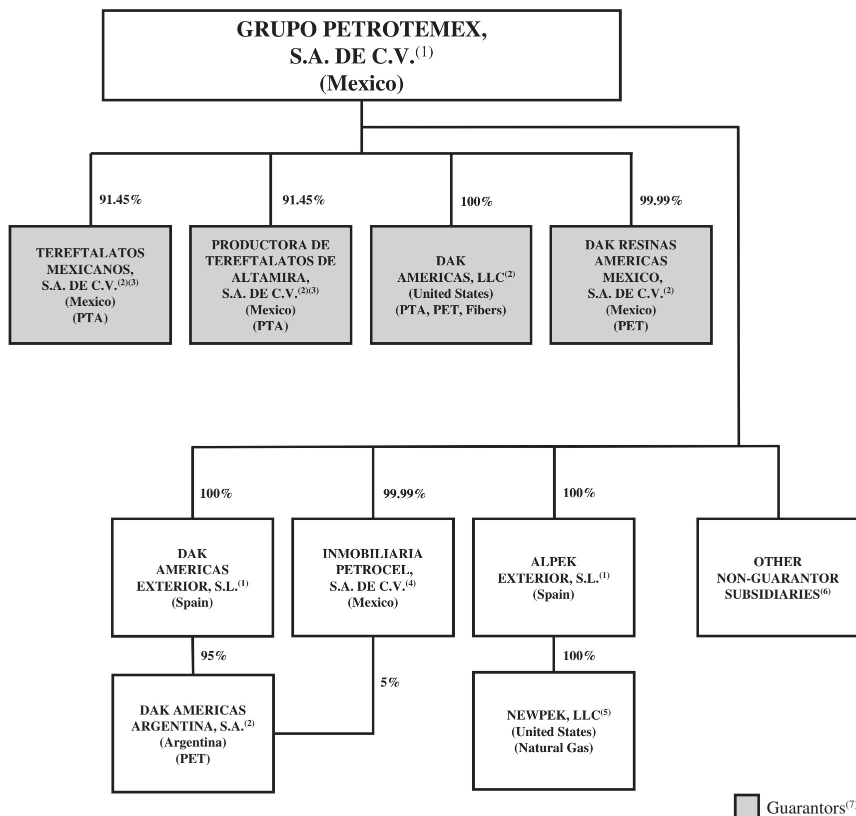
- expand core businesses and develop new opportunities by providing sustainable and innovative products and solutions to strategic customers, making us the preferred supplier of our products;
- increase sales to strategic markets via exports supported by our low costs and competitive logistics;
- seek profitable opportunities to expand capacity, organically or through acquisitions, in a timely fashion to capture increasing demand, particularly in PET, without creating idle capacity; and
- continue to develop the polyester market in the NAFTA region through the expansion of polyester applications, including the creation of higher-margin specialty products utilizing DuPont's *Crystar*® polyester resin technology, which we acquired in early 2009.

Positioning

- strengthen our reputation as a reliable supplier through product superiority and quality customer service;
- maintain or extend long-term supply contracts with our key customers and suppliers;
- consolidate our position as a leading player in the polyester industry in the NAFTA region; and
- seek to maintain our competitive position and barriers to entry against potential competitors by offering favorable logistics to customers.

Corporate Structure

We are a wholly owned subsidiary of Alfa, S.A.B. de C.V. The following chart summarizes our corporate structure including our principal subsidiaries. The percentages represent the percentage of the total capital owned by each shareholder.



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(1) Holding company.

(2) Manufacturing and trading company.

(3) BP Amoco Chemical Company owns the remaining 8.55%.

(4) Real estate services company.

(5) Exploration, development and production of natural gas.

(6) Includes DAK Europa, B.V., which owns certain intellectual property rights; Generadora Petrocel, S.A. de C.V., which provides services such as steam and treated water, among others, to PTAL; Petrocel Temex, S.A. de C.V., which provides personnel services; and Akra Pet Mexico, S.A. de C.V. and Terpol, Ltd., which are inactive subsidiaries.

(7) The subsidiary guarantees to be provided initially by Temex and PTAL are subject to the conditions described in "Description of the Notes—Subsidiary Guarantees."

THE OFFERING

The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "Description of the Notes" section of this offering memorandum contains a more detailed description of the terms and conditions of the notes.

Issuer	Grupo Petrotemex, S.A. de C.V.
Notes Offered	US$200,000,000 aggregate principal amount of 9.500% Senior Notes due 2014.
Issue Price	99.029%, plus accrued interest, if any, from August 19, 2009.
Gross Proceeds to the Issuer	US$198,058,000.
Maturity Date	August 19, 2014.
Interest Rate	Interest on the notes will accrue at a rate of 9.500% per year.
Interest Payment Dates	February 19 and August 19 of each year, beginning on February 19, 2010.
Subsidiary Guarantors	Certain of our subsidiaries identified in "Description of the Notes—Subsidiary Guarantees." Our subsidiary guarantors (in addition to Petrotemex on a standalone basis) accounted for 96.4% of our total assets and 98.4% of our Consolidated Adjusted EBITDA (as defined in "Description of the Notes") as of and for the year ended December 31, 2008, and 94.7% of our total assets and 98.0% of our Consolidated Adjusted EBITDA as of and for the six months ended June 30, 2009. The subsidiary guarantees to be provided initially by Temex and PTAL are subject to the conditions described in "Description of the Notes—Subsidiary Guarantees."
Guarantees	The notes will be fully and unconditionally guaranteed on a senior unsecured basis by our subsidiary guarantors.
Ranking	The notes and the guarantees will be our and our subsidiary guarantors' respective senior unsecured obligations and they will rank: • equally with all of our and our subsidiary guarantors' respective existing and future senior unsecured indebtedness (subject to certain labor and tax obligations for which preferential treatment is given under the Mexican laws); and • senior to all of our and our subsidiary guarantors' respective existing and future subordinated indebtedness. The notes and the guarantees will effectively rank junior to all of our and our subsidiary guarantors' respective existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness. The notes and the guarantees will be structurally subordinated to all existing and future indebtedness and trade payables of our non-guarantor subsidiaries. As of June 30, 2009, after giving effect to this offering and the use of net proceeds therefrom as described under "Use of Proceeds" (and assuming the bank waiver described therein is obtained), we and our subsidiaries would have had consolidated total indebtedness of Ps. 8,317.0 (US$630.0). Of this amount, Ps. 657.0 million (US$49.8 million) would have been indebtedness of non-guarantor subsidiaries (excluding guarantees and intercompany loans).

Optional Redemption	We may redeem the notes, in whole or in part, by paying the greater of the outstanding principal amount of the notes and a "make-whole" amount, in each case plus accrued and unpaid interest. We may also redeem up to 35% of the original principal amount of the notes prior to or on August 19, 2012 with the net proceeds from certain equity offerings by us at a price of 109.500% of their aggregate principal amount, plus accrued and unpaid interest. In addition, we may redeem the notes, in whole, but not in part, at a price equal to 100% of their outstanding principal amount, plus accrued and unpaid interest, in the event of certain changes in Mexican tax laws.
Additional Amounts	Payments of interest on the notes to investors that are non-residents of Mexico for tax purposes will generally be subject to Mexican withholding taxes at a rate of 4.9% (subject to certain exceptions). Subject to certain specified exceptions, we and each of our subsidiary guarantors will, jointly and severally, pay such additional amounts as may be required so that the net amount received by the holders of the notes in respect of principal, interest or other payments on the notes, after any such withholding or deduction, will not be less than the amount that each holder of the notes would have received in respect of the notes in the absence of any such withholding or deduction. See "Description of the Notes—Additional Amounts."
Tax Redemption	In the event that, as a result of certain changes in Mexican tax laws applicable to payments under the notes, we or the subsidiary guarantors become obligated to pay additional amounts under the notes, in excess of those attributable to a Mexican withholding tax rate of 4.9%, the notes will be redeemable, in whole, but not in part, at our option, at any time upon notice, at 100% of their outstanding principal amount, plus accrued and unpaid interest to the redemption date.
Change of Control Offer	Upon the occurrence of a Change of Control (as defined in "Description of the Notes"), we will be required to make an offer to purchase the notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest through the purchase date. See "Description of the Notes—Change of Control."
Certain Covenants	The indenture governing the notes contains covenants that limit future actions to be taken, or transactions to be entered into, by us and our restricted subsidiaries. The indenture limits our and our restricted subsidiaries' ability to, among other things: • incur additional indebtedness; • pay dividends on our capital stock or redeem, repurchase or retire our capital stock or subordinated indebtedness; • make investments; • create liens;

- create consensual limitations on the ability of our restricted subsidiaries to pay dividends, make loans or transfer property to us;
- engage in transactions with affiliates;
- sell assets, including capital stock of our subsidiaries; and
- consolidate, merge or transfer assets.

These covenants are subject to significant qualifications and exceptions. In addition, if the notes obtain investment grade ratings and no default has occurred and is continuing, certain of the foregoing covenants will cease to be in effect for so long as the notes maintain such ratings. See "Description of the Notes—Covenants."

Use of Proceeds	We intend to use the net proceeds from this offering to repay outstanding debt. Any remaining proceeds will be used for general corporate purposes. See "Use of Proceeds."
Book Entry; Form and Denominations	The notes will be issued in the form of one or more global notes without coupons, registered in the name of a nominee of The Depository Trust Company, as depositary for the accounts of its direct and indirect participants, including Clearstream Banking, société anonyme and Euroclear Bank S.A./N.V. The notes will be issued in minimum denominations of US$100,000 and integral multiples of US$1,000 in excess thereof.
Ratings	The notes are expected to be assigned a rating of BB (with negative outlook) by Standard & Poor's Rating Service and BB+ (with negative outlook) by Fitch, Inc. These ratings are not a recommendation to purchase, hold or sell notes, and they do not comment as to market price or suitability for a particular investor. The ratings may be changed, superseded or withdrawn as a result of changes in, or unavailability of, such information.
Transfer Restrictions	We have not registered the notes under the Securities Act or the securities laws of any other jurisdiction. The notes are subject to restrictions on transfer and may only be offered in transactions exempt from or not subject to the registration requirements of the Securities Act. See "Transfer Restrictions."
Taxation	For a summary of Mexican federal income tax consequences and U.S. federal income tax consequences of an investment in the notes, see "Certain Material Income Tax Considerations."
Listing	Application has been made to list the notes on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF Market.
Governing Law	State of New York.

Trustee, Registrar, Transfer Agent and Principal Paying Agent	The Bank of New York Mellon.
Luxembourg Listing Agent, Transfer Agent and Paying Agent	The Bank of New York Mellon (Luxembourg) S.A.

Risk Factors

An investment in the notes involves risks. See "Risk Factors" beginning on page 13 for a discussion of certain risks that you should consider in connection with an investment in the notes.

Additional Information

Our executive offices are located at Belisario Dominguez No. 2002, Col. Obispado, C.P., Monterrey, N.L., México 64060. Our telephone number at that address is (52-81) 8748-1500.

Summary Consolidated Financial and Operating Data

The following table sets forth a summary of our consolidated financial information and other data for the periods presented. The summary financial information as of and for each of the three years in the period ended December 31, 2008 has been derived from our audited consolidated financial statements included in this offering memorandum. The summary financial information as of and for the six months ended June 30, 2008 and 2009 has been derived from our unaudited condensed consolidated financial statements included in this offering memorandum, which, in the opinion of our management, reflect all adjustments, consisting of normal recurring adjustments, necessary to present fairly the results of our operations and financial position for the periods and dates presented. The results of operations for any interim period are not necessarily indicative of results for the full year or any other period. This financial information has been prepared in accordance with MFRS, which differ in certain significant respects from U.S. GAAP. Appendix A of this offering memorandum provides a description of the principal differences between MFRS and U.S. GAAP as they relate to us. See "Presentation of Financial Information." This financial information and other data should be read in conjunction with our audited and unaudited consolidated financial statements and notes thereto included in this offering memorandum. Our results of operations during the first six months of 2009 as reported in pesos were significantly affected by the significant depreciation of the peso against the U.S. dollar commencing in the fourth quarter of 2008, which has had a significant impact on the comparability of the reported results of operations for the first six months of 2009 compared to the first six months of 2008, when measured in pesos.

	Year Ended December 31,				Six Months Ended June 30,		
	2006[1]	2007[1]	2008	2008	2008	2009	2009
	(Ps.)	(Ps.)	(Ps.)	(US$)[2]	(Ps.)	(Ps.) (Unaudited)	(US$)[2]
	(in thousands, except as otherwise indicated)						
Income Statement Data:							
Net sales	25,834,478	28,983,957	34,105,569	2,583,305	18,254,896	17,709,931	1,341,428
Cost of sales	(23,178,036)	(27,037,038)	(31,905,615)	(2,416,671)	(17,083,077)	(15,753,500)	(1,193,239)
Gross margin	2,656,442	1,946,919	2,199,954	166,634	1,171,819	1,956,431	148,189
Operating expenses	(949,333)	(938,638)	(662,785)	(50,202)	(443,876)	(424,930)	(32,186)
Operating income	1,707,109	1,008,281	1,537,169	116,432	727,943	1,531,501	116,003
Comprehensive financing (expense) income:							
Interest expense	(330,972)	(438,761)	(661,361)	(50,094)	(309,799)	(382,975)	(29,008)
Interest income	44,738	64,926	88,421	6,697	29,449	62,644	4,745
Exchange loss, net[3]	(67,493)	(26,877)	(142,494)	(10,793)	(70,682)	(109,003)	(8,256)
Loss from derivative financial instruments, net[4]	(3,242)	(37,853)	(1,715,819)	(129,964)	(58,526)	(281,066)	(21,289)
Gain on monetary position[5]	145,742	192,188	2,989	226	839	5,647	428
Comprehensive financing cost capitalized	46,095	33,052	(4,816)	(365)	(4,816)	-	-
Total comprehensive financing (expense) income	(165,132)	(213,325)	(2,433,080)	(184,292)	(413,535)	(704,753)	(53,380)
Other expenses, net[6]	(7,067)	(58,489)	(218,219)	(16,529)	(127,228)	(31,950)	(2,420)
Equity in loss of associated companies	(19,024)	-	-	-	900	900	68
(Loss) income before income tax	1,515,886	736,467	1,114,130	(84,389)	187,180	795,698	60,270
Income tax	(292,322)	(102,228)	646,435	48,964	(216,705)	(404,979)	(30,675)
Consolidated net (loss) income	1,223,564	634,239	(467,695)	(35,425)	(29,525)	390,719	29,595
Balance Sheet Data:							
Current assets:							
Cash and cash equivalents	356,554	1,104,777	1,056,289	80,008	909,699	2,172,805	164,578
Restricted cash[7]	-	-	401,340	30,399	-	99,661	7,549
Trade accounts receivable, less allowance for doubtful accounts[8]	3,436,633	2,276,806	2,457,669	186,155	2,501,612	3,284,765	248,802
Accounts receivable from related parties[9]	19,996	276,386	2,162,688	163,811	383,991	1,606,509	121,684
Inventories	3,172,807	4,770,755	3,598,067	272,533	3,928,534	3,051,886	231,163
Other current assets	401,286	608,150	1,260,511	95,477	487,957	754,671	57,162
Total current assets	7,387,276	9,036,874	10,936,564	828,383	8,211,793	10,970,297	830,938
Investments in shares of associated companies	31,499	49,602	246,102	18,641	7,583	445,883	33,773
Property, plant and equipment, net	10,912,032	9,846,768	12,404,115	939,542	9,732,381	11,678,273	884,564
Non-current derivative financial instruments	2,412	32,203	134,500	10,188	52,364	131,225	9,940
Other non-current assets	198,560	974,939	1,762,591	133,506	134,472	1,564,525	118,504
Total assets	18,531,779	19,940,386	25,483,872	1,930,260	18,138,593	24,790,203	1,877,719
Current liabilities:							
Current portion of long-term debt	186,785	334,128	1,806,818	136,856	317,354	2,091,839	158,445
Bank loans		704,717	1,246,666	94,428	528,718	1,486,271	112,577
Suppliers	3,669,588	3,295,360	3,729,156	282,463	3,351,461	4,317,942	327,060
Accounts payable to related parties	78,750	1,578,457	334,106	25,307	355,953	803,118	60,832
Derivative financial instruments	26,187	1,335	1,788,638	135,479	113,746	640,002	48,477
Other current liabilities	939,410	874,208	944,871	71,569	867,895	141,849	10,744
Total current liabilities	4,900,720	6,788,205	9,850,255	746,001	5,535,127	9,481,021	718,134
Long-term liabilities:							
Long-term debt	4,014,819	5,076,806	5,899,657	446,866	4,743,913	4,662,354	353,147
Long-term derivative financial instruments	5,559	57,550	1,155,643	87,533	149,632	1,255,031	95,062
Deferred income tax and other long-term liabilities	2,561,065	2,127,219	2,179,347	165,073	1,846,331	2,151,280	162,947
Total long-term liabilities	6,851,443	7,261,575	9,234,647	699,473	6,739,876	8,068,665	611,156
Total liabilities	11,482,163	14,049,780	19,084,902	1,445,574	12,275,003	17,549,686	1,329,290
Stockholders' equity[3]	7,049,616	5,890,606	6,398,970	484,731	5,863,590	7,240,517	548,428

	Year Ended December 31,				Six Months Ended June 30,		
	2006[1]	2007[1]	2008	2008	2008	2009	2009
	(Ps.)	(Ps.)	(Ps.)	(US$)[2]	(Ps.)	(Ps.) (Unaudited)	(US$)[2]
	(in thousands, except as otherwise indicated)						
Cash Flow Data:[10]							
Net cash provided by operating activities	1,223,818	1,090,478	1,335,453	101,153	373,338	2,429,421	184,015
Net cash used in investing activities	(2,447,846)	(1,328,393)	(2,067,767)	(156,622)	(369,762)	(671,582)	(50,869)
Net cash provided by (used in) financing activities	(123,325)	1,188,218	1,001,825	75,883	(207,873)	(881,692)	(66,783)
Other Financial Data:							
EBITDA[11]	2,367,377	1,739,339	2,267,341	171,738	1,089,775	2,033,425	154,021
Other Operating Data (tons per year):							
PTA production capacity	1,560,000	1,875,000	2,032,000		1,016,000	1,016,000	
PET production capacity	299,000	423,000	834,000		417,500	417,500	
Polyester staple fiber production capacity	270,000	270,000	270,000		135,000	135,000	

(1) Since the accumulated inflation for 2006, 2007 and 2008 did not exceed 26% in the countries of the functional currency that we have adopted (except for Argentina), the financial statements as of and for the periods ended December 31, 2008, June 30, 2008 and June 30, 2009 do not include the effects of inflation from January 1, 2008 and have been prepared on a modified historical cost basis, except for the effects of inflation on our operations in Argentina. Financial statements as of and for the periods ended December 31, 2006 and 2007 are stated in constant pesos of December 31, 2007 purchasing power.

(2) Translated into U.S. dollars, solely for the convenience of the reader, using an exchange rate of Ps. 13.2023 per U.S. dollar, the Free Exchange Rate on June 30, 2009. These convenience translations should not be construed as representations that the peso amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the specified rate or at all. See "Exchange Rates."

(3) Based on the provisions of MFRS B-15, "Translation of foreign currency," effective January 1, 2008, we have the following currencies:

Type	Currency
Recording	Mexican peso
Functional	U.S. dollar
Reporting	Mexican peso

Prior to January 1, 2008, we were not required to identify a functional currency, and entities were allowed to have a reporting currency different from the functional currency. Beginning January 1, 2008, in accordance with MFRS B-15, we identified the U.S. dollar as our functional currency. As a result of this change, we are required to perform a remeasurement process from Mexican pesos (reporting currency) into U.S. dollars (functional currency) and a translation process back into Mexican pesos (reporting currency). See "Management's Discussion and Analysis of Financial Condition and Results of Operations—New Accounting Policies and Standards—New Accounting Policies" and note 3 to our consolidated annual financial statements.

(4) Reflects the effect of mark-to-market losses in connection with certain of our derivative financial instruments. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures about Market Risk—Derivative Financial Instruments."

(5) Gain on monetary position represents (for those periods prior to December 31, 2007 stated in constant pesos) the effects of inflation, as measured by the NCPI, on our monthly net monetary assets or liabilities during the period expressed in pesos of the most recent year reported. Starting January 1, 2008, and following the provisions of MFRS B-10 "Effects of inflation," the effects of inflation are recognized only if the cumulative inflation in the last three years exceeds 26% in the countries of the functional currency that we have adopted. As a result, only our operations in Argentina reflected a gain in monetary positions during 2008 and 2009.

(6) Other expenses as of December 31, 2007 and 2008 consisted primarily of the following: (i) reorganization expenses relating to the spin-off of Petrocel in August 2007, (ii) expenses in 2008 relating to the restructuring of the collective bargaining agreement with our union workforce at our PTA and PET facilities in Cosoleacaque and (iii) transition expenses relating to the acquisitions of DAK Mexico and DAK Argentina in November 2007.

(7) In connection with our derivative financial instruments, we are required by agreements with counterparties to post collateral for margin calls if we exceed certain thresholds of potential liability. This collateral is reflected as restricted cash. As of June 30, 2009, restricted cash also includes Ps. 31.7 million (US$2.4 million) of cash collateral related to a standby letter of credit.

(8) Allowance for doubtful accounts as of December 31, 2006, 2007 and 2008 and as of June 30, 2008 and 2009 consisted of Ps. 128,720, Ps. 15,688, Ps. 22,819, Ps. 56,506 and Ps. 33,896, respectively.

(9) Reflects receivables mainly from Akra and Petrocel, which we spun off in August 2007. In addition, accounts receivable from related parties includes a loan of Ps. 474.0 million (US$35.9 million) that we provided to Akra to post collateral in favor of one of our derivative counterparties. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Effect of Acquisitions, Dispositions and Capacity Expansion" and "—Quantitative and Qualitative Disclosures about Market Risk."

(10) As a result of MFRS B-2 "Statement of Cash Flows," effective January 1, 2008, we have included the statement of cash flows for the year ended December 31, 2008. For prior years, we have included the statement of changes in financial position. As a result, the cash flow figures for 2008 may not be directly comparable to those presented for the prior years, which are derived from the statement of changes in financial position.

(11) We define "EBITDA" to mean consolidated net income (loss) after adding back or subtracting, as the case may be, (i) depreciation and amortization, (ii) comprehensive financing (expense) income (which includes financial expense, financial income, exchange loss, net, loss from derivative financial instruments, net and gain on monetary position), (iii) comprehensive financing cost capitalized, (iv) other expenses, net (which typically consists of non-recurring items), (v) income tax and (vi) equity in income (loss) of associated companies. Our calculation of EBITDA may not be comparable to other companies' calculation of similarly titled measures. See "Presentation of Financial Information." EBITDA differs from "Consolidated Adjusted EBITDA," which will be used to determine our compliance with certain covenants contained in the indenture governing the notes. See "Description of the Notes—Certain Definitions—Consolidated Adjusted EBITDA." The following table sets forth a reconciliation of EBITDA to net income (loss) under MFRS for each of the periods presented:

	Year Ended December 31,				Six Months Ended June 30,		
	2006	2007	2008	2008	2008	2009	2009
	(Ps.)	(Ps.)	(Ps.)	(US$)	(Ps.)	(Ps.)	(US$)
				(in thousands)			
Consolidated net (loss) income	1,223,564	634,239	(467,695)	(35,425)	(29,525)	390,719	29,595
Depreciation and amortization	660,268	731,058	730,172	55,306	361,832	501,924	38,018
Comprehensive financing expense (income)	211,227	246,377	2,428,264	183,927	408,719	704,753	53,381
Comprehensive financing cost capitalized	(46,095)	(33,052)	4,816	365	4,816	-	-
Other expenses, net	7,067	58,489	218,219	16,529	127,228	31,950	2,420
Provision for income tax	292,322	102,228	(646,435)	(48,964)	216,705	404,979	30,675
Equity in loss of associated companies	19,024	-	-	-	-	(900)	(68)
EBITDA	2,367,377	1,739,399	2,267,341	171,738	1,089,775	2,033,425	154,021

RISK FACTORS

An investment in the notes is subject to risks and uncertainties. You should carefully consider the risks described below, in addition to the other information contained in this offering memorandum, before deciding whether to purchase the notes. Realization of any of these risks could have a material adverse effect on our business, financial condition, cash flows and results of operations or could materially affect the value or liquidity of the notes and result in the loss of all or part of your investment in the notes. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect us, which also could result in the loss of all or part of your investment in the notes.

Risks Relating to the Company

The petrochemical business is cyclical and may be adversely affected by events and conditions beyond our control.

The petrochemical business is cyclical. The earnings generated by our products vary from period to period based, in part, on the balance of supply relative to demand within the industry. The balance of supply relative to demand may be significantly affected by the addition of new capacity. In our industry, capacity is generally added in substantial increments as large-scale facilities are built. New capacity may disrupt industry balances and result in downward pressure on prices or margins due to the increase in supply, which could negatively impact our results of operations. Since 2002, new PET capacity has been steadily growing across the NAFTA region. A number of PET producers have implemented expansions, which have caused overall margin reductions in the 2002-2009 period. Within the past year, however, three PET producers have shut down certain of their less efficient production facilities in the NAFTA region, effectively removing from the market a total of 895,000 tons of capacity. New PET capacity of approximately 430,000 tons is expected to be installed in 2009 and 2010. In addition, PTA capacity is expanding in Asia, which may affect the supply of, and consequently the prices for, PTA in our markets.

Our business may also be affected by other events or conditions that are beyond our control, including changes or developments in domestic or foreign economic markets, changes in industry pricing practices, increases in natural gas or other energy prices or the cost or availability of raw materials, competition from other petrochemical manufacturers, changes in the availability or supply of petrochemical products generally and unanticipated downtime of plants. These external factors may cause fluctuations in the demand for our products and fluctuations in our prices and our margins, which may adversely affect our financial performance.

Our operations are dependent on the availability and cost of our raw materials and energy sources.

Our operations are substantially dependent on the availability and cost of our primary raw materials and energy sources, including pX, MEG, acetic acid, isophthalic acid, natural gas, fuel oil, electricity and coal. Any prolonged interruption, discontinuation or other disruption in the supply of raw materials or energy, or substantial increases in their costs, could have a material adverse effect on our operating results. The availability and prices of raw materials and energy may be negatively affected by a variety of factors, including interruptions in production by suppliers; accidents or other similar events at suppliers' premises or along the supply chain; allocations of raw materials by suppliers to other purchasers; wars, natural disasters (such as hurricanes in the Gulf of Mexico) or other similar events; changes in exchange rates; the bargaining power of suppliers; worldwide price fluctuations; and the availability and cost of transportation. In addition, there is significant concentration within our industry among suppliers. As a result, the loss of any supplier, a disruption in its business or a failure to meet our product needs on a timely basis could lead to interruptions in our production and require us to find a suitable alternative source. In such an event, we may not be able to secure an alternative source of supply at a competitive cost or at all.

The prices of our primary raw materials and energy resources, which are typically purchased pursuant to long-term contracts, have fluctuated in the past and are expected to fluctuate in the future. For example, the price of pX, a key petroleum-derived raw material for our business, and the price of energy are sensitive to fluctuations in the global crude oil supply and changes in oil prices. Our margins have been impacted by raw material and energy price increases in the past and could be similarly impacted in the future if we are unable to hedge effectively against any

such price increases or pass them through to our customers. For example, our fourth quarter results in 2008 were materially affected by shortages of pX in the NAFTA region precipitated by hurricanes on the U.S. Gulf Coast, which forced us to make purchases on the spot market and increased our raw material costs.

The effects of the current recession and recent global economic crisis may adversely affect our business, results of operations or financial condition.

The current recession and recent global economic crisis have caused general contraction in the credit markets, lower levels of liquidity, increases in the rates of default and bankruptcy, and extreme volatility in credit, equity and fixed income markets. These macroeconomic developments could negatively affect our business, results of operations or financial condition. When general economic conditions deteriorate, the end markets for our products may experience declines, and we may suffer reductions in our sales and profitability. In addition, the financial stability of our customers and suppliers may be affected, which could result in decreased, delayed or canceled purchases of our products, an increase of bad debts for us or non-performance by suppliers. We may also find it more costly or difficult to obtain financing to fund operations or investment opportunities, or to refinance our debt in the future. If we are not able to access debt markets at competitive rates or at all, our ability to implement our business plan and strategy or to refinance debt may be negatively affected.

The Mexican economy is currently undergoing a recession that began in 2008 as a result of the impact of the global economic crisis. The Mexican economy is closely connected to the U.S. economy and, therefore, any downside to the U.S. economic outlook may hinder any recovery in Mexico. The crisis also has negatively affected local credit markets resulting in increased cost of capital that may negatively impact companies' ability to meet their financial needs. We cannot be certain that a more pronounced contraction of overall economic activity will not take place. If the global economy continues to deteriorate, our business, results of operations and financial condition will be adversely affected.

Prices and volumes of polyester staple fiber and PET imports could adversely impact our margins.

Producers of polyester staple fiber and PET in the NAFTA region could be adversely affected by low-cost imports of polyester staple fiber, PET and textile products, principally from Asian countries. In addition, the potential for such imports to compete on a cost-effective basis if prices rise above certain levels has the effect of limiting the ability of producers in the NAFTA region to increase prices or margins in periods of increased demand. The price and volume of imports of polyester staple fiber and PET as well as the potential for such imports may negatively impact our margins.

Currently, there is a general tariff rate of 5.0% and 4.3% on imports of polyester staple fiber from non-NAFTA countries entering Mexico and the United States, respectively, with the exception of jurisdictions that have entered into a treaty specifying a different rate. In addition, there is a general tariff rate of 10.0% and 6.5% on imports of PET from non-NAFTA countries entering Mexico and the United States, respectively, with the exception of jurisdictions that have entered into a treaty specifying a different rate. These tariffs provide us with a competitive advantage relative to producers outside the NAFTA region that do not benefit from a separate treaty, as imports into Mexico and the United States from within the NAFTA region benefit from preferential treatment and pay no tariff.

Producers of polyester staple fiber in Mexico and the United States also benefit from anti-dumping duties on certain polyester staple fiber products imported into their respective countries from South Korea and, in the case of U.S. producers, from China and Taiwan, as well. Changes in the existing tariffs or anti-dumping duties could lead to reduced demand for our products or cause us to lower our prices, which would result in lower net sales revenue and could negatively affect our overall financial performance.

Our business is significantly dependent on the use of PET in the production of plastic bottling and other containers, and any substitution of PET by other materials in the future could have a material adverse effect on our business and financial performance.

The substantial majority of our PET production and, indirectly, our production of PTA is used for plastic bottles and other containers in the beverage, food and personal care industries, and the increased demand for PET has largely occurred as a result of the substitution of PET for other materials, such as glass and aluminum. If in the

future another type of plastic or other material, based on its physical properties or for other economic or environmental reasons, becomes a substitute for PET in containers, then demand for PET may decrease, which would have a material adverse affect on our business and financial performance.

A continued decline in the market for polyester staple fiber in the NAFTA region could have a material adverse effect on our business.

The market for polyester staple fiber in the NAFTA region has been in continuous decline in recent years, largely as a result of a shift to Asia of manufacturing capacity for apparel and other end uses for polyester staple fiber. We expect the market for polyester staple fiber in the NAFTA region will continue to decline. We have responded to this trend by increasing our market share of the polyester staple fiber business in the NAFTA region, as other participants have diminished their operations or exited the industry altogether, and by converting idle manufacturing capacity of polyester filament to PET production. We cannot assure you, however, that we will be able to continue to do so in the future. If the market continues to decline and we are unable to maintain current volumes of polyester staple fiber production, unable to convert idle polyester staple fiber production to PET production or otherwise unable to find customers for our PTA production that is currently consumed by our polyester staple fiber business, our results of operations would be negatively affected.

Our industry is highly competitive, and increased competition could adversely affect our profit margins and market share.

The petrochemical industry is highly competitive. Our existing and potential competitors include some of the world's largest petrochemical companies and the chemical divisions of major international oil companies that have their own raw material resources. Some of these companies may be able to produce products more economically than we can. In addition, some of our competitors are larger than us and may have greater financial and technical resources, which may enable them to invest significant capital into their businesses, including expenditures for research and development. If any of our current or future competitors develops proprietary technology that enables them to produce products at significantly lower cost, our technology could be rendered uneconomical or obsolete. In addition, our customers that are significant producers of PET or polyester staple fiber may develop their own sources of PTA supply in lieu of seeking supplies from us. Further, petroleum-rich countries have become more significant participants in the petrochemical industry and may considerably expand this role in the future. Increased competition could compel us to reduce the prices of our products, which could result in reduced profit margins and loss of market share and have a material adverse effect on our business, results of operations and financial condition.

Our customer base is highly concentrated, and the loss of all or a portion of the business of a significant customer would have an adverse effect on us.

Our ten largest customers accounted for 66% of our total net sales in 2008. Our single largest customer, Gruppo Mossi & Ghisolfi ("M&G"), which purchases PTA for its own PET production mainly for the Mexican and Brazilian markets, accounted for more than one-quarter of our total net sales during 2008. Our only other customer that accounted for more than 10% of our total net sales during 2008 was Arteva Specialties, S. de R.L. de C.V, a wholly owned subsidiary of Invista, which purchases PTA from us. Approximately 20% of our total net sales during 2008 consisted of sales of PET to converters (companies that convert PET into plastic bottles and other containers and, in turn, sell them to major consumer goods companies) that purchased pursuant to arrangements negotiated with or on behalf of Coca-Cola and Pepsi-Cola systems. Given that our profitability depends on our maintenance of a high capacity utilization rate, the loss of all or a substantial portion of the sales volume to a significant customer or end user would have an adverse effect on us. If any significant customer has financial difficulties, this could affect our operating results by decreasing our sales and/or resulting in the uncollectibility of accounts receivable. In addition, the consolidation of our customers could reduce our net sales and profitability, particularly if one of our significant customers is acquired by a company that has a relationship with one of our competitors.

We have experienced significant losses in the past in connection with derivative financial instruments and may do so in the future.

We use derivative financial instruments to manage the risk profile associated with interest rates and currency exposure, reduce financing costs, access alternative sources of financing and hedge some of our commodity and financial market risks. In 2008 and the first six months of 2009, we had losses relating to the fair market value of our derivative financial instruments of Ps. 1.7 billion (US$130.0 million) and Ps. 281.1 million (US$21.3 million), respectively, which related primarily to the mark-to-market losses associated with commodities-related derivative financial instruments, particularly natural gas and other commodities-related derivatives that we entered into in 2008 in order to protect against anticipated increases in raw material and energy costs. A substantial decrease in prices of these commodities led to the mark-to-market losses and a significant potential liability in connection with these instruments. The mark-to-market changes in some of our derivative financial instruments are reflected in our income statement and have resulted in volatility in our earnings. Further fluctuations could lead to additional losses.

During the fourth quarter of 2008, we took steps to reduce the notional amount of our natural gas derivatives, thereby reducing our risk to cash margin calls. This initiative included closing out a significant portion of notional amounts of derivative instruments related to natural gas by entering into offsetting positions with certain counterparties. However, many of our derivative transactions have not been closed out and remain in effect, and we may incur additional losses in the future in connection with those transactions. As of June 30, 2009, we recorded a net liability with respect to derivative financial instruments of Ps. 1.7 billion (US$131.7 million).

In 2008 and the first six months of 2009, we made cash payments of Ps. 343.6 million (US$26.0 million) and Ps. 775.6 million (US$58.8 million), respectively, in connection with our derivative contracts.

Most of our derivative financial instruments are subject to margin calls in the event that the threshold set by the parties is exceeded. In several scenarios, the cash required to cover margin calls may be substantial and may reduce the funds available to us for our operations or other capital needs. At June 30, 2009, we had Ps. 542.0 million (US$41.1 million) posted as collateral in response to margin calls. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures about Market Risk—Derivative Financial Instruments."

In addition, we face the risk in the current global economic environment that the creditworthiness of our counterparties may deteriorate substantially. This could prevent our counterparties from honoring their obligations to us, which would expose us to market risks and could have a material adverse affect on us.

We intend to continue using derivative financial instruments in the future. As a result, we may incur additional net losses from, and may be required to make cash payments or post cash as collateral in connection with, our derivative financial instruments in the future.

We face risks related to the "cost plus" pricing formula for the sale of PTA.

The historical industry practice in the NAFTA region has been to price PTA on a "cost plus" basis, using as a reference a pricing formula published by BP, a major producer of PTA in the NAFTA region. This formula takes into account cost variances in the main factors involved in the PTA production process (pX, energy and labor costs and the U.S. Producer Price Index for other fixed costs), which allows us to pass on to the customer certain variations in the costs of key raw materials and energy and to achieve a more predictable margin. We cannot assure you that this industry pricing practice will continue in the future, which could subject us to increased risk that increases in our raw material and energy costs would not be offset by increases in our prices and that, as a result, we would experience decreased or negative margins. In addition, the margins implied by the existing formula may be adjusted downward from time to time. For example, on January 1, 2007, BP made a downward adjustment to the margin implied by its PTA pricing formula, which was adopted by other PTA producers in the NAFTA region, including us, in order to counteract a widening difference between NAFTA and Asian polyester prices. This pricing

disparity was driven largely by cost variances in raw materials due, in part, to the effects of hurricanes Katrina and Rita in the United States. The PTA price differential exposed NAFTA PET producers and the U.S. polyester industry generally (on which NAFTA PTA producers depend) to increased competitive pressure from Asian polyester producers. For example, the PET net trade deficit as a percentage of NAFTA demand increased from approximately 2.1% to 3.5% of sales from 2005 to 2006. However, in 2007, the NAFTA region had a trade surplus of 0.2% of the demand as a result of the reduction in the PTA margin. Similar adjustments may be made in the future.

We face risks related to fixed price arrangements for the sale of PET.

A majority of the volume of our expected 2009 PET production has been committed to customers pursuant to annual sales contracts with fixed price arrangements. To date during 2009, we have already obtained fixed price contracts for a portion of our expected 2010 PET volumes. When we enter into fixed price arrangements we are subject to the risk that our own raw material costs and other expenses will be greater than what we were expecting and that variations in these costs could reduce our margins or cause us to incur losses. We seek to manage this risk by entering into arrangements with our suppliers of raw materials or by entering into financial derivatives. However, these measures carry risk (including non-performance by counterparties) and do not in any event entirely eliminate the risk of decreased margins or incurring losses as a result of the fixed price arrangements.

The conduct of our business may be adversely affected by risks inherent in international operations.

We currently maintain production facilities and operations in Mexico, the United States and Argentina. Our ability to conduct and expand our business and our financial performance are subject to the risks inherent in international operations. Our operations may be adversely affected by trade barriers, currency fluctuations and exchange controls, high levels of inflation and increases in duties, taxes and governmental royalties, as well as changes in local laws and policies of the countries in which we conduct business. The governments of countries in which we operate, or may operate in the future, could take actions that materially adversely affect us. For risks relating to our operations in Mexico, see "—Risks Relating to Mexico."

In addition, we face particular risks relating to our business in Argentina. Although general economic conditions in Argentina have shown improvement and political protests and social disturbances have diminished since the economic crisis of 2001-2002, the rapid and radical changes in the Argentine social, political, economic and legal environment over the past several years and the absence of a clear political consensus in favor of any particular set of economic policies have given rise to uncertainties about the country's economic and political future. Despite recent economic growth, Argentina may return to a deep recession, high inflation and unemployment and greater social unrest. If instability persists, companies in Argentina may also face the risk of further civil and social unrest, labor strikes, expropriation, nationalization, forced renegotiation or modification of existing contracts and changes in taxation policies, including tax increases and retroactive tax claims, all of which could have an adverse effect on our business.

Hurricanes and other natural disasters could disrupt our business and affect our operating results.

Hurricanes and other natural disasters, such as earthquakes, floods or tornadoes, have disrupted our business and the businesses of our suppliers and customers in the past and could do so in the future. In 2005 and again in the third quarter of 2008, major hurricanes caused significant disruption in the operations of our suppliers on the U.S. Gulf Coast, which had an adverse impact on sales volumes and costs for some of our products. If similar weather-related events occur in the future, we may suffer business interruption or shutdown or damage to our production facilities, which could adversely and materially affect our operating results.

Our products and production processes are subject to the risk of fire, explosions and other hazards.

We are dependent on the continued safe operation of our production facilities. Our operations are subject to hazards, such as fires, explosions, spills and other accidents, associated with the manufacture of petrochemicals and the handling, storage and transportation of petrochemical materials and products. These hazards can cause personal

injury and loss of life, severe damage to or destruction of property and equipment and environmental damage. A major accident at one of our facilities could force us to suspend our operations temporarily, cause production delays and result in significant remediation costs and lost net sales revenue as well as liability for workplace injuries and fatalities. We cannot assure you that our insurance will be adequate to cover fully all potential hazards incident to our business. Because we have a small number of production facilities and because those facilities are currently operating near capacity, the occurrence of any of the foregoing events may significantly reduce the productivity and profitability of a particular production facility and harm our overall operating results.

Compliance with environmental and other governmental laws and regulations could result in added expenditures or liabilities.

Our business is subject to extensive Mexican, U.S. and Argentine federal, state and local laws and regulations concerning, among other things, the generation, storage, handling, use, remediation, disposal and transportation of hazardous materials and the emission and discharge of hazardous materials into the ground, air or water. The operation of any manufacturing plant and the distribution of chemical products entail risks under environmental laws, many of which provide for substantial fines and criminal sanctions for violations. We are also subject to extensive governmental regulation from Mexican, U.S. and Argentine governmental entities concerning our competitive and marketplace conduct, which could affect our ability to make acquisitions within our industry, as well as the health, safety and working conditions of our employees. We currently believe all of our plants operate in accordance with all applicable laws and regulations. However, subsequent changes in or additions to existing laws or regulations, or stricter enforcement or application of such laws or regulations, could force us to make significant additional expenditures, which could affect our profitability or financial condition in the future. Moreover, from time to time, new legislative initiatives may be introduced that may affect our operations and the conduct of our business, and we cannot provide assurances that the cost of complying with these initiatives or that the effects of these initiatives will not have a material adverse effect on our financial performance in the future.

In addition, we may be exposed to liabilities relating to our facilities that arise from non-compliance with environmental laws by prior owners, for which we, as successor owner, may be responsible. For example, DuPont, the previous owner of our U.S. sites, in coordination with state and federal authorities, is currently conducting groundwater investigations at these sites. While DuPont has agreed to indemnify us for contamination and remediation costs associated with any pre-existing groundwater conditions, such indemnification may not be sufficient or available to cover our liabilities. The inability or refusal of DuPont or any other indemnitor to satisfy its environmental compliance and indemnification obligations could require us to incur costs or become the basis of new or increased liabilities that could have a material adverse effect on our business, financial condition and results of operations.

An increasing focus on environmental and social issues may lead to a decrease in demand for our products.

The "green" movement and its focus on environmental and social issues may lead to a decrease in demand for our products. For example, there is growing social and industry pressure to increase the recycled content of PET used in packaging, in substitution of new PET production, as well as to decrease the weight and amount of plastic used in plastic containers, which has decreased and may further decrease the amount of new PET (and, as a result, PTA) production required. In addition, one of the principal end uses of PET is for the packaging of bottled water. If as a result of the green movement, there is an appreciable decrease in the consumption of bottled water in the markets we serve, then demand for our products may also decrease.

We face risks related to fluctuations in interest rates.

We are exposed to fluctuations in interest rates. As of June 30, 2009, after giving effect to this offering and the use of net proceeds therefrom and taking into account related derivative financial instruments, approximately US$430.0, or 68.3%, of our borrowings bear interest at a variable rate. Accordingly, changes in interest rates would affect the cost of these interest-bearing borrowings. If interest rates increase, our debt service obligations on such variable rate indebtedness would increase even though the amount borrowed would remain the same, and our net income and cash available for servicing our indebtedness, including the notes, would decrease. As a result, our

financial condition, results of operations and liquidity could be materially adversely affected. Furthermore, our attempts to mitigate interest rate risk by financing long-term liabilities with fixed interest rates and our use of derivative financial instruments, such as floating-to-fixed interest rate swaps in connection with certain of our indebtedness, to manage our risk could result in our failure to realize savings if interest rates fall.

A downgrade in our credit ratings could adversely affect our ability to access credit markets.

Credit ratings on our debt securities are below the investment grade level. On March 31, 2009, our long-term credit rating was downgraded by Standard & Poor's Rating Service from BB+ to BB, with a negative outlook. On June 3, 2009, our local currency and foreign currency issuer default ratings were downgraded by Fitch, Inc. from BBB- to BB+, with a negative outlook. If our credit ratings are further downgraded, it could have a negative impact on our ability to access credit markets and could increase borrowing costs. Changes in ratings could also affect the price of the notes.

A significant portion of our indebtedness is short-term, and the failure to refinance this debt, if needed, would have an adverse effect on our financial condition.

We depend on short-term debt to finance our operations and maintain our liquidity. As of June 30, 2009, Ps. 3.6 billion (US$271.0 million) of our indebtedness was short-term debt, of which Ps. 1.5 billion (US$112.5 million) were short-term loans and Ps. 2.1 billion (US$158.4 million) were current maturities of long-term loans. Ps. 2.1 billion (US$158.0 million) of our debt matures in 2009, which is expected to be repaid with the net proceeds of this offering, subject to any obligation to repay the loans of DAK Argentina. In addition, as of June 30, 2009, Ps. 4.7 billion (US$353.1 million) of our long-term indebtedness matures prior to 2014. Our lenders are not obligated to refinance this debt at maturity. Our ability to refinance our debt depends on conditions in the credit markets as well as our own performance. The failure of lenders to refinance this debt or our inability to access new debt would have an adverse effect on our financial condition.

Our liquidity and financial results may suffer if we are required to replace our factoring agreement and fail to do so in a timely manner or at all.

DAK Americas is party to a factoring agreement with The CIT/Commercial Services, Inc., pursuant to which DAK Americas sells and assigns its accounts receivable arising from sales to customers located in the United States, Canada and certain export markets. We currently rely on this agreement to finance working capital and obtain liquidity. See "Description of Other Indebtedness—Factoring Agreement." The parent company of CIT/Commercial Services is currently undergoing a restructuring of its liabilities and has publicly indicated that if it is unsuccessful it may be required to seek bankruptcy protection. If, in such event or otherwise, CIT/Commercial Services is no longer capable of performing under the agreement, we would be required to find alternative means of financing working capital and obtaining liquidity. While we believe alternative arrangements are available and have taken steps for alternative arrangements, there is no guarantee that we would be able to replace this facility in a timely manner or at all or that we could do so on the same economic terms, failure of which could have a material adverse effect on our liquidity and results of operations.

Our frozen U.S. pension plan is currently underfunded, and we may have to make significant cash payments to this plan, which would reduce the cash available for our business.

We have unfunded obligations under our frozen pension plan that covers current and former employees at DAK Americas. The funded status of our pension plan is dependent upon many factors, including returns on invested assets, the level of certain market interest rates and the discount rate used to determine pension obligations. Unfavorable returns on the plan assets or unfavorable changes in applicable laws or regulations could materially change the timing and amount of required plan funding, which would reduce the cash available for our business. Specifically, given the underfunded status of the pension plan, we may be required to contribute certain amounts in order to satisfy the minimum funding standards under the U.S. Internal Revenue Code of 1986. In addition, a decrease in the discount rate used to determine pension obligations could result in an increase in the valuation of pension obligations, which could affect the reported funding status of our pension plan and future contributions, as well as the periodic pension cost in subsequent fiscal years.

Under the U.S. Employee Retirement Income Security Act of 1974, as amended, the Pension Benefit Guaranty Corporation ("PBGC") has the authority to terminate an underfunded tax-qualified pension plan under limited circumstances. In the event our tax-qualified pension plan is terminated by the PBGC, we could be liable to the PBGC for some portion of the underfunded amount and, under certain circumstances, the liability could be senior to the notes.

We are controlled by ALFA, whose interest may not be aligned with ours or yours.

We are a wholly owned subsidiary of ALFA. As such, ALFA has the power to control our affairs and policies. ALFA also controls the election of our board of directors, the appointment of management, the entering into of mergers, sales of substantially all of our assets and other extraordinary transactions. A majority of our directors are currently employees of ALFA. The interests of ALFA could conflict with your interests as a holder of our debt in material respects. So long as ALFA owns a majority of our capital stock, it will continue to be able to strongly influence or effectively control our decisions.

In addition, we have significant transactions with ALFA and its affiliates, including the purchase of raw materials and sales of our products, as well as certain administrative and corporate services we obtain from ALFA. Many of these transactions occur in the ordinary course of business. Transactions with affiliates may create the potential for conflicts of interest. See "Principal Shareholder and Related Party Transactions."

Any loss of key personnel may adversely affect our business.

Our success depends, in large measure, on the skills, experience and efforts of our senior management team and other key personnel. While we believe that we have depth throughout our management team and in all key skill levels of our employees, the loss of the services of one or more members of our senior management or of numerous employees with critical skills could have a negative effect on our business, financial condition and results of operations. If we are not able to attract or retain highly skilled, talented and committed senior managers or other key employees, it may adversely affect our ability to fully implement our business objectives.

We are a holding company and depend on the operating results of our subsidiaries.

We are a holding company with no independent operations or substantial assets other than the capital stock of our operating companies. Accordingly, we depend on the results of the operations of our subsidiary companies. Our ability to service our debt and other obligations, including the notes, depends on the generation of cash flow by our subsidiaries and their ability to make such cash available to us in the form of interest payments, debt repayment, dividends or otherwise. Each of our subsidiaries is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. While the indenture governing the notes limits the ability of our subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments to us, these limitations are subject to certain qualifications and exceptions. Furthermore, under Mexican law, our Mexican subsidiaries may only pay dividends out of retained earnings and after all losses from prior fiscal years have been satisfied. In the event that we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness, including the notes, or honor our other obligations. Any adverse change in the financial condition or results of operations of our subsidiaries could affect our financial condition.

We may make significant acquisitions which, if not successfully integrated with our company, may adversely affect our operating results.

We have made in the past, and may make in the future, significant acquisitions to continue our growth. Acquisitions involve risks, including the following:

- failure of acquired businesses to achieve expected results;
- possible inability to retain or hire key personnel of acquired businesses;

- possible inability to achieve expected synergies and/or economies of scale;
- unanticipated liabilities; and
- restrictions or conditions imposed by antitrust authorities.

If we are unable to integrate or manage acquired businesses successfully, we may not realize anticipated cost savings, revenue growth and levels of integration, which may result in reduced profitability or operating losses.

We may be subject to interruptions or failures in our information technology systems.

We rely on sophisticated information technology systems and infrastructure to support our business, including process control technology. Any of these systems may be susceptible to outages due to fire, floods, power loss, telecommunications failures and similar events. The failure of any of our information technology systems may cause disruptions in our operations, adversely affecting our sales and profitability. We have business continuity plans in place to reduce the negative impact of information technology system failures on our operations, but we cannot assure you that these plans will be completely effective.

Terrorist activities and geopolitical events and their consequences could adversely affect our business operations.

Terrorist attacks or the continued threat of terrorism or organized crime within Mexico, the United States, Argentina and elsewhere and the potential for military action and heightened security measures in response to such threat may cause significant disruption to commerce throughout the world, including restrictions on cross-border transport and trade. In addition, related political events may cause a lengthy period of uncertainty that may adversely affect our business. Political and economic instability in other regions of the world, including the United States, Argentina and Canada, could negatively impact our operations. The consequences of terrorism and the responses are unpredictable and could have an adverse effect on our business operations.

Risks Relating to Mexico

Economic, political and social developments in Mexico may adversely affect our business.

We are a Mexican corporation and a substantial portion of our assets are located in Mexico, including many of our production facilities. The Mexican government has exercised, and continues to exercise, influence over the Mexican petrochemical industry and the Mexican economy in general. Accordingly, Mexican governmental actions concerning the economy and state-owned enterprises could have an impact on Mexican private sector entities, including our company, and on market conditions, prices and returns on Mexican securities, including our securities. We cannot predict the impact that political conditions will have on the Mexican economy. Furthermore, our business, financial condition and results of operations may be affected by currency fluctuations, price instability, inflation, interest rates, regulation, taxation, social instability and other political, social and economic developments in or affecting Mexico, over which we have no control. In 2008, the Mexican peso declined by 26% against the U.S. dollar, which has had, and could continue to have, a negative effect on the Mexican economy.

The Mexican government's continued fiscal and monetary policy has not provided the flexibility necessary to support Mexico's continued economic improvement. As a result, new investment and growth in aggregate purchasing power have been marginal. Several factors could affect the growth of Mexico's economy and its industrial sector. These factors include the extent of economic growth in the United States and the participation of Mexico's industrial sector in such growth; the Mexican government's approval and implementation of fiscal and other structural reforms such as the evolution of energy prices, particularly natural gas and the current political environment.

Mexican politicians are currently focused on certain regional political and social tensions, and reforms regarding fiscal and labor policies, oil, gas, electricity and social security have not been and may not be approved. In

addition, Mexico has experienced periods of violence in the past due to the activities of guerilla groups and drug cartels. In response, the Mexican government has implemented various security measures and has strengthened its military and police forces. Despite these efforts, drug-related crime and guerilla activity continue to exist in Mexico. These activities, their possible escalation and the violence associated with them may have a negative impact on the Mexican economy or on our operations in the future. The social and political situation in Mexico could adversely affect the Mexican economy, which in turn could have a material adverse effect on our business, financial condition and results of operation.

Mexico may experience high levels of inflation in the future, which could adversely affect our financial condition and results of operations.

Mexico has a history of high levels of inflation and may experience high inflation in the future. Historically, inflation in Mexico has led to higher interest rates, depreciation of the peso and the imposition of substantial government controls over exchange rates and prices, which at times adversely affected our operating revenues and margins. The annual rate of inflation for the last three years, as measured by changes in the NCPI, as provided by *Banco de México*, was 4.1% in 2006, 3.8% in 2007, and 6.5% in 2008. Although inflation is less of an issue today than in the past, we cannot assure you that Mexico will not experience high inflation in the future. A substantial increase in the Mexican inflation rate could adversely affect consumer purchasing power, thereby negatively impacting demand for our products, and would have the effect of increasing some of our costs, which could adversely affect our financial condition and results of operations.

Changes in the relative value of the Mexican peso to the U.S. dollar may have an adverse effect on us.

The peso-dollar exchange rate is an important factor for us because of its effect on our results of operations and financial condition.

In general, as described below, a depreciation of the peso will likely result in an increase in our operating margins and an appreciation of the peso will likely result in a decrease in our operating margins, in each case, when measured in pesos. This is because the aggregate amount of our consolidated net sales denominated in or linked to U.S. dollars exceeds the aggregate amount of our cost of sales and other operating expenses denominated in or linked to U.S. dollars.

Substantially all of our net sales are either denominated in or linked to the value of the U.S. dollar. As a result, when the peso depreciates against the U.S. dollar, the same level of U.S. dollar sales as in a prior period will result in higher revenues as stated in pesos in the more recent period. Conversely, when the peso appreciates against the U.S. dollar, the same level of U.S. dollar sales as in a prior period will result in lower revenues as stated in pesos in the more recent period. Moreover, because a portion of our cost of goods sold, including labor costs, and other operating expenses are invoiced in pesos and are not directly affected by the relative value of the peso to the U.S. dollar, the real appreciation or depreciation of the peso relative to the U.S. dollar can have an effect on our operating margins. For this reason, in the past, when the Mexican peso has appreciated compared to the dollar, our profit margins have decreased. By contrast, when the Mexican peso has lost value, our profit margins have increased.

Currently, the peso-dollar exchange rate is determined on the basis of the free market float and published by *Banco de México*. There is no guarantee that *Banco de México* will maintain the current exchange rate regime. Any change in the regime or in the exchange rate itself, as a result of market conditions over which we have no control, could have a considerable impact, either positive or negative, on our results of operations and financial condition.

In the course of our business, we may enter into financial derivatives to hedge our exposure to foreign currency exchange rate variations. However, we cannot assure you that these instruments will be available to us at favorable terms, if at all, to fully hedge our exposure.

If foreign currency exchange controls and restrictions are imposed, we may not be able to service our debt in U.S. dollars, which exposes investors to foreign currency exchange risk and could have a material adverse effect on our business and financial condition.

In the past, the Mexican economy has experienced balance of payments deficits, shortages in foreign currency reserves and other problems that have affected the availability of foreign currencies in Mexico. The Mexican government does not currently restrict or regulate the ability of persons or entities to convert pesos into U.S. dollars. However, it has done so in the past and could do so again in the future. We cannot assure you that the Mexican government will not institute a restrictive foreign currency exchange control policy in the future. Any such restrictive foreign currency exchange control policy could prevent or restrict access to U.S. dollars and limit our ability to service our U.S. dollar-denominated debt. This could have a material adverse effect on our business and financial condition.

We, like other Mexican companies, follow accounting standards that differ from those used by companies in other countries.

Currently, Mexican companies, like us, must prepare their financial statements in accordance with MFRS. MFRS differ in certain significant respects from U.S. GAAP and generally accepted accounting principles in other countries, including, but not limited to, the treatment of capitalized interest, pre-operating expenses, deferred income taxes, workers' profit sharing, fixed asset valuations, minority interest and consolidation of subsidiaries. In addition, MFRS require in certain circumstances recording the effects of inflation in accounting records and in published financial statements. Therefore, the presentation of financial statements and reported earnings prepared in accordance with MFRS may differ materially from the presentation of financial statements and reported earnings prepared in accordance with U.S. GAAP. See Appendix A for a description of the principal differences between MFRS and U.S. GAAP as they relate to us. We have not prepared a quantitative reconciliation to U.S. GAAP of our financial information. Any such reconciliation to U.S. GAAP of our financial information could reveal material differences from the financial statements contained in this offering memorandum, which may be positive or negative for our results of operations or financial condition. ALFA will be required by 2012 to prepare its financial statements in accordance with IFRS. As a result, we may elect in the future to adopt IFRS. In connection with such adoption, we may adopt IFRS for purposes of the covenants in the indenture governing the notes, as described in the definition of "MFRS" contained in "Description of the Notes—Certain Definitions."

Risks Relating to the Notes

Our level of indebtedness may affect our flexibility in operating and developing our business and our ability to satisfy our obligations.

As of June 30, 2009, after giving effect to this offering and the use of net proceeds therefrom, we would have had total debt of Ps. 8,317.0 (US$630.0), and Ps. 792.1 (US$60.0) would have been available for additional borrowing under our committed credit facilities. Our level of indebtedness may have important consequences to you, including:

- making it more difficult for us to generate sufficient cash flow to satisfy our obligations with respect to the notes, particularly in the event of a default under one of our other debt instruments;
- limiting cash flow available to fund our working capital, capital expenditures or other general corporate requirements;
- increasing our vulnerability to general adverse economic and industry conditions, including increases in interest rates, foreign currency exchange rate fluctuations and market volatility;
- limiting our ability to obtain additional financing to restructure or refinance debt or to fund future working capital, capital expenditures, other general corporate requirements and acquisitions on favorable terms or at all;

- limiting our ability to access cash from our subsidiaries and, thus, repay our debt or satisfy other holding company obligations;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry; and
- placing us at a competitive disadvantage compared to our competitors with lower levels of indebtedness.

Moreover, we may incur additional debt in the future. Subject to specified limitations, the indenture governing the notes will permit, and the instruments governing our existing indebtedness permit, us and our existing or future subsidiaries to incur additional debt. The incurrence of additional debt could exacerbate the risks described above. See "Description of Other Indebtedness" and "Description of the Notes—Covenants—Limitation on Incurrence of Additional Indebtedness."

The notes will be structurally subordinated to the obligations of our subsidiaries that are not guarantors of the notes and effectively subordinated to all our existing and future secured obligations and all existing and future secured indebtedness of the subsidiary guarantors.

As a result of our holding company structure, the notes will be effectively subordinated to all existing debt, trade payables and other liabilities, whether secured or unsecured, of our subsidiaries that are not guarantors of the notes. Some, but not all, of our subsidiaries will guarantee the notes. Holders of the notes will not have any claim against our subsidiaries that are not guarantors of the notes. Therefore, our non-guarantor subsidiaries will pay their debt and other obligations (including trade payables and tax obligations) as required, before they make any funds available to us for making payments under the notes. Moreover, the right of holders of the notes to receive assets of any non-guarantor subsidiaries upon liquidation or reorganization or to participate in the distribution of, or realize the proceeds of, those assets will be structurally subordinated to the claims of such subsidiary's creditors (including tax authorities and trade creditors). As of and for the year ended December 31, 2008, our non-guarantor subsidiaries represented 3.6% of our consolidated total assets and 9.3% of our consolidated operating income. As of and for the six months ended June 30, 2009, our non-guarantor subsidiaries represented 5.3% of our consolidated total assets and 1.0% of our consolidated operating income. As of June 30, 2009, our non-guarantor subsidiaries had Ps. 657.0 million (US$49.8 million) of debt and other obligations outstanding.

The notes will be effectively subordinated to all our existing and future secured indebtedness and all existing and future secured indebtedness of the subsidiary guarantors, to the extent of the assets that secure such indebtedness. The indenture governing the notes will limit our ability and that of our restricted subsidiaries to grant liens or otherwise secure our future obligations; however, these limitations will be subject to significant qualifications and exceptions. See "Description of the Notes—Certain Covenants—Limitation on Liens."

The indenture governing the notes, and the instruments governing our existing indebtedness, impose significant operating and financial restrictions, which may prevent us from capitalizing on business opportunities.

The indenture governing the notes, and the instruments governing our existing indebtedness, contain covenants that limit future actions to be taken, or transactions to be entered into, by us and our restricted subsidiaries, as defined in the indenture. These covenants limit our and our restricted subsidiaries' ability to, among other things:

- incur additional indebtedness;
- pay dividends on our capital stock or redeem, repurchase or retire our capital stock or subordinated indebtedness;
- make investments;
- create liens;
- create consensual limitations on the ability of our restricted subsidiaries to pay dividends, make loans or transfer property to us;

- engage in transactions with affiliates;
- sell assets, including capital stock of our subsidiaries; and
- consolidate, merge or transfer assets.

In addition, under some of our existing indebtedness we are required to satisfy and maintain specified financial ratios and tests at all times. Events beyond our control may affect our ability to comply with those provisions and we may not be able to meet those ratios and tests. The breach of any of these covenants would result in a default, which could, in turn, lead to all the outstanding amounts under those debt documents becoming immediately due and payable.

The covenants in the indenture, and the instruments governing our existing indebtedness, could limit our ability to seize attractive growth opportunities for our business that are currently unforeseeable, particularly if we are unable to incur financing or make investments to take advantage of these opportunities.

We may not have the ability to raise the funds necessary to finance the change of control offer required by the indenture governing the notes.

Under the indenture governing the notes, if a Change of Control (as defined in the indenture) occurs, we must offer to purchase the notes for a price equal to 101% of the principal amount of the notes, plus any accrued and unpaid interest to the date of purchase. In the event of a Change of Control, we may need to refinance large amounts of our debt, including the notes and indebtedness under certain of our credit facilities or other debt instruments. We may not have sufficient funds available to us to make any required repurchases of the notes upon a Change of Control. If we fail to repurchase the notes in those circumstances, we will be in default under the indenture, which default may, in turn, trigger cross-default provisions in our other debt instruments.

Any future debt that we incur may also contain restrictions on repurchasing the notes upon a Change of Control.

The change of control offer provisions of the indenture governing the notes would not be triggered by a change of control of our parent company ALFA and, as a result, may fail to provide any protection to holders of the notes in such circumstances.

The change of control offer provisions of the indenture require us to offer to repurchase the notes in the event that ALFA ceases to own more than 50% of our voting stock and in certain other circumstances affecting control of our company. However, these provisions do not address a change of control of ALFA itself, which would indirectly affect control of our company. For a description of ALFA's principal shareholders, see "Principal Shareholder and Related Party Transactions." In the event of, for example, the sale by ALFA's shareholders of a substantial portion of the share capital of ALFA or a significant merger or other transaction affecting the ownership of ALFA, the change of control offer provisions of the indenture would likely not be triggered. Accordingly, the change of control offer provisions of the indenture may fail to protect holders of the notes in the case of certain transactions that indirectly affect control of our company.

The instruments governing our debt, including the notes, contain cross-default provisions that may cause all of the debt issued under such instruments to become immediately due and payable as a result of a default under an unrelated debt instrument.

The indenture governing the notes contains certain covenants, and instruments governing our other debt also contain covenants and, in some cases, require us and our subsidiaries to meet certain financial ratios and tests. Any failure to comply with these covenants could result in an event of default under the applicable instrument, which could result in the related debt and the debt issued under other instruments becoming immediately due and payable. In such event, we would need to raise funds from alternative sources, which may not be available to us on favorable

terms, on a timely basis or at all. Alternatively, any such default could require us to sell our assets or otherwise curtail operations in order to satisfy our obligations to our creditors.

There are restrictions on your ability to transfer the notes.

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

There is no established trading market for the notes and holders of the notes may not be able to sell the notes at the price that the holders paid or at all.

The notes issued in this offering are a new issue of securities for which there is currently no active trading market. Application has been made to list the notes on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF Market. We cannot assure you that holders of the notes will be able to sell their notes at a particular time or that the prices that such holders receive when they sell the notes will be equal to or more than the prices they paid for the notes. The initial purchasers are not under any obligation to make a market for the notes. If an active market does not develop or is not maintained, the market price and liquidity of the notes may be adversely affected. Future trading prices of the notes will depend on many factors, including:

- our operating performance and financial condition;
- ratings of our debt published by credit ratings agencies;
- the level, direction and volatility of market interest rates generally;
- the time remaining to maturity of the notes;
- the liquidity of the notes generally;
- the market for similar securities; and
- general economic, political and social conditions.

The guarantees may not be enforceable.

The notes will be fully and unconditionally guaranteed, jointly and severally, by certain of our subsidiaries. The guarantees provide a basis for a direct claim against the subsidiary guarantors; however, it is possible that the guarantees may not be enforceable under Mexican law. While Mexican law does not prohibit the giving of guarantees and as a result does not prevent the guarantees of the notes from being valid, binding and enforceable against the subsidiary guarantors, in the event that a subsidiary guarantor becomes subject to a judicial reorganization proceeding (*concurso mercantil*) or to bankruptcy (*quiebra*), its guarantee may be deemed to have been a fraudulent transfer and declared void based upon the subsidiary guarantor being deemed not to have received fair consideration in exchange for such guarantee.

If we or any of the subsidiary guarantors were to be declared bankrupt, holders of the notes may find it difficult to collect payment on the notes.

Under the *Ley de Concursos Mercantiles* (Mexican Bankruptcy Law), if we or the subsidiary guarantors are declared bankrupt or become subject to *concurso mercantil,* or judicial reorganization, our obligations and the

obligations of the subsidiary guarantors in respect of the notes, (i) would be converted into pesos and then from pesos into UDIs (instruments denominated in pesos that automatically adjust the principal amount of an obligation to the inflation rate officially recognized by *Banco de México*) and would not be adjusted to take into account any devaluation of the peso relative to the U.S. dollar occurring after such conversion, (ii) would be satisfied at the time claims of all our creditors are satisfied, (iii) would be subject to the outcome of, and priorities recognized in, the relevant proceedings, (iv) would cease to accrue interest from the date a *concurso mercantil is* declared and (v) would be subject to certain statutory preferences, including tax, social security and labor claims and claims of secured creditors.

Provisions of Mexican law may make it difficult for holders of the notes to convert payments they receive in pesos into U.S. dollars or to recognize the full value of payments to them.

We are required to make payments in respect of the notes in U.S. dollars. However, under the Mexican Monetary Law *(Ley Monetaria de los Estados Unidos Mexicanos)*, obligations to make payments in Mexico in foreign currency, whether by agreement or upon enforcement of a judgment, may be discharged in pesos at the exchange rate for pesos prevailing at the time and place of payment or judgment. Accordingly, we will be legally entitled to make payment of amounts due on the notes in pesos if payment of the notes is sought in Mexico through the enforcement of a non-Mexican judgment or otherwise. If we elect to make payments due on the notes in pesos in accordance with the Mexican Monetary Law, we can make no assurance that the amounts paid may be converted by the payee into U.S. dollars or that, if converted, such amounts would be sufficient to purchase U.S. dollars equal to the amount of principal, interest or additional amounts due on the notes.

You may not be able to effect service of process on us or to enforce judgments against us in Mexican courts.

We and certain of our subsidiary guarantors are companies organized under the laws of Mexico. Almost all of our directors and executive officers, and the directors and executive officers of many of our subsidiary guarantors, are Mexican residents. A majority of our assets and the assets of certain of our subsidiary guarantors are located in Mexico, and a majority of our net sales and the net sales of certain of our subsidiary guarantors are derived from sources in Mexico. As a result, it may not be possible for investors to effect service of process outside Mexico on us or our directors or executive officers or on those subsidiary guarantors, or to enforce against such parties judgments of courts located outside Mexico predicated on civil liabilities under the laws of jurisdictions other than Mexico, including judgments predicated on the civil liability provisions of the U.S. federal securities laws or other laws of the United States. See "Enforcement of Civil Liabilities."

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

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

The book-entry registration system of the notes may limit the exercise of rights by the beneficial owners of the notes.

Because transfers of interests in the global notes representing the notes may be effected only through book entries at DTC and its direct and indirect participants (including Clearstream and Euroclear), the liquidity of any secondary market in the notes may be affected to the extent that some investors are unwilling to hold notes in book-entry form in the name of a DTC direct or indirect participant. The ability to pledge interests in the global notes may be limited due to the lack of a physical certificate. In addition, beneficial owners of interests in global notes may, in certain cases, experience delays in the receipt of payments of principal and interest since the payments will generally be forwarded by the paying agent to DTC, which will then forward payment to its direct and indirect participants, which (if they are not themselves the beneficial owners) will then forward payments to the beneficial owners of the global notes. In the event of the insolvency of DTC or any of its direct and indirect participants in whose name interests in the global notes are recorded, the ability of beneficial owners to obtain timely or ultimate payment of principal and interest on global notes may be negatively affected.

A holder of beneficial interests in the global notes will not have a direct right under the notes to act upon any solicitations that we may request. Instead, such holders will be permitted to act only to the extent they receive

appropriate proxies to do so from DTC or, if applicable, DTC's direct or indirect participants. We cannot assure holders of beneficial interests in the notes that the procedures of DTC or DTC's nominees or direct or indirect participants will be adequate to allow them to exercise their rights under the notes in a timely manner. However, if an event of default with respect to the notes has occurred and is continuing, a holder may request that certificates representing the notes be registered in such holder's name.

Developments in other countries may adversely affect the market value of the notes.

The market price of the notes may be adversely affected by declines in the international financial markets and world economic conditions. Mexican securities markets are influenced, to varying degrees, by economic and market conditions in other countries, especially those in Latin America and other emerging markets. Although economic conditions are different in each country, investors' reaction to developments in one country may affect the securities markets and the securities of issuers in other countries, including Mexico. We cannot assure you that the market for Mexican securities will not continue to be affected negatively by events elsewhere, particularly in emerging markets, or that such developments will not have a negative effect on the market value of the notes.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the issuance of the notes of approximately US$194.2 million after deducting the initial purchasers' discounts and commissions and the payment of estimated offering expenses. We intend to use the proceeds from this offering to repay outstanding debt of approximately US$194.2 million consisting of:

- certain short-term debt obligations, including credit facilities and committed credit lines, maturing in 2009 and 2010;
- certain long-term debt, including current maturities due 2009; and
- certain long-term debt maturing in 2010.

The debt to be repaid as described above currently bears interest at a weighted average rate of approximately 6.0% per year.

Any remaining proceeds will be used for general corporate purposes.

Pending a bank waiver relating to a US$40 million revolving credit facility of DAK Argentina, as described in "Description of the Notes—Subsidiary Guarantees," we will hold in reserve US$43 million of the net proceeds of this offering for potential repayment of this facility. If, within 90 days following the closing of this offering, the requisite bank waiver has not been received, we will apply these proceeds to repay in full the amounts outstanding under the DAK Argentina revolving credit facility in lieu of certain of the uses of proceeds described above.

EXCHANGE RATES

On December 21, 1994, *Banco de México* implemented a floating foreign exchange rate regime under which the peso is allowed to float freely against the U.S. dollar and other foreign currencies. *Banco de México* typically intervenes directly in the foreign exchange market only to reduce what it deems to be excessive short-term volatility. Since mid-2003, *Banco de México* has been conducting auctions of U.S. dollars in an attempt to reduce the levels of its foreign reserves. *Banco de México* conducts open market operations on a regular basis to determine the size of Mexico's monetary base. Changes in Mexico's monetary base have an impact on the exchange rate. *Banco de México* may increase or decrease the reserve of funds that financial institutions are required to maintain. If the reserve requirement is increased, financial institutions will be required to allocate more funds to their reserves, which will reduce the amount of funds available for operations. This causes the amount of available funds in the market to decrease and the cost, or interest rate, to obtain funds to increase. The opposite happens if reserve requirements are lowered. This mechanism, known as "*corto*" or "*largo*," as the case may be, or more formally "the daily settlement balance target," represents a device used by *Banco de México* to adjust the monetary base and the level of interest rates.

We cannot assure you that *Banco de México* will maintain its current policies with respect to the peso or that the peso will not depreciate significantly in the future. Additionally, in the event of shortages of foreign currency, we cannot assure you that foreign currency would continue to be available to private-sector companies or that foreign currency needed by us to service foreign currency obligations, if any, would continue to be available without substantial additional cost.

The following table sets forth, for the periods indicated, the high, low, average and period-end exchange rates, all expressed in nominal pesos per U.S. dollar. This offering memorandum contains translations of certain peso amounts into U.S. dollars at specified rates solely for the convenience of the reader. These convenience translations should not be construed as representations that the peso amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the specified rate or at all.

On August 31, 2009, the Free Exchange Rate was Ps. 13.25 = US$1.00.

	Exchange Rates			
	High	**Low**	**Average[(1)]**	**Period-End**
Year Ended December 31,	**(Ps.)**	**(Ps.)**	**(Ps.)**	**(Ps.)**
2004	11.63	10.82	11.29	11.26
2005	11.40	10.41	10.90	10.71
2006	11.48	10.43	10.90	10.88
2007	11.27	10.66	10.93	10.87
2008	13.92	9.92	11.14	13.54
2009				
January	14.22	13.35	13.86	14.20
February	14.93	14.14	14.50	14.93
March	15.37	14.05	14.72	14.33
April	14.39	13.05	13.48	13.87
May	13.84	12.87	13.25	13.23
June	13.65	13.16	13.34	13.20
July	13.81	13.10	13.37	13.26
August	13.25	12.82	13.01	13.25

(1) The average rate means the daily average of the exchange rates on each day during the relevant period.

Source: *Banco de México* Free Exchange Rate.

CAPITALIZATION

The following table summarizes our cash and cash equivalents and capitalization as of June 30, 2009;

- on a historical basis; and
- as adjusted to give effect to this offering and the use of net proceeds therefrom.

Our cash and cash equivalents and capitalization set forth below were calculated in accordance with MFRS. The table should be read in conjunction with "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and notes thereto included in this offering memorandum.

	As of June 30, 2009		
	Historical	As Adjusted	
	(Ps.)	(Ps.)	(US$)[2]
		(in thousands)	
Cash and cash equivalents	2,172,805	2,172,805	164,578
Debt:			
Short-term debt:			
Short-term debt [1]	1,486,271	529,104	40,077
Current portion of long-term debt [1]	2,091,839	485,092	36,743
Total short-term debt	3,578,110	1,014,197	76,820
Long-term debt:			
Long-term bank debt	176,010	176,010	13,332
Syndicated loans	3,194,405	3,194,405	241,958
8.31% Senior Notes due 2012	424,360	424,360	32,143
6.85% Guaranteed Senior Notes due 2014	867,580	867,580	65,714
9.500% Senior Notes due 2014, offered hereby	—	2,640,460	200,000
Total long-term debt	4,662,354	7,302,813	553,147
Total debt	8,240,464	8,317,010	629,967
Stockholders' equity:			
Contributed capital	2,317,824	2,317,824	175,562
Earned surplus	4,573,215	4,573,215	346,395
Total majority interest	6,891,039	6,891,039	521,957
Minority interest	349,478	349,478	26,471
Total stockholders' equity	7,240,517	7,240,517	548,428
Total capitalization (total long-term debt and stockholders' equity)	11,902,871	14,543,330	1,101,575

(1) Assumes that the bank waiver relating to the US$40 million revolving credit facility of DAK Argentina will be obtained and, therefore, that the portion of the net proceeds of the offering being held in reserve for possible repayment of this credit facility (which is classified as short-term debt) will be used to repay the current portion of long-term debt. See "Use of Proceeds."

(2) Translated into U.S. dollars, solely for the convenience of the reader, using an exchange rate of Ps. 13.2023 per U.S. dollar, the Free Exchange Rate on June 30, 2009. These convenience translations should not be construed as representations that the peso amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the specified rate or at all.

SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

The following table sets forth selected consolidated financial information and other data for the periods presented. The selected financial information as of and for each of the three years in the period ended December 31, 2008 has been derived from our audited consolidated financial statements included in this offering memorandum. The selected financial information as of and for December 31, 2004 and 2005 has been derived from our audited consolidated financial statements for such years, which are not included in this offering memorandum. The selected financial information as of and for the six months ended June 30, 2008 and 2009 has been derived from our unaudited condensed consolidated financial statements included in this offering memorandum, which, in the opinion of our management, reflect all adjustments, consisting of normal recurring adjustments, necessary to present fairly the results of our operations and financial position for the periods and dates presented. The results of operations for any interim period are not necessarily indicative of results for the full year or any other period. This financial information and other data should be read in conjunction with our audited and unaudited consolidated financial statements and notes thereto included in this offering memorandum. Our results of operations during the first six months of 2009 as reported in pesos were significantly affected by the significant depreciation of the peso against the U.S. dollar commencing in the fourth quarter of 2008, which has had a significant impact on the comparability of the reported results of operations for the first six months of 2009 compared to the first six months of 2008, when measured in pesos.

	Year Ended December 31,						Six Months Ended June 30,		
	2004[1]	2005[1]	2006[1]	2007[1]	2008	2008	2008	2009	2009
	(Ps.)	(Ps.)	(Ps.)	(Ps.)	(Ps.)	(US$)[2]	(Ps.)	(Ps.) (Unaudited)	(US$)[2]
	(in thousands, except as otherwise indicated)								
Income Statement Data:									
Net sales	21,205,436	24,658,381	25,834,478	28,983,957	34,105,569	2,583,305	18,254,896	17,709,931	1,341,428
Cost of sales	(18,892,462)	(21,695,747)	(23,178,036)	(27,037,038)	(31,905,615)	(2,416,671)	(17,083,077)	(15,753,500)	(1,193,239)
Gross margin	2,312,974	2,962,634	2,656,442	1,946,919	2,199,954	166,634	1,171,819	1,956,431	148,189
Operating expenses	(683,706)	(990,821)	(949,333)	(938,638)	(662,785)	(50,202)	(443,876)	(424,930)	(32,186)
Operating income	1,629,269	1,971,813	1,707,109	1,008,281	1,537,169	116,432	727,943	1,531,501	116,003
Comprehensive financing (expense) income:									
Interest expense	(284,150)	(303,421)	(330,972)	(438,761)	(661,361)	(50,094)	(309,799)	(382,975)	(29,008)
Interest income	34,428	52,265	44,738	64,926	88,421	6,697	29,449	62,644	4,745
Exchange loss, net[3]	74,682	91,890	(67,493)	(26,877)	(142,494)	(10,793)	(70,682)	(109,003)	(8,256)
Loss from derivative financial instruments, net[4]	-	-	(3,242)	(37,853)	(1,715,819)	(129,964)	(58,526)	(281,066)	(21,289)
Gain on monetary position[5]	212,997	140,209	145,742	192,188	2,989	226	839	5,647	428
Comprehensive financing cost capitalized	11,661	58,569	46,095	33,052	(4,816)	(365)	(4,816)	-	-
Total comprehensive financing (expense) income	49,618	39,512	(165,132)	(213,325)	(2,433,080)	(184,292)	(413,535)	(704,753)	(53,380)
Other expenses, net[6]	(200,537)	97,347	(7,067)	(58,489)	(218,219)	(16,529)	(127,228)	(31,950)	(2,420)
Equity in loss of associated companies	-	-	(19,024)	-	-	-	900	900	68
(Loss) income before income tax	1,478,348	2,108,672	1,515,886	736,467	1,114,130	(84,389)	187,180	795,698	60,270
Income tax	(78,454)	(449,824)	(292,322)	(102,228)	646,435	48,964	(216,705)	(404,979)	(30,675)
Consolidated net (loss) income	1,399,895	1,658,848	1,223,564	634,239	(467,695)	(35,925)	(29,525)	390,719	29,595
Balance Sheet Data:									
Current assets:									
Cash and cash equivalents	1,363,978	1,703,907	356,554	1,104,777	1,056,289	80,008	909,699	2,172,805	164,578
Restricted cash[7]	175,942	-	-	-	401,340	30,399	-	99,661	7,549
Trade accounts receivable[8]	2,500,379	2,715,093	3,436,633	2,276,806	2,457,669	186,155	2,501,612	3,284,765	248,802
Accounts receivable from related parties[9]	372,801	45,002	19,996	276,386	2,162,688	163,811	383,991	1,606,509	121,684
Inventories	2,262,519	2,743,608	3,172,807	4,770,755	3,598,067	272,533	3,928,534	3,051,886	231,163
Other current assets	377,563	476,501	401,286	608,150	1,260,511	95,477	487,957	754,671	57,162
Total current assets	7,053,182	7,684,111	7,387,276	9,036,874	10,936,564	828,383	8,211,793	10,970,297	830,938
Investments in shares of associated companies	34,870	32,861	31,499	49,602	246,102	18,641	7,583	445,883	33,773
Property, plant and equipment, net	9,207,523	9,258,748	10,912,032	9,846,768	12,404,115	939,542	9,732,381	11,678,273	884,564
Other non-current assets	187,447	160,790	198,560	974,939	1,768,591	133,506	134,472	1,564,525	118,504
Non-current derivative financial instruments	-	-	2,412	32,203	134,500	10,188	52,364	131,225	9,940
Total assets	16,483,022	17,136,509	18,531,779	19,940,386	25,483,872	1,930,000	18,138,593	24,790,203	1,877,719
Current liabilities:									
Current portion of long-term debt	337,825	222,436	186,785	334,128	1,806,818	136,856	317,354	2,091,839	158,445
Bank loans	102,029	-		704,717	1,246,666	94,428	528,718	1,486,271	112,577
Suppliers	3,384,897	3,294,457	3,669,588	3,295,360	3,729,156	282,463	3,351,461	4,317,942	327,060
Accounts payable to related parties	17,991	135,295	78,750	1,578,457	334,106	25,307	355,953	803,118	60,832
Derivative financial instruments	-	-	26,187	1,335	1,788,638	135,479	113,746	640,002	48,477
Other current liabilities	650,519	587,929	939,410	874,208	944,871	71,563	867,895	141,849	10,744
Total current liabilities	4,493,315	4,240,117	4,900,720	6,788,205	9,850,255	746,097	5,535,127	9,481,021	718,134
Long-term liabilities:									
Long-term debt	5,073,131	4,210,562	4,014,819	5,076,806	5,899,657	446,866	4,743,913	4,662,354	353,147
Long-term derivative financial instruments	-	2,496	5,559	57,550	1,155,643	87,533	149,632	1,255,031	95,062
Deferred income tax and other long-term liabilities	2,223,722	2,616,427	2,561,065	2,127,219	2,179,347	165,073	1,846,331	2,151,280	162,947
Total long-term liabilities	7,296,853	6,829,485	6,581,443	7,261,575	9,234,647	699,473	6,739,876	8,068,665	611,156
Total liabilities	11,790,114	11,069,602	11,482,163	14,049,780	19,084,902	1,445,574	12,275,003	17,549,686	1,329,290
Stockholders' equity[3]	4,692,908	6,066,907	7,049,616	5,890,606	6,398,970	484,686	5,863,590	7,240,517	548,428

	Year Ended December 31,						Six Months Ended June 30,		
	2004[1]	2005[1]	2006[1]	2007[1]	2008	2008	2008	2009	2009
	(Ps.)	(Ps.)	(Ps.)	(Ps.)	(Ps.)	(US$)[2]	(Ps.)	(Ps.) (Unaudited)	(US$)[2]
	(in thousands, except as otherwise indicated)								
Cash Flow Data: [10]									
Net cash provided by operating activities	2,549,535	1,835,428	1,223,818	1,090,478	1,335,453	101,153	373,338	2,429,421	184,015
Net cash used in investing activities	(920,171)	(1,674,551)	(2,447,846)	(1,328,393)	(2,067,767)	(156,622)	(369,762)	(671,582)	(50,869)
Net cash provided by financing activities	(1,063,374)	(373,268)	(123,325)	1,188,218	1,001,825	75,883	(207,873)	(881,692)	(66,783)
Other Operating Data (tons per year):									
PTA production capacity	1,512,000	1,512,000	1,560,000	1,875,000	2,032,000		1,016,000	1,016,000	
PET production capacity	300,000	300,000	299,000	423,000	834,000		417,500	417,500	
Polyester staple fiber production capacity	270,000	270,000	270,000	270,000	270,000		135,000	135,000	

(1) Since the accumulated inflation for 2006, 2007 and 2008 did not exceed 26% in the countries of the functional currency that we have adopted (except for Argentina), the financial statements as of and for the periods ended December 31, 2008, June 30, 2008 and June 30, 2009 do not include the effects of inflation from January 1, 2008 and have been prepared on a modified historical cost basis, except for the effects of inflation on our operations in Argentina. Financial statements as of and for the periods ended December 31, 2004, 2005, 2006 and 2007 are stated in constant pesos of December 31, 2007 purchasing power.

(2) Translated into U.S. dollars, solely for the convenience of the reader, using an exchange rate of Ps. 13.2023 per U.S. dollar, the Free Exchange Rate on June 30, 2009. These convenience translations should not be construed as representations that the peso amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the specified rate or at all. See "Exchange Rates."

(3) Based on the provisions of MFRS B-15, "Translation of foreign currency," effective January 1, 2008, we have the following currencies:

Type	Currency
Recording	Mexican peso
Functional	U.S. dollar
Reporting	Mexican peso

Prior to January 1, 2008, we were not required to identify a functional currency, and entities were allowed to have a reporting currency different from the functional currency. Beginning January 1, 2008, in accordance with MFRS B-15, we identified the U.S. dollar as our functional currency. As a result of this change, we are required to perform a remeasurement process from Mexican pesos (reporting currency) into U.S. dollars (functional currency) and a translation process back into Mexican pesos (reporting currency). See "Management's Discussion and Analysis of Financial Condition and Results of Operations—New Accounting Policies and Standards—New Accounting Policies" and note 3 to our consolidated annual financial statements.

(4) Reflects the effect of mark-to-market losses in connection with certain of our derivative financial instruments. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures about Market Risk—Derivative Financial Instruments."

(5) Gain on monetary position represents (for those periods prior to December 31, 2007 stated in constant pesos) the effects of inflation, as measured by the NCPI, on our monthly net monetary assets or liabilities during the period expressed in pesos of the most recent year reported. Starting January 1, 2008, and following the provisions of MFRS B-10 "Effects of inflation," the effects of inflation are recognized only if the cumulative inflation in the last three years exceeds 26% in the countries of the functional currency that we have adopted. As a result, only our operations in Argentina reflected a gain in monetary positions during 2008 and 2009.

(6) Other expenses as of December 31, 2007 and 2008 consisted primarily of the following: (i) reorganization expenses relating to the spin-off of Petrocel in August 2007, (ii) expenses in 2008 relating to the restructuring of the collective bargaining agreement with our union workforce at our PTA and PET facilities in Cosoleacaque and (iii) transition expenses relating to the acquisitions of DAK Mexico and DAK Argentina in November 2007.

(7) In connection with our derivative financial instruments, we are required by agreements with counterparties to post collateral for margin calls if we exceed certain thresholds of potential liability. This collateral is reflected as restricted cash. As of June 30, 2009, restricted cash also includes Ps. 31.7 million (US$2.4 million) of cash collateral related to a standby letter of credit.

(8) Allowance for doubtful accounts as of December 31, 2004, 2005, 2006, 2007 and 2008 and as of June 30, 2008 and 2009 consisted of Ps. 100,732, Ps. 201,259, Ps. 128,720, Ps. 15,688, Ps. 22,819, Ps. 56,506 and Ps. 33,896, respectively.

(9) Reflects receivables mainly from Akra and Petrocel, which we spun off in August 2007. In addition, accounts receivable from related parties includes a loan of Ps. 474.0 million (US$35.9 million) we provided to Akra for it to post collateral to one of our derivative counterparties. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Effect of Acquisitions, Dispositions and Capacity Expansion" and "—Quantitative and Qualitative Disclosures about Market Risk."

(10) As a result of MFRS B-2 "Statement of Cash Flows," effective January 1, 2008, we have included the statement of cash flows for the year ended December 31, 2008. For prior years, we have included the statement of changes in financial position. As a result, the cash flow figures for 2008 may not be directly comparable to those presented for the prior years, which are derived from the statement of changes in financial position.

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

You should read this discussion in conjunction with our consolidated financial statements, the notes thereto and other financial information included elsewhere in this offering memorandum. Our financial statements are prepared in accordance with MFRS, which differ in certain significant respects from U.S. GAAP, including by requiring Mexican companies in certain circumstances to recognize the effects of inflation. Appendix A of this offering memorandum provides a description of the principal differences between MFRS and U.S. GAAP as they relate to us. ALFA will be required by 2012 to prepare its financial statements in accordance with IFRS. As a result, we may elect in the future to adopt IFRS.

MFRS require in certain circumstances that financial statements recognize the effects of inflation. Under accounting changes effective January 1, 2008, financial statements are adjusted by applying NCPI and CPI factors, unless inflation does not exceed 26% for the three most recent years. Since the accumulated inflation for 2006, 2007 and 2008 did not exceed 26% in the countries of the functional currency that we have adopted (except for Argentina), the financial statements as of and for the periods ended December 31, 2008, June 30, 2008 and June 30, 2009 do not include the effects of inflation from January 1, 2008 and have been prepared on a modified historical cost basis (that is, transactions carried out as of and prior to December 31, 2007 are stated in constant pesos of purchasing power as of that date, and transactions carried out after that date are stated in their nominal amounts), except for the effects of inflation on our operations in Argentina. The financial statements and the other financial information included in this section as of and prior to December 31, 2007, except as otherwise indicated, are stated in constant pesos of December 31, 2007 purchasing power, based on factors derived from the NCPI for Mexican companies, and from the CPI of the country of origin of the subsidiaries operating outside Mexico. Increases or decreases shown as percentages reflect variations in constant pesos to the extent described above.

This section contains forward-looking statements that involve risks and uncertainties. Our actual results may vary materially from those discussed in the forward-looking statements as a result of various factors, including, without limitation, those set forth in "Risk Factors" and other matters set forth in this offering memorandum. See "Cautionary Disclosure Regarding Forward-Looking Statements."

Overview

We are a leading petrochemical company in the NAFTA region, specializing in the manufacture of key polyester-related raw materials and products that are principally used to produce plastic bottles and other containers for the beverage, food and personal care industries, as well as carpets, apparel and other consumer fiber-based products. Many of the world's best-known consumer brands use our products in their containers. We are the second largest producer of PTA in the NAFTA region and among the top five global producers based on production capacity as of December 31, 2008. We are also the second largest producer of PET in the Americas and the largest producer of polyester staple fiber in the NAFTA region based on production capacity as of December 31, 2008. Additionally, we have an interest in a natural gas exploration and production venture in the United States.

For 2008, our total net sales, operating income and EBITDA were Ps. 34.1 billion (US$2.6 billion), Ps. 1.5 billion (US$116.4 million) and Ps. 2.3 billion (US$171.7 million), respectively. For the six months ended June 30, 2009, our total net sales, operating income and EBITDA were Ps. 17.7 billion (US$1.3 billion), Ps. 1.5 billion (US$116.0 million) and Ps. 2.0 billion (US$154.0 million), respectively. Our total assets as of June 30, 2009 were Ps. 24.8 billion (US$1.9 billion).

Factors Affecting Our Results of Operations

Net Sales

Our net sales consist principally of revenue generated from sales of PTA, PET and polyester staple fiber and are a function of sales volumes, price and product mix. The principal drivers of sales volumes of our products include:

- available production capacity, including through the acquisition of new production facilities or the expansion of existing plant capacity (see "—Effect of Acquisitions, Dispositions and Capacity Expansion" below);
- our capacity utilization rate and the existence or absence of operational disruptions; and
- demand in the NAFTA region and globally for PET, polyester staple fiber and other polyester products by end users, particularly demand for plastic bottles and other containers for the food and beverage industries, which indirectly drives demand for PTA. We believe PET growth in the NAFTA region is moderating as a result of maturing applications in key markets such as water, carbonated soft drinks and personal care products and the drive toward lighter-weight containers and increased content of recycled material. In this regard:
  - industry forecasts differ, ranging from a forecast increase of demand for PET in the NAFTA region at a CAGR of 0.3% from 2008-2012 (according to CCI) to a CAGR of 4.5% from 2008-2013 (according to PCI). As part of this trend, according to CCI, demand in Mexico for PET is forecasted to increase at a CAGR of 4.4% from 2008-2012;
  - demand for polyester staple fiber in the NAFTA region is expected to continue to decline over time, although the growth in PET demand to date has offset the decline in polyester staple fiber demand; and
  - PTA demand in the NAFTA region is expected to reflect the trends for PET demand. We also expect that exports of PTA to Europe and South America will continue to grow in 2010.

The principal factors affecting price include:

- changes in raw material prices (particularly for pX and MEG) and other price escalators (energy, inflation, labor), which in accordance with industry pricing practices for PTA in the NAFTA region are reflected in our PTA prices pursuant to the "cost plus" pricing formula for PTA sales described in "Industry—Global Market for PTA, PET and Polyester Staple Fiber—PTA—Pricing;" these costs are also directly and indirectly reflected in our pricing for PET and polyester staple fiber as we seek to manage the margin between our prices and costs; and
- regional market conditions and the regional supply and demand for PTA, PET and polyester staple fiber and, to a lesser extent, global trends regarding supply and demand.

Cost of Sales

Our cost of sales consists primarily of raw materials (particularly pX and MEG), energy (natural gas, fuel oil, electricity and coal), other catalysts used in the production processes, labor costs related to production facilities, transportation costs and depreciation and amortization of our plant and equipment. The principal factors that affect our cost of sales include:

- raw material and energy prices, particularly for pX, MEG and natural gas, which in the case of pX and other petrochemical raw materials are closely related to the price of oil;
- high start-up costs associated with new production facilities; and
- our ability to streamline or create efficiencies in production processes.

Realized gains or losses on derivative financial instruments related to commodities designated as hedge accounting are also included in cost of sales.

Gross Margin

Gross margin is defined as net sales less cost of sales. As described below under "—Key Drivers of Profitability," the profit margin per ton of PTA, PET or polyester staple fiber produced and sold is a key driver of our profitability. Gross margin as a percentage of net sales is a less meaningful measure to us. For example, an increase in cost of sales will normally lead under our pricing practices to increased prices and net sales, and even if the absolute margin on a per ton basis remains constant, the gross margin expressed as a percentage of net sales will decrease in such event.

Operating Expenses

Our operating expenses consist principally of selling, general and administrative expenses, including a corporate service fee paid to ALFA in respect of administrative and other services provided by ALFA. See "Principal Shareholder and Related Party Transactions."

Comprehensive Financing (Expense) Income

The components of comprehensive financing (expense) income comprise:

- financial expense, including interest expense, which is primarily a function of the principal amount of debt outstanding and the interest rates in effect, including the effects of the derivative financial instruments related to interest rates designated as hedge accounting;

- financial income, which includes interest income earned on cash and cash equivalents;

- exchange loss, net, which includes net gains or losses relating to foreign currency exchange rate movements;

- valuation of derivative financial instruments, which reflects changes in the fair market value of derivative financial instruments that from an economic point of view we entered into for hedging purposes but that are designated as held for trading because they do not satisfy the accounting requirements for hedge accounting;

- gain on monetary position, which represents the effects of inflation, as measured by the NCPI and CPI, on our monthly net monetary assets or liabilities during the year expressed in purchasing power of the most recent year reported; and

- comprehensive financing cost capitalized, which includes financing costs that are capitalized in connection with capital expenditures.

Changes in the fair value of our derivative financial instruments are recognized in comprehensive financing (expense) income, except when designated as a hedge. Their designation as a hedge is documented at the inception of the transaction, specifying the related objective, initial position, risk to be hedged, type of relationship, characteristics, accounting recognition and how their effectiveness will be assessed.

In connection with our consumption of natural gas, we have entered, and expect to continue to enter, into derivative contracts with various counterparties to protect our financial results against increases in natural gas prices that could negatively affect our costs. Additionally, we use commodities-related derivative financial instruments in order to fix a significant portion of our PET production costs, which, in turn, allows us to offer a fixed price to some of our PET customers.

Effect of Acquisitions, Dispositions and Capacity Expansion

Our results of operations for the periods under review were materially affected by acquisitions, dispositions and capacity expansion.

On November 30, 2007, we acquired from Eastman Chemical Company two plants (in Mexico and Argentina) engaged in the production of PET, with annual production capacity of approximately 150,000 tons and 185,000 tons, respectively. In addition, during 2006 and 2007 we made significant capital expenditures to expand our existing plant capacity, leading to an increase beginning in the second quarter of 2007 in PTA production capacity at our PTAL facility in Mexico from approximately 473,600 tons per year to one million tons per year and in PET production capacity at our Cape Fear facility in the United States of approximately 200,000 tons per year upon conversion of idle polyester filament production capacity to PET production capacity, for the reasons described further below.

Our results for the periods under review were also affected by our decision to discontinue production of DMT and the spin-off of our interests in Petrocel and Akra. In August 2007, Petrotemex transferred to an ALFA affiliate the shares of Petrocel and Akra, which remain as affiliates of Petrotemex controlled by ALFA.

Petrocel manufactured and sold DMT until its operations were shut down in mid-2007.

Akra, which was initially a joint venture between ALFA and the Japanese company Teijin Limited, became a wholly owned subsidiary of Petrotemex in April 2005. Akra manufactures and sells polyester filaments (textile and industrial) and chips. Depending on the final application, filaments and chips are manufactured from DMT or PTA. In general, most of the industrial applications are derived from DMT, while textile applications are derived from PTA.

Prior to August 2007, Akra sourced its DMT and PTA from Petrocel and Petrotemex, respectively; however, Petrocel's DMT operations were shut down in mid-2007. Therefore, Akra shifted the sourcing of DMT to third-party companies. Akra continues to source its PTA from us. Nevertheless, because Akra was only partially integrated to polyester raw materials (only PTA), ALFA decided to define Akra's operations as non-core to the polyester chain and effected Akra's spin-off from Petrotemex.

Recently, for corporate purposes and administrative efficiency, ALFA contributed to Petrotemex a 49% interest in Akra and may in the future take further steps to again integrate Akra with Petrotemex in order to continue capturing administrative efficiencies.

For further information regarding our relationship with Akra, see "Principal Shareholder and Related Party Transactions."

Effect of Ongoing Decline in the Polyester Staple Fiber Market in the NAFTA Region

The market for polyester staple fiber in the NAFTA region has been in continuous decline in recent years, largely as a result of a shift to Asia of manufacturing capacity for apparel and other end uses for polyester staple fiber. We expect the market for polyester staple fiber in the NAFTA region to continue to decline. To date, we have responded to this trend by increasing our market share of the polyester staple fiber business in the NAFTA region (as other participants in the industry have diminished their operations or exited the industry altogether), converting idle manufacturing capacity of polyester filament to PET production and maintaining our role as the preferred supplier of high-quality products and solutions to strategic customers in certain market segments we view as attractive. If the market continues to decline and we are unable to maintain current volumes of polyester staple fiber production, we may seek to convert a portion of our idle polyester staple fiber capacity to PET production. If we are unable or it is not economical to do so, then we will need to find additional customers or demand for our PTA production that is currently consumed by our polyester staple fiber business.

Effects of Foreign Currency Exchange Rate Fluctuations on Results of Operations

Changes in the relative value of the peso to the U.S. dollar have an effect on our results of operations reported in pesos. Substantially all of our net sales are either denominated in or linked to the value of the U.S. dollar. Similarly, a substantial majority of our costs of sales and other operating expenses are either denominated in or linked to the value of the U.S. dollar, including our purchases of pX and other raw materials and the costs of our operations in the United States. As a result, when the peso depreciates against the U.S. dollar, the same level of U.S. dollar net sales or expenses in a prior period will result in higher reported net sales or expenses in peso terms in the more recent period. Conversely, when the peso appreciates against the U.S. dollar, the same level of U.S. dollar net sales or expenses in a prior period will result in lower reported net sales or expenses in peso terms in the more recent period. In general, a depreciation of the peso will likely result in an increase in our operating margins and a real appreciation of the peso will likely result in a decrease in our operating margins, in each case, when measured in pesos. This is because we have certain expenses in pesos such as labor costs in connection with our Mexican operations, and our consolidated net sales denominated in or linked to U.S. dollars exceed our cost of sales and other operating expenses denominated in or linked to U.S. dollars.

With respect to the periods under review, a significant depreciation of the peso against the U.S. dollar commencing in the fourth quarter of 2008 has, in particular, had a significant impact on the comparability of the reported results of operations for the first six months of 2009 compared to the first six months of 2008, when measured in pesos.

Effects of Derivative Financial Instruments on Comprehensive Financing Result

Our comprehensive financing result includes, and can be significantly impacted by, mark-to-market gains or losses in connection with derivative financial instruments held for trading purposes, including natural gas and other commodities-related derivatives. During 2008, we recorded a significant loss relating to the valuation of natural gas and other commodities-related derivatives that we entered into in 2008 in order to protect against then anticipated increases in raw material and energy costs. A substantial decrease in prices of these commodities led to the creation of mark-to-market losses and a significant potential liability in connection with these instruments. We also recorded a loss during the first six months of 2009. While we would expect over time to experience a related decrease in our cost of goods sold due to these decreases in raw material and energy prices (if they were to remain constant), the full savings are not immediately recognized in our financial statements, but the fair value of the liability is required to be recognized immediately. In addition, if we exceed certain thresholds of potential liability, we are required by counterparties to post collateral, which is reflected as restricted cash on the balance sheet and entails additional expense to fund the cash position. See "—Quantitative and Qualitative Disclosures about Market Risk—Derivative Financial Instruments."

Limited Seasonality

Our operating results are not materially affected by seasonality. Although end markets such as water, carbonated soft drinks and certain apparel experience some seasonality at the retail level, the historical impact on the demand for our products has not been material.

Key Drivers of Profitability

Key drivers of our profitability include:

- *Profit margin per ton produced.* The profit margin per ton of PTA, PET or polyester staple fiber produced and sold is a key driver of our profitability. The historical industry practice in the NAFTA region of pricing PTA on a "cost plus" basis has allowed us to define through negotiation with our customers the margin on the PTA production we sell with regard to our most significant (but not all of) our costs. For PET and polyester staple fiber, we try to manage the margin between the price and our own raw material and other costs. In the case of PET, a majority of the volume of our expected 2009 PET production has been committed to customers pursuant to annual sales contracts with fixed price arrangements. We will

seek to follow the same practice in 2010 and to date have already obtained fixed price contracts for a portion of our expected 2010 PET volumes. For these fixed price arrangements, we seek to ensure a desired margin between the price and our own raw material and other costs by entering into arrangements with our suppliers of raw materials or by entering into financial derivatives related to commodities.

- *Production and capacity utilization rate.* Because of the significant fixed cost that is required to operate our production facilities, a certain level of production is required (based on the margin per ton produced) for a production facility to break even. We seek to operate at a high capacity utilization rate by increasing production beyond that level, which allows us to increase profitability by leveraging our fixed-cost base (i.e., obtain an incremental profit per ton produced and sold without an incremental increase in fixed costs).

Critical Accounting Policies

We have identified certain key accounting policies upon which our consolidated financial condition and results of operations are dependent. The application of these key accounting policies often involves complex considerations and assumptions and the making of subjective judgments or decisions on the part of our management. Additional accounting policies that are also used in the preparation of our financial statements are outlined in the notes to our consolidated financial statements included in this offering memorandum.

Long-lived Assets

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that the carrying value of an asset is no longer recoverable from future discounted projected cash flows. Estimates of future cash flows involve considerable management judgment. These estimates are based on historical data, future revenue growth, anticipated market conditions, management plans, assumptions regarding projected rates of inflation and currency fluctuations, among other factors. If these assumptions are not correct, we would have to recognize a write-off or write-down or accelerate the amortization schedule related to the carrying value of these assets.

Deferred Income Taxes

We record a valuation allowance to reduce our deferred tax assets to the amount that is more likely than not to be realized. While we have considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for the valuation allowance, in the event we were to determine that we would be able to realize our deferred tax assets in the future in excess of the net recorded amount, an adjustment to the deferred tax asset would increase income in the period such determination was made. Should we determine that we would not be able to realize all or part of our net deferred tax asset in the future, an adjustment to the deferred tax asset would be charged to income in the period such determination was made.

Financial Instruments Measured at Fair Value

The fair value of financial instruments is determined based upon liquid market prices evidenced by exchange-traded prices, broker-dealer quotations or prices of other transactions with similarly rated counterparties. If available, quoted market prices provide the best indication of value. If quoted market prices are not available for fixed maturity securities and derivatives, we discount expected cash flows using market interest rates commensurate with the credit quality and maturity of the investment. Alternatively, we may use matrix or model pricing to determine an appropriate fair value. In determining fair values, we consider various factors, including time value, volatility factors and underlying options, warrants and derivatives.

The degree of management's judgment involved in determining the fair value of a financial instrument is dependent upon the availability of quoted market prices. When observable market prices and parameters do not exist, management's judgment is necessary to estimate fair value, in terms of estimating the future cash flows, based on variable terms of the instruments and the credit risk and in defining the applicable interest rate to discount those cash flows.

Results of Operations

Six Months Ended June 30, 2009 Compared with Six Months Ended June 30, 2008

Our net sales and costs during the first six months of 2009 as reported in pesos were significantly affected by the significant depreciation of the peso against the U.S. dollar commencing in the fourth quarter of 2008, which has had a significant impact on the comparability of the reported results of operations for the first six months of 2009 compared to the first six months of 2008, when measured in pesos. At June 30, 2009, the peso-U.S. dollar exchange rate was 13.20, compared to an exchange rate of 10.28 at June 30, 2008. This depreciation had a significant impact on the reported amounts of both net sales and costs, which are predominantly denominated in or linked to U.S. dollars. Due to this depreciation, the same level of U.S. dollar net sales or costs as reported in pesos for the first six months of 2008 would be reported in pesos as a significantly higher amount of net sales or expenses for the first six months of 2009.

We expect our financial results for the current fiscal year to be broadly in line with those of our most recent fiscal quarter.

The following financial information has been derived from our unaudited condensed consolidated financial statements:

	Six Months Ended June 30,				Percent Change
	2008	**Percent of Net Sales**	**2009**	**Percent of Net Sales**	**2Q09 vs. 2Q08**
	(in thousands of pesos, except percentages)				
Net sales	18,254,896	100.0	17,709,931	100.0	(3.0)
Cost of sales	(17,083,077)	(93.6)	(15,753,500)	(89.0)	(7.8)
Gross margin	1,171,819	6.4	1,956,431	11.0	67.0
Operating expenses	(443,876)	(2.4)	(424,930)	(2.4)	(4.3)
Operating income	727,943	4.0	1,531,501	8.6	110.4
Comprehensive financing (expense) income	(408,719)	(2.2)	(704,753)	(4.0)	72.4
Interest expense	(309,799)	(1.7)	(382,975)	(2.2)	23.6
Interest income	29,449	0.2	62,644	0.4	112.7
Exchange loss, net	(70,682)	(0.4)	(109,003)	(0.6)	54.2
Loss from derivative financial instruments	(58,526)	(0.3)	(281,066)	(1.6)	380.2
Gain on monetary position	839	0.0	5,647	0.0	573.1
Comprehensive financing cost capitalized	(4,816)	(0.0)	-	-	*
Other expenses, net	(127,228)	(0.7)	(31,950)	(0.2)	(74.9)
Income tax	(216,705)	(1.2)	(404,979)	(2.3)	86.9
Equity in loss of associated companies	-	-	900	0.0	*
Consolidated net income	(29,525)	(0.2)	390,719	2.2	*
EBITDA	1,089,775	6.0	2,033,425	11.5	86.6

* Not meaningful

The following table shows the net sales breakdown by product and certain operating data for the six months ended June 30, 2009 compared with the six months ended June 30, 2008, including intercompany sales:

	Six Months Ended June 30,				Percent Change
	2008	Percent of Net Sales	2009	Percent of Net Sales	2Q09 vs. 2Q08
	(in thousands of pesos, except percentages)				
Net sales of PTA	11,427,854	62.6	11,351,150	64.1	(0.7)
Net sales of PET	6,296,593	34.5	7,298,762	41.2	15.9
Net sales of polyester staple fiber	2,144,216	11.7	1,917,601	10.8	(10.6)
Net sales of natural gas	83,999	0.5	83,684	0.5	(0.4)
Other revenues	2,467,655	13.5	1,506,599	8.5	(38.9)
Intercompany eliminations[(1)]	(4,165,420)	(22.8)	(4,447,865)	(25.1)	6.8
Net sales	18,254,896	100.0	17,709,931	100.0	(3.0)
Operating data (in tons, except percentages):					
PTA production capacity	1,016,000		1,016,000		-
PTA production	956,000		956,000		-
PTA capacity utilization	94.1%		94.7%		
PET production capacity	417,100		417,100		-
PET production	388,000		365,400		(5.8)
PET capacity utilization	93.1%		87.6%		
Polyester staple fiber production capacity	135,000		135,000		-
Polyester staple fiber production	112,000		88,000		(21.4)
Polyester staple fiber capacity utilization	83.0%		65.3%		

(1) Substantially all of the intercompany eliminations relate to net sales of PTA.

The following table shows the net sales breakdown by country of origin for the six months ended June 30, 2009 compared with the six months ended June 30, 2008, including intercompany sales:

	Six Months Ended June 30,				Percent Change
	2008	Percent of Net Sales	2009	Percent of Net Sales	2Q09 vs. 2Q08
	(in thousands of pesos, except percentages)				
Mexico	8,547,206	46.8	9,475,416	53.5	10.9
United States	8,259,450	45.2	6,912,067	39.0	(16.3)
Argentina	1,448,239	7.9	1,322,448	7.5	(8.7)
Net sales	18,254,896	100.0	17,709,931	100.0	(3.0)

Net Sales by Product

Net sales of PTA, including intercompany sales, for the first half of 2009 were Ps. 11.35 billion, a decrease of 0.7% from the Ps. 11.43 billion reported for the first half of 2008. This decrease was primarily due to lower prices of PTA on a U.S. dollar basis due to lower prices of raw materials, partially offset by a 1.0% increase in the total volume of PTA sold for the first half of 2009 and the positive foreign currency impact described above.

Net sales of PET for the first half of 2009 were Ps. 7.3 billion, an increase of 15.9% from the Ps. 6.3 billion reported for the first half of 2008. This increase was primarily due to the positive foreign currency impact. Net sales also reflected higher sales volumes, and the negative impact of PET price declines on a U.S. dollar basis. The total volume of PET sold increased by 5.6% for the first half of 2009, primarily from sales at DAK Americas. The decline in PET prices on a U.S. dollar basis was mitigated by our fixed price sale contracts.

Net sales of polyester staple fiber for the first half of 2009 were Ps. 1.9 billion, a decrease of 10.6 % from the Ps. 2.1 billion reported for the first half of 2008. This decrease was primarily due to a decrease in the prices of raw materials on a U.S. dollar basis, which resulted in lower prices of polyester staple fiber, and a decrease of 11.2% in the total volume of polyester staple fiber sold for the first half of 2009, which was partially offset by the positive foreign currency impact.

Net sales of natural gas for the first half of 2009 were Ps. 83.7 million, a decrease of 0.4% from the Ps. 84.0 million reported for the first half of 2008. This decrease was primarily due to a reduction in natural gas prices on a U.S. dollar basis, which was partially offset by the positive foreign currency impact.

Other revenues, which represents sales of by-products, other petrochemicals and off-specification production, for the first half of 2009 were Ps. 1.5 billion, a decrease of 38.9% from the Ps. 2.5 billion reported for the first half of 2008. This decrease was primarily due to a one-time inventory sale of petrochemicals in 2008 and a decrease in by-product sales, which was partially offset by the positive foreign currency impact.

Net Sales by Country of Origin

Net sales from Mexico for the first half of 2009 were Ps. 9.5 billion, an increase of 10.9% from the Ps. 8.5 billion reported for the first half of 2008. This increase was due to a 4.8% increase in the volume of PTA sold and a 2.9% increase in the volume of PET sold for the first half of 2009 and the positive foreign currency impact, partially offset by price declines on a US. dollar basis.

Net sales from the United States for the first half of 2009 were Ps. 6.9 billion, a decrease of 16.3% from the Ps. 8.3 billion reported for the first half of 2008. This decrease was primarily due to a 7.5% decrease in the total volume of PTA sold and a 11.2% decrease in the total volume of polyester staple fiber sold for the first half of 2009, as well as a decrease in the prices of raw materials, which resulted in lower prices of our products. These decreases were partially offset by increases in PET net sales and sales volumes and the positive foreign currency impact.

Net sales from Argentina for the first half of 2009 were Ps. 1.3 billion, a decrease of 8.7% from the Ps. 1.4 billion reported for the first half of 2008. This decrease was primarily due to a decrease in the prices of raw materials on a U.S. dollar basis, which was partially offset by the positive foreign currency impact. The total volume sold increased by 1.8% for the first half of 2009.

General

Net sales for the first half of 2009 were Ps. 17.7 billion, a decrease of 3.0% from the Ps. 18.3 billion reported for the first half of 2008. This decrease was primarily due to a significant decrease in the prices of raw materials on a U.S. dollar basis, which resulted in lower prices for our products on a U.S. dollar basis. Sales volume in this period decreased by 1.5%. These decreases were partially offset by a positive foreign currency exchange rate impact. Net sales for the six months ended June 30, 2009 consisted of sales of PTA, PET, polyester staple fiber, natural gas and other.

Cost of sales for the first half of 2009 was Ps. 15.7 billion, a decrease of 7.8% from the Ps. 17.1 billion reported for the first half of 2008. This decrease was primarily due to (i) a 29.4% decrease in the price of pX, (ii) a 1.5 % decrease in volume sold and (iii) a price decrease in energy, which were partially offset by increased costs due to the foreign currency impact.

Gross margin, defined as the difference between net sales and cost of sales, for the first half of 2009 was Ps. 2.0 billion, an increase of 67.1% from the Ps. 1.2 billion reported for the first half of 2008. In addition to the foreign currency impact, this increase was primarily due to a decrease in the prices of raw materials and energy resulting in higher PET sales volumes and margins, as well as lower conversion costs.

Operating expenses for the first half of 2009 were Ps. 424.9 million, a decrease of 4.3% from the Ps. 443.9 million reported for the first half of 2008. This decrease was primarily due to a reduction in the amount of corporate service fees paid to ALFA.

Operating income for the first half of 2009 was Ps. 1.5 billion, an increase of 110.4 % from the Ps. 727.9 million reported for the first half of 2008. In addition to the foreign currency impact, this increase was primarily due to (i) higher PET sales volumes and margins, (ii) lower conversion costs and (iii) a decrease in operating expenses.

Comprehensive financing (expense) income for the first half of 2009 was an expense of Ps. 704.8 million, an increase of 70.4% from the Ps. 413.5 million reported for the first half of 2008. This increase was primarily due to (i) an increase in the loss from the valuation of our derivative financial instruments and (ii) an exchange loss of Ps. 109.0 million for the first half of 2009 compared to a gain of Ps. 70.7 million for the first half of 2008.

Other expenses, net for the first half of 2009 were Ps. 32.0 million, a decrease of 74.9% from the Ps. 127.2 million reported for the first half of 2008. This decrease was primarily due to (i) transition expenses relating to the acquisitions of DAK Mexico and DAK Argentina in November 2007, (ii) expenses in 2008 relating to the restructuring of the collective bargaining agreement with our union workforce at our PTA and PET facilities in Cosoleacaque and (iii) the difference in the exchange rate between the return and delivery of taxes.

Provision for income tax for the first half of 2009 was Ps. 405.0 million, an increase of 86.9% from the Ps. 216.7 million reported for the first half of 2008. This increase was primarily due to a higher income before income tax obtained during the first half of 2009 compared to the first half of 2008.

Consolidated net (loss) income for the first half of 2009 was Ps. 390.7 million, an increase of Ps. 420.2 million from the loss of Ps. 29.5 million reported for the first half of 2008 reflecting the factors described above.

Results of Operations for 2006, 2007 and 2008

The following financial information has been derived from our audited consolidated financial statements:

	Year Ended December 31,						Percent Change	
	2006	Percent of Net Sales	2007	Percent of Net Sales	2008	Percent of Net Sales	2007 vs. 2006	2008 vs. 2007
	(in thousands of pesos, except percentages)							
Net sales	25,834,478	100.0	28,983,957	100.0	34,105,569	100.0	12.2	17.7
Cost of sales	(23,178,036)	(89.7)	(27,037,038)	(93.3)	(31,905,615)	(93.5)	16.6	18.0
Gross margin	2,656,442	10.3	1,946,919	6.7	2,199,954	6.5	(26.7)	13.0
Operating expenses	(949,333)	(3.7)	(938,638)	(3.2)	(662,785)	(1.9)	(1.1)	(29.4)
Operating income	1,707,109	6.6	1,008,281	3.5	1,537,169	4.5	(40.9)	52.5
Comprehensive financing (expense) income	(165,132)	(0.6)	(213,325)	(0.7)	(2,433,080)	(7.1)	29.2	1,040.6
Interest expense	(330,972)	(1.3)	(438,761)	(1.5)	(661,361)	(1.9)	32.6	50.7
Interest income	44,738	0.2	64,926	0.2	88,421	0.3	45.1	36.2
Exchange loss, net	(67,493)	(0.3)	(26,877)	(0.1)	(142,494)	(0.4)	(60.2)	430.2
Loss from derivative financial instruments	(3,242)	(0.0)	(37,853)	(0.1)	(1,715,819)	(5.0)	1,067.6	4,432.8
Gain on monetary position	145,742	0.6	192,188	0.7	2,989	0.0	31.9	(98.4)
Comprehensive financing cost capitalized	46,095	0.2	33,052	0.1	(4,816)	(0.0)	(28.3)	(114.6)
Other expenses, net	(7,067)	(0.0)	(58,489)	(0.2)	(218,219)	(0.6)	727.6	273.1
Income tax	(292,322)	(1.1)	(102,228)	(0.4)	646,435	1.9	(65.0)	*
Equity in loss of associated companies	(19,024)	(0.1)	-	-	-	-	*	-
Consolidated net income (loss)	1,223,564	4.7	634,239	2.2	(467,695)	(1.4)	(48.2)	(173.7)
EBITDA	2,367,377	9.2	1,739,339	6.0	2,267,341	6.6	(26.5)	30.4

* Not meaningful.

The following table shows the net sales breakdown by product and certain operating data for 2006, 2007 and 2008, including intercompany sales:

	Year Ended December 31,						Percent Change	
	2006	Percent of Net Sales	2007	Percent of Net Sales	2008	Percent of Net Sales	2007 vs. 2006	2008 vs. 2007
	(in thousands of pesos, except percentages)							
Net sales of PTA	18,430,348	71.3	21,398,144	73.8	22,325,366	65.5	16.1	4.3
Net sales of PET	4,647,971	18.0	5,560,637	19.2	12,153,961	35.6	19.6	118.6
Net sales of polyester staple fiber	4,095,483	15.9	4,116,627	14.2	4,239,583	12.4	0.5	3.0
Net sales of DMT	1,677,090	6.5	1,011,918	3.5	-	-	(39.7)	(100.0)
Net sales of polyester filament and chips	3,104,255	12.0	2,306,746	8.0	-	-	(25.7)	(100.0)
Net sales of natural gas	-	-	53,607	0.2	104,444	0.3	100.0	94.8
Other revenues	965,482	3.7	2,409,903	8.3	3,210,905	9.4	149.6	33.2
Intercompany eliminations[(1)]	(7,086,150)	(27.4)	(7,873,622)	(27.2)	(7,928,690)	(23.2)	11.1	0.7
Net sales	25,834,478	100.0	28,983,957	100.0	34,105,569	100.0	12.2	17.7
Operating data (in tons, except percentages):								
PTA production capacity	1,560,000		1,875,000		2,032,000		20.2	8.4
PTA production	1,551,000		1,794,000		1,878,000		15.7	4.7
PTA capacity utilization	99.4%		95.7%		92.4%		-	-
PET production capacity	299,000		423,000		834,000		41.5	97.2
PET production	284,000		409,000		731,000		44.0	78.7
PET capacity utilization	95.1%		96.6%		87.7%			
Polyester staple fiber production capacity	270,000		270,000		270,000		-	-
Polyester staple fiber production	232,000		237,000		217,000		2.6	(8.5)
Polyester staple fiber capacity utilization	85.6%		87.7%		80.4%			

(1) Substantially all of the intercompany eliminations relate to sales of PTA.

The following table shows the net sales breakdown by country of origin for 2006, 2007 and 2008, including intercompany sales:

	Year Ended December 31,						Percent Change	
	2006	Percent of Net Sales	2007	Percent of Net Sales	2008	Percent of Net Sales	2007 vs. 2006	2008 vs. 2007
	(in thousands of pesos, except percentages)							
Mexico	16,309,596	63.1	18,343,849	63.3	17,281,695	50.7	12.5	(5.8)
United States	9,524,883	36.9	10,453,463	36.1	13,996,796	41.0	9.7	33.9
Argentina	-	-	186,646	0.6	2,827,077	8.3	100.0	*
Net sales	25,834,478	100.0	28,983,958	100.0	34,105,569	100.0	12.2	17.7

* Not meaningful.

2008 Compared With 2007

Net Sales by Product

Net sales of PTA, including intercompany sales, for 2008 were Ps. 22.3 billion, an increase of 4.2% from the Ps. 21.4 billion reported for 2007. This increase was primarily due to an increase in the prices of PTA as a result of increases in the cost of raw materials. The total volume of PTA sold increased by 2.5% for 2008.

Net sales of PET for 2008 were Ps. 12.2 billion, an increase of 118.6% from the Ps. 5.6 billion reported for 2007. This increase was primarily due to higher sales volumes as a result of the acquisitions of DAK Mexico and DAK Argentina in November 2007 and the full-year effect of PET capacity expansion at our Cape Fear facility in the United States. An increase in the prices of raw materials had a smaller effect.

Net sales of polyester staple fiber for 2008 were Ps. 4.2 billion, an increase of approximately 3.0% from the Ps. 4.1 billion reported for 2007. This increase was primarily due to an increase in the prices of polyester staple fiber as a result of increases in the cost of raw materials, partially offset by a 6.6% decrease in sales volumes during this period.

Net sales of DMT for 2007 were Ps. 1.0 billion. As a result of the spin-off of Petrocel and the termination of our DMT operations in August 2007, we did not have any DMT sales for 2008.

Net sales of polyester filament and chips for 2007 were Ps. 2.3 billion. As a result of the spin-off of Akra in August 2007, we did not have any polyester filament and chip sales for 2008.

Net sales of natural gas for 2008 were Ps. 104.4 million, an increase of 94.8% from the Ps. 53.6 million reported for 2007. This increase was primarily due to an increase in the price of natural gas and an increase in sales after initial capital expenditures to develop the natural gas exploration, development and production venture between our subsidiary Newpek and Pioneer.

Other revenues, which represents sales of by-products, other petrochemicals and off-specification production, for 2008 were Ps. 3.2 billion, an increase of 33.2% from the Ps. 2.4 billion reported for 2007. This increase was primarily due to a one-time inventory sale of petrochemicals in 2008 in order to capture administrative efficiencies.

Net Sales by Country of Origin

Net sales from Mexico for 2008 were Ps. 17.3 billion, a decrease of 5.8% from the Ps. 18.3 billion reported for 2007. This decrease was primarily due to the loss of sales volumes as a result of the spin-offs of Akra and Petrocel, partially offset by higher sales volumes resulting from the acquisition of DAK Mexico.

Net sales from the United States for 2008 were Ps. 14. 0 billion, an increase of 33.9% from the Ps. 10.5 billion reported for 2007. This increase was primarily due to (i) an increase in PTA raw material prices, which in turn led to higher prices of PET and polyester staple fiber and (ii) an increase of 23.4% in the volume sold by our PET plants resulting from the expansion our PET capacity in 2007.

Net sales from Argentina for 2008 were Ps. 2.8 billion compared to Ps. 186.6 million reported for 2007. This increase was primarily due to the acquisition of the plant in Zárate, Argentina in November 2007.

General

Net sales for 2008 were Ps. 34.1 billion, an increase of 17.7% from the Ps. 29.0 billion reported for 2007. This increase was primarily due to (i) higher sales volumes as a result of the acquisitions of DAK Mexico and DAK Argentina in November 2007 and giving effect to the full-year impact of capacity expansion of PTA at our PTAL facility in Mexico and PET at our Cape Fear facility in the United States, partially offset by the spin-offs of Petrocel and Akra in August 2007, (ii) a higher average price for pX, which was reflected directly in the sales price of PTA, which in turn also resulted in higher prices for PET and polyester staple fiber and (iii) the peso devaluation in October 2008, which increased as reported in pesos the net sales of our U.S. dollar-denominated sales. Net sales for 2007 and 2008 consisted of sales of PTA, PET, polyester staple fiber, DMT (2007 only), polyester filament and chips (2007 only), natural gas and other products.

Cost of sales for 2008 was Ps. 31.9 billion, an increase of 18.0% over the Ps. 27.0 billion reported for 2007. This increase was primarily due to (i) higher sales volumes resulting from the acquisitions of DAK Mexico and DAK Argentina in November 2007, (ii) an increase in raw material prices (mainly pX), (iii) higher energy costs, particularly during the first half of 2008, and (iv) the peso devaluation in October 2008, which increased as reported in pesos the net sales of our U.S. dollar-denominated sales.

Gross margin, defined as the difference between net sales and cost of sales, for 2008 was Ps. 2.2 billion, an increase of 12.0% from the Ps. 1.9 billion reported for 2007. This increase was primarily due to (i) the acquisitions of DAK Mexico and DAK Argentina in November 2007, (ii) improved margins for PET and polyester staple fiber and (iii) increased contribution of high margin sale by Newpek.

Operating expenses for 2008 were Ps. 662.8 billion, a decrease of 29.4% from the Ps. 938.6 billion reported for 2007. This decrease was primarily due to the spin-offs of Petrocel and Akra and a reduction in corporate services expenses charged by ALFA, partially offset by an increase in expenses associated with the expansion of our PTA and PET capacity and the acquisitions of DAK Mexico and DAK Argentina in November 2007.

Operating income for 2008 was Ps. 1.5 billion, an increase of 52.5% from the Ps. 1.0 billion reported for 2007. This increase was primarily due to (i) the acquisitions of DAK Mexico and DAK Argentina in November 2007, (ii) improved margins for PET and polyester staple fiber, (iii) increased contribution of high margin sale by Newpek and (iv) a decrease in operating expenses.

Comprehensive financing (expense) income for 2008 was an expense of Ps. 2.4 billion compared to an expense of Ps. 213.3 million reported for 2007. This increase was primarily due to (i) the valuation of certain of our derivative financial instruments, (ii) a higher loss in foreign exchange as a result of the translation effect of a 24.6% devaluation of the peso against the U.S. dollar in 2008 and (iii) an increase in financial expenses as a result of increased debt of Ps. 1.3 billion incurred in connection with the acquisitions of DAK Mexico and DAK Argentina in November 2007. The first two factors are non-cash items.

The significant loss relating to the valuation of our derivative financial instruments related primarily to the mark-to-market losses associated with commodities-related derivative financial instruments, particularly natural gas and other commodities-related derivatives that we entered into in 2008 in order to protect against anticipated increases in raw material and energy costs. A substantial decrease in prices of these commodities led to the creation of mark-to-market losses and a significant potential liability in connection with these instruments. While we would expect over time to experience a related decrease in our cost of goods sold due to these decreases in raw material

and energy prices (if they were to remain constant), the realized savings will not be immediately recognized in our financial statements, but the fair value of the liability is required to be recognized immediately. See "—Quantitative and Qualitative Disclosures about Market Risk—Derivative Financial Instruments."

Other expenses, net for 2008 were Ps. 218.2 million, an increase of 273.1% from the Ps. 58.5 million reported for 2007. This increase was primarily due to (i) expenses in 2008 relating to the restructuring of the collective bargaining agreement with our union workforce at our PTA and PET facilities in Cosoleacaque and (ii) transition expenses relating to the acquisitions of DAK Mexico and DAK Argentina in November 2007.

Provision for income tax for 2008 was a tax benefit of Ps. 646.4 million compared to a tax expense of Ps. 102.2 million reported for 2007. This change was primarily due to a larger comprehensive financing expense as a result of the loss relating to the valuation of certain of our derivative financial instruments. Net operating loss carryforwards available for future years are approximately Ps. 925.8 billion as of December 31, 2008.

Consolidated net (loss) income for 2008 was a loss of Ps. 467.7 million, a decrease of 173.7% from the net income of Ps. 634.2 million reported for 2007. This decrease was primarily due to the negative impact of the mark-to-market loss in connection with our derivative financial instruments, which offset the better results of operations.

2007 Compared With 2006

Net Sales by Product

Net sales of PTA, including intercompany sales, for 2007 were Ps. 21.4 billion, an increase of 16.1% from the Ps. 18.4 billion reported for 2006. This increase was primarily due to the expansion of PTA capacity at PTAL, resulting in an increase of 29.2% in total volume sold, which was offset, in part, by price decreases reflecting the price adjustment to our PTA formula and lower raw material costs.

Net sales of PET for 2007 were Ps. 5.6 billion, an increase of 19.6% from the Ps. 4.6 billion reported for 2006. This increase was primarily due to an increase in the volume sold of 15.5% as a result of the expansion of our PET capacity at our Cape Fear facility in the United States and, to a lesser extent, the acquisitions of DAK Mexico and DAK Argentina in November 2007. The total volume sold increased by 23.6%.

Net sales of polyester staple fiber for 2007 were Ps. 4.1 billion an increase of 0.5% from the Ps. 4.1 billion reported for 2006. The volume sold increased by 2.0%, as prices decreased slightly.

Net sales of DMT for 2007 were Ps. 1.0 billion, a decrease of 39.7% over Ps. 1.7 billion reported for 2006. The decrease was primarily due to the spin-off of Petrocel in August 2007.

Net sales of polyester filament and chips for 2007 were Ps. 2.3 billion, a decrease of 26% from the Ps. 3.1 billion reported for 2006. This decrease was primarily due to the spin-off of Akra in August 2007.

Net sales of natural gas for 2007 were Ps. 53.6 million. As Newpek began selling natural gas in 2007, there were no sales of natural gas for 2006.

Other revenues, which represents sales of by-products, other petrochemicals and off-specification production, for 2007 were Ps. 2.4 billion, an increase of 149.6% from the Ps. 965.5 million reported for 2006. This increase was primarily due to (i) pX sales to foreign companies, (ii) revenues derived from the spin-off of Petrocel relating to leases, administrative services and raw material purchases and (iii) an increase of by-products sales.

Net Sales by Country of Origin

Net sales from Mexico for 2007 were Ps. 18.3 billion, an increase of 12.5% from the Ps. 16.3 billion reported for 2006. This increase was primarily due to higher volumes sold following the expansion of PTA capacity at PTAL and the acquisition of DAK Mexico.

Net sales from the United States for 2007 were Ps. 10.4 billion, an increase of 9.7% from the Ps. 9.5 billion reported for 2006. This increase was primarily due to an increase in the volume sold of 15.5% as a result of our increased PET capacity and the beginning of sales by Newpek.

Net sales from Argentina for 2007 were Ps. 186.6 million. Since the PET plant in Zárate, Argentina was acquired in November 2007, there were no sales from Argentina for 2006.

General

Net sales for 2007 were Ps. 29.0 billion, an increase of 12.2% over the Ps. 25.8 billion reported for 2006. This increase was primarily due to the expansion of PTA capacity at PTAL, the addition of new PET capacity in the U.S. and the acquisitions of DAK Mexico and DAK Argentina in November 2007. Net sales for 2006 and 2007 consisted of sales of PTA, PET, polyester staple fiber, DMT, polyester filament and chips, natural gas and other products.

Cost of sales for 2007 was Ps. 27.0 billion, an increase of 16.6% over the Ps. 23.2 billion reported for 2006. This increase was primarily due to an increase in the aggregate volume sold of 15.9%, higher start-up costs associated with the expansion of our PET capacity and higher energy prices.

Gross margin, defined as the difference between net sales and cost of sales, for 2007 was Ps. 1.9 billion, a decrease of 26.7% over the Ps. 2.7 billion reported for 2006. This decrease was primarily due to an adjustment to the "cost plus" pricing formula in the NAFTA region of US$55 per ton, higher energy prices and start-up costs associated with our increased PET capacity.

Operating expenses for 2007 were Ps. 938.6 million, a decrease of 1.1% over the Ps. 949.3 billion reported for 2006. This decrease was primarily due to the spin-offs of Akra and Petrocel in August 2007.

Operating income for 2007 was Ps. 1.0 billion, a decrease of 40.9% over the Ps. 1.7 billion reported for 2006. This increase was primarily due to the above-mentioned factors.

Comprehensive financing (expense) income for 2007 was an expense of Ps. 213.3 million compared to an expense of Ps. 165.1 million reported for 2006. This increase was primarily due to (i) an increase in financial expenses as a result of increased debt of Ps. 1.9 billion incurred primarily in connection with the acquisitions of DAK Mexico and DAK Argentina in November 2007 and capital expenditures related to the expansion of our PTA and PET capacity and (ii) the valuation of our derivative instruments.

Other expenses, net for 2007 were Ps. 58.5 million, an increase of 124.1% over the Ps. 26.1 million reported for 2006. This increase was primarily due to reorganization expenses relating to Petrocel employees.

Provision for income tax for 2007 was a tax expense of Ps. 102.2 million compared to a tax expense of Ps. 292.3 million reported for 2006. This decrease was primarily due to the cancellation of deferred tax relating to the acquisition of Akra. Our effective tax rate was 19% in 2006 and 14% in 2007.

Consolidated net (loss) income for 2007 was Ps. 634.2 million, a decrease of 48.2% over the Ps. 1.2 billion reported for 2006. This decrease was primarily due to lower PTA margins, partially offset by an increase in the volumes of PTA and PET sold.

New Accounting Policies and Standards

New Accounting Policies

MFRS B-10, *Effects of inflation*, which came into effect on January 1, 2008, sets forth the rules for the recognition of the effects of inflation on the financial information based on the country's inflationary environment. In accordance with this MFRS, the effects of inflation on the financial information will not be recognized if inflation, in the countries of the functional currency that we have adopted, does not exceed 26% in the three most recent years. Since the accumulated inflation for 2006, 2007 and 2008 did not exceed 26% in the countries of the

functional currency that we have adopted (except for Argentina), the financial statements as of and for the periods ended December 31, 2008, June 30, 2008 and June 30, 2009 do not include the effects of inflation from January 1, 2008 and have been prepared on a modified historical cost basis (that is, transactions carried out as of and prior to December 31, 2007 are stated in constant pesos of purchasing power as of that date, and transactions carried out after that date are stated in their nominal amounts), except for the effects of inflation on our operations in Argentina. The financial statements and the other financial information included herein as of and prior to December 31, 2007, except as otherwise indicated, are stated in constant pesos of December 31, 2007 purchasing power, based on factors derived from the NCPI for Mexican companies, and from the CPI of the country of origin of the subsidiaries operating outside Mexico.

MFRS B-2, *Statement of cash flows*, which came into effect on January 1, 2008, reports the cash inflows and cash outflows of the business, representing the resources provided or used during the year, determined by the indirect method. We included, as part of our basic financial statements, the statement of cash flows for 2008. For 2007, the statement of changes in financial position for the years ended December 31, 2006 and 2007 is presented separately and in accordance with Statement B-12, which was in effect on that date.

MFRS B-15, *Translation of foreign currency*, incorporates the concepts of accounting currency, functional currency and reporting currency and establishes the procedures to translate the financial information. Based on the new provisions of the MFRS B-15, "Translation of foreign currency," we have the following currencies:

Type	Currency
Recording	Mexican peso
Functional	U.S. dollar
Reporting	Mexican peso

Prior to January 1, 2008, we were not required to identify a functional currency, and entities were allowed to have a reporting currency different from the functional currency. Beginning January 1, 2008, in accordance with MFRS B-15, we identified the U.S. dollar as our functional currency. As a result of this change, we are required to perform a remeasurement process from Mexican pesos (reporting currency) into U.S. dollars (functional currency) and a translation process back into Mexican pesos (reporting currency). According to the procedure provided by MFRS B-15, which should be applied prospectively as of January 1, 2008:

- the initial balances of the 2008 balance sheet, stated in the recording currency, were translated into U.S. dollars at the exchange rate at December 31, 2007;
- the balances at December 31, 2008, June 30, 2008 and June 30, 2009 of monetary assets and liabilities expressed in the recording currency were translated to U.S. dollars at the exchange rate on such date;
- the movements of the non-monetary items and capital stock during 2008 and the six months ended June 30, 2008 and 2009 stated in the recording currency were remeasured into U.S. dollars using the historical exchange rates referred at each transaction date; and
- the revenues, costs and expenses for 2008 and the six months ended June 30, 2008 and 2009 stated in the recording currency were translated into U.S. dollars at the historical exchange rate of the month when they were accrued and recognized in the income statement, except when they arose from non-monetary items, in which case the historical exchange rate of the non-monetary items was used.

Gains and losses from the remeasurement process are included in the net income of the period (in this case, 2008 and the six months ended June 30, 2008 and 2009).

The amounts stated in U.S. dollars were then translated into Mexican pesos, by applying:

- the exchange rate at December 31, 2008, June 30, 2008 and June 30, 2009 to all assets and liabilities;
- the exchange rate of the month when they were accrued and accounted for to revenues, costs and expenses; and
- the historical exchange rate of the date of the transaction to changes in stockholders' equity.

The difference arising in the translation of U.S. dollars (functional currency) to Mexican pesos (reporting currency) was recognized in stockholders' equity as cumulative translation adjustment.

MFRS D-3, *Employee benefits*, requires, among other things, a reduction in the amortization period of the items relating to prior service cost, the incorporation of the effects of salary growth in the calculation of the defined benefit obligation, as well as the elimination of the additional liability and corresponding intangible asset and, if applicable, of the amount recorded in stockholders' equity. From January 1, 2008 onwards the transitional liability is amortized over the lesser of the period pending to be amortized or five years. Until December 31, 2007, the actuarial gains and losses and transitional liability captions subject to amortization were amortized on the basis of the average estimated service lives of the employees.

MFRS B-3, *Statement of income*, which was adopted on January 1, 2008, sets a new structure for the statement of income, eliminating the presentation of extraordinary and special items and classifying income and expense as ordinary or non-ordinary, and modifies the general presentation and disclosure criteria for this statement. The adoption of this standard did not change management practice of grouping income and expenses by function, as this practice allows the reader to understand the various levels of profit. As a result, the operating income is presented separately since this caption represents a factor for the analysis of the financial information that we and our subsidiaries have regularly presented.

New Accounting Standards

The following new accounting standards under MFRS, which became effective January 1, 2009, were issued by CINIF. Management considers that these new accounting standards will have no significant effect on the financial information presented.

MFRS B-7, *Business acquisitions*, stipulates generation valuation and disclosure standards for the initial recognition at the date of acquisition of the net assets acquired in a business acquisition as well as for the minority interest and other items that might result from it, such as goodwill and the gain on acquisitions. This standard supersedes Statement B-7 "Business acquisitions," which was in force until December 31, 2008.

MFRS B-8, *Combined and consolidated financial statements*, sets forth the general standards for the preparation and presentation of combined and consolidated financial statements and notes thereto. This MFRS supersedes Statement B-8 "Combined and consolidated financial statements and valuation of permanent investments in shares," which was in force until December 31, 2008.

MFRS C-7, *Investments in associated companies and other permanent investments*, sets forth the standards for the accounting recognition of the investments in associated companies, and other permanent investments in which there is no control, joint control or significant influence.

MFRS C-8, *Intangible assets*, sets forth the valuation, presentation and disclosure standards for the initial and subsequent recognition of the intangible assets acquired on an individual basis or through a business acquisition, or internally generated in the normal course of business. This MFRS supersedes Statement C-8 "Intangible assets," which was effective until December 31, 2008.

MFRS D-8, *Share-based payments*, stipulates the standards for the recognition of share-based payments. This MFRS supersedes IFRS-2 "Share-based payments" issued by the International Financial Reporting Standards Board applicable on a supplementary basis in Mexico.

INIF 14, *Contracts on construction, sale and rendering of services related to real estate*, issued by the CINIF, contemplates the regulation in Statement D-7 "Contracts on construction and manufacturing" of some capital goods. This interpretation will become effective as of January 1, 2010 for all of the entities celebrating contracts on construction, sale and rendering of services related to real estate.

Liquidity and Capital Resources

Liquidity

We are a holding company and, as such, have no operations of our own. Our ability to meet our debt and other obligations is primarily dependent on the earnings and cash flows of our subsidiaries and the ability of those subsidiaries to pay us interest or principal payments on intercompany loans, dividends or other amounts.

As a holding company, we finance the operations of our subsidiaries through our normal internal cash management and treasury functions. To the extent our subsidiaries are not able to satisfy their financing needs through internal cash generations, for example for acquisitions, other investments or working capital needs, we provide centralized financing through intercompany loans or through debt facilities.

The following table shows the generation and use of cash in 2006, 2007 and 2008 and the six months ended June 30, 2009. As a result of MFRS B-2, *Statement of Cash Flows*, effective January 1, 2008, we have included the statement of cash flows for the year ended December 31, 2008 and the six months ended June 30, 2009. For prior years, we included the statement of changes in financial position. As a result, the cash flow amounts for 2008 and 2009 may not be directly comparable to those presented for the previous years.

	Main Sources and Uses of Cash			
	December 31,			June 30,
	2006	2007	2008	2009
	(thousands of pesos)			
Net resources provided by (used in) operating activities	1,223,818	1,090,478	1,335,453	2,429,420
Net resources provided by (used in) investing activities	(2,447,846)	(1,328,393)	(2,067,767)	(671,582)
Net resources provided by (used in) financing activities	(123,325)	1,188,218	1,001,825	(881,692)
Cash and cash equivalents at period end	356,554	1,104,777	1,457,629	2,272,466

On December 31, 2008, cash and cash equivalents were Ps. 1.1 billion (US$83.3 million) on a consolidated basis and Ps. 305.1 million (US$23.1 million) on a non-consolidated basis. On December 31, 2007, cash and cash equivalents were Ps. 1.1 billion (US$83.7 million) on a consolidated basis and Ps. 53.3 million (US$4.0 million) on a non-consolidated basis. On December 31, 2006, cash and cash equivalents were Ps. 356.6 million (US$27.0 million) on a consolidated basis and Ps. 0.2 million (US$15.1 thousand) on a non-consolidated basis. On June 30, 2009, cash and cash equivalents were Ps. 2.2 billion (US$164.6 million) on a consolidated basis and Ps. 518.3 million (US$39.3 million) on a non-consolidated basis.

Operating Activities

Net resources provided by operating activities were Ps. 1.3 billion (US$98.5 million) in 2008, compared to Ps. 1.1 billion (US$83.3 million) in 2007 and Ps. 1.2 billion (US$90.8 million) in 2006. In 2008, our higher net resources provided by operating activities were primarily due to (i) the acquisitions of DAK Mexico and DAK Argentina in November 2007, (ii) improved margins for PET and polyester staple fiber, (iii) increased contribution by Newpek, (iv) a decrease in operating expenses and (v) lower tax payments. In 2007, lower net resources provided by operating activities were primarily due to the PTA margin reduction of US$55 per ton and start-up costs associated with the expansion of our PTA and PET capacity.

In the first half of 2009, net resources provided by operating activities were primarily due to higher PET margins (including the positive foreign currency impact thereon) and volumes sold as well as an improvement in working capital.

Investing Activities

In 2008, net resources used in investing activities were Ps. 2.1 billion (US$156.6 million) and comprised primarily maintenance capital expenditures, capital expenditures to grow our natural gas business and payment under derivative financial instruments. In 2007, net resources used in investing activities were Ps. 1.3 billion

(US$100.6 million) for (i) capital expenditures to expand our PTA and PET production capacity, (ii) the acquisitions of DAK Mexico and DAK Argentina in November 2007 and (iii) maintenance capital expenditures and capital expenditures to grow our natural gas business. In 2006, net resources used in investing activities were Ps. 2.4 billion (US$181.8 million) primarily for (i) capital expenditures to expand our PTA and PET production capacity and (ii) maintenance capital expenditures and capital expenditures to grow our natural gas business.

In the first half of 2009, net resources used in investing activities were Ps. 671.6 million (US$50.9 million) and comprised primarily maintenance capital expenditures and payments under derivative financial instruments.

Financing Activities

In 2008, net resources provided by financing activities of Ps. 1.0 billion (US$75.9 million) consisted primarily of borrowings which were used to finance (i) derivative financial instrument losses (unwinds, settlements and margin calls in the fourth quarter of 2008), (ii) capital expenditures to grow our natural gas business and (iii) working capital. In 2007, net resources provided by financing activities of Ps. 1.2 billion (US$90.0 million) were used to finance capital expenditures to expand our PTA and PET production capacity and the acquisitions of DAK Mexico and DAK Argentina. In 2006, net resources provided by financing activities of Ps. 123.3 million (US$9.3 million) were used to finance capital expenditures to expand our PTA and PET capacity, ordinary-course capital expenditures, capital expenditures used to grow our natural gas business and working capital.

In the first half of 2009, net resources provided by financing activities of Ps. 881.7 million were used for the payment of short-term loans and interest expenses.

We paid dividends to ALFA of Ps. 122.7 million (US$9.3 million) in 2006. No dividend payment was made during 2007, 2008 or the first half of 2009.

Capital Resources

Description of Our Indebtedness

At June 30, 2009, we had total indebtedness of Ps. 8.3 billion (US$624.1 million), of which Ps. 7.6 billion (US$572.3 million) was denominated in U.S. dollars and Ps. 684.1 million (US$51.8 million) was denominated in pesos. Of this amount, Ps. 3.6 billion (US$270.9 million) constituted short-term debt and Ps. 6.6 billion (US$500.1 million) constituted floating rate debt. The primary use of our debt has been to fund acquisitions and capital expenditures. Following this offering, we anticipate having credit facilities available under which we may borrow additional funds to finance our working capital and other requirements of up to US$60.0 million. See "Description of Other Indebtedness."

Capital Expenditures

In 2006, 2007 and 2008, we made capital expenditures of Ps. 2.6 billion (US$196.9 million), Ps. 1.2 billion (US$90.9 million) and Ps. 446.2 million (US$33.8 million), respectively. This includes a strategic capital expenditure in 2006 and 2007 for expansion of our PTA and PET capacity and the acquisitions of DAK Mexico and DAK Argentina in November 2007 as well as expenditures relating to Newpek in 2008.

In the first half of 2009, our capital expenditures were Ps. 174.9 million (US$13.2 million), primarily for the purpose of maintenance capital expenditures and investment in our natural gas business. We estimate that our capital expenditures for 2009 and 2010 will be approximately Ps. 471.3 million (US$35.7 million) and Ps. 531.0 million (US$40.2 million), respectively.

We are currently not contemplating any material future investments.

Research and Development

In 2006, 2007 and 2008, we spent Ps. 76.0 million (US$5.8 million), Ps. 72.6 million (US$5.5 million) and Ps. 101.0 million (US$7.7 million) on research and development. See "Business—Research and Development."

In the first half of 2009, we spent Ps. 29.8 million (US$2.3 million) on research and development.

Tabular Disclosure of Contractual Obligations

The following is a summary of our contractual obligations as of December 31, 2008 without giving effect to this offering:

	Payments Due By Period (in thousands of pesos)				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Contractual Obligations					
Long-term debt obligations	Ps. 7,706,475	Ps. 1,806,818	Ps. 4,287,469	Ps. 1,389,774	Ps. 222,415
Capital (finance) lease obligations	-	-	-	-	-
Operating lease obligations	436,484	103,747	216,378	50,133	66,226
Short-term debt obligations	1,246,666	1,246,666	-	-	-
Total	Ps. 9,389,625	Ps. 3,157,231	Ps. 4,503,847	Ps. 1,439,906	Ps. 288,641

In the ordinary course of business, we also enter into long-term supply arrangements for raw materials and energy, which are not reflected in the above table. In addition, our obligations under derivative financial instruments are described below.

Quantitative and Qualitative Disclosures about Market Risk

Derivative Financial Instruments

We have entered into exchange rate and interest rate derivatives for purposes of reducing the overall cost of such financing and the volatility associated with exchange and interest rates (mainly LIBOR). Additionally, due to the nature of the industries in which we operate and our consumption of energy and raw materials, we have entered into hedge contracts covering natural gas, gasoline and ethylene prices.

In accordance with our policy, the derivatives that we enter into are for non-speculative purposes in the ordinary course of business. From an economic point of view, these derivatives are entered into for hedging purposes; however, for accounting purposes, some of our derivative financial instruments have not been designated as hedges because they do not meet all the accounting requirements established by MFRS and, therefore, have been classified as trading instruments. Derivative financial instruments employed by us are contracted in the over-the-counter market with international financial institutions. The main characteristics of the transactions refer to the obligation to buy or sell a certain underlying asset given certain criteria such as cap rate, trigger level, spread and strike price, among others.

During the fourth quarter of 2008, we implemented various strategies that substantially modified our derivative position related to natural gas prices. We cancelled open natural gas derivative contracts and entered into offsetting positions with new counterparties with respect to a significant amount of our derivative financial instruments, thereby reducing our exposure to these risks. However, many of our derivative transactions have not been closed out and remain in effect, and we may incur additional losses in the future in connection with those transactions.

The loss on valuation of derivative financial instruments represented a charge of Ps. 1.7 billion to 2008 income and a charge of Ps. 281.1 million during the first six months of 2009. As of June 30, 2009, we had no breaches in any derivative financial instrument.

The obligations under our derivative financial instruments are generally contracted in U.S. dollars. The notional amounts and fair values presented in the tables below have been translated from U.S. dollars to pesos using a rate of 13.20.

Interest Rate Risk

During 2003 and 2004, as the market's interest rates remained low and stable, we contracted two interest rate swaps, where the interest rates of two specific debts were swapped from fixed to floating (with LIBOR used as a reference). As a result, our interest rate payment decreased. Subsequently, we entered into additional interest rate swap agreements to try to further limit our exposure to increases in interest rates by swapping a portion of our obligations from floating to fixed rates.

At June 30, 2009, our position of interest rate swaps was as follows:

Type of derivative, value or contract	Notional amount	Fair value	Maturity 2009	2010	2011+	Collateral
			(millions of pesos)			
Hedge accounting:						
LIBOR-based[(1)]	Ps. 2,640	(Ps. 108)	(Ps. 38)	(Ps. 70)	Ps. -	Ps. -
Non-hedge accounting:						
LIBOR-based[(1)]	6,139	(444)	(57)	(106)	(281)	7
		(Ps. 552)	(Ps. 95)	(Ps. 176)	(Ps. 281)	Ps. 7

(1) Includes fixed-to-floating and floating-to-fixed swaps.

Foreign Currency Exchange Rate Risk

At June 30, 2009, our position of exchange rate derivatives held for trading purposes (which were designed in light of our dollar-based revenues to effectively convert to dollars certain peso-denominated liabilities) was as follows:

Type of derivative, value or contract	Notional amount	Fair value	Maturity 2009	2010	2011+	Collateral
			(millions of pesos)			
US$/Peso						
Cross currency swaps	Ps. 514	(Ps. 96)	Ps. 8	(Ps. 8)	(Ps. 96)	Ps. -

Natural Gas and Other Commodities Price Risk

We enter into different derivative agreements with several counterparties to protect ourselves against increases in the prices of natural gas and other raw materials. In the case of natural gas derivatives, because energy markets have recently been experiencing the greatest volatility among all commodity markets, hedging strategies for commodities were designed to mitigate the impact of potential price increases. The objective is to hedge prices against volatility by having positions that provide stable expectations of cash flows, thus avoiding price uncertainty. The reference market price for natural gas is the New York Mercantile Exchange ("NYMEX") Henry Hub. Such price increased from an average of $6.14 per million British thermal unit ("MMBTU") during 2004 to an average of $9.03 per MMBTU during 2008, representing an increase of 47%. The settled price of natural gas on the NYMEX Henry Hub for June 2009 was $3.538 per MMBTU and for August 2009 was $3.379 per MMBTU.

In order to try to limit our exposure to increases in natural gas prices, we entered into hedges with several financial and other institutions. As of December 31, 2008, we had hedges on the price of natural gas for a portion of our expected consumption needs in Mexico and the United States. As of December 31, 2008, the fair market value of natural gas hedges represented a liability of Ps. 1.2 billion. As of June 30, 2009, the fair market value of these hedges was a liability of Ps. 863 million. In 2008, our natural gas consumption was approximately 11.25×10^6 MMBTUs, of which the NAFTA region accounted for 10.81×10^6 MMBTUs.

At June 30, 2009, the position of derivative financial instruments for natural gas, gasoline and ethylene was as follows:

Type of derivative, value or contract	Notional amount	Fair value	Maturity 2009	2010	2011+	Collateral
			(millions of pesos)			
Hedge accounting:						
Ethylene	Ps. 297	Ps. (118)	Ps. (117)	Ps. (1)	Ps. -	Ps. -
Non-hedging accounting:						
Natural gas	Ps. 1,065	(863)	(233)	(33)	(597)	61
Gasoline	Ps. 1,080	(218)	(222)	4		
		Ps. (1,199)	Ps. (572)	Ps. (30)	Ps. (597)	Ps. 61*

* In addition, we have provided Akra with a loan of Ps. 474.0 million (US$35.9 million) to post collateral in favor of one of our derivative counterparties. See "—Credit Lines, Margins and Collateral Policies."

The effectiveness of derivative financial instruments classified as hedge instruments is assessed on a periodic basis. At December 31, 2008, we had assessed the effectiveness of hedges and estimated that they are highly effective for hedge accounting purposes.

The notional amounts related to derivative financial instruments reflect the reference volume contracted.

At June 30, 2009, the net fair value position of the aforementioned derivative financial instruments amounted to Ps. 1.7 billion, which is included in our consolidated balance sheet as follows:

	Amount
	(thousands of pesos)
Assets:	
Current Assets	Ps. 25,272
Non current Assets	131,225
Liabilities:	
Short-Term Liabilities	(640,002)
Long-Term Liabilities	(1,363,258)
	(1,846,763)
Initial valuation position covered	108,227
Net position (fair value)	Ps. (1,738,536)

Credit Lines, Margins and Collateral Policies

In order to manage the obligation to post collateral in connection with margin calls under derivative financial instruments, we have agreed to a credit limit with each counterparty that has a derivative transaction. In cases where the agreed threshold under a particular transaction is less than the absolute mark-to-market value of such transaction, we have the obligation, from time to time, to post the corresponding collateral to the counterparty. Additionally, if we fail to post such collateral, the counterparty has the right, but not the obligation, to declare such obligation as prematurely expired and to demand the corresponding reasonable value in accordance with the agreed terms. At June 30, 2009, our "restricted cash" includes Ps. 68.0 million (US$5.2 million) required for margin calls related to derivative financial instruments. Additionally, we have posted cash collateral relating to natural gas derivatives of Ps. 474.0 million (US$35.9 million) through a loan to Akra, which is party to one of our derivative financial instruments. This cash collateral consists of temporary investments and cash in brokers' accounts.

We have met all margin calls to date.

Internal Control Procedures to Manage Liquidity and Market Risk Exposure

We maintain a system of internal control over derivative financial instruments. The negotiation, authorization, contracting, operating, monitoring and recording of derivative financial instruments are subject to internal control procedures variously overseen by our and ALFA's treasury, legal, accounting and auditing departments.

ALFA Risk Management Committee

In the beginning of 2009, ALFA's management formed a Risk Management Committee, which supervises each hedging and derivative transaction entered into by ALFA's subsidiaries (including Petrotemex) and reports directly to the Chairman and Chief Executive Officer of ALFA. All new hedging and derivative transactions, as well as the renewal or cancellation of existing hedging and derivative arrangements, are required to be approved by senior management, including ALFA's Chairman and Chief Executive Officer. Proposed transactions are required to satisfy certain criteria, including that they be entered into for non-speculative purposes in the ordinary course of business, based on fundamental analysis, and subject to a sensitivity analysis and other risk analysis techniques. In addition, proposed transactions with a notional amount in excess of US$30 million are required to be approved by the financial committee of ALFA's board of directors and, in the case of amounts in excess of US$100 million, by ALFA's full board of directors.

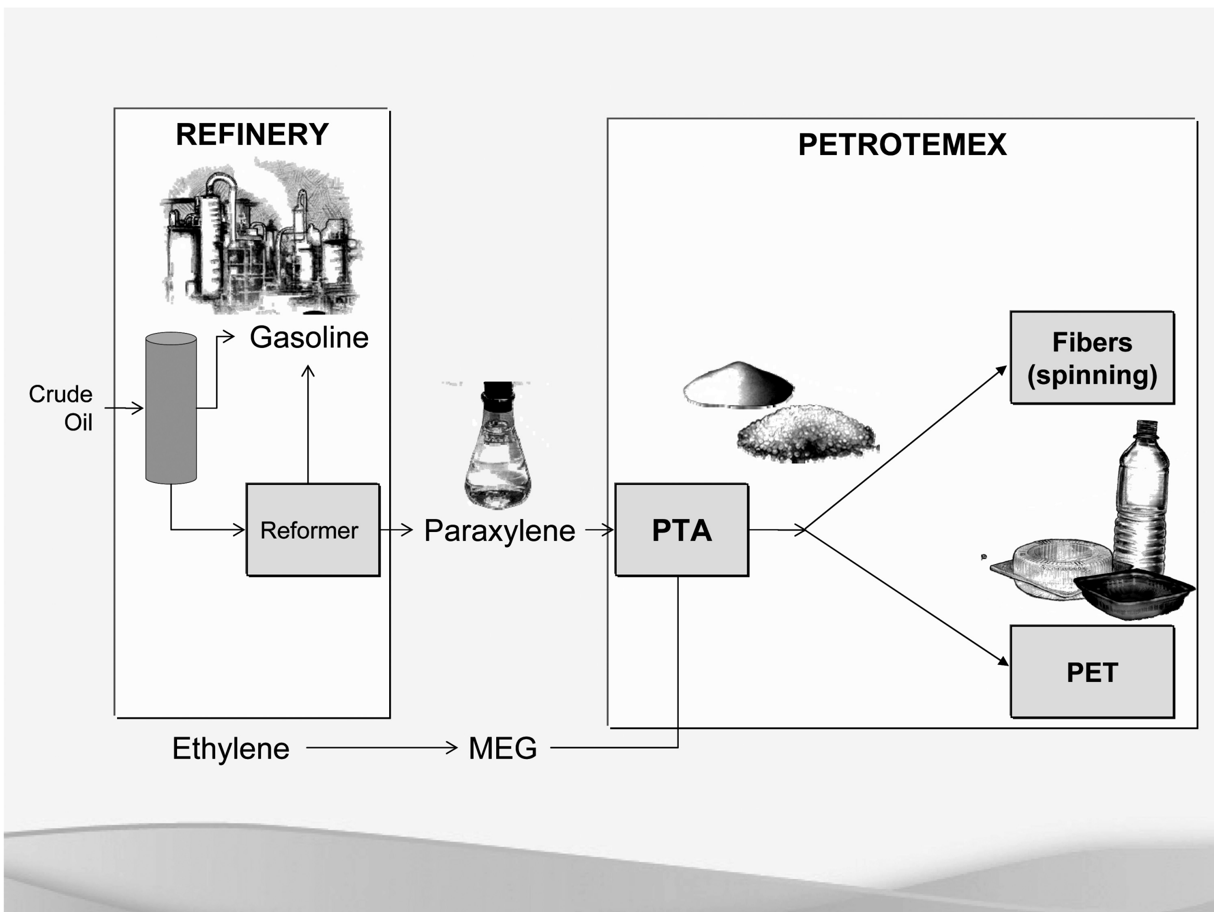
INDUSTRY

Polyester Products Overview

Polyester is a petroleum-based synthetic material typically manufactured in three forms: resin (commonly known as PET), fiber and film. Polyester has a wide range of end-use applications. Principal applications include plastic bottles and other containers, apparel and carpets. Polyester is made by combining PTA and MEG. Paraxylene, or pX, a chemical produced in a crude oil refinery, is the main raw material used for PTA. According to PCI, during 2008, worldwide production of polyester was approximately 47 million tons, with a CAGR of 5.8% from 2003-2008.

During 2008, PET, polyester fiber and film (video, audio and photography) represented an estimated 31%, 62% and 4%, respectively, of the market for PTA worldwide.

The following chart depicts the polyester production chain, starting from crude oil, which is converted into pX, which is, in turn, converted into PTA, which together with MEG are raw materials used for final polyester applications.



PET

PET is a polymer derived typically from the reaction between PTA and MEG. It has a high degree of transparency due to the crystallization carried out at the end of the polymerization process and offers superior visual clarity, which enhances the presentation value of a product. In addition, it is strong, shatter-resistant, serves as an excellent barrier to gases, and no harmful side effects have been identified. These characteristics have led to its

widespread use in bottles and other containers for liquids, food and personal care products, including carbonated soft drinks, sparkling water, natural water, fortified water, isotonic beverages, health drinks, juices, teas, dairy products, prepackaged food, health and beauty aids, pharmaceuticals and other household products. PET also features a high degree of design flexibility and customization, enabling custom PET containers to be used for a variety of reusable and temperature-sensitive packaging applications. Sheet and film made from PET are used for cups, lids, trays, bowls and blister packaging. PET has increasingly displaced glass, aluminum and tin cans and other plastics such as PVC or polyethylene, and has shown one of the highest growth rates of any plastic container product worldwide during the last decade. According to CCI-PET, from 2000-2008, demand for PET grew at a 9.2% CAGR in the U.S. beverage containers market compared to a 0.2% CAGR for glass over the same period. This growth is driven by the higher acceptance of PET packaging, which is resilient, lightweight, low-cost and recyclable. Further technology innovation is expected to enable new applications.

Polyester Fiber

Polyester fiber includes staple fiber, which may be sold on its own or blended with either cotton or wool; textured and flat textile filaments, and technical yarns that have multiple apparel, home furnishing and non-woven consumer and industrial applications. Polyester fiber accounted for an estimated 44.2% of the world's total fiber consumption in 2008, compared to 38.7% in 2003, representing a 7.4% CAGR, compared to a 4.2% CAGR for cotton over the same period. This increase has been driven by greater consumer acceptance of this product due to its durability, flexibility in applications, color stability, quality and production processability that has led to competitive pricing in many end products. This growth has been concentrated primarily in China, India and South Asia, with the market in the NAFTA region declining in recent years as textile production has migrated to Asia. We are engaged primarily in the polyester staple fiber segment of this industry.

Film

Film is used principally for photographic, video and audio applications, as well as for data storage. This segment is expected to gradually fade as data and image storage applications migrate to other means of storage, mainly digital-based. We are not engaged in the manufacture or sale of film.

Global Market for PTA, PET and Polyester Staple Fiber

The PTA industry is dominated by global players, which, in addition to Petrotemex, include BP p.l.c. (headquartered in the United Kingdom), Eastman Chemical Company (United States), Samnam Petrochemical Co., Ltd. (Korea), Zhejiang Hualian Sunshine Petro-Chemical Co., Ltd. (China), Mitsui Chemicals, Inc. (Japan), Formosa Chemicals & Fiber Corporation (Taiwan) ("FCFC"), Mitsubishi Chemical Corporation (Japan), Intercontinental Quimica S.A. (subsidiary of CEPSA) (Spain) ("Interquisa"), Reliance Industries Limited (India) and Invista (subsidiary of Koch Industries, Inc.) (United States). According to PCI, as of 2008, Petrotemex, BP and Invista combined had approximately 20% of the world and approximately 87% of the NAFTA region PTA capacity. Customers of this industry are manufacturers of PET, polyester fiber and film.

The PET industry comprises several major players as well as many smaller companies. PET markets are generally regional because of high transportation costs relative to production costs. Major PET producers in the NAFTA region, in addition to Petrotemex, include M&G (Italy), Eastman, StarPet Inc. (subsidiary of the Indorama Group) (Indonesia), Invista, Nan Ya Plastics Corporation (Taiwan) and Wellman, Inc. (United States). According to PCI, as of 2008, M&G, Eastman and Invista combined had approximately 53%, and Petrotemex had approximately 14%, of the NAFTA region PET capacity. Customers of this industry primarily include companies that convert PET into plastic bottles and other containers, known in the industry as "converters," and in turn sell them to major consumer goods companies.

Polyester staple fiber is also a largely regional industry and in the NAFTA region is dominated by three main players: Petrotemex, which is the leader in terms of market share and capacity utilization, Nan Ya and Invista. Petrotemex currently has an estimated 47% of the NAFTA region polyester staple fiber capacity. The demand for polyester staple fiber in the NAFTA region has been declining since 1999 due to the shift to Asia of manufacturing

capacity for apparel and other end-uses for polyester staple fiber, which has enabled Asian competitors to gain market share. Customers of this industry are manufacturers of carpets, certain knit apparel items and non-woven consumer and industrial products.

PTA

General Overview

World: According to PCI, during 2008, worldwide production of PTA was approximately 39.4 million tons, with a CAGR of 7.6% from 2003-2008. Worldwide production of PTA is expected to increase at a CAGR of 6.5% from 2008-2013.

NAFTA: During 2008, the NAFTA region represented 13%, or 5.3 million tons, of the world's PTA production, with a CAGR of 5.5% from 2003-2008. Substantially all of the NAFTA region's PTA needs are satisfied through regional PTA production, without reliance on imports. BP, the largest player in the NAFTA region, established a "cost plus" pricing formula several decades ago when it was the sole producer in the NAFTA region, that is typically used for sales of PTA in the NAFTA region.

Mexico: During 2008, PTA production in Mexico (100% of which was produced by Petrotemex) was approximately 1.4 million tons. PTA demand in Mexico grew at a 3.0% CAGR from 2003-2008. This was achieved in spite of a decline in local polyester fiber production, which was offset primarily by a 8.6% CAGR in domestic PET production. We estimate that Mexico has the second largest market for PTA in the NAFTA region and the ninth largest PTA market in the world, driven by an increase in bottled water consumption and the high per capita carbonated soft drink consumption, as well as the ongoing substitution of aluminum and glass containers with plastic containers.

South America: PTA demand in South America grew at a 10.1% CAGR from 2003-2008. Brazil is the largest market in the region with a total consumption of 518,000 tons in 2008, followed by Argentina with a total consumption of 159,000 tons in 2008.

Market Position

While the PTA industry in the NAFTA region is concentrated among a few players, the worldwide market is somewhat more diversified, with 44 producers and more than 80 production facilities, approximately 73% of which are located in Asia. According to PCI, we are among the top five global PTA producers based on production capacity as of December 31, 2008. The following tables show the worldwide and the NAFTA region PTA installed capacity, as calculated by PCI.

Worldwide PTA Installed Capacity (2008)

Company	Installed Capacity *(in thousands of tons per year)*
BP (UK)	5,726
Mitsubishi (Japan)	2,760
FCFC (Taiwan)	2,250
Petrotemex (Mexico)	**2,050***
Reliance (India)	2,025
Hualian Sunshine (China)	1,900
Samnam (Korea)	1,830
Samsung (Korea)	1,760
CAPCO (Taiwan)	1,700
Mitsui (Japan)	1,500
Others	21,315
World total	**44,816**

* Our actual installed capacity is 2,150, which differs from the amount calculated by PCI.

NAFTA PTA Installed Capacity (2008)

Company	Installed Capacity *(in thousands of tons per year)*
BP (UK)	2,450
Petrotemex (Mexico)	**2,050***
Eastman (U.S.)	650
Interquisa (Spain)	550
Invista (U.S.)	180
NAFTA total	**5,880**

* Our actual installed capacity is 2,150, which differs from the amount calculated by PCI.

Industry Development

The rapid growth in worldwide demand for PTA in recent years has been driven mainly by the demand for polyester, particularly PET and polyester fiber. From 2002 to 2008, global PTA markets had been growing strongly at rates of approximately 6%-9% per year. However, in 2008, PTA demand was affected by a downturn in the PET and polyester fiber markets, due in large part to the global economic recession.

Worldwide consumption of PTA is concentrated mainly in the NAFTA region, Western Europe and Asia. Worldwide trade volume of PTA is concentrated mainly in Asia. The NAFTA region and Southeast Asia are major net export regions of PTA, whereas South and Central America, Africa, and Central and Eastern Europe are major net import regions. Based on the global consumption trend of PTA in recent years, the proportion of the worldwide consumption volume in Asia has increased steadily, the proportion in Western Europe has dropped slightly and the proportion in the NAFTA region has shown a declining trend.

In Asia, the growth in PTA consumption has been driven by strong polyester fiber demand, which now accounts for nearly two-thirds of global polyester demand. In the NAFTA region and Europe, polyester fiber production has been declining as the textile industry has migrated to Asia. Growth in these regions has been in the PET market, which now accounts for just over 30% of global polyester demand.

A major challenge facing the PTA industry is the growing overcapacity caused by the implementation of large capacity additions, mainly in China. These expansions have the potential to impact the balance of global supply and demand and cause an increase in surplus PTA capacity. Growth of PTA capacity in the NAFTA region, Europe and the Middle East is expected to be relatively slow. According to PCI, worldwide PTA capacity will grow 20.1 million tons by 2013 compared to 2008 levels. China's capacity will account for 10.3 million tons of growth, while Eastern Europe and the Middle East will largely account for the remaining growth.

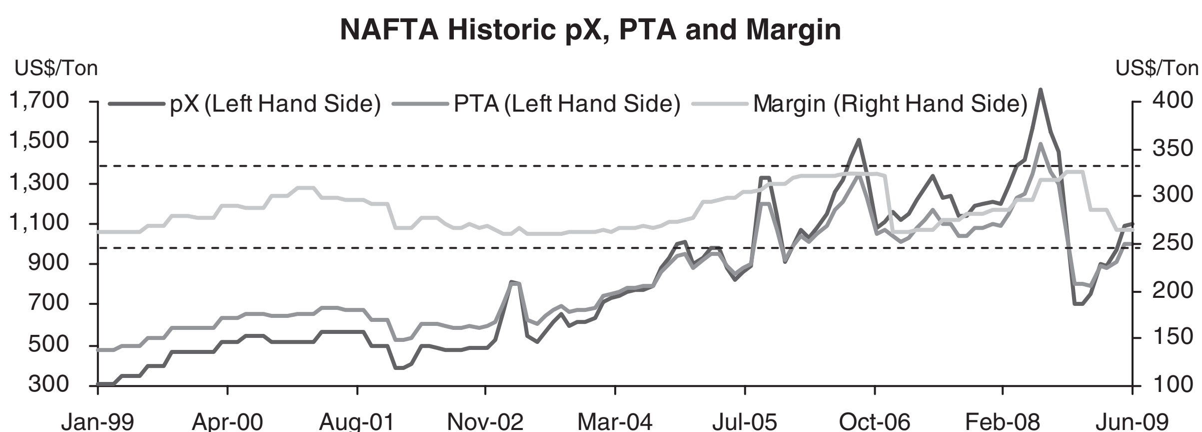
Pricing

World: PTA prices have traditionally been correlated to pX prices.

NAFTA: PTA prices are generally set on a monthly basis (the "U.S. Contract Delivered Price") using as a reference a "cost plus" pricing formula published by BP. The formula takes into account cost variances in the main factors involved in the PTA production process (pX, energy and labor costs, and the U.S. Producer Price Index for other fixed costs). The U.S. Contract Delivered Price is based on the published pX price, which as a petrochemical is sensitive to oil prices in general and gasoline prices in particular. This pricing formula is typically used for sales in the NAFTA region and provides predictable and published reference prices, although the actual price paid by a customer is subject to negotiation and may include a discount or premium to the published reference prices, and the actual costs of production vary by producer. The margin implied by the pricing formula has ranged between US$260-US$330 per ton over the last three years.

The following chart shows historical pX and PTA prices and margins over the period 1999-2009.

NAFTA Historic pX, PTA and Margin



Source: PCI

In the fourth quarter of 2005, the U.S. Contract Delivered Price increased mainly due to the effects of hurricanes Katrina and Rita. These hurricanes affected several petrochemical production facilities, particularly BP's

major paraxylene production facility located in Texas, and hindered pX production. The shortage of pX in the NAFTA region fostered a pX price increase and, accordingly, through the “cost plus” pricing formula, a PTA price increase.

On January 1, 2007, BP made a downward adjustment to the margin implied by its PTA pricing formula, which was adopted by other PTA producers in the NAFTA region, including Petrotemex, in order to counteract a widening difference between NAFTA and Asian PTA prices. This pricing disparity was driven largely by cost variances in raw materials due, in part, to the effects of hurricanes Katrina and Rita in the United States. The PTA price differential exposed NAFTA PET producers and the U.S. polyester industry generally (on which NAFTA PTA producers depend) to increased competitive pressure from Asian polyester producers. For example, the PET net trade deficit as a percentage of NAFTA demand increased from approximately 2.1% to 3.5% from 2005 to 2006. However, in 2007, the NAFTA region had a trade surplus of 0.2% of the demand as a result of the reduction in the PTA margin. Similar adjustments may be made in the future.

The Asian PTA price is freely negotiated so cost increases to Asian PTA producers are not necessarily passed directly on to Asian PTA buyers. Differences between U.S. and Asian pX prices may be reflected in the U.S. market and impact pricing, as happened in 2007. In recent years, the price of pX in the NAFTA region has generally been higher than in Asia.

As a result of the reduction in the PTA pricing formula margin combined with the reduced pX price differential with Asia, NAFTA region PTA producers have enabled PET producers to better compete with Asian imports, reducing imports and maintaining PTA volumes in the NAFTA region. Similar adjustments to the PTA pricing formula have been implemented from time to time since it was established.

Asia: Prices are set monthly and reflect the forces of supply and demand, including freight costs to the customer’s port of destination. This pricing mechanism applies to both PTA imports into the region and sales between countries within the region. In this region, the prices are negotiated mainly between producers in Japan, Taiwan and South Korea and customers from these three countries and from China. Asian producers face significant margin volatility on a month-to-month basis.

Europe: In the European market, the domestic PTA pricing is influenced by polyester markets in Asia. Usually prices in Europe follow the Asian PTA price plus the freight costs from Asia to Europe. However, there are some customers that prefer setting a formula based on the European pX price plus a negotiated fee.

South America: In the South American market, a mechanism similar to the European pricing methodology is typically used.

PET

General Overview

World: According to PCI, during 2008, worldwide production of PET was approximately 14.6 million tons, with a CAGR of 7.1% from 2003-2008. Worldwide production of PET is expected to increase at a CAGR of 6.5% from 2008-2013.

NAFTA: In the NAFTA region, production of PET was nearly 3.9 million tons in 2008, with a CAGR of 4.0% from 2003-2008, according to PCI.

PET has become the main market for PTA in the NAFTA region, representing approximately 73% of sales in 2008, compared to 63% in 2003. This percentage has increased in recent years due to the closure of certain fiber assets in the region and the higher consumption growth of PET compared to fibers.

PET growth in the NAFTA region is moderating as a result of maturing applications in such key markets as water, carbonated soft drinks and personal care products and the drive toward lighter-weight containers and increased content of recycled material. Industry forecasts differ, ranging from a forecast increase of demand for PET in the NAFTA region at a CAGR of 0.3% from 2008-2012 (according to CCI) to a CAGR of 4.5% from 2008-2013 (according to PCI).

Mexico: According to PCI, production of PET in Mexico grew at a 8.3% CAGR from 2003-2008. The growth of PET in Mexico is anticipated to continue at a higher rate due to expected GDP growth and continued overall social and economic development as well as the increased bottled water and carbonated soft drink consumption and the ongoing substitution of bottling materials described above.

South America: According to PCI, production of PET in South America grew at a 8.8% CAGR from 2003-2008. PET growth is anticipated to continue in South America for largely the same reasons as in Mexico.

Market Position

The following table shows the PET production capacity in the Americas, as calculated by CCI.

Americas PET Installed Capacity (2009)

Company	Installed Capacity *(in thousands of tons per year)*
M&G	1,340
Petrotemex	**865***
Eastman	800
StarPet	680
Invista	630
Nan Ya	450
Wellman	440
Others	35
Americas total	**5,240**

* Our actual installed capacity is 862, which differs from the amount calculated by CCI.

Within the past year, three of our competitors have shut down certain of their less efficient production facilities in the NAFTA region, effectively removing from the market a total of 895,000 tons of capacity. According to CCI-PET, the PET industry capacity utilization rate is expected to remain at approximately 87% during 2009 and decline in 2010 as a result of the new capacity that is expected to be installed by StarPet in two phases, each with a 200,000 ton capacity, in 2009 and 2010.

Industry Development

In the United States, the use of PET became widespread during the 1980s, and PET demand has now reached a mature stage. In contrast, the demand for PET in Mexico and the rest of the world became prevalent only during the last 20 years and has not yet reached maturity.

Until 1997, demand had always exceeded supply, resulting in high profit margins for producers. However, that year a large number of PET plants began operations around the world, reducing margins in 1998 and 1999. As demand continued to grow, equilibrium was reached by 2000-2001, and margins improved during those years, reaching a peak in 2005 due to raw material shortages precipitated, in part, by the effects of hurricanes in the United States.

Since 2002, new capacity has been steadily growing across the NAFTA region. A number of PET producers, including Wellman, Invista, M&G, Eastman, StarPet and Petrotemex, have implemented expansions, causing overall margin reductions in the 2002-2008 period.

Pricing

Historically, prices of PET in the NAFTA region have generally been negotiated between PET producers and their customers on a monthly basis as a function of supply and demand. Prices can be subject to rapid change in periods when factors influencing demand are affected, when prices of raw materials fluctuate or when there are shortages of key inputs in the production process.

Polyester Staple Fiber

General Overview

World

According to PCI, during 2008, worldwide production of polyester staple fiber was approximately 12.8 million tons, with a CAGR of 6.3% from 2003-2008. Worldwide production of polyester staple fiber is expected to increase at a CAGR of 6.5% from 2009-2014.

NAFTA

In the NAFTA region, the demand for polyester staple fiber has been declining since 1999 and from 2003-2008 experienced a negative growth rate of 5.9%. One of the principal drivers of this decline has been the shift to Asia of manufacturing capacity for apparel and other end-uses for polyester staple fiber, which has enabled Asian competitors to gain market share. We estimate that in the near future there will be further attrition in this market.

Market Position

Despite the decline in the polyester staple fiber market in recent years, since 2008, we have had the largest capacity share in the NAFTA region, with 47%. Nan Ya has the second largest capacity share with 35%. The following table shows the NAFTA region polyester staple fiber production capacity, as calculated by PCI.

NAFTA Polyester Staple Fiber Installed Capacity (2009)

Company	Installed Capacity *(in thousands of tons per year)*
Petrotemex	**270***
Nan Ya	200
Invista	75
Others	30
NAFTA total	**575**

* Our actual installed capacity is 282, which differs from the amount calculated by PCI.

During 2008, Wellman decided to exit the industry as part of its reorganization. We were able to supply additional polyester staple fiber and, as a result, captured the market share left by Wellman in what we believe to be one of the most attractive market segments for polyester staple fiber.

Barriers to Entry

PTA

In Mexico, the United States and Argentina, authorities do not exert a major regulatory influence on the PTA industry, except for environmental regulations and tariff setting. Nonetheless, we believe that barriers to entry for new participants in the production of PTA in the NAFTA region can be significant and effectively limit the market to existing manufacturers (with expansion capacity) and to companies that require PTA as a raw material in sufficient quantity to warrant the construction of their own PTA production facilities. We believe that the following factors constitute barriers for competitors to establish themselves in the PTA industry in the NAFTA region:

- *Capital and minimum efficient scale*: "Greenfield" plants (without a preexisting infrastructure) can cost at least US$500 million, excluding land, technology usage fees and working capital. We believe that the most competitive plants need an installed capacity of at least 500,000 tons per year and in the future may require at least 700,000 tons.

- *Established customer relationships*: Most sales are pursuant to longstanding relationships with customers. It is not easy for a customer to change PTA suppliers or to source PTA from multiple suppliers. The customer would first need to adapt and confirm that the production process for its product is compatible with the physical characteristics of the alternative PTA supply.

- *Supply of pX*: Proximity to plants producing pX, which is produced only at certain petrochemical refineries, translates into significant savings on freight. Also, long-term supply contracts make the construction of a new PTA plant more difficult since existing pX capacity without a contract may not be able to supply it.

- *Import barriers*: A general tariff rate of 10.0% and 6.5% is imposed on imports of PTA from non-NAFTA countries entering Mexico and the United States, respectively, with the exception of jurisdictions that have entered into a treaty specifying a different rate. Imports into Mexico and the United States from the NAFTA region have preferential treatment and pay no tariff.

- *Logistics*: Major PTA customers in the United States use railcars for PTA reception. Therefore, the supply logistics for PTA require careful coordination between producers and consumers to keep costs down. Annual consumption of 50,000 tons requires approximately 30 to 35 railcars. Each PTA railcar has a capacity of 90 tons and requires an additional investment in order to be adapted with the necessary internal coating and a special discharge valve. Railcars typically require at least a one-year lease commitment, but usually a multiyear contract. This entails a significant investment or a one-year lease, a medium-term commitment that a speculative importer or trader would not be inclined to assume. In general, it is costly for an entrant to compete against an incumbent that has an established logistics infrastructure, which enjoys economies of scale, particularly when the customer's plants are located near those of its current supplier.

PET

We believe that barriers to entry for both potential new domestic producers and overseas importers of PET in the NAFTA region can be significant. We believe that the following factors constitute barriers for competitors to establish themselves in the PET industry in the NAFTA region:

- *Capital and minimum efficient scale:* "Greenfield" plants can cost at least US$80 million, excluding land, technology usage fees and working capital. We believe that the most competitive plants need an installed capacity of at least 100,000 tons per year in a single production line. Multiple production lines that have a combined installed capacity of 100,000 tons or more per year are not competitive on a cost basis.

- *Established customer relationships:* Most sales are pursuant to longstanding relationships with PET customers that, either directly or through converters, convert PET into bottles, containers or other applications and are generally unwilling to change PET suppliers unless such suppliers have been previously approved by lab tests and trial production runs.

- *Logistics*: Foreign suppliers, especially outside the NAFTA region, often look to the U.S. market to sell their excess capacity, while their domestic markets reach the size to absorb their entire capacity. However, many of the key U.S. PET customers are interested in a more permanent commitment with large volumes; hence, an overseas supplier has a disadvantage against local suppliers. U.S. container manufacturers require large volume bulk delivery in railcars because the railcars are used as a warehouse while the cars sit for one or two weeks at the converters' track-yard, while overseas imports are in bulk containers or bags. Therefore, the supply logistics for PET require transloading the PET cargo into railcars, which adds cost on top of the sea freight required to bring the product to U.S. ports. Annual consumption of 50,000 tons requires approximately 58 railcars. This entails a significant investment or a one-year lease, a medium-term commitment that a speculative importer or trader may not be inclined to assume. This is in addition to the delivery time disadvantage that increases working capital.

- *Import barriers*: A general tariff rate of 10.0% and 6.5% is imposed on imports of PET from non-NAFTA countries entering Mexico and the United States, respectively, with the exception of jurisdictions that have entered into a treaty specifying a different rate. Imports into Mexico and the United States from the NAFTA region have preferential treatment and pay no tariff.

- *Supply of raw materials*: New plant capacity needs favorable long-term contracts for raw materials. Also, proximity to plants producing PTA and MEG translates into significant savings on freight.

- *U.S. Food and Drug Administration approval*: Most large customers in the United States require their suppliers to have U.S. Food and Drug Administration approval because most PET applications have direct food contact.

Polyester Staple Fiber

We do not believe that there are meaningful barriers to entry in the polyester staple fiber industry in the NAFTA region. We believe that the strongest barrier to entry is the declining market and, to a lesser extent, established customer relationships.

BUSINESS

Overview

We are a leading petrochemical company in the NAFTA region, specializing in the manufacture of key polyester-related raw materials and products that are principally used to produce plastic bottles and other containers for the beverage, food and personal care industries, as well as carpets, apparel and other consumer fiber-based products. Many of the world's best-known consumer brands use our products in their containers. We are the second largest producer of PTA in the NAFTA region and among the top five global producers based on production capacity as of December 31, 2008. We are also the second largest producer of PET in the Americas and the largest producer of polyester staple fiber in the NAFTA region based on production capacity as of December 31, 2008. Additionally, we have an interest in a natural gas exploration and production venture in the United States.

PTA is the principal raw material used to manufacture PET (used in plastic bottles, containers and other packaging) and polyester staple fiber (used for carpets, garments, home furnishings and consumer and industrial applications), in addition to other products.

PET has gained widespread use in bottles and other containers for liquids, food and personal care products, including carbonated soft drinks, sparkling water, natural water, fortified water, isotonic beverages, health drinks, juices, teas, dairy products, prepackaged food, health and beauty aids, pharmaceuticals and other household products. Sheet and film made from PET are used for cups, lids, trays, bowls and blister packaging. PET offers transparency, strength, durability, high barrier properties, no known health risks, light weight, cost efficiency and recyclability, as well as a high degree of design flexibility and customization, all of which enable custom PET containers to be used for a variety of reusable and temperature-sensitive packaging applications. PET has increasingly displaced glass, aluminum and tin cans and other plastics such as PVC or polyethylene, and has shown one of the highest growth rates of any plastic container product worldwide during the last decade.

Polyester staple fiber has multiple uses for carpets, garments, home furnishings (such as bedding, upholstery, drapery and towels) and non-woven consumer and industrial applications (such as wipes, medical, hygiene, packaging, pharmaceutical, automotive fabrics and linings). Polyester staple fiber is increasingly being used in these products due to its durability, flexibility in applications, color stability, quality and production processability. Because of a decline in the production of polyester staple fiber in the NAFTA region as manufacturing capacity for apparel and other end-uses of polyester staple fiber has shifted to Asia, we have increasingly focused on specific niche applications, such as carpets, certain knit apparel items (such as t-shirts, sweatshirts, socks and underwear) and non-woven consumer products (such as diapers, baby wipes, household wipes, feminine hygiene, filtration and floor polishers).

We have operations in Mexico, the United States and Argentina, with 92% of our total net sales and 93% of our total assets in 2008 coming from the NAFTA region. Our U.S. operations represented 45% of our total net sales and 27% of our total assets in 2008. In addition, approximately 98% of our 2008 sales were denominated in or linked to U.S. dollars, with the remaining 2% of our sales denominated in or linked to euros.

Petrotemex is a Monterrey, Mexico based holding company and a wholly owned subsidiary of ALFA, a Mexican public company that is one of Mexico's largest conglomerates, based on assets and net sales. Petrotemex and its predecessors have been operating since 1978.

History and Evolution

The following timeline sets forth significant milestones leading to the development of our company and our current operations:

1978	ALFA acquired Petrocel, a DMT production facility located in Altamira, Tamaulipas, Mexico, which began operations in 1975.
1980s	Amoco's (now BP's) PTA technology license expired, subsequent to which we acquired, improved and further developed this technology while increasing our PTA capacity. Petrocel acquired Temex.
1990s	Petrotemex was created as a holding company for PTA and DMT operations. PTAL began operations under Petrotemex.
2001-2002	Petrotemex acquired U.S. assets, now known as DAK Americas, from DuPont.
2003	DAK Americas started up a new PET production facility at the Cooper River, South Carolina site.
2006	Petrotemex, through Newpek, started up a natural gas project, which aims to offset the cost of this energy source used in our operations.
2007	PTAL increased its PTA capacity by 500,000 tons per year, and DAK Americas increased its PET capacity by 200,000 tons per year. Petrotemex acquired two PET production facilities formerly owned by Eastman, one in Mexico and the other in Argentina. Petrotemex spun off its interests in Petrocel and Akra and discontinued the production of DMT.
2008-2009	ALFA recontributed a 49% interest in Akra to Petrotemex.

Competitive Strengths

Prominent Global and NAFTA Player

We are among the five largest producers of PTA in the world and the second largest in the NAFTA region based on production capacity as of December 31, 2008. In 2008, we estimate that we had a 36% capacity share for PTA in the NAFTA region, compared to BP as the market leader with an estimated 41% capacity share and Interquisa with an estimated 9% capacity share. We are the sole PTA producer in Mexico, with a 100% capacity share as of December 31, 2008. Additionally, we are the second largest PET producer in the Americas, with an estimated 16% capacity share, and the largest polyester staple fiber producer in the NAFTA region, with an estimated 36% capacity share, as of December 31, 2008.

We are an integrated company in the PTA, PET and polyester staple fiber industries in the NAFTA region. We believe our vertical integration provides us with key competitive advantages, including the ability to operate our plants at higher capacity utilization rates, improved economies of scale and reduced operating costs, and higher barriers to entry against potential competitors. Our ability to reallocate PTA volumes from polyester staple fiber production to PET production has proven to be particularly beneficial given the declining polyester staple fiber market in the NAFTA region.

We have achieved our global standing, in part, through high output as we operated our PTA production plants at a capacity utilization rate of approximately 92% in 2008, compared to our estimate of an average of approximately 77% for the rest of the PTA producers in the NAFTA region in 2008. Reflecting our market leadership position, we are one of the world's largest pX buyers and play an active role in setting the pX price, which is, in turn, reflected in the PTA "cost plus" pricing formula that prevails in the NAFTA region.

Low-Cost Producer of PTA

We believe we are one of the lowest-cost PTA producers in the world with a cost advantage in relation to our competitors based on our (i) large-scale production facilities, (ii) state-of-the-art technology, (iii) valuable industry knowledge based on our experience as an integrated player, (iv) low labor costs in Mexico, (v) strategic access to raw materials and (vi) competitive logistics. Factors that contribute to our low-cost production include the following:

- plant expansions and acquisitions, which together with high capacity utilization rates of approximately 96% from 2003-2008, have resulted in significant economies of scale and decreased fixed costs per ton;
- cost savings in logistics, which are generated as a result of the proximity of our plants to suppliers of pX in the Gulf of Mexico and key customers, as well as our access to well-developed infrastructure including railroads, deep water ports and roads; and
- investments in energy initiatives, which have generated savings by increasing the efficiency of our production facilities, giving us the flexibility to run our operations with various forms of energy and reduced carbon emissions.

Stable Cash Flow Generation

Since 2003, we have demonstrated strong historical cash flow generation. Our stable cash flow generation has been driven by the following key elements:

- In 2008, we estimate that approximately 83% of our products were ultimately used to produce plastic containers for products in the beverage, food and personal care industries, which tend to be less susceptible to economic downturns, including brands such as Pepsi-Cola, Coca-Cola, Dasani, Aquafina, Ciel, Bonafont, Gatorade, Kraft, Powerade, Listerine, Tropicana Juices, 7-Up, Folger’s, Ivory, Dawn, Pantene, Neutrogena, Clairol and Skippy.

- We sell our products primarily in the NAFTA region, where PTA margins have historically been more stable than those in Europe or Asia. Our strategic position as one of the NAFTA region’s largest PTA producers together with our vertically integrated operations have helped us to achieve relatively stable, above-industry average margins over raw materials for the past five years.

- In 2008, approximately 96% of our PTA sales were based on the “cost plus” pricing formula, which generally allows changes in the cost of pX, PTA’s main raw material, to be passed through to our customers.

- In 2008, approximately 86% of our PTA sales volumes to third parties were under long-term supply contracts, which further reduces exposure to industry cycles.

U.S. Dollar-Based Revenues

Our total net sales in 2008 were Ps. 34.1 billion (US$2.6 billion). Approximately 98% of our 2008 sales were denominated in or linked to U.S. dollars, with the remaining 2% of our sales denominated in or linked to euros. This creates a natural hedge with respect to our U.S. dollar-denominated liabilities against unfavorable movements in the U.S. dollar-peso exchange rate.

Favorable Industry Dynamics

We believe that our strong market position is supported by favorable industry fundamentals.

- We estimate that there is significant growth potential in the Mexican market because of the ongoing substitution with plastic containers and other containers for aluminum and glass and because there are more products that can be, and that we believe will be, shifted to PET packaging. According to CCI, demand in Mexico for PET is forecasted to increase at a CAGR of 4.4% from 2008-2012.

- We believe that we are well positioned in the U.S. market to continue to benefit from stable PTA and PET demand and potential declines in competitors' production capacity. Despite the attrition in the polyester staple fiber market and the maturation of U.S. PET demand, we believe we will also benefit from our ability to convert our idle polyester staple fiber capacity to PET production and to tap profitable niche markets for polyester staple fiber. To date, the growth in PET demand has been more than sufficient to offset the decline in polyester staple fiber demand.

- We believe there is strong potential for additional PET growth through the development of new beverage and food packaging applications, such as for beer, milk, soft drinks and hot fill products, once technical and marketing challenges are overcome.

Experienced Management Team

We have a senior management team with an average of more than 20 years of industry experience and a seasoned and knowledgeable group of operating and technical managers in each of our businesses. We employ highly qualified and trained engineers and technicians to design, develop, operate and maintain our production facilities.

Business Strategy

Our strategy seeks to leverage our competitive strengths to enhance profitability and capture attractive growth opportunities in the industries in which we operate. We have the following three-pronged strategy focused on competitiveness, profitable growth and positioning:

Competitiveness

- take advantage of our position as a vertically integrated player;

- maintain a low cost structure through high capacity utilization rates at our large-scale production facilities;

- reduce energy costs and improve manufacturing efficiency through the use of multiple fuel sources and energy integration;

- capitalize on our proximity to customers and raw material suppliers; and

- continue to improve our technological, health, safety and environmental performance.

Profitable Growth

- expand core businesses and develop new opportunities by providing sustainable and innovative products and solutions to strategic customers, making us the preferred supplier of our products;

- increase sales to strategic markets via exports supported by our low costs and competitive logistics;

- seek profitable opportunities to expand capacity, organically or through acquisitions, in a timely fashion to capture increasing demand, particularly in PET, without creating idle capacity; and

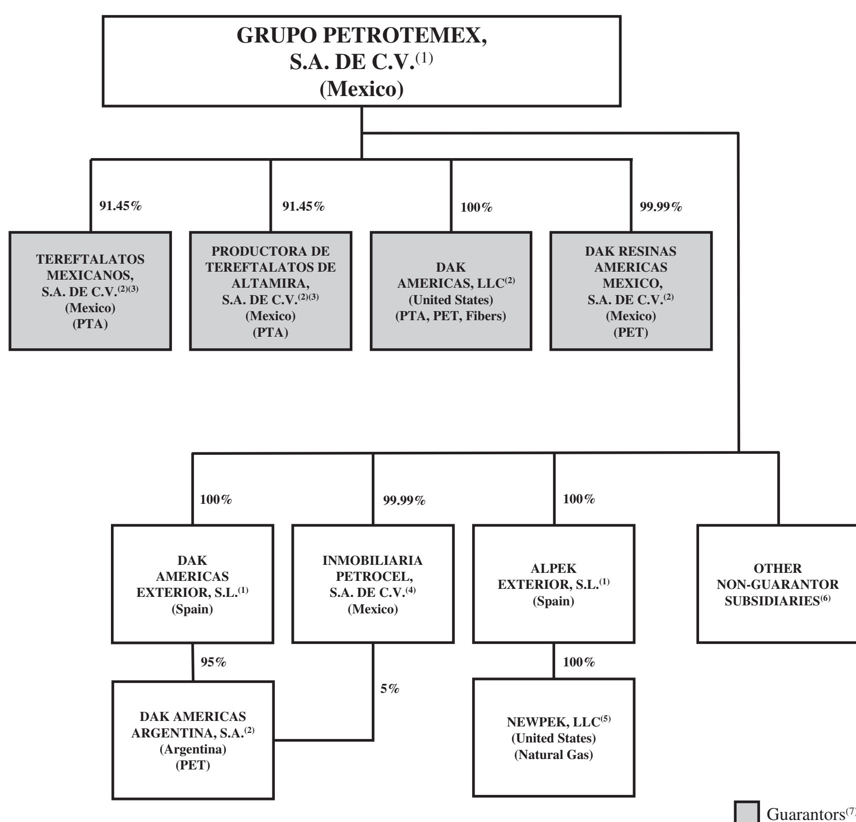
- continue to develop the polyester market in the NAFTA region through the expansion of polyester applications into new markets, including the creation of higher-margin specialty products utilizing DuPont's *Crystar*® polyester resin technology, which we acquired in early 2009.

Positioning

- strengthen our reputation as a reliable supplier through product superiority and quality customer service;
- maintain or extend long-term supply contracts with our key customers and suppliers;
- consolidate our position as a leading player in the polyester industry in the NAFTA region; and
- seek to maintain our competitive position and barriers to entry against potential competitors by offering favorable logistics to customers.

Corporate Structure

We are a wholly owned subsidiary of Alfa, S.A.B. de C.V. The following chart summarizes our corporate structure including principal subsidiaries. The percentages represent the percentage of the total capital owned by each shareholder.



(1) Holding company.
(2) Manufacturing and trading company.
(3) BP Amoco Chemical Company owns the remaining 8.55%.
(4) Real estate services company.
(5) Exploration, development and production of natural gas.
(6) Includes DAK Europa, B.V., which owns certain intellectual property rights; Generadora Petrocel, S.A. de C.V., which provides services such as steam and treated water, among others, to PTAL; Petrocel Temex, S.A. de C.V., which provides personnel services; and Akra Pet Mexico, S.A. de C.V. and Terpol, Ltd., which are inactive subsidiaries.
(7) The subsidiary guarantees to be provided initially by Temex and PTAL are subject to the conditions described in "Description of the Notes—Subsidiary Guarantees."

- *Productora de Tereftalatos de Altamira, S.A. de C.V.* (also referred to as PTAL) is a manufacturing subsidiary located in Tamaulipas (Altamira), Mexico, in which BP has a minority ownership interest that is dedicated to the production and sale of PTA.
- *Tereftalatos Mexicanos, S.A. de C.V* . (also referred to as Temex) is a manufacturing subsidiary located in Veracruz (Cosoleacaque), Mexico, in which BP has a minority ownership interest that is dedicated to the production and sale of PTA.
- *DAK Americas, LLC* is a manufacturing subsidiary headquartered in Charlotte, North Carolina, United States, with facilities in North Carolina (Fayetteville and Wilmington) and South Carolina (Charleston), that is dedicated to the production and sale of PTA, PET and polyester staple fiber.
- *DAK Resinas Americas Mexico, S.A. de C.V.* is a manufacturing subsidiary located in Veracruz (Cosoleacaque), Mexico, that is dedicated to the production and sale of PET.
- *DAK Americas Argentina, S.A.* is a manufacturing subsidiary located in Zárate, Argentina, that is dedicated to the production and sale of PET.
- *Inmobiliaria Petrocel, S.A. de C.V.* is a subsidiary located in Altamira, Tamaulipas, Mexico, that is engaged in the leasing of properties for Petrotemex.
- *Newpek, LLC* is a subsidiary located in South Texas, United States, that has interests in certain assets operated by Pioneer Natural Resources Company and is dedicated to the exploration, development and production of natural gas.

Facilities

Our corporate headquarters are located in Monterrey, Mexico. We have ten production facilities in Mexico, the United States and Argentina. Our PTA plants operated at a capacity utilization rate of approximately 92% in 2008, compared to our estimate of an average of approximately 77% for the rest of the PTA producers in the NAFTA region in 2008. In 2008, our PET plants and fiber plants operated at a capacity utilization rate of approximately 87.7% and 80.4%, respectively. There are no significant capital expenditures currently expected for any of our sites.

Facility (Location)	Main Product	Year Established	Production Capacity (tons/year)	Installed Capacity (tons/year)
Temex (Cosoleacaque, Veracruz, Mexico)	PTA	1978	577,000	610,000
PTAL (Altamira, Tamaulipas, Mexico)	PTA	1997	945,000	1,000,000
DAK Americas-Cape Fear (Wilmington, North Carolina, United States)	PTA	1973[(1)]	510,000	540,000
DAK Americas-Cape Fear (Wilmington, North Carolina, United States)	Fibers	1968[(2)]	140,000	146,000
DAK Americas-Cape Fear (Wilmington, North Carolina, United States)	PET	2007	200,000	209,000
DAK Americas-Cedar Creek (Fayetteville, North Carolina, United States)	PET	1996[(1)]	150,000	156,000
DAK Americas-Cooper River (Charleston, South Carolina, United States)	PET	2003[(3)]	150,000	156,000
DAK Americas-Cooper River (Charleston, South Carolina, United States)	Fibers	1976[(2)]	130,000	136,000
DAK Mexico (Cosoleacaque, Veracruz, Mexico)	PET	1996[(4)]	150,000	156,000
DAK Argentina (Zárate, Argentina)	PET	1998[(4)]	185,000	193,000

(1) This plant was acquired by Petrotemex from DuPont in July 2001.

(2) This plant was acquired by Petrotemex from DuPont in August 2004.

(3) This plant began operations in June 2003.

(4) This plant was acquired by Petrotemex from Eastman in December 2007.

The following map shows the location of our headquarters and each of our production facilities.

Key Products

PTA

PTA is the principal raw material used to manufacture PET (used in plastic bottles, containers and other packaging) and polyester staple fiber (used for carpets, garments, home furnishings and consumer and industrial applications), in addition to other products.

PET

PET has gained widespread use in bottles and other containers for liquids, food and personal care products, including carbonated soft drinks, sparkling water, natural water, fortified water, isotonic beverages, health drinks, juices, teas, dairy products, prepackaged food, health and beauty aids, pharmaceuticals and other household products. Sheet and film made from PET are used for cups, lids, trays, bowls and blister packaging. PET offers transparency, strength, durability, high barrier properties, no known health risks, light weight, cost efficiency and recyclability, as well as a high degree of design flexibility and customization, all of which enable custom PET containers to be used for a variety of reusable and temperature-sensitive packaging applications. PET has increasingly displaced glass, aluminum and tin cans and other plastics such as PVC or polyethylene, and has shown one of the highest growth rates of any plastic container product worldwide during the last decade. According to CCI-PET, from 2000-2008, demand for PET grew at a 9.2% CAGR in the U.S. beverage containers market compared to a 0.2% CAGR for glass over the same period.

We are developing a post-consumer PET bottle recycling operation to produce recycled PET. This new program is located at our Cedar Creek site in Fayetteville, North Carolina and is being operated through Clear Path Recycling, LLC, a joint venture with Shaw Industries Group in which we have a 25% equity interest with the option to buy an additional 25% as of the second quarter of 2011. The program will provide the capacity to recycle about five billion bottles per year. We expect to begin operations in late 2010. We believe this program will enable us to enhance the value and sustainability of our products and to deliver on the growing demand for our PET and polyester staple fiber products to include recycled content.

Polyester Staple Fiber

Polyester staple fiber has multiple uses for carpets, garments, home furnishings (such as bedding, upholstery, drapery and towels) and non-woven consumer and industrial applications (such as wipes, medical, hygiene, packaging, pharmaceutical, automotive fabrics and linings). Polyester staple fiber is increasingly being used in these products due to its durability, flexibility in applications, color stability, quality and production processability. Because of a decline in the production of polyester staple fiber in the NAFTA region as manufacturing capacity for apparel and other end-uses of polyester staple fiber has shifted to Asia, we have increasingly focused on specific niche applications, such as carpets, certain knit apparel items (such as t-shirts, sweatshirts, socks and underwear) and non-woven consumer products (such as diapers, baby wipes, household wipes, feminine hygiene, filtration and floor polishers).

We have created a joint venture with Shaw Industries Group to convert PET bales into flakes, which are then used to make carpet fiber. This venture will provide a future source of recycled PET requested by resin and fiber customers.

Natural Gas

Newpek is a limited liability company formed to engage primarily in the exploration, development and production of natural gas in the NAFTA region, and to act as a "physical hedge" for our consumption of natural gas. Newpek owns a 20% working interest in certain South Texas assets operated by Pioneer Natural Resources Company.

Newpek and Pioneer defined an area of mutual interest spanning ten counties and comprising potentially 750 square miles in the Edwards Trend. Both companies have a shared objective to explore and develop the area of mutual interest through a 200 to 250 well program targeting natural gas. Additionally, Newpek and Pioneer have lease contracts that allow them to explore and produce from all depths, including formations such as Wilcox, Eagle Ford, Austin Chalk and Sligo in the United States. Since its inception, the exploration program has achieved an 85% success rate.

We have entered into an exploration agreement with Pioneer, under which we are entitled, but not required, to contribute to the capital expenditures relating to specific exploration and development activities proposed by Pioneer. In those cases where we choose to participate, we are entitled to a 20% interest in the earnings of those wells in which we have invested.

At June 30, 2009, our investment in Newpek amounted to Ps. 405.6 million (US$30.7 million). As of the same date, there were 36 producing natural gas wells with estimated proved natural gas reserves for Newpek of 15.8 billion cubic feet, in which we have a 20% joint interest pursuant to the exploration agreement. During 2008 and the six months ended June 30, 2009, our 20% share of the volume of natural gas produced by these wells was equivalent to approximately 17.4% and 21.2%, respectively, of our own natural gas consumption. As of June 30, 2009, we had not committed to any additional expenditures relating to the exploration and development of additional wells. Depending on the market dynamics of the natural gas industry and the attractiveness of future projects, we may decide to continue the drilling program. Newpek has obtained a financing facility based on its proved reserves of natural gas, which we believe will allow it to finance its current operations and expected future capital expenditures in the short term.

Principal Customers

Our customer base comprises mainly major producers of PET that purchase our PTA as well as companies that convert PET into plastic bottles and other containers, known in the industry as "converters," and in turn sell them to major consumer goods companies. Many of the world's best-known consumer brands use our products in their containers, including Pepsi-Cola, Coca-Cola, Dasani, Aquafina, Ciel, Bonafont, Gatorade, Kraft, Powerade, Listerine, Tropicana Juices, 7-Up, Folger's, Ivory, Dawn, Pantene, Neutrogena, Clairol and Skippy. Our ten largest customers accounted for 66% of our total net sales in 2008. Our single largest customer, M&G, which purchases

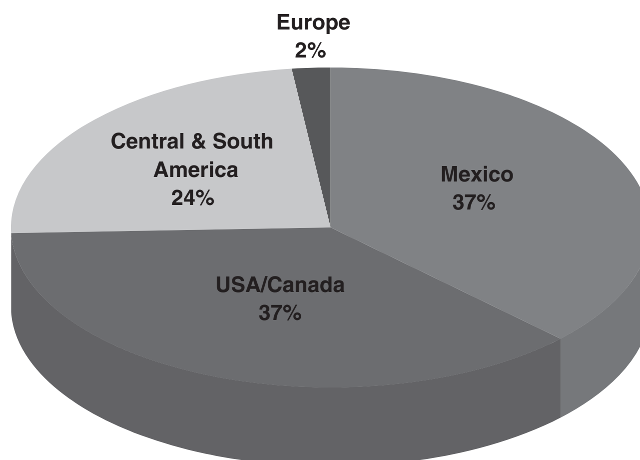
PTA for its own PET production mainly for the Mexican and Brazilian markets, accounted for more than one-quarter of our total net sales during 2008. Our only other customer that accounted for more than 10% of our total net sales during 2008 was Arteva Specialties, S. de R.L. de C.V., a wholly owned subsidiary of Invista, which purchases PTA from us. Approximately 20% of our total net sales during 2008 consisted of sales of PET to converters that purchased pursuant to arrangements negotiated with or on behalf of Coca-Cola and Pepsi-Cola systems.

The following table shows our ten largest customers and the type of products they purchase from us.

Company	Country	Product
Akra	Mexico	PTA / Fibers
Arteva Specialties, S. de R.L. de C.V.	Mexico	PTA
Ball Corporation	United States	PET
Frontier Spinning Mills, Inc.	United States	Fibers
Grupo Quimisor, S.A. de C.V.	Mexico	PET
M&G	United States / Mexico / Brazil	PTA
Procesos Plásticos, S.A. de C.V.	Mexico	PET
Shaw Industries Group, Inc.	United States	PET / Fibers
Silgan Plastics Corporation	United States	PET
Southeastern Container Inc.	United States	PET

We have both short-term and long-term customer contracts, which generally can be renewed for successive one-year periods. Typically contracts can be terminated by either party upon notice. In our contracts, we generally supply the requirements of our customers, dictated by their estimates or by a cap set forth in the contract. Pursuant to these contracts, if we are unable to supply the buyer with its requirements, the buyer has the right to purchase its minimum requirements from a third party.

The following chart summarizes the geographic location of our customers for 2008 based on the percentage of our total net sales in the respective geographic region.



*** Based on 2008 net sales**

Raw Materials and Energy

Our operations utilize various raw materials, including, but not limited to, the following:

pX

Paraxylene (pX) is a benzene-based hydrocarbon used for the manufacture of PTA for polyester. pX is derived from petroleum through a refining process at oil and petrochemical refineries. It is also used in the production of gasoline.

MEG

Monoethylene glycol (MEG) is an important raw material for industrial applications. A primary use of MEG is in the manufacture of PET, fiber and film. In addition, MEG is important in the production of antifreeze, coolants, aircraft anti-icers and de-icers and solvents.

Energy

We rely on a balance of natural gas, fuel oil, coal and electricity to meet our energy needs.

Suppliers

We maintain close relationships with our suppliers. We are one of the world's largest pX buyers and have entered into supply contracts with our pX suppliers to ensure consistent pricing and reliable supply in the long term. Other raw materials we use, such as MEG, acetic acid and isophthalic acid, are also supplied under long-term contracts entered into with suppliers having a global presence or with which we have an established relationship. The majority of our raw material volume, with the exception of MEG, is sourced within the NAFTA region. A significant portion of our MEG is supplied by Saudi Basic Industries Corporation (SABIC), a large Saudi Arabia-based petrochemical company.

The following table lists our largest suppliers as of June 30, 2009 and the year our relationship began.

Product	Supplier	Supplier since
pX	ExxonMobil Chemical Company	1989
	Chevron Phillips Chemical Company LP	1989
	BP Amoco Chemical Company	2000
	Flint Hills Resources, LP	2003* / 2008 in Mexico
	Braskem S.A.	2007
MEG	SABIC Americas, Inc.	2005
	Equistar Chemical Company	2005
	Shell Chemical LP	2001
	MEGlobal	2007
Acetic Acid	Celanese Ltd. / Grupo Celanese, S. de R.L. de C.V.	2001* / 1978
	Millenium Petrochemicals Inc.	2001*
Isophthalic Acid	Eastman Chemical Company	2003
	Flint Hills Resources, LP	2005
	Daewoo Corporation	2006
Natural Gas	Pemex Gas y Petroquímica Básica	1975

* Year in which Petrotemex acquired the DAK Americas U.S. assets from DuPont.

Akra previously purchased DMT and currently purchases PTA from certain of our subsidiaries. While Akra was our majority-owned subsidiary, we decided to capture procurement and administrative efficiencies by assigning a portion of our pX procurement to Akra's purchasing department. This arrangement has been in place since August 2006. Akra is no longer our majority-owned subsidiary and, consequently, we are re-evaluating this arrangement, which is subject to change.

Competition

We compete across all of our industries as an integrated polyester producer. In the PTA industry, we compete on the basis of price, quality, proximity to customers, proximity and strategic access to raw material suppliers and favorable logistics. Our main competitors in the PTA industry are BP, Samnam, FCFC, Eastman and Interquisa. In the PET industry, we compete on the basis of price, quality and consistency, customer service, product variety and innovation. Our main competitors in the PET industry are M&G, Eastman, StarPet and Invista. In the polyester staple fiber industry, we compete on the basis of quality, customer service and contract terms, including price. Our main competitors in the polyester staple fiber industry are Nan Ya and Invista. For more information regarding our market position in each business area, see "Industry."

Sales and Distribution

We sell PTA worldwide and PET and polyester staple fiber in the United States without a need for advertising. The polyester industry requires reliable suppliers that provide quality products. We provide personalized attention to promote sales of our products to potential customers.

Our products are distributed by independent transportation companies. However, we contract and arrange most of our product shipments.

Mexico

PTA is distributed from our Cosoleacaque plant to customers in Central Mexico by rail or in trucks. Our PET plant in Mexico is located next to the PTA plant in the same complex and receives the product by pipeline directly to its silos. For the export market, the product is sent to a seaport by rail or highway. We have container loading facilities or truck platforms. PTA for customers in Asia is shipped from the Mexican ports of either Salina Cruz or Manzanillo on the Pacific Ocean. For European customers, shipments are made from the port of Veracruz on the Gulf of Mexico.

PTA produced at our PTAL plant in Altamira is distributed by rail to customers in Northern Mexico as well as to M&G, which is located in the same industrial complex as PTAL. For customers in the United States, South America or Europe, shipments are made in containers from the port of Altamira, located five miles away from PTAL, on the Gulf of Mexico. Proximity to the port makes this location highly competitive for export shipments of PTA.

We sell PET in bulk railcars, bulk trucks and in one-ton bags shipped in package trucks mainly throughout Mexico and to a lesser extent in export markets in Colombia, Central America and the Caribbean. Exports are packaged in one-ton bags and shipped in containers.

United States

The majority of our PTA production in the United States is consumed internally by our PET and polyester staple fiber facilities in North Carolina and South Carolina. PTA is delivered by pipeline within our integrated Cape Fear site near Wilmington, North Carolina and in railcars to our Cedar Creek and Cooper River sites. PET is mainly shipped in railcars, using bulk hopper cars to deliver to customer silos, and can also be shipped in bulk trucks. Polyester staple fiber is packaged in bales and delivered by trucks and trailers to customers located mainly in North Carolina and South Carolina. Exports of polyester staple fiber to Mexico and Latin America are shipped in containers by vessel out of the Wilmington, North Carolina and Charleston, South Carolina seaports.

We also own a 20% working interest in certain South Texas assets operated by Pioneer. We sell our gas through Pioneer at market prices.

Argentina

We sell PET in bulk trucks and in one-ton bags shipped in trucks throughout Argentina. In addition, a significant level of exports takes place to surrounding countries such as Uruguay, Paraguay, Bolivia and Chile. Exports are packaged in one-ton bags and shipped in containers.

Intellectual Property

PTA

We have had ownership rights of the BP (formerly Amoco) PTA technology since 1982. Technologies derived from the original BP technology are used in our PTA industrial process in Mexico. We have more than 30 years of experience employing and improving these technologies, with two technology patents registered in Mexico. As a result of our proprietary technology, we have increased capacity at Cosoleacaque from approximately 135,000 to 600,000 tons per year and at PTAL from approximately 500,000 to 1 million tons per year. In addition, we have undertaken an energy-efficiency project at Cosoleacaque, which has resulted in a significant reduction in production costs.

We have a royalty-free perpetual license to use DuPont’s original technology for the production of polymer-grade PTA at our plant in Wilmington, North Carolina. To improve competitiveness, we have been going through a process of efficiency improvements by leveraging the know-how acquired in the Mexican plants.

PET

In connection with our acquisition of the DAK Americas operations from DuPont, we obtained a royalty-free perpetual technology license for the production of PET. Currently, such technology is utilized at our PET plants located in North Carolina and South Carolina. This technology is the result of ICI's technological development, sold to DuPont in 1997, and makes these plants highly competitive compared to other plants operating in today's market. We also have multiple *Laser+*® registered trademarks that we use to market a diverse variety of PET specialty products. We were also granted a non-exclusive, perpetual, royalty-free license for PET from DuPont and a non-exclusive, royalty-free license for PET from Eastman.

The new *Melt-Tek*® PET process employed at our Cape Fear, North Carolina site, which was developed in 2007, represents a state-of-the-art innovation in resin manufacturing, providing PET users and converters such benefits as improved product processability, lower temperature properties, shorter cycle times and increased resin uniformity and consistency.

In early 2009, we acquired DuPont's *Crystar*® specialty polymers technology, which will enable us to expand our product offerings to include higher-margin differentiated products to serve more specialized markets.

Polyester Staple Fiber

We have a royalty-free perpetual technology license to use DuPont's original technology for the production of polyester staple fiber. Currently, such technology is utilized at our plants located in North Carolina and South Carolina. In addition, we have a royalty-free perpetual license limited to the NAFTA region to market polyester staple fiber under the *Dacron*® trademark, granted to us by DuPont. We also have the following registered trademarks that we use to market a diverse variety of fiber specialty products:

- *Dacron*® polyester staple fiber, a trusted and valued fiber for various markets of the textile industry;
- *Delcron*® Hydrotec fiber uses molecular engineering to impart permanent moisture management properties;
- *SteriPur*® AM is a silver-based antimicrobial fiber featuring *AlphaSan*® by Milliken. This fiber inhibits growth of bacteria, odor, discoloration and fabric deterioration;
- *HydroPur*® fiber is a combination hydrophilic moisture management and antimicrobial fiber;
- *SteriPur*® FC is engineered and approved for food contact applications; and
- *Airloft*® is high void hollow fiber for high loft fiberfill applications.

We are not materially dependent on any of our licenses or patents.

Research and Development

Research and new product development are an integral part of our business. Our research programs for PET and polyester staple fiber focus on the development of new and improved products for various markets and applications, as well as the development of proprietary technologies. Our research programs for PTA focus on process improvements and energy consumption efficiency. Research and development work is performed on a product-specific basis, as each product has distinct processes and market needs that require focused efforts, and is conducted from three perspectives: internal, trade leadership and innovation.

- The internal perspective focuses on technology improvements to improve costs, quality or production capacity or to meet regulatory requirements. An example is the development of *Melt-Tek*® technology, which reduces energy consumption and provides improved costs and customer benefits.

- Trade leadership focuses on the development of products and services that will exceed customer satisfaction such that we will become a preferred supplier. Trade leadership includes the development of differentiated products that may have a better sales margin.

- Innovation identifies potential new products and market areas that will provide growth and/or differentiated products.

In 2006, 2007 and 2008, we spent Ps. 76.0 million (US$5.8 million), Ps. 72.6 million (US$5.5 million) and Ps. 101.0 million (US$7.7 million), respectively, on research and development. Our research staff consists of more than 20 full-time personnel who conduct research at our laboratories. In the first half of 2009, we spent Ps. 29.8 million (US$2.3 million) on research and development.

Environmental and Other Government Regulation

Our businesses are subject to a broad range of regulations generally applicable to manufacturing businesses. These regulations include, among others, environmental; health and safety; food and drug; transportation; anti-corruption; customs, export controls and trade sanctions; employment and labor; government contracts; and intellectual property.

Environmental

Mexico

Our Mexican operations are subject to Mexican federal, state and local laws and regulations relating to the protection of the environment. The primary federal environmental law is the Mexican Federal Law of Ecological Balance and Environmental Protection (*Ley General de Equilibrio Ecológico y Protección al Ambiente*) pursuant to which rules have been promulgated concerning water, air and noise pollution, and hazardous substances. Other laws that apply or may apply to our operations are the General Law for Prevention and Integral Management of Residues (*Ley General para la Prevención y Gestión Integral de los Residuos*), which regulates the generation, handling, transportation, storage and final disposal of hazardous waste, as well as imports and exports of hazardous materials and hazardous wastes, and the National Water Law (*Ley de Aguas Nacionales*) and regulations thereunder, which govern the prevention and control of water pollution.

The Mexican federal authority in charge of overseeing compliance with the federal environmental laws is the Ministry of Environment and Natural Resources (*Secretaría del Medio Ambiente y Recursos Naturales*) or SEMARNAT. An agency of SEMARNAT, the *Procuraduría Federal de Protección al Ambiente* or PROFEPA, has the authority to enforce the Mexican federal environmental laws. As part of its enforcement powers, PROFEPA can bring civil, administrative and criminal proceedings against companies and individuals that violate environmental laws and has the power to close facilities not in compliance with federal environmental laws. As part of its enforcement powers, PROFEPA can issue sanctions that include, among others, monetary fines, revocation of authorizations, concessions, licenses, permits or registries, administrative arrests, seizure of contaminating equipment and, in certain cases, temporary or permanent closure of facilities. Furthermore, in special situations or certain areas where federal jurisdiction is not applicable or appropriate, the state and municipal authorities can regulate and enforce certain environmental regulations, as long as they are consistent with federal law.

We believe we are in compliance, in all material respects, with environmental laws in Mexico applicable to our operations. We have fulfilled all environmental requirements and in 2007 we obtained PROFEPA's certification of Clean Industry (*Industria Limpia*), which is a certification of our compliance with certain environmental laws, with respect to most of our production facilities. We were also awarded carbon dioxide emission credits by the United Nations for emission reduction at our Cosoleacaque PTA plant, which have been sold in the carbon market. There are external audits done on our facilities in the United States by a third party consultant once every three years.

We expect to spend approximately Ps. 178.2 million (US$13.5 million) in capital expenditures over the next two to three years to maintain compliance with these and other Mexican environmental laws and regulations as they become effective or are modified. We may, however, incur amounts greater than currently estimated due to changes in law and other factors beyond our control. Although there can be no assurance, we do not believe that continued compliance with Mexican environmental laws and regulations applicable to our operations will have a material adverse effect on our financial position or results of operations.

United States

Our U.S. operations are subject to U.S. federal, state and local laws and regulations relating to the protection of the environment. The U.S. federal authority in charge of overseeing compliance with the federal environmental laws is the U.S. Environmental Protection Agency ("EPA"). The regulations cover all types of environmental control including air, water, waste and chemical management. As part of its enforcement powers, the EPA can bring civil, administrative and criminal proceedings against companies and individuals that violate environmental laws and has the power to close facilities not in compliance with such laws. The EPA delegates these enforcement powers to the state and municipal authorities in most cases. States can also pass their own laws as long as they are at least as stringent as those of the federal government. DAK Americas operates in the states of North Carolina and South Carolina and works closely with the regulatory agencies in both states.

We believe we are in compliance, in all material respects, with U.S. federal and state environmental laws and regulations applicable to our operations. Our U.S. facilities are subject to external audits generally once every three years. We also conduct internal environmental audits to validate our internal environmental programs and procedures.

We expect to spend approximately Ps. 39.6 million (US$3.0 million) in capital expenditures over the next three years to maintain compliance with these and other U.S. environmental laws and regulations as they become effective or are modified. We may, however, incur amounts greater than currently estimated due to changes in law and other factors beyond our control. Although there can be no assurance, we do not believe that continued compliance with U.S. environmental laws and regulations applicable to our operations will have a material adverse effect on our financial position or results of operations.

Argentina

Our Argentine operations are subject to Argentine federal, state and local laws and regulations relating to the protection of the environment. We conduct audits every three years at our DAK Argentina site and believe we are in compliance, in all material respects, with all such laws and regulations. We do not expect to make any significant capital expenditures over the next three years to comply with these and other Argentine environmental laws and regulations as they become effective or are modified. We may, however, incur amounts greater than currently estimated due to changes in law and other factors beyond our control. Although there can be no assurance, we do not believe that continued compliance with Argentine environmental laws and regulations applicable to our operations will have a material adverse effect on our financial position or results of operations.

Safety and Quality Control

Mexico

Our Mexican operations are subject to Mexican federal and state laws and regulations relating to the protection of our employees and contractors. We believe we are in compliance with all such laws and regulations. We are committed to promoting the health and safety of our workers and others involved in or affected by our operations and have developed and implemented an integrated health and safety management system. As part of this system, each of our Mexican facilities is equipped with a permit administration system, an accident prevention program, a

comprehensive emergency response program with emergency equipment and trained safety crews, and a risk analysis and management program. Regular external audits are conducted of the effectiveness of our internal health and safety practices. We have been in compliance in all material respects with such audits in the past. In addition, we are committed to protecting the environment and the health and safety of the communities where we operate. Accordingly, we collaborate with local governments, advocacy organizations and industry and public interest groups to promote a culture of continuous improvement in environment, safety and health.

All of our Mexican facilities have strong quality systems in place and are ISO certified.

United States

Our U.S. operations are subject to U.S. federal and state laws and regulations relating to the protection of our employees and contractors. The U.S. federal authority in charge of overseeing compliance with the federal occupational safety laws is the U.S. Occupational Health and Safety Administration ("OSHA"). The regulations cover all types of occupational exposure such as chemical, heat, fall protection, scaffolding and moving and lifting equipment. As part of its enforcement powers, OSHA can bring civil, administrative and criminal proceedings against companies and individuals that violate occupational and health laws and has the power to close facilities not in compliance with such laws. OSHA also delegates these enforcement powers to the state and municipal authorities in most cases. States can also pass their own laws as long as they are at least as stringent as those of the federal government. We operate in the states of North Carolina and South Carolina and work closely with occupational safety department in both states.

We believe we are in compliance, in all material respects, with the federal and state occupational safety laws applicable to our operations. We routinely conduct internal occupational safety audits to validate our safety programs and procedures. We believe our injury rates are less than 50% of the industry average indicating a strong safety program.

All of our U.S. facilities have strong quality systems in place and are ISO 9001 certified.

Insurance

We are insured with coverage against three key categories of risk: assets and business interruption; transportation; and general liability. Our insurance policies are negotiated on our behalf at the parent company level through ALFA and apply to our operations in Mexico, the United States and Argentina.

Our all risk policy insures assets and protects us against business interruptions caused by hurricanes and other weather conditions, earthquakes, equipment malfunctions and other catastrophic events. Our transportation policies provide coverage for all import and export merchandise, such as raw materials, inventories and products, whether shipped by air, land and/or sea. We also maintain general liability policies that provide coverage for damage to third parties and insure properties, products and individuals, including our directors and officers. In addition, each subsidiary maintains other insurance policies as necessary to comply with local regulations or specific needs, such as commercial auto, workers compensation, environmental liability and employee practices.

We believe that our insurance coverage is reasonable in amount and consistent with industry standards applicable to petrochemical companies operating in the NAFTA region and do not anticipate having any difficulties in renewing any of our insurance policies.

Legal Proceedings

In the ordinary course of our business, we have been involved in various disputes and litigation. While the results of any such disputes cannot be predicted with certainty, we do not believe that there are any pending or threatened actions, suits or proceedings against or affecting us which, if determined adversely to us, would in our view, individually or in the aggregate, materially harm our business, financial condition or results of operations.

Employees

As of June 30, 2009, we employed 1,721 employees, of whom 63% were represented by labor unions. Of our 1,721 employees, 765 were located in Mexico, 779 in the United States and 177 in Argentina.

Some of our employees in Mexico and Argentina belong to trade unions. We negotiate new collective bargaining agreements with these trade unions on an annual basis. Our most recent negotiation was carried out without any disputes. In general, we consider our relationship with our workforce and various trade unions to be good. Our last labor strike occurred in Mexico in 1991.

MANAGEMENT

Our Board of Directors is responsible for the management of our business. The Board of Directors comprises a number of permanent and alternate members, as determined from time to time at the shareholders' meeting. Directors will serve in their positions for a term of one year and may be re-elected.

The current Board of Directors of the Company was appointed pursuant to the shareholders' meeting held on June 3, 2009.

Directors and Executive Officers

Board of Directors

Our current members of the Board of Directors and their ages and positions are as follows:

Name	Age	Position
Alejandro Elizondo Barragán	56	Chairman
Mario Humberto Paez González	59	Board Member
Felipe Garza Medina	52	Board Member
Raúl Millares Neyra	51	Board Member
Carlos Salinas García	42	Board Member
Carlos Jiménez Barrera	54	Board Member, Secretary
Juan Luis San José Alcalde	59	Alternate Member
Ricardo Gerardo Sada Villarreal	62	Alternate Member
Daniel David Pechir Rivera	41	Alternate Member
Nelson Arizmendi Cruz	53	Alternate Member
Jorge Antonio García Garza	48	Alternate Member, Assistant Secretary

The address of each member of the Board of Directors is c/o Grupo Petrotemex, S.A. de C.V., Belisario Dominguez No. 2002, Col. Obispado, C.P., Monterrey, N.L., México 64060.

Executive Officers

Our current executive officers and their ages and principal positions are as follows:

Name	Age	Position
Alejandro Elizondo Barragán	56	President of the petrochemical division of ALFA and Chief Executive Officer of Petrotemex
Felipe Garza Medina	52	Chief Operating Officer PTA
Héctor R. Camberos Simow	61	Chief Operating Officer PET and Fibers
Daniel David Pechir Rivera	41	Chief Financial Officer
Carlos Díaz Barriga	50	PTA Sales Vice President
Adolfo Pérez Vidal	63	PTA Operations Vice President in Mexico
Oscar Montemayor	62	Corporate Development Vice President
Jorge Young Cerecedo	40	PET Director
Jonathan McNaull	41	Fibers Director
Matt Warrick	49	PTA Operations Director in the United States
Juan Luis San José Alcalde	59	Newpek's Director
Nelson Arizmendi Cruz	53	Newpek's Vice President

The address of each executive officer is c/o Grupo Petrotemex, S.A. de C.V., Belisario Dominguez No. 2002, Col. Obispado, C.P., Monterrey, N.L., México 64060.

Board of Directors

Alejandro Elizondo Barragán joined ALFA in 1976 and has served as President of the petrochemical division of ALFA and Chief Executive Officer of Petrotemex since June 2009. He previously served as Chief Financial Officer of ALFA. Prior to that, he served as President and Chief Executive Officer of Hylsamex, S.A. de C.V. (the former steel division of ALFA) and has held numerous other positions in his more than 30-year career with ALFA. He was also the President of The Mexican Iron and Steel Producers Association and Vice President of the American

Steel Institute. He serves on the board of Banco Regional de Monterrey and Embotelladoras Arca. He has a Master of Business Administration degree from Harvard University and a Bachelor of Science degree in mechanical engineering from Instituto Tecnologico y de Estudios Superiores de Monterrey ("ITESM").

Mario Humberto Paez González joined ALFA in 1974 and is currently the Chief Financial Officer of ALFA. He previously held the position of Chief Executive Officer at Sigma Alimentos, a division of ALFA. He also served as the Chief Executive Officer of Total Home and Titan. Mr. Paez holds Master of Business Administration degrees from Tulane University and ITESM, and a Bachelor Degree in public accounting from ITESM.

Felipe Garza Medina is the PTA Chief Operating Officer, a position he has held since 2008. He was previously the Chief Operating Officer of Indelpro and before that was the Chief Operating Officer of Galvacero, a subsidiary of Hylsamex. He has also held numerous other positions in his 30-year career with ALFA. He has a Master of Business Administration degree from Cornell University and a Bachelor of Science degree in chemical engineering from Stanford University.

Raúl Millares Neyra joined ALFA in 1981 and is currently the Planning Vice President for the petrochemical division of ALFA. From 2006 to May 2009, Mr. Millares was the Planning Vice President for Nemak, a division of ALFA. He has also held positions as President in other petrochemical subsidiaries of ALFA, including Indelpro, Akra Nylon and Polioles. Mr. Millares holds a Master of Business Administration degree from the University of Pennsylvania's Wharton Business School and a Bachelor of Science degree in chemical engineering from Universidad Iberoamericana.

Carlos Salinas García joined ALFA in 1996 and is currently the Planning and Economic Studies Director of ALFA. From 2005 to 2007, he acted as director of commercial development at Sigma Alimentos, a division of ALFA, as well as Planning Vice President from 1998 to 2003. He has a Master of Business Administration degree from Stanford University and Bachelor of Science degree in industrial engineering from ITESM.

Carlos Jiménez Barrera joined ALFA in 1976 and since 2005 has served as the General Counsel of ALFA. From 1986 to 1988 he was associated with Canales y Jiménez, S.C. He has a Master of Law degree from New York University and a Bachelor of Law degree from Universidad de Monterrey.

Juan Luis San José Alcalde joined ALFA in 1976 and has served as Energy Department Director since 2006. From 1983 to 2006, he served as Finance and Planning Vice President for the petrochemical division of ALFA. Dr. San José holds a Ph.D. in chemical engineering from the Massachusetts Institute of Technology and a Bachelor of Science degree in chemical engineering from the Universidad Iberoamericana.

Ricardo Gerardo Sada Villarreal joined ALFA in 1982 and is currently the Treasury Director. Previously, he was human resources global manager at Nemak, a division of ALFA, from 2007 to 2008 and was Treasury Director for Hylsamex from 1990 to 2006. He also served as Administrative Vice President of Hylsamex from 1986 to 1990. He holds a Master of Business Administration degree from the University of Texas and a Bachelor of Science degree in business from ITESM.

Daniel David Pechir Rivera joined ALFA in 1994 and is currently the Chief Financial Officer of Petrotemex. He previously served as President of Terza and Alliax and the Planning Vice President for the petrochemical division of ALFA, as well as Planning and Finance Manager for Akra. He has held positions in the energy and project development areas. Mr. Pechir holds a Master of Business Administration degree from the University of Texas at Austin and a Bachelor of Science degree in chemical engineering from ITESM.

Nelson Arizmendi Cruz joined ALFA in 1989 and has been Vice President of the Energy Department since its creation in 2006. Previously, he served as President of Enertek and Planning and Projects Vice President in the petrochemical division of ALFA. Mr. Arizmendi holds a Master's degree in chemical engineering from Manhattan College and a degree in industrial chemical engineering from the Instituto Politécnico Nacional in Mexico City. He has been President of the Energy Commission of the Confederation of Industrial Chambers (CONCAMIN) and a member of the Board of several Industrial Chambers.

Jorge Antonio García Garza joined ALFA in 2007 as General Counsel Vice President. Previously, he served as General Counsel Director of Caminos y Puentes Federales (CAPUFE) and as a partner in the Monterrey office of Baker & McKenzie, S.C. From 1998 to 2004, he served as General Counsel Vice President of Grupo Financiero Banorte. He has a Bachelor of Law degree from Universidad de Monterey. He has also completed a program in business administration from Instituto Panamericano de Alta Direccion de Empresa ("IPADE").

Executive Officers

Alejandro Elizondo Barragán. See "Board of Directors."

Felipe Garza Medina. See "Board of Directors."

Héctor R. Camberos Simow has been the Chief Operating Officer, PET and Fibers, since July 2001. He previously worked for DuPont for 30 years, holding numerous high-level positions, both in Latin America and in the United States. The majority of his previous career was focused on the nylon and Lycra® fiber businesses, primarily in Argentina and Brazil. Mr. Camberos has also held various high-level positions in the engineering polymers business. He holds a degree in chemical engineering from the University of Florida and a degree in petroleum engineering economics from Widener University.

Daniel David Pechir Rivera. See "Board of Directors."

Carlos Díaz Barriga joined the Company in 1987 and is currently PTA Sales Vice President. He was previously a professor at ITESM. From 1996 to 2001, he was Sales Manager for Polykron, S.A. de C.V. and subsequently returned to the Company in June 2001. Mr. Díaz Barriga holds a Master's degree in economics from Purdue University and a Bachelor of Science degree in agricultural engineering from ITESM.

Adolfo Pérez Vidal joined the Company in 1977 and is currently the PTA Operations Vice President in Mexico. He previously held several positions in the technical and operating areas of Temex. Mr. Pérez holds a Master of Business Administration degree from ITESM and a degree in chemical engineering from the Instituto Politécnico Nacional.

Oscar Montemayor joined ALFA in 1971 and currently holds the position of Vice President of Corporate Development at DAK Americas. He previously served as Vice President of Operations and Technology for the PET and polyester staple fiber operations in the United States. Over the course of his career, he has served in numerous positions at other ALFA subsidiaries, including Fibras Quimicas, Nylon de Mexico, Polykron and DuPont-Akra Polyester. Mr. Montemayor holds a Master's degree in mechanical engineering from Georgia Institute of Technology, a Master of Business Administration degree and a Bachelor of Science degree in mechanical electrical engineering from ITESM.

Jorge Young Cerecedo joined ALFA in 1994 and has served as Senior Business Director for PET since 2007. From 2001 to 2007, he served as Vice President of Finance and Administration at DAK Americas. He has held numerous positions with ALFA. Mr. Young holds a Master of Business Administration degree from the University of Pennsylvania's Wharton Business School and a Bachelor of Science degree in chemical engineering from ITESM.

Jonathan McNaull has been the Senior Business Director for Fibers since 2003. From 2001 to 2003, he was the supply chain and information technology director. Prior to that, he held various positions in the staple fiber division of DuPont. Mr. McNaull holds a Bachelor of Science degree in chemical engineering from North Carolina State University.

Matt Warrick has been the Senior Business Director for PTA Operations in the United States since 2007. From 2001 to 2007, he served as operations director for the staple fiber division. Prior to that, he held various engineering positions at DuPont. Mr. Warrick holds a Master of Business Administration degree from the University of Delaware and a Bachelor of Science degree in chemical engineering from North Carolina State University.

Juan Luis San José Alcalde. See "Board of Directors."

Nelson Arizmendi Cruz. See "Board of Directors."

Compensation of Directors and Executive Officers

For 2008, the aggregate compensation of all executive officers of Petrotemex as a group that was paid or accrued by us was Ps. 38.5 million (US$2.9 million). This group includes eight executive officers, one of whom also served as a director. Because all of our directors are also our or our parent company's employees, they do not receive compensation for serving as directors (other than reimbursement of travel-related expenses for meetings held outside our headquarters).

PRINCIPAL SHAREHOLDER AND RELATED PARTY TRANSACTIONS

Principal Shareholder

Our company is 100% owned by Alfa, S.A.B. de C.V. ALFA has recently publicly disclosed that based on information derived from the shareholders' requests for inscriptions in ALFA's share registry book, maintained as provided in article 128 of the Mexican General Law of Business Corporations (*Ley General de Sociedades Mercantiles*), as well as from other information provided to ALFA, the following individuals, together with members of their respective immediate families, in the aggregate hold, as of June 2009, an equity participation equivalent to approximately 45% of all of ALFA's issued and outstanding shares: Mrs. Margarita Garza Sada; heirs of Mr. Dionisio Garza Sada; Mr. Armando Garza Sada; heirs of Mr. José Calderón Ayala; Mr. Roberto Garza Sada; heirs of Mr. Lorenzo Garza Sepúlveda; and Mr. Rafael R. Paez Garza. ALFA has publicly stated that, to the best of its knowledge, none of the foregoing persons is, on an individual basis, a controlling shareholder (as defined under Mexican securities laws). Additionally, ALFA has stated that, to the best of its knowledge, all of the foregoing persons maintain their shareholdings on a separate and independent basis and are not part of any agreement or understanding of any nature through which the voting rights of their respective shares are exercised.

Related Party Transactions

From time to time, we may enter into transactions with parties that have relationships with our shareholder, officers, directors or entities in which we have an ownership interest. It is our policy to conduct all of these transactions on an arms-length basis.

Amounts representing related party transactions for 2006, 2007 and 2008 and for the six months ended June 30, 2008 and 2009 are as follows:

	Year Ended December 31,				Six Months Ended June 30,		
	2006	2007	2008	2008	2008	2009	2009
	(Ps.)	(Ps.)	(Ps.)	(US$)	(Ps.)	(Ps.) (Unaudited)	(US$)
				(in thousands)			
Income:							
Sale of goods	165,743	552,112	1,481,150	112,189	876,628	499,848	37,861
Sale of by-products and raw materials	46,703	180,180	1,798,829	136,251	20,285	51,024	3,865
Sale of electric power	–	23,575	46,284	3,506	30,342	12,776	968
Income from services	477	152,083	121,769	9,223	8,021	9,951	754
Interest income	89	18,254	61,633	4,668	22,889	71,544	5,419
Income from lease	–	21,115	8,000	606	9,189	4,000	303
Other	–	38	3,033	230	169	259	20
Expense:							
Purchase of finished goods	–	(24,286)	(47,458)	(3,595)	–	–	–
Purchase of raw materials	(271,382)	(1,959,023)	(4,103,692)	(310,832)	(3,123,110)	(2,759,377)	(209,007)
Purchase of electric power	–	(19,562)	(55,905)	(4,234)	(28,893)	(24,128)	(1,828)
Administrative services expense	(538,064)	(421,320)	(11,015)	(834)	(134,787)	(32,438)	(2,457)
Interest expense	–	(271)	(49)	(4)	–	–	–
Other costs and expenses	–	(2,478)	(4,227)	(320)	–	(371)	–

Affiliate Company Sales

In the ordinary course of our business, we sell different products to certain of our affiliates. For 2006, 2007 and 2008 and for the six months ended June 30, 2008 and 2009, we sold PTA to Akra and polyester staple fiber to Terza, S.A. de C.V., both subsidiaries of ALFA. Both of these companies use our products as raw materials for their manufacturing process. We also sell polyester staple fiber to Akra, which sells and distributes our product in the Mexican market.

In addition, from time to time we engage in the sale of by-products, other petrochemicals and raw materials. We have made sales of such products to Akra and Petrocel, another subsidiary of ALFA, as well as sales of energy to Petrocel in the past. As a result of the spin-offs of Akra and Petrocel in August 2007, sales to these entities are no longer eliminated in consolidation as was the case in prior periods.

For further information regarding the spin-offs of Akra and Petrocel, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Effect of Acquisitions, Dispositions and Capacity Expansion."

Affiliate Company Purchases

In the ordinary course of our business, we purchase different products from certain of our affiliates. For 2007 and 2008 and for the six months ended June 30, 2009, we spent Ps. 1.5 billion, Ps. 4.1 billion and Ps. 2.7 billion, respectively, on purchases of pX, one of our main raw materials, from Akra. See "Business—Raw Materials and Energy—Suppliers." In addition, during this period, we also purchased other petrochemicals and raw materials from Akra, Petrocel, Polioles, S.A. de C.V. and Indelpro, S.A. de C.V., all of which are affiliates of ALFA.

As a result of the spin-offs of Akra and Petrocel in August 2007, purchases from these entities are no longer eliminated in consolidation as was the case in prior periods.

Services Provided by Affiliates

In the ordinary course of our business, we obtain administrative and corporate services from ALFA as well as from Alliax, S.A. de C.V. and Gentium, S.A. de C.V., two of ALFA's subsidiaries. In the case of ALFA, we pay a corporate fee that fluctuates up to 1.5% of the sales to third parties of our Mexican subsidiaries with production activities for the following administrative and support services: government and institutional lobbying, human resources planning, financial and treasury planning, legal and tax advice, strategic planning, communication and investor relations. Through Alliax, a shared service center of ALFA, we outsource certain administrative services, including accounts payable, travel expense processing, payroll and other accounting services. Gentium provides us with certain personnel services.

Services Rendered by Our Subsidiaries to Affiliates

In the ordinary course of our business, some of our subsidiaries provide certain services to certain of our affiliates, such as the personnel services provided by Temex to Petrocel. Additionally, Inmobiliaria Petrocel leases property to Petrocel.

Inmobiliaria Petrocel has granted a lien on certain real property with an appraised value at December 2, 2008 of approximately Ps. 70.1 million as security for a loan from a third party to ALFA.

Affiliates Outstanding Balances

As of December 31, 2006, 2007 and 2008, we had amounts due from affiliates of Ps. 19.3 million, Ps. 603.2 million and Ps. 2.2 billion, respectively. The amount due from affiliates as of June 30, 2009 was Ps. 1.7 billion.

The increased amounts due in 2008 were mainly due to the spin-offs of Akra and Petrocel in August 2007, as a result of which such accounts are no longer eliminated in consolidation. For 2007, 2008 and the six months ended June 30, 2009, Akra and Petrocel together represented 96%, 85% and 82%, respectively, of the outstanding balances due from related parties. Additionally, we established Akra as a credit support provider and guarantor in an International Swap and Derivatives Association, Inc. agreement with certain financial counterparties. In connection therewith, as of June 30, 2009, we had provided a loan to Akra of Ps. 474.0 million (US$35.9 million) in order for Akra to post a collateral payment to one of our derivative counterparties.

As of June 30, 2009, Petrocel had an outstanding balance of Ps. 692.0 million, of which Ps. 419.4 million was from a financial loan provided by us in connection with a syndicated loan entered into in August 2005 used to finance Petrocel's operations.

As of December 31, 2007, we had accounts payable to affiliates of Ps. 1.6 billion. As of December, 31 2008 and June 30, 2009, we had accounts payable to affiliates of Ps. 334.1 million and Ps. 803.1 million, respectively. For 2007 and 2008 and for the six months ended June 30, 2009, Akra and Petrocel together represented 64%, 99% and 100%, respectively, of the payable balances. These amounts were mainly related to the purchase of pX and other petrochemical raw materials and energy.

On July 1, 2009, Petrotemex made a loan to ALFA for US$31.7 million through a promissory note with interest payable at maturity on December 28, 2009.

DESCRIPTION OF OTHER INDEBTEDNESS

The following description summarizes material terms of certain of our credit arrangements, including credit arrangements of our subsidiaries. The description is only a summary and does not purport to describe all of the terms of the credit arrangements that may be important.

Committed Credit Lines

At June 30, 2009, we had US$100 million outstanding of committed lines that had been drawn.

July 2003 Revolving Credit Facility

At June 30, 2009, we and certain of our subsidiaries had Ps. 262 million outstanding under our revolving credit facility with Banco Mercantil del Norte, S.A. ("Banorte"), as lender. These amounts were issued pursuant to a credit agreement entered into by us, certain of our subsidiaries and the lender, dated July 18, 2003, as amended on November 1, 2004 and March 29, 2005, which provides for a US$20 million or equivalent peso amount senior revolving line of credit at a current cost of the Tasa de Interés Interbancaria de Equilibrio ("TIIE Rate") plus 4.50%. This facility will mature on March 28, 2010. The facility requires us to maintain certain financial ratios.

Our obligations under this revolving credit facility are guaranteed by Temex, Petrocel and PTAL.

June 2003 Revolving Credit Facility

On June 17, 2003, as amended on October 29, 2004 and April 27, 2005, we and certain of our subsidiaries entered into a credit agreement with Banco Nacional de Comercio Exterior, S.N.C. ("Bancomext"), as lender, which provides for a US$40 million senior unsecured revolving line of credit. At June 30, 2009, the facility was fully drawn at a current cost of LIBOR plus 4%. This facility will mature on April 27, 2010. The facility requires us to maintain certain financial ratios.

Our obligations under this revolving credit facility are guaranteed by Temex, Petrocel and PTAL.

December 2007 Revolving Credit Facility

At June 30, 2009, DAK Argentina had US$40 million outstanding under a revolving credit facility with Bancomext, as lender. This amount was disbursed pursuant to a credit agreement entered into by DAK Argentina, as borrower, certain of our other subsidiaries and us, as guarantors, and Bancomext, dated December 14, 2007, which provides for a US$40 million senior unsecured revolving line of credit at an interest rate to be determined by the parties prior to each credit draw-down. This facility will mature on December 14, 2011. The facility requires us to maintain certain financial ratios.

In addition, this facility contains a covenant that would prohibit Temex and PTAL from becoming subsidiary guarantors of the notes. We are seeking a waiver from such covenant in connection with this offering. If we do not obtain this waiver within 90 days of closing, we will repay the facility with proceeds from this offering. See "Use of Proceeds."

The obligations under this facility are guaranteed by Petrotemex, Temex and PTAL.

Private Placements

As of June 30, 2009, we had US$125 million outstanding of private placement notes.

8.31% Senior Notes

In October 2002, we issued US$75.0 million in aggregate principal amount of our 8.31% senior notes due 2012 (the "8.31% Senior Notes"). Interest on the 8.31% Senior Notes is payable at the rate of 8.31% per annum semi-annually in arrears in cash on April 30 and October 30 of each year. The 8.31% Senior Notes will mature on October 30, 2012.

The 8.31% Senior Notes have seven equal annual amortizations of approximately US$10.7 million due on October 30, 2006 to and including October 30, 2012. As of June 30, 2009, there was US$42.9 million outstanding under the 8.31% Senior Notes. Through an interest rate swap we swapped the fixed rate of 8.31% to a variable rate of LIBOR plus 4.16%.

Our obligations under this private placement are guaranteed by Temex, PTAL, Petrocel and DAK Americas.

We may redeem the 8.31% Senior Notes at our option at any time, or in part from time to time, at a redemption price equal to 100% of the principal amount of the 8.31% Senior Notes plus accrued interest and the applicable make-whole amount determined for the prepayment date.

If we experience certain types of changes of control, each holder of 8.31% Senior Notes will have the right, at the holder's option, to require us to purchase for cash all or a portion of such holder's 8.31% Senior Notes at a purchase price equal to 100% of the principal amount of the 8.31% Senior Notes plus accrued interest and the applicable make-whole amount determined for the control prepayment date. In addition, if we undertake certain types of asset dispositions, each holder of 8.31% Senior Notes will have the right, at the holder's option, to require us to purchase for cash a ratable portion of such holder's 8.31% Senior Notes plus accrued interest and the applicable make-whole amount determined for the disposition prepayment date.

The 8.31% Senior Notes contain certain restrictive covenants which, among other things, limit the ability of us and our subsidiaries to:

- enter into transactions with affiliates;
- effect a consolidation, merger or purchase of all or substantially all of the assets;
- create liens on assets;
- dispose of assets; or
- incur additional debt.

There are also maintenance covenants that require us to maintain certain financial ratios. The failure to comply with such covenants, if not cured within a certain specified time period, can lead, at the option of holders of more than 50% of the principal amount of the outstanding 8.31% Senior Notes, to the 8.31% Senior Notes then outstanding becoming immediately due and payable. These maintenance covenants include: (i) consolidated net worth, which requires we not permit our consolidated net worth to be less than the sum of (a) US$199,327,604 plus (b) an amount equal to the sum of 25% of consolidated adjusted net income of each fiscal quarter ending on or after June 30, 2004, but only if consolidated adjusted net income for such quarter is positive; (ii) interest coverage ratio, which requires us not to permit on the last day of each fiscal quarter the ratio of consolidated EBITDA (as defined therein) to consolidated net interest charges for the period of the four consecutive fiscal quarters ending on such date to be less than 3.5 to 1.0; and (iii) leverage ratio, which requires that the ratio of (a) consolidated net debt at any time to (b) consolidated EBITDA for the period of the four consecutive fiscal quarters most recently ended, to be greater than 3.5 to 1.0, (all as defined in the 8.31% Senior Notes). The purchase and guarantee agreement also contains customary events of default.

6.85% Guaranteed Senior Notes

Pursuant to a note and guarantee agreement, dated June 23, 2004, entered into by us, DAK Americas and the purchasers named therein, DAK Americas issued, and we guaranteed, US$115.0 million in aggregate principal amount of 6.85% Guaranteed Senior Notes due 2014 (the "Guaranteed Senior Notes"). Interest on the Guaranteed Senior Notes is payable at the rate of 6.85% per annum semi-annually in arrears in cash on June 23 and December 23 of each year. The Guaranteed Senior Notes will mature on June 23, 2014.

The Guaranteed Senior Notes have seven equal annual amortizations of approximately US$16.4 million due on each June 23, starting in 2008, to and including June 23, 2013. As of June 30, 2009, there was US$82.1 million outstanding under the notes. Through an interest rate swap we swapped the fixed rate of 6.85% to a variable rate of LIBOR plus 1.9875%.

DAK Americas obligations under the Guaranteed Senior Notes are guaranteed by us, Temex, Petrocel and PTAL.

DAK Americas may redeem the Guaranteed Senior Notes at its option at any time, or in part from time to time, at a redemption price equal to 100% of the principal amount of the Guaranteed Senior Notes plus accrued interest plus the applicable make-whole amount determined for the prepayment date.

If DAK Americas experiences certain types of changes in control, each holder of Guaranteed Senior Notes will have the right, at the holder's option, to require DAK Americas to purchase for cash all or a portion of such holder's Guaranteed Senior Notes at a purchase price equal to 100% of the principal amount of the Guaranteed Senior Notes plus accrued interest plus the applicable make-whole amount determined for the control prepayment date. In addition, if we undertake certain types of asset dispositions, each holder of Guaranteed Senior Notes will have the right, at the holder's option, to require DAK Americas to purchase for cash a ratable portion of each of such holder's Guaranteed Senior Notes plus accrued interest plus the applicable make-whole amount determined for the disposition prepayment date.

The Guaranteed Senior Notes contain certain restrictive covenants which, among other things, limit the ability of DAK Americas and its subsidiaries to:

- enter into transactions with affiliates;
- effect a consolidation, merger or purchase of all or substantially all of the assets;
- create liens on assets;
- dispose of assets; or
- incur additional debt.

There are also maintenance covenants that require us to maintain certain financial ratios. The failure to comply with such covenants, if not cured within a certain specified time period, can lead, at the option of holders of more than 50% of the principal amount of the outstanding Guaranteed Senior Notes, to the Guaranteed Senior Notes then outstanding becoming immediately due and payable. These maintenance covenants include: (i) consolidated net worth, which requires we not permit our consolidated net worth to be less than the sum of (a) US$199,327,604 plus (b) an amount equal to the sum of 25% of consolidated adjusted net income of each fiscal quarter ending on or after June 30, 2004, but only if consolidated adjusted net income for such quarter is positive; (ii) interest coverage ratio which requires us not to permit on the last day of each fiscal quarter, the ratio of consolidated EBITDA (as defined therein) to consolidated net interest charges for the period of the four consecutive fiscal quarters ending on such date to be less than 3.5 to 1.0; and (iii) leverage ratio, which requires that the ratio of (a) consolidated net debt at any time to (b) consolidated EBITDA for the period of the four consecutive fiscal quarters most recently ended, to be greater than 3.5 to 1.0, (all as defined in the note and guarantee agreement dated June 23, 2004). The purchase and guarantee agreement also contains customary events of default.

Syndicated Bank Loans

As of June 30, 2009, we had US$308 million outstanding of amortizing syndicated bank loans.

Syndicated Credit Facility

On August 17, 2005, we and certain of our subsidiaries entered into a credit agreement with Comerica Bank, as administrative agent, and the other lenders party thereto (the "Syndicated Credit Agreement"), which provides for a US$165 million line of credit. As of June 30, 2009, we had US$165 million outstanding under this facility. This facility matures on August 23, 2011, with five equal semiannual amortizations of US$33 million starting in August 23, 2009. To date our cost for this credit facility is LIBOR plus 0.60%. In general, borrowings bear interest based, at our option, on either LIBOR plus the applicable margin or an alternate rate. The applicable margin, which may change from time to time, is based on our leverage ratio (as defined in the Syndicated Credit Agreement).

Our obligations under the Syndicated Credit Agreement are guaranteed by Petrocel, Temex, PTAL and DAK Americas.

We are not subject to any penalties for early prepayment of debt under the Syndicated Credit Agreement. We may be subject to payments of amounts in connection with prepaying such loan on a day other than the last of the interest period with respect thereto.

The Syndicated Credit Agreement contains certain restrictive covenants which, among other things, limit the ability of us and our subsidiaries to:

- enter into transactions with affiliates;
- pay dividends;
- effect a consolidation, merger, purchase or lease of all or substantially all of the assets;
- create liens on assets; or
- incur additional debt.

There are also maintenance covenants that require us to maintain certain financial ratios. The failure to comply with such covenants, if not cured within a certain specified time period, can lead to the loan then outstanding becoming immediately due and payable. These maintenance covenants include: (i) consolidated net worth, which requires we not permit consolidated net worth to be less than the sum of (a) 70% of the consolidated net worth as of December 31, 2004 plus (b) an amount, if it is a positive number, equal to 25% of the aggregate of consolidating operating profit, consolidated net interest charges, income tax, tax on assets, consolidate net exchange loss and employee profit sharing (as defined in the Syndicated Credit Agreement) as computed on a cumulative basis for the period commencing on January 1, 2005 and ending on the last day of the most recent fiscal quarter for which our financial statements have been delivered or as required to be delivered; (ii) leverage ratio, which requires that the ratio at any date of (a) consolidated net debt at such date to (b) consolidated EBITDA (as defined therein) for the four consecutive fiscal quarters most recently ended on or prior to such date, shall at no time be greater than 3.5 to 1.0; and (iii) interest coverage ratio which requires at any date that the ratio of (a) consolidated EBITDA for the four consecutive fiscal quarters most recently ended on or prior to such date to (b) consolidated net interest of such period, shall not be less than 3.0 to 1.0, as of the last day of each fiscal quarter. The Syndicated Credit Agreement also contains certain customary events of default.

Dual Currency Senior Unsecured Credit Agreement

On December 11, 2007, we and certain of our subsidiaries entered into a credit agreement with Banco Santander, S.A., Institucion de Banca Multiple, Grupo Financiero Santander and Standard Chartered Bank, as administrative agents, and the other lenders party thereto (the “Dual Currency Senior Unsecured Credit Agreement”). As of June 30, 2009, we had US$143 million outstanding under this credit facility. This facility matures in December 2012, with five equal semiannual amortizations of 20% of the aggregated principal amount beginning in December 2010.

Our obligations under the Dual Currency Senior Unsecured Credit Agreement are guaranteed by certain of our subsidiaries, including Temex, PTAL, DAK Mexico, DAK Americas and DAK Argentina.

These loans are divided into two tranches of credit lines, the “A Loans,” consisting of Ps. 421,921,500, and the “B Loans,” consisting of US$111 million (each as defined in the Dual Currency Senior Unsecured Credit Agreement). The A Loans accrue interest at a rate per annum equal to either (i) the TIIE Rate (based on the Equilibrium Interbank Interest Rate for Pesos as published by the *Official Gazette of Mexico*) for the MXN interest period (as defined in the Dual Currency Senior Unsecured Credit Agreement) plus the A Loan applicable margin, or (ii) for any MXN interest period for which an A Loan alternate rate must be established, the A Loan alternate rate (based on the rate that *Banco de México* designates as the substitute rate for the TIIE Rate) plus the A Loan applicable margin. The A Loan applicable margin, which may change from time to time, is based on the MXN spread, which is based upon our leverage ratio for the four consecutive quarters most recently ended (as defined in the Dual Currency Senior Unsecured Credit Agreement).

The B Loans bear interest at a rate per annum equal to either the (i) LIBOR for the U.S. dollar interest period plus the B Loan applicable margin or (ii) for any U.S. dollar interest period for which a B Loan alternate rate must be established, the B Loan alternate rate (based on the higher of the prime rate, as established internally by the B Loans administrative agent as its prime rate in New York City for US$ loans, and the Federal Funds effective rate plus 0.5%) plus the B Loan applicable margin. The B Loan applicable margin, which may change from time to time, is based on the U.S. dollar spread, which is based upon our leverage ratio for the four consecutive quarters most recently ended.

We are not subject to any penalties for early prepayment of debt under the Dual Currency Senior Unsecured Agreement. We may be subject to payments of amounts in connection with prepaying such loan on a day other than the last of the interest period with respect thereto.

The Dual Currency Senior Unsecured Agreement contains certain restrictive covenants which, among other things, limits the ability of us and our subsidiaries to:

- enter into transactions with affiliates;
- pay dividends;
- effect a consolidation, merger, purchase or lease of all or substantially all of the assets;
- create liens on assets; or
- incur additional debt.

There are also maintenance covenants that require us to maintain certain financial ratios. The failure to comply with such covenants, if not cured within a certain specified time period, can lead to the loan then outstanding becoming immediately due and payable. These maintenance covenants include: (i) consolidated net worth, which requires we not permit our consolidated net worth to be less than the sum of (a) 70% of the consolidated net worth as of December 31, 2006 plus (b) an amount, if it is a positive number, equal to 25% of the aggregate of consolidating operating profit, consolidated net interest charges, income tax, tax on assets, consolidate net exchange loss and employee profit sharing (as defined in the Dual Currency Senior Unsecured Credit Agreement) as computed on a cumulative basis for the period commencing on January 1, 2007 and ending on the last day of the most recent fiscal quarter for which our financial statements have been delivered or as required to be delivered; (ii) leverage ratio, which requires that the ratio at any date of (a) consolidated net debt to (b) consolidated EBITDA (as defined therein) for the four consecutive fiscal quarters most recently ended on or prior to such date, shall at no time be greater than 3.5 to 1.0; and (iii) interest coverage ratio which requires that the ratio at any date of (a) consolidated EBITDA for the four consecutive fiscal quarters most recently ended on or prior to such date to (b) consolidated net interest charges for such period, shall not be less than 3.0 to 1.0, as of the last day of each fiscal quarter. The Dual Currency Senior Unsecured Agreement also contains certain customary events of default.

Export Credit Agency Financings

Export Credit Agency Financing No. 1

As of June 30, 2009, we had an outstanding amount of US$1.3 million owed to Bayerische Hypo-Und Vereinsbank Aktiengesellschaft ("Bayerische"). This was issued pursuant to a credit agreement, dated November 9, 2000, between Temex and Bayerische (the "Export Credit Agency Financing No. 1") to which we became a party pursuant to a payment guarantee entered into between us and Bayerische, dated as of May 7, 2004 ("Payment Guarantee No. 1"). Bayerische agreed to make the facility available to us and under Payment Guarantee No. 1, we unconditionally and irrevocably promise that all obligations in respect of the facility will be promptly paid in full when due for up to €8.1 million.

The maximum amount of the facility is approximately €8.1 million which consists of two tranches, the first of €7.7 million and the second of €368,067. Floating rate interest is determined by the European Interbank Offered Rate ("EURIBOR") plus 0.40%. Fixed rate interest is determined by refinancing costs incurred by us plus 0.40%.

There is US$1.3 million due under the Export Credit Agency Financing No. 1 on June 2010, at a cost of EuroLIBOR plus 0.40%, with two remaining semiannual amortizations.

We are not subject to any penalties for early prepayment of debt under the Export Credit Agency Financing No. 1.

Export Credit Agency Financing No. 2

As of June 30, 2009, we had an outstanding amount of US$7.8 million owed to Bayerische. This was issued pursuant to a credit agreement, dated May 7, 2004, between Temex and Bayerische (the "Export Credit Agency Financing No. 2") to which we became a party pursuant to a payment guarantee entered into between us and Bayerische, dated as of May 7, 2004 ("Payment Guarantee No. 2"). Bayerische agreed to make the facility available to us and under Payment Guarantee No. 2, we unconditionally and irrevocably promise that all obligations in respect of the facility will be promptly paid in full when due for up to €12.2 million. Additionally, our obligations under the Export Credit Agency Financing No. 2 are guaranteed by guarantee of finance granted by the Federal Republic of Germany represented by Euler Hermes Kreditversicherungs AG of up to €1.4 million.

The maximum amount of the facility is €12.2 million, which consists of two tranches, the first of €11.7 million and the second of €529,290. Interest is determined by LIBOR plus 0.50%.

There is US$7.8 million due under the Export Credit Agency Financing No. 2 on September 2012, at a cost of LIBOR plus 0.50%, with seven remaining semiannual amortizations.

We are not subject to any penalties for early prepayment of debt under the Export Credit Agency Financing No. 2.

Reserve Base Loan

On May 14, 2009, Newpek entered into a credit agreement with Amegy Bank National Association ("Amegy"), as administrative agent, arranger and letter of credit issuer, and the other lenders party thereto (the "Reserve Base Loan Agreement"), which provides for a US$50 million revolving line of credit. This loan matures in May 2012. The initial borrowing base is US$10 million with a monthly reduction amount of US$158 thousand per month, both to be redetermined semi-annually. US$9.7 million is outstanding as of June 30, 2009.

Pursuant to a security agreement, dated May 14, 2009, entered into by Newpek and Amegy, Newpek granted a security interest in all its right, title and interest in personal property collateral, as defined therein.

In general, borrowings under this loan bear an interest equal to the lesser of (i) the greater of 5.5% and the U.S. prime rate as published by *The Wall Street Journal* and (ii) the highest lawful rate (as defined in the Reserve Base Loan Agreement).

Newpek is not subject to any penalties for early prepayment of debt under the Reserve Base Loan Agreement.

The Reserve Base Loan Agreement contains certain restrictive covenants which, among other things, limit the ability of Newpek to:

- engage in sale or leaseback transactions;
- enter into transactions with affiliates;
- pay dividends;
- pay certain loans that Newpek owes to DAK Americas;
- change its line of business;

- effect a sale of assets;
- make certain investments, guarantees, loans or other advances;
- discount or sell receivables;
- assume or become subject to an ERISA plan;
- effect a change in structure;
- create liens on assets; or
- incur additional debt.

There are also maintenance covenants that require Newpek to maintain certain financial ratios. The failure to comply with such covenants, if not cured within a certain time period, can lead to the immediate acceleration of obligations under the Reserve Base Loan Agreement. The Reserve Base Loan Agreement also contains customary events of default.

Short-Term Bank Debt

On July 21, 2009, we borrowed US$10.0 million under our non-committed credit line with Scotiabank Inverlat, S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat. This short-term loan is due on September 18, 2009 at a fixed rate of 5.35%.

At June 30, 2009, we had US$22.5 million outstanding owed to Banco Santander, S.A. This uncommitted credit line was issued pursuant to a promissory note, dated July 8, 2009, entered into by us and Banco Santander, S.A., at a cost of LIBOR plus 5.7%. The promissory note is due on August 5, 2009 and is currently in a "roll-over" basis.

On August 9, 2002, we entered into a credit agreement with Banco Inbursa S.A.("Inbursa"), as lender, which was amended on November 3, 2004. This loan matured on January 2, 2009. As of June 30, 2009, we had US$50 million outstanding with Inbursa based on a promissory note that is currently on a "roll-over" basis at a cost of LIBOR plus 7.5%.

Factoring Agreement

On March 15, 2005, DAK Americas entered into a factoring agreement (as amended, the "Factoring Agreement") with The CIT Group/Commercial Services, Inc. ("CIT"), pursuant to which DAK Americas sells and assigns its accounts receivable arising from sales of inventory and rendering of services to customers located in the United States, Canada and certain export markets. The Factoring Agreement provides that CIT will pay DAK Americas an amount equal to the gross amount of DAK Americas' accounts receivable from customers reduced by certain offsets, including factoring fees and other charges, discounts, credits and allowances. Pursuant to the Factoring Agreement, DAK Americas has granted to CIT a continuing security interest in its accounts receivable and general intangibles as collateral. DAK Americas has the ability to receive advances up to the lesser of US$115.0 million and a borrowing base calculated based on the available collateral. Cumulative sales of accounts receivable amounted to US$859.0 million, US$958.0 million and US$1.1 billion in 2006, 2007 and 2008, respectively. As of June 30, 2009, the outstanding advances balance under the Factoring Agreement was Ps. 1.3 billion (US$98.6 million). The Factoring Agreement may be terminated by either party upon 60 days' prior written notice to the other party.

Other Indebtedness

At June 30, 2009, we had two irrevocable standby letters of credit outstanding that guarantee the payment of certain raw material supplies in an aggregate amount of US$20.0 million, one for US$8.0 million expiring on December 29, 2009, and the other for US$12.0 million expiring on January 10, 2010. We have posted US$2.4 million of cash collateral in support of the latter instrument.

On June 26, 2009, DAK Americas provided a corporate guarantee to an equipment supplier in favor of Clear Path Recycling up to a maximum amount of US$2.7 million.

For a description of collateral posted for margin calls in connection with our derivative financial instruments, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures about Market Risk—Derivative Financial Instruments—Credit Lines, Margins and Collateral Policies.”

For a description of a certain lien over real property granted by Inmobiliaria Petrocel as security for a loan to ALFA, see “Principal Shareholder and Related Party Transactions—Related Party Transactions—Services Rendered by Our Subsidiaries to Affiliates.”

DESCRIPTION OF THE NOTES

We will issue the Notes under an indenture (the "Indenture") to be entered into among us, the Subsidiary Guarantors and The Bank of New York Mellon, as trustee (the "Trustee"). We summarize below certain provisions of the Indenture, but do not restate the Indenture in its entirety. The terms of the Notes include those stated in the Indenture. You may obtain a copy of the Indenture in the manner described under "Available Information," and, for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market, at the office of the paying agent in Luxembourg.

You can find the definition of capitalized terms used in this section of this offering memorandum under "—Certain Definitions." In this section, when we refer to:

- the "Company," we mean Grupo Petrotemex, S.A. de C.V. (parent company only) and not its Subsidiaries;
- the "Subsidiary Guarantors," we mean the existing and future Subsidiaries of the Company that will issue guarantees of the Notes, which initially are those Subsidiaries identified under "—Subsidiary Guarantees" and under "—Certain Definitions"; and
- the "Notes," we mean the Notes offered pursuant to this offering memorandum and, unless the context otherwise requires, any Additional Notes, as described below in "—General."

General

The Notes will:

- be senior unsecured obligations of the Company;
- rank equal in right of payment with all other existing and future senior unsecured indebtedness of the Company (subject to certain labor and tax obligations for which preferential treatment is given under the Mexican laws);
- rank senior in right of payment to all existing and future subordinated indebtedness of the Company, if any;
- be unconditionally guaranteed on a senior unsecured basis by the Subsidiary Guarantors, as set forth under "—Subsidiary Guarantees"; and
- be effectively subordinated to all existing and future secured indebtedness of the Company to the extent of the value of the assets securing such indebtedness and structurally subordinated to all existing and future indebtedness of the Company's non-guarantor Subsidiaries.

As of June 30, 2009, we had consolidated total indebtedness of Ps. 8.2 billion (US$624.1 million). As of the same date, after giving effect to the issuance and sale of the Notes and the application of the net proceeds from this offering as described under "Use of Proceeds" (and assuming the bank waiver described therein is obtained), we would have had consolidated total indebtedness of Ps. 8,317.0 million (US$630.0 million). Of this amount, Ps. 657.0 million (US$49.8 million) would have been indebtedness of non-guarantor Subsidiaries (excluding guarantees and intercompany loans).

The Company will initially issue US$200.0 million aggregate principal amount of Notes, but may, subject to the limitations set forth under "—Covenants—Limitation on Incurrence of Additional Indebtedness," issue an unlimited principal amount of securities under the Indenture. The Company may, without your consent, issue additional Notes ("Additional Notes") issued in one or more transactions, which have substantially identical terms (other than issue price, issue date and date from which the interest will accrue) as Notes issued on the Issue Date. Any Additional Notes will be consolidated and form a single class with the Notes issued on the Issue Date, so that, among other things, Holders of any Additional Notes will have the right to vote together with Holders of Notes issued on the Issue Date as one class.

The Notes will be issued in the form of one or more global securities without coupons, registered in the name of a nominee of DTC, as depositary. The Notes will be issued in minimum denominations of US$100,000 and integral multiples of US$1,000 in excess thereof. See "Book-Entry, Delivery and Form."

Subsidiary Guarantees

Each Subsidiary Guarantor will unconditionally guarantee the full and prompt payment of all obligations of the Company under the Indenture and the Notes. The Obligations of each Subsidiary Guarantor in respect of its Subsidiary Guarantee will be limited to the maximum amount as will result in the Obligations not constituting a fraudulent conveyance, fraudulent transfer or similar illegal transfer under applicable law. See "Risk Factors—Risks Relating to the Notes—The guarantees may not be enforceable."

Initially, the Subsidiary Guarantors will be: DAK Americas, LLC ("DAK Americas"), DAK Resinas Americas Mexico, S.A. de C.V. ("DAK Mexico") and, subject to the following paragraph, Tereftalatos Mexicanos, S.A. de C.V. ("Temex") and Productora de Tereftalatos de Altamira, S.A. de C.V. ("PTAL"). These Subsidiary Guarantors represented in aggregate approximately 96.4% of the our consolidated assets and 98.4% of our Consolidated Adjusted EBITDA, as of and for the year ended December 31, 2008, and approximately 94.7% of our consolidated assets and 98.0% of our Consolidated Adjusted EBITDA as of and for the six months ended June 30, 2009.

DAK Americas Argentina, S.A. has a US$40 million credit line ("Bancomext Credit Line") with Banco Nacional de Comercio Exterior, S.N.C. ("Bancomext"), which, among other things, restricts Temex and PTAL from granting certain guarantees. Accordingly, notwithstanding any other provision of the Indenture, the effectiveness of the guarantees of the Notes by Temex and PTAL will be conditioned upon the earlier of (i) the execution by Bancomext of a waiver under the Bancomext Credit Line to permit such guarantees by Temex and PTAL and (ii) the repayment of all amounts under, and the termination of, the Bancomext Credit Line. The Company will agree in the Indenture to use its best efforts to obtain promptly such waiver from Bancomext and deliver it, together with an Officers' Certificate, to the Trustee. The Company will also agree, in the event that such waiver has not been obtained, to repay all amounts under and terminate the Bancomext Credit Line within 90 days from the Issue Date. The Company will hold in reserve US$43.0 million of the net proceeds from this offering in order to repay such amounts under the Bancomext Credit Line unless the waiver is obtained within such 90-day period.

Certain of the Company's other Subsidiaries will not guarantee the Notes. In the event of a bankruptcy, liquidation or reorganization of the non-guarantor Subsidiaries, the non-guarantor Subsidiaries will pay the holders of their indebtedness and their trade creditors before they will be able to distribute any of their assets to the Company and the Subsidiary Guarantors.

The Company will cause its existing and future Restricted Subsidiaries (other than Newpek, LLC so long as it continues to be engaged in its existing business and any business ancillary or complementary thereto) to promptly become Subsidiary Guarantors under the Indenture, by executing a supplemental indenture and providing the Trustee with an Officers' Certificate and Opinion of Counsel, such that at all times the Subsidiary Guarantors (together with the Company on a standalone basis) in aggregate represent at least 85% of the Company's (x) consolidated total assets of the Company and the Restricted Subsidiaries (other than Newpek, LLC) as of the end of the most recent fiscal quarter, and (y) Consolidated Adjusted EBITDA of the Company and the Restricted Subsidiaries (other than Newpek, LLC) (without taking into account solely for this purpose the exception in clause (3) of the definition of "Consolidated Net Income") for the four most recent full fiscal quarters, in each case for which financial statements are available ending prior to the date of such determination.

Each Subsidiary Guarantor will be released and relieved of its obligations under its Subsidiary Guarantee in the event that:

(1) there is a sale or other disposition of such Subsidiary Guarantor (whether by merger, consolidation, the sale of all or a majority of its Capital Stock or the sale of all or substantially all of its assets), following

which such Subsidiary Guarantor is no longer a direct or indirect Subsidiary (other than a Receivables Subsidiary) of the Company;

(2) such Subsidiary Guarantor is designated as an Unrestricted Subsidiary in accordance with "—Covenants—Limitation on Designation of Unrestricted Subsidiaries"; or

(3) there is a Legal Defeasance of the Notes or upon satisfaction and discharge of the Indenture.

provided that such transaction is carried out pursuant to, and in accordance with, the applicable provisions of the Indenture.

Principal, Maturity and Interest

The Notes will mature on August 19, 2014 and will be redeemed on such date at a redemption price equal to 100% of the principal amount, unless earlier redeemed in accordance with the terms of the Notes. See "—Optional Redemption" below.

The Notes will not be entitled to the benefit of any mandatory sinking fund.

Interest on the Notes will accrue at the rate of 9.500% per year and will be payable semi-annually in arrears on February 19 and August 19 of each year, beginning on February 19, 2010. Payments will be made to the persons who are registered Holders at the close of business on the February 1 and August 1, as the case may be, immediately preceding the applicable interest payment date.

Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including the Issue Date. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Initially, the Trustee will act as registrar, transfer agent and paying agent for the Notes. The Company may change the registrar, transfer agent and paying agent, without notice to Holders. If a Holder of Notes in an aggregate principal amount of at least US$1,000,000 has given wire transfer instructions to the Company or a paying agent, the Company or the paying agent, as applicable, will make all principal, premium, if any, and interest payments in respect of those Notes in accordance with those instructions. All other payments on the Notes will be made at the office or agency of the paying agent in New York City unless the Company elects to make interest payments by check mailed to the registered Holders at their registered addresses.

As long as the Notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market, the Company will also maintain a transfer agent and a paying agent in Luxembourg.

Additional Amounts

We are required by Mexican law to deduct Mexican withholding taxes at a rate of 4.9% (subject to certain exceptions) from payments of interest to investors who are not residents of Mexico for tax purposes, and we will pay additional amounts on those payments (and certain other payments) to the extent described below ("Additional Amounts").

The Company and the Subsidiary Guarantors will pay to Holders of the Notes such Additional Amounts as may be necessary so that every net payment of interest (including any premium paid upon redemption of the Notes and any discount deemed interest under Mexican law) or principal to the Holders will not be less than the amount provided for in the Notes. By net payment, we mean the amount that we or our paying agent pay any Holder after deducting or withholding an amount for or on account of any present or future taxes, duties, assessments or other governmental charges imposed with respect to that payment by Mexico or any political subdivision or taxing authority thereof or therein.

Our obligation to pay Additional Amounts is subject to several important exceptions. The Company and the Subsidiary Guarantors will not be required to pay Additional Amounts to any Holder for or on account of any of the following:

- any taxes, duties, assessments or other governmental charges imposed solely because at any time there is or was a connection between the Holder and Mexico (other than the mere receipt of a payment or the ownership or holding of a Note);

- any estate, inheritance, gift, sales, personal property or similar tax, assessment or other governmental charge imposed with respect to the Notes;

- any taxes, duties, assessments or other governmental charges imposed (or imposed at a higher rate) solely because the Holder or any other Person fails to comply with any certification, identification or other reporting requirement concerning the nationality, residence, identity or connection with Mexico, for tax purposes, of the Holder or any beneficial owner of the Note if compliance is required by law, regulation or by an applicable income tax treaty to which Mexico is a party, as a precondition to exemption from, or reduction in the rate of, the tax, assessment or other governmental charge and we have given the Holders at least 30 days' notice that Holders will be required to provide such information and identification;

- any tax, duty, assessment or other governmental charge payable otherwise than by deduction or withholding from payments on the Notes;

- any taxes, duties, assessments or other governmental charges with respect to a Note presented for payment more than 30 days after the date on which the payment became due and payable or the date on which payment thereof is duly provided for and notice thereof given to Holders, whichever occurs later, except to the extent that the Holder of such Note would have been entitled to such Additional Amounts on presenting such Note for payment on any date during such 30-day period;

- any taxes, duties, assessments or other governmental charges imposed in connection with a Note presented for payment by or on behalf of a Holder or beneficial owner thereof that would have been able to avoid such tax, duty, assessment or other governmental charge by presenting the relevant Note to another paying agent;

- any payment on the Note to a Holder that is a fiduciary or partnership or a person other than the sole beneficial owner of any such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or the beneficial owner of the payment would not have been entitled to the Additional Amounts had the beneficiary, settlor, member or beneficial owner been the Holder of the Note; and

- any combination of the above.

The limitations on our obligations to pay Additional Amounts stated in the third bullet point above will not apply if the provision of information, documentation or other evidence described in the applicable bullet point would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a Holder or beneficial owner of a Note (taking into account any relevant differences between U.S. and Mexican law, rules, regulations or administrative practice) than comparable information or other reporting requirements imposed under U.S. tax law, regulations and administrative practice (such as IRS Forms W-8BEN and W-9).

The limitations on our obligations to pay Additional Amounts stated in the third bullet point above also will not apply if, with respect to taxes imposed by Mexico or any political subdivision or taxing authority thereof, Article 195, Section II, of the Mexican income tax law (or a substantially similar successor of such Article) is in effect, unless (a) the provision of the information, documentation or other evidence described in the applicable bullet point is expressly required by statute, regulation, rule, ruling or published administrative practice of general applicability in order to apply Article 195, Section II, of the Mexican income tax law (or a substantially similar successor of such

Article), (b) we cannot obtain the information, documentation or other evidence necessary to comply with the applicable laws and regulations on our own through reasonable diligence and (c) we otherwise would meet the requirements for application of Article 195, Section II, of the Mexican income tax law (or a substantially similar successor of such Article).

In addition, the third bullet point above does not and shall not be construed to require that any Person, including any non-Mexican pension fund, retirement fund or financial institution, register with the Mexican Ministry of Finance and Public Credit to establish eligibility for an exemption from, or a reduction of, Mexican withholding tax.

The Company and the Subsidiary Guarantors will provide the Trustee with documentation satisfactory to the Trustee evidencing the payment of taxes in respect of which we have paid any Additional Amount. We will make copies of such documentation available to the Holders of the Notes or the relevant paying agent upon request.

Any reference in this offering memorandum, the Indenture or the Notes to principal, premium, interest or any other amount payable in respect of the Notes by us will be deemed also to refer to any Additional Amount that may be payable with respect to that amount under the obligations referred to in this section.

In the event of any merger or other transaction described and permitted under "—Limitation on Merger, Consolidation and Sale of Assets," in which the surviving entity is a corporation organized and validly existing under the laws of a country that is a member of the European Union, all references to Mexico, Mexican law or regulations, and Mexican political subdivisions or taxing authorities under this "Additional Amounts" section (other than the fifth and sixth paragraphs of this "Additional Amounts" section) and under "—Optional Redemption—Optional Redemption Upon Tax Event" will be deemed to also include such country and any political subdivision therein or thereof, law or regulations of such country, and any taxing authority of such country or any political subdivision therein or thereof, respectively.

Optional Redemption

Optional Make-Whole Redemption

The Company will have the right, at its option, to redeem any of the Notes, in whole or in part, at any time or from time to time prior to their maturity at a redemption price equal to the greater of (1) 100% of the principal amount of such Notes and (2) the sum of the present value of each remaining scheduled payment of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 50 basis points (the "Make-Whole Amount"), plus in each case any accrued and unpaid interest on the principal amount of the Notes to the date of redemption.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such Notes.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by the Company.

"Comparable Treasury Price" means, with respect to any redemption date (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference

Treasury Dealer Quotation or (2) if fewer than four such Reference Treasury Dealer Quotations are obtained, the average of all such quotations.

"Reference Treasury Dealer" means Banc of America Securities LLC and J.P. Morgan Securities Inc. or their affiliates which are primary United States government securities dealers and not less than two other leading primary United States government securities dealers in New York City reasonably designated by the Company; *provided* that if any of the foregoing cease to be a primary United States government securities dealer in New York City (a "Primary Treasury Dealer"), the Company will substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotation" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by an Independent Investment Banker, of the bid and asked price for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 3:30 p.m. New York time on the third Business Day preceding such redemption date.

Optional Redemption Upon Eligible Equity Offerings

At any time, or from time to time, prior to or on August 19, 2012, the Company may, at its option, use an amount not to exceed the net cash proceeds of one or more Eligible Equity Offerings to redeem up to 35% of the aggregate principal amount of the outstanding Notes (including any Additional Notes) at a redemption price equal to 109.500% of the principal amount on the redemption date, plus any accrued and unpaid interest to the redemption date; *provided* that:

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

- the Company will make such redemption not more than 60 days after the consummation of such Eligible Equity Offering.

"Eligible Equity Offering" means the issuance and sale for cash of Qualified Capital Stock of the Company to any Person other than an Affiliate of the Company pursuant to (i) a public offering in accordance with U.S. or Mexican laws, rules and regulations, or (ii) a private offering in accordance with Rule 144A and Regulation S under the Securities Act.

Optional Redemption Upon Tax Event

If, as a result of any amendment to, or change in, the laws (or any rules or regulations thereunder) of Mexico or any political subdivision or taxing authority thereof or therein affecting taxation, or any amendment to or change in an official interpretation or application of such laws, rules or regulations, which amendment to or change of such laws, rules or regulations becomes effective on or after the date of this offering memorandum, the Company would be obligated, after taking all reasonable measures to avoid this requirement, to pay any Additional Amounts in excess of those attributable to a Mexican withholding tax rate of 4.9% with respect to the Notes (see "—Additional Amounts" and "Certain Material Income Tax Considerations—Mexican Tax Considerations"), then, at the Company's option, all, but not less than all, of the Notes may be redeemed at any time at a redemption price equal to 100% of the outstanding principal amount, plus any accrued and unpaid interest and any Additional Amounts to the redemption date due thereon up to but not including the date of redemption; *provided* that (1) no notice of redemption for tax reasons may be given earlier than 60 days prior to the earliest date on which the Company would be obligated to pay these Additional Amounts if a payment on the Notes were then due, and (2) at the time such notice of redemption is given such obligation to pay such Additional Amounts remains in effect.

Prior to the publication of any notice of redemption pursuant to this provision, the Company will deliver to the Trustee:

- an Officers' Certificate stating that the Company is entitled to effect the redemption and setting forth a statement of facts showing that the conditions precedent to the Company's right to redeem have occurred; and

- an Opinion of Counsel from Mexican legal counsel (which may be the Company's counsel) of recognized standing to the effect that the Company has or will become obligated to pay such Additional Amounts as a result of such change or amendment.

The Company will give notice of any redemption to the Trustee to enable the Trustee to provide notice to Holders of Notes as described in "—Notices" below at least 30 days (but not more than 60 days) before the redemption date. This notice, once delivered by the Company to the Trustee, will be irrevocable. .

Optional Redemption Procedures

In the event that less than all of the Notes are to be redeemed at any time, selection of Notes for redemption will be made by the Trustee in compliance with the requirements governing redemptions of the principal securities exchange, if any, on which Notes are listed or if such securities exchange has no requirement governing redemption or the Notes are not then listed on a securities exchange, on a *pro rata* basis, by lot or by any other method as the Trustee shall deem fair and appropriate. No Notes of a principal amount of US$100,000 or less may be redeemed in part and Notes of a principal amount in excess of US$100,000 may be redeemed in part in multiples of US$1,000 only.

Notice of any redemption will be mailed by first-class mail, postage prepaid, at least 30 but not more than 60 days before the redemption date to Holders of Notes to be redeemed at their respective registered addresses. If Notes are to be redeemed in part only, the notice of redemption will state the portion of the principal amount thereof to be redeemed. For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market and the rules of the exchange require, the Company will cause notices of redemption to also be published as described in "—Notices" below. A new Note in a principal amount equal to the unredeemed portion thereof, if any, will be issued in the name of the Holder thereof upon cancellation of the original Note (or appropriate adjustments to the amount and beneficial interests in a Global Note will be made, as appropriate).

Notes called for redemption will become due on the date fixed for redemption. The Company will pay the redemption price for any Note together with accrued and unpaid interest thereon through the date of redemption. On and after the redemption date, interest will cease to accrue on Notes or portions thereof called for redemption as long as the Company has deposited with the paying agent funds in satisfaction of the applicable redemption price pursuant to the Indenture. Upon redemption of any Notes by the Company, such redeemed Notes will be cancelled.

Change of Control

Upon the occurrence of a Change of Control, each Holder will have the right to require that the Company purchase all or a portion (in integral multiples of US$1,000, *provided* that the principal amount of such Holder's Note will not be less than US$100,000) of the Holder's Notes at a purchase price equal to 101% of the principal amount thereof, plus any accrued and unpaid interest thereon through the purchase date (the "Change of Control Payment").

Within 30 days following the date upon which the Change of Control occurs, the Company must send, by first-class mail, a notice to each Holder, with a copy to the Trustee, offering to purchase the Notes as described above (a "Change of Control Offer") and, for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market and the rules of the exchange require, publish such notice as described in "—Notices" below. The Change of Control Offer will state, among other things, the purchase date, which must be at least 30 days but not more than 60 days from the date the notice is mailed, other than as may be required by law (the "Change of Control Payment Date").

On the Business Day preceding the Change of Control Payment Date, the Company will deposit with the paying agent funds in an amount equal to the Change of Control Payment in respect of all Notes or portions thereof so tendered.

On the Change of Control Payment Date, the Company will, to the extent lawful:

(1) accept for payment all Notes or portions thereof properly tendered and not withdrawn pursuant to the Change of Control Offer; and

(2) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Company.

If only a portion of a Note is purchased pursuant to a Change of Control Offer, a new Note in a principal amount equal to the portion thereof not purchased will be issued in the name of the Holder thereof upon cancellation of the original Note (or appropriate adjustments to the amount and beneficial interests in a Global Note will be made, as appropriate). Notes (or portions thereof) purchased pursuant to a Change of Control Offer will be cancelled and cannot be reissued.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other applicable securities laws and regulations in connection with the purchase of Notes in connection with a Change of Control Offer. To the extent that the provisions of any applicable securities laws or regulations conflict with this "Change of Control" provision, the Company will comply with such securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by doing so.

The Company will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

Other existing and future indebtedness of the Company may contain prohibitions on the occurrence of events that would constitute a Change of Control or require that Indebtedness be purchased upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Company to repurchase the Notes upon a Change of Control may cause a default under such indebtedness even if the Change of Control itself does not.

If a Change of Control Offer occurs, the Company may not have available funds sufficient to make the Change of Control Payment for all the Notes that might be delivered by Holders seeking to accept the Change of Control Offer. In the event the Company is required to purchase outstanding Notes pursuant to a Change of Control Offer, the Company expects that it would seek third-party financing to the extent it does not have available funds to meet its purchase obligations and any other obligations in respect of Senior Indebtedness. However, we cannot assure you that the Company would be able to obtain necessary financing, and the terms of the Indenture may restrict the ability of the Company to obtain such financing. See "Risk Factors—Risks Relating to the Notes—We may not have the ability to raise the funds necessary to finance the change of control offer required by the indenture governing the notes."

Holders will not be entitled to require the Company to purchase their Notes in the event of a takeover, recapitalization, leveraged buyout or similar transaction which is not a Change of Control.

Covenants in the Indenture restricting the ability of the Company and its Restricted Subsidiaries to incur additional Indebtedness, to grant Liens on property, to make Restricted Payments and to make Asset Sales may also make more difficult or discourage a takeover of the Company, whether favored or opposed by the management or its Board of Directors. Consummation of any Asset Sale may, in certain circumstances, require redemption or repurchase of the Notes, and the Company or the acquiring party may not have sufficient financial resources to effect such redemption or repurchase. In addition, restrictions on transactions with Affiliates may, in certain circumstances, make more difficult or discourage any leveraged buyout of the Company or any of its Subsidiaries. While these restrictions cover a wide variety of arrangements that have traditionally been used to effect highly leveraged transactions, the Indenture may not afford the Holders protection in all circumstances from the adverse aspects of a highly leveraged transaction, reorganization, restructuring, merger, recapitalization or similar transaction.

One of the events that constitutes a Change of Control under the Indenture is the disposition of "all or substantially all" of the Company's assets under certain circumstances. This term varies based upon the facts and circumstances of the subject transaction and has not been interpreted under New York State law (which is the governing law of the Indenture) to represent a specific quantitative test. As a consequence, in certain circumstances there may be uncertainty in ascertaining whether a particular transaction involved a disposition of "all or substantially all" of the assets of a Person. In the event that Holders elect to require the Company to purchase the Notes and the Company contests such election, there can be no assurance as to how a court interpreting New York State law would interpret the phrase under certain circumstances.

Covenants

Limitation on Incurrence of Additional Indebtedness

(1) The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Indebtedness (including Acquired Indebtedness) except that the Company and its Restricted Subsidiaries may Incur Indebtedness if, at the time of and immediately after giving *pro forma* effect to the Incurrence thereof and the application of the net proceeds therefrom, the Company's Consolidated Fixed Charge Coverage Ratio is greater than or equal to 2.5 to 1.0.

(2) Notwithstanding paragraph (1) above, the Company and its Restricted Subsidiaries, as applicable, may, at any time, Incur the following Indebtedness ("Permitted Indebtedness"):

(a) Indebtedness in respect of the Notes and the Subsidiary Guarantees, excluding Additional Notes;

(b) Guarantees by (1) the Company or any Subsidiary Guarantor of Indebtedness of the Company or any Subsidiary Guarantor permitted under this "—Limitation on Incurrence of Additional Indebtedness" covenant, *provided* that if any such Guarantee is of Subordinated Indebtedness, then the Guarantee will be subordinated in right of payment to the Notes or the Subsidiary Guarantee, as the case may be, and (2) any non-guarantor Restricted Subsidiary of Indebtedness of any non-guarantor Restricted Subsidiary permitted under this "—Limitation on Incurrence of Additional Indebtedness" covenant;

(c) Indebtedness of the Company and its Restricted Subsidiaries outstanding on the Issue Date;

(d) Hedging Obligations entered into by the Company and its Restricted Subsidiaries in the ordinary course of business and for bona fide hedging purposes and not for speculative purposes;

(e) intercompany Indebtedness between the Company and any Restricted Subsidiary or between any Restricted Subsidiaries (in each case, other than a Receivables Subsidiary); *provided* that:

(1) such Indebtedness if the obligor is the Company or a Subsidiary Guarantor must be expressly subordinated to the prior payment in full of all obligations under the Notes and the Indenture; and

(2) in the event that at any time any such Indebtedness ceases to be held by the Company or a Restricted Subsidiary, such Indebtedness will be deemed to be Incurred by the Company or the relevant Restricted Subsidiary, as the case may be, and not permitted by this clause (e) at the time such event occurs;

(f) Indebtedness of the Company or any of its Restricted Subsidiaries arising from the honoring by a bank or other financial institution of a check, draft or similar instrument (including daylight overdrafts paid in full by the close of business on the day such overdraft was Incurred) drawn against insufficient funds in the ordinary course of business; *provided* that such Indebtedness is extinguished within five Business Days of Incurrence;

(g) Indebtedness of the Company or any of its Restricted Subsidiaries represented by letters of credit and bankers' acceptances for the account of the Company or any Restricted Subsidiary, as the case may

be, in order to provide security for workers' compensation claims, severance payment obligations, payment obligations in connection with health or other types of social security benefits, unemployment or other insurance or self-insurance obligations or similar requirements in the ordinary course of business;

(h) Refinancing Indebtedness in respect of:

(1) Indebtedness (other than Indebtedness owed to the Company or any Subsidiary of the Company) Incurred pursuant to paragraph (1) above (it being understood that no Indebtedness outstanding on the Issue Date is Incurred pursuant to such clause (1)); or

(2) Indebtedness Incurred pursuant to clauses (a), (c), (h), (i) or (j) (excluding Indebtedness owed to the Company or a Subsidiary of the Company);

(i) Capitalized Lease Obligations and Purchase Money Indebtedness of the Company or any Restricted Subsidiary in an aggregate principal amount not to exceed US$25.0 million (or the equivalent in other currencies) at any one time outstanding;

(j) Indebtedness of Persons that are acquired by the Company or any of its Restricted Subsidiaries or merged into the Company or a Restricted Subsidiary in accordance with the terms of the Indenture; *provided* that such Indebtedness is not Incurred in contemplation of such acquisition or merger or to provide all or a portion of the funds or credit support required to consummate such acquisition or merger; and *provided*, *further*, that after giving effect to such acquisition or merger and the Incurrence of such Indebtedness either:

(1) the Company will be able to Incur at least US$1.00 of additional Indebtedness pursuant to paragraph (1) above; or

(2) the Company's Consolidated Fixed Charge Coverage Ratio will be higher than immediately prior to such acquisition or merger;

(k) Indebtedness of the Company or any of its Restricted Subsidiaries (including a Receivables Subsidiary) Incurred (i) pursuant to any Qualified Receivables Transactions or (ii) for working capital purposes and secured by Receivables Property pursuant to clause (11)(y) of the definition of "Permitted Liens"; *provided* that the aggregate outstanding amounts of such Indebtedness (including the Receivables Transaction Amounts outstanding relating to any Qualified Receivables Transaction) Incurred pursuant to this clause (k) will not exceed US$75.0 million (or the equivalent in other currencies) at any one time outstanding;

(l) Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred in connection with the disposition of any business, assets or Subsidiary, other than Guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or Subsidiary for the purpose of financing such acquisition; *provided* that the maximum aggregate liability in respect of all such Indebtedness will at no time exceed the gross proceeds actually received by the Company and the Restricted Subsidiary in connection with such disposition; and

(m) in addition to Indebtedness referred to in clauses (a) through (l) above, Indebtedness of the Company or any Subsidiary Guarantor in an aggregate principal amount not to exceed US$50.0 million (or the equivalent in other currencies) at any one time outstanding.

(3) For purposes of determining compliance with, and the outstanding principal amount of, any particular Indebtedness Incurred pursuant to and in compliance with this covenant:

(a) the outstanding principal amount of any item of Indebtedness will be counted only once;

(b) in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Indebtedness described in clause (2) (a) through (m) above or is entitled to be incurred pursuant to paragraph (1) above, the Company may, in its sole discretion, divide and classify (or at any time reclassify) such item of Indebtedness in any manner that complies with this covenant;

(c) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness, but may be permitted in part by such provision and in part by one or more other provisions of this covenant permitting such Indebtedness;

(d) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined in accordance with MFRS;

(e) Guarantees of, or obligations in respect of letters of credit or similar instruments relating to, Indebtedness which is otherwise included in the determination of any particular amount of Indebtedness will not be included; and

(f) the accrual of interest, the accretion or amortization of original issue discount, the payment of regularly scheduled interest in the form of additional Indebtedness of the same instrument or the payment of regularly scheduled dividends on Disqualified Capital Stock in the form of additional Disqualified Capital Stock with the same terms will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant; *provided* that any such outstanding additional Indebtedness or Disqualified Capital Stock paid in respect of Indebtedness Incurred pursuant to any provision of clause (2) above will be counted as Indebtedness outstanding thereunder for purposes of any future Incurrence under such provision.

(4) For purposes of determining compliance with any U.S. dollar-denominated restriction on the Incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a non-U.S. currency will be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred or, in the case of revolving credit Indebtedness, first committed; *provided* that if such Indebtedness is Incurred to refinance other Indebtedness denominated in a non-U.S. currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction will be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced (plus the amount of any customary premium paid in connection therewith, defeasance costs and fees and expenses incurred by the Company in connection with such Refinancing). The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, will be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, take any of the following actions (each, a “Restricted Payment”):

(a) declare or pay any dividend or return of capital or make any distribution on or in respect of shares of Capital Stock of the Company or any Restricted Subsidiary to holders of such Capital Stock, other than:

- dividends or distributions payable in Qualified Capital Stock of the Company;

- dividends or distributions payable to the Company and/or a Restricted Subsidiary; or

- dividends, distributions or returns of capital made on a *pro rata* basis to the Company and its Restricted Subsidiaries, on the one hand, and minority holders of Capital Stock of a Restricted Subsidiary, on the other hand (or on a less than *pro rata* basis to any minority holder);

(b) purchase, redeem or otherwise acquire or retire for value any Capital Stock of the Company;

(c) make any principal payment on, purchase, defease, redeem, prepay, decrease or otherwise acquire or retire for value, prior to any scheduled final maturity, scheduled repayment or scheduled sinking fund payment, as the case may be, any Subordinated Indebtedness (other than (x) Indebtedness of the Company owing to and held by any Subsidiary Guarantor or Indebtedness of a Subsidiary Guarantor owing to and held by the Company or any other Subsidiary Guarantor permitted under clause (2)(e) of "—Limitation on Incurrence of Additional Indebtedness" or (y) the purchase, repurchase, redemption, defeasance or other acquisition of Subordinated Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition); or

(d) make any Investment (other than Permitted Investments);

if at the time of the Restricted Payment and immediately after giving *pro forma* effect thereto:

(1) a Default or an Event of Default has occurred and is continuing;

(2) the Company is not able to Incur at least US$1.00 of additional Indebtedness pursuant to paragraph (1) of "—Limitation on Incurrence of Additional Indebtedness"; or

(3) the aggregate amount (the amount expended for these purposes, if other than in cash, being the Fair Market Value of the relevant property) of the proposed Restricted Payment and all other Restricted Payments made subsequent to the Issue Date up to the date thereof, less any Investment Return calculated as of the date thereof, will exceed the sum of:

(A) 50% of cumulative Consolidated Net Income of the Company or, if such cumulative Consolidated Net Income of the Company is a loss, minus 100% of the loss, accrued during the period, treated as one accounting period, from the beginning of the fiscal quarter in which the Issue Date occurs to the end of the most recent fiscal quarter for which consolidated financial information of the Company is available; *plus*

(B) 100% of the aggregate net cash proceeds received by the Company from any Person from any:

- contribution to the Capital Stock of the Company not representing an interest in Disqualified Capital Stock or issuance and sale of Qualified Capital Stock of the Company, in each case subsequent to the Issue Date; or

- issuance and sale subsequent to the Issue Date (and, in the case of Indebtedness of a Restricted Subsidiary, at such time as it was a Restricted Subsidiary) of any Indebtedness for borrowed money of the Company or any Restricted Subsidiary that has been converted into or exchanged for Qualified Capital Stock of the Company;

excluding, in each case, any net cash proceeds:

(w) received from a Restricted Subsidiary of the Company;

(x) used to redeem Notes under "—Optional Redemption—Optional Redemption Upon Eligible Equity Offerings";

(y) used to acquire Capital Stock or other assets from an Affiliate of the Company; or

(z) applied in accordance with clause (2) or (3) of the second paragraph of this covenant below.

Notwithstanding the preceding paragraph, this covenant does not prohibit:

(1) the payment of any dividend or other distribution or redemption within 60 days after the date of declaration of such dividend or other distribution or call for such redemption if the payment would have been permitted on the date of declaration or call pursuant to the preceding paragraph;

(2) the acquisition of any shares of Capital Stock of the Company,

(x) in exchange for Qualified Capital Stock of the Company, or

(y) through the application of the net cash proceeds received by the Company from a substantially concurrent sale of Qualified Capital Stock of the Company or a contribution to the equity capital of the Company not representing an interest in Disqualified Capital Stock, in each case not received from a Subsidiary of the Company;

provided, that the value of any such Qualified Capital Stock issued in exchange for such acquired Capital Stock and any such net cash proceeds will be excluded from clause (3)(B) of the first paragraph of this covenant (and were not included therein at any time);

(3) the voluntary prepayment, purchase, defeasance, redemption or other acquisition or retirement for value of any Subordinated Indebtedness solely in exchange for, or through the application of net cash proceeds of a substantially concurrent sale, other than to a Subsidiary of the Company, of:

(x) Qualified Capital Stock of the Company or

(y) Refinancing Indebtedness for such Subordinated Indebtedness;

provided, that the value of any Qualified Capital Stock issued in exchange for Subordinated Indebtedness and any net cash proceeds referred to above shall be excluded from clause (3)(B) of the first paragraph of this covenant (and were not included therein at any time);

(4) if no Default or Event of Default has occurred and is continuing, the Company may pay dividends or other distributions in respect of its Capital Stock in an amount not to exceed US$25.0 million (or the equivalent in other currencies) during any calendar year so long as at the time of declaration and payment the Company's Consolidated Fixed Charge Coverage Ratio is greater than or equal to 2.5 to 1.0, or not to exceed US$15.0 million (or the equivalent in other currencies) during any calendar year if at the time of declaration and payment the Company's Consolidated Fixed Charge Coverage Ratio is less than 2.5 to 1.0 (in each case, with the Company being entitled to carry over the unused amounts in any calendar year solely to the immediately succeeding calendar year);

(5) the Company may pay to Alfa and its Affiliates corporate fees to the extent permitted in paragraph (3) of the "—Limitation on Transactions with Affiliates" covenant;

(6) if no Default or Event of Default has occurred and is continuing, the declaration and payment of dividends or distributions to holders of any class or series of Disqualified Capital Stock of the Company or a Restricted Subsidiary or Preferred Stock of a Restricted Subsidiary issued or Incurred in accordance with the covenant described under "—Limitation on Incurrence of Additional Indebtedness" to the extent such payments are included in the definition of "Consolidated Fixed Charges";

(7) if no Default or Event of Default has occurred and is continuing, the repurchase of any Subordinated Indebtedness (i) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness in the event of a Change of Control in accordance with provisions similar to the "—Change

of Control" provisions of the Indenture or (ii) at a purchase price not greater than 100% of the principal amount thereof in accordance with provisions similar to the "—Limitation on Assets Sales" covenant of the Indenture; *provided* that, prior to or simultaneously with such purchase, repurchase, redemption, defeasance or other acquisition or retirement, the Company has made the Change of Control Offer or Asset Sale Offer, as applicable, as provided in such covenant with respect to the Notes and has completed the repurchase or redemption of all Notes validly tendered for payment in connection with such Change of Control Offer or Asset Sale Offer; and

(8) if no Default or Event of Default has occurred and is continuing or would exist after giving *pro forma* effect thereto, Restricted Payments in an amount which, when taken together with all Restricted Payments made pursuant to this clause (8), does not exceed US$5.0 million (or the equivalent in other currencies).

In determining the aggregate amount of Restricted Payments made subsequent to the Issue Date pursuant to the first paragraph of this covenant, amounts expended pursuant to clauses (1) (without duplication for the declaration of the relevant dividend or distribution), (4), (6), (7) and (8) above will be included in such calculation and amounts expended pursuant to clauses (2), (3) and (5) above will not be included in such calculation.

The amount of any Restricted Payments not in cash will be the Fair Market Value on the date of such Restricted Payment of the property, assets or securities proposed to be paid, transferred or issued by the Company or the relevant Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment.

Limitation on Asset Sales

The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(a) the Company or such Restricted Subsidiary, as the case may be, receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets sold or otherwise disposed of; and

(b) at least 75% of the consideration received for the assets sold by the Company or the Restricted Subsidiary, as the case may be, in the Asset Sale is in the form of (1) cash or Cash Equivalents; (2) assets (other than current assets as determined in accordance with MFRS or Capital Stock) to be used by the Company or any Restricted Subsidiary in a Permitted Business; (3) Capital Stock in a Person engaged solely in a Permitted Business that is or will become a Restricted Subsidiary as a result of such Asset Sale or (4) a combination of cash, Cash Equivalents and such assets.

Solely for the purposes of this covenant, the following are deemed to be cash or Cash Equivalents: (x) the assumption of Indebtedness of the Company or any Restricted Subsidiary by any Person and the release of the Company or such Restricted Subsidiary from any liability in connection with the Asset Sale; and (y) any securities received by the Company or any Restricted Subsidiary that are promptly converted by the Company or any Restricted Subsidiary into cash or Cash Equivalents.

The Company or such Restricted Subsidiary, as the case may be, may apply the Net Cash Proceeds of any such Asset Sale within 365 days thereof to:

(1) repay, prepay or purchase any Senior Indebtedness of the Company or any Restricted Subsidiary, in each case for borrowed money or constituting a Capitalized Lease Obligation and permanently reduce the commitments with respect thereto without Refinancing; and/or

(2) purchase:

(A) assets (other than current assets as determined in accordance with MFRS or Capital Stock) to be used by the Company or any Restricted Subsidiary in a Permitted Business; or

(B) Capital Stock of a Person engaged solely in a Permitted Business that will become, upon purchase, a Restricted Subsidiary,

from a Person other than the Company and its Restricted Subsidiaries.

To the extent all or a portion of the Net Cash Proceeds of any Asset Sale are not applied within the 365 days of the Asset Sale as described in clause (1) or (2) of the immediately preceding paragraph, the Company will make an offer to purchase Notes (the "Asset Sale Offer"), at a purchase price equal to 100% of the principal amount of the Notes to be purchased, plus any accrued and unpaid interest thereon, to the purchase date (the "Asset Sale Offer Amount"). The Company will purchase pursuant to an Asset Sale Offer from all tendering Holders on a *pro rata* basis, and, at the Company's option, on a *pro rata* basis with the holders of any other Senior Indebtedness with similar provisions requiring the Company to offer to purchase the other Senior Indebtedness with the proceeds of Asset Sales, that principal amount (or accreted value in the case of Indebtedness issued with original issue discount) of Notes and the other Senior Indebtedness to be purchased equal to such unapplied Net Cash Proceeds. The Company may satisfy its obligations under this covenant with respect to the Net Cash Proceeds of an Asset Sale by making an Asset Sale Offer prior to the expiration of the relevant 365-day period.

The purchase of Notes pursuant to an Asset Sale Offer will occur not less than 20 Business Days following the date notice of the Asset Sale Offer is mailed to the Holders, or any longer period as may be required by applicable law or regulation, nor more than 45 days following the 365th day following the Asset Sale. The Company may, however, defer an Asset Sale Offer until there is an aggregate amount of unapplied Net Cash Proceeds from one or more Asset Sales equal to or in excess of US$20.0 million (or the equivalent in other currencies). At that time, the entire amount of unapplied Net Cash Proceeds, and not just the amount in excess of US$20.0 million (or the equivalent in other currencies), will be applied as required pursuant to this covenant; *provided* that any such unapplied Net Cash Proceeds less than US$20.0 million (or the equivalent in other currencies) may be applied in accordance with the second paragraph of this covenant prior to the next date upon which the aggregate amount of unapplied Net Cash Proceeds exceeds US$20.0 million (or the equivalent in other currencies), in which case they shall cease to be unapplied Net Cash Proceeds.

Pending application in accordance with this covenant, Net Cash Proceeds will be applied to temporarily reduce revolving credit borrowings that can be reborrowed or Invested in Cash Equivalents.

Each notice of an Asset Sale Offer will be mailed first-class, postage prepaid, to the record Holders as shown on the register of Holders within 20 days following such 365th day, with a copy to the Trustee offering to purchase the Notes as described above. Each notice of an Asset Sale Offer will state, among other things, the purchase date, which must be at least 30 days and not more than 60 days from the date the notice is mailed, other than as may be required by law (the "Asset Sale Offer Payment Date"). Upon receiving notice of an Asset Sale Offer, Holders may elect to tender their Notes in whole or in part in integral multiples of US$1,000 in exchange for cash; *provided* that the principal amount of such tendering Holder's Note will not be less than US$100,000.

On the Business Day preceding the Asset Sale Offer Payment Date, the Company will deposit with the paying agent funds in an amount equal to the Asset Sale Offer Amount in respect of all Notes or portions thereof so tendered.

On the Asset Sale Offer Payment Date, the Company will, to the extent lawful:

(1) accept for payment all Notes or portions thereof properly tendered pursuant to the Asset Sale Offer; and

(2) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Company.

To the extent that Holders of Notes and holders of other Senior Indebtedness, if any, which are the subject of an Asset Sale Offer properly tender and do not withdraw Notes or the other Senior Indebtedness in an aggregate amount exceeding the amount of unapplied Net Cash Proceeds, the Company will purchase the Notes and the other

Senior Indebtedness on a *pro rata* basis (based on amounts tendered). If only a portion of a Note is purchased pursuant to an Asset Sale Offer, a new Note in a principal amount equal to the portion thereof not purchased will be issued in the name of the Holder thereof upon cancellation of the original Note (or appropriate adjustments to the amount and beneficial interests in a Global Note will be made, as appropriate). Notes (or portions thereof) purchased pursuant to an Asset Sale Offer will be cancelled and cannot be reissued.

Upon completion of an Asset Sale Offer, the amount of Net Cash Proceeds will be reset at zero. Accordingly, to the extent that the aggregate amount of Notes and other Senior Indebtedness tendered pursuant to an Asset Sale Offer is less than the aggregate amount of unapplied Net Cash Proceeds, the Company may use any remaining Net Cash Proceeds for general corporate purposes of the Company and its Restricted Subsidiaries.

In the event of the transfer of substantially all (but not all) of the property and assets of the Company and its Restricted Subsidiaries as an entirety to a Person in a transaction permitted under "—Limitation on Merger, Consolidation and Sale of Assets," the Surviving Entity will be deemed to have sold the properties and assets of the Company and its Restricted Subsidiaries not so transferred for purposes of this covenant, and will comply with the provisions of this covenant with respect to the deemed sale as if it were an Asset Sale. In addition, the Fair Market Value of properties and assets of the Company or its Restricted Subsidiaries so deemed to be sold will be deemed to be Net Cash Proceeds for purposes of this covenant.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other applicable securities laws in connection with the purchase of Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any applicable securities laws or regulations conflict with the this "Limitation on Asset Sales" covenant, the Company will comply with these laws and regulations and will not be deemed to have breached its obligations under this "Limitation on Asset Sales" covenant by doing so.

Limitation on Designation of Unrestricted Subsidiaries

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

(1) no Default or Event of Default has occurred and is continuing at the time of and after giving effect to such Designation and any transactions between the Company or any of its Restricted Subsidiaries and such Unrestricted Subsidiary are in compliance with "—Limitation on Transactions with Affiliates";

(2) at the time of and after giving effect to such Designation, the Company could Incur US$1.00 of additional Indebtedness pursuant to paragraph (1) of "—Limitation on Incurrence of Additional Indebtedness"; and

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

Neither the Company nor any Restricted Subsidiary will at any time:

(1) provide credit support for, subject any of its property or assets (other than the Capital Stock of any Unrestricted Subsidiary) to the satisfaction of, or Guarantee, any Indebtedness of any Unrestricted Subsidiary (including any undertaking, agreement or instrument evidencing such Indebtedness);

(2) be directly or indirectly liable for any Indebtedness of any Unrestricted Subsidiary; or

(3) be directly or indirectly liable for any Indebtedness which provides that the holder thereof may (upon notice, lapse of time or both) declare a default thereon or cause the payment thereof to be accelerated or

payable prior to its final scheduled maturity upon the occurrence of a default with respect to any Indebtedness of any Unrestricted Subsidiary,

except, in each case, for any non-recourse Guarantee given solely to support the pledge by the Company or any Restricted Subsidiary of the Capital Stock of any Unrestricted Subsidiary.

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

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

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

The Designation of a Subsidiary of the Company as an Unrestricted Subsidiary will be deemed to include the Designation of all of the Subsidiaries of such Subsidiary. Any Designation or Revocation must be evidenced by a Board Resolution of the Company's Board of Directors and an Officers' Certificate, delivered to the Trustee certifying compliance with the preceding provisions.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

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

(1) pay dividends or make any other distributions on or in respect of its Capital Stock to the Company or any other Restricted Subsidiary or pay any Indebtedness owed to the Company or any other Restricted Subsidiary;

(2) make loans or advances to, or Guarantee any Indebtedness or other obligations of, or make any Investment in, the Company or any other Restricted Subsidiary; or

(3) transfer any of its property or assets to the Company or any other Restricted Subsidiary.

(b) Paragraph (a) above of this covenant will not apply to encumbrances or restrictions existing under or by reason of:

(1) applicable law, rule, regulation or order;

(2) the Indenture, the Notes or the Subsidiary Guarantees;

(3) the terms of any Indebtedness outstanding on the Issue Date, and any amendments or restatements thereof; *provided* that any amendment or restatement is not materially more restrictive with respect to such encumbrances or restrictions than those in existence on the Issue Date;

(4) the terms of any binding agreement with respect to any Restricted Subsidiary relating to its Capital Stock or assets in effect on the Issue Date, and any amendments or restatements thereof; *provided* that any amendment or restatement is not materially more restrictive with respect to such encumbrances or restrictions than those in existence on the Issue Date;

(5) any agreement governing Acquired Indebtedness, not incurred in connection with, or in anticipation or contemplation of, the relevant acquisition, merger or consolidation, which encumbrance or restriction is

not applicable to any Person, or the properties or assets of any Person, other than the Person or the properties or assets of the Person so acquired;

(6) customary provisions restricting the ability of any Restricted Subsidiary to undertake any action described in paragraph (a) above in joint venture agreements and other similar agreements entered into in the ordinary course of business and with the approval of the Company's Board of Directors;

(7) restrictions on the transfer of assets subject to any Permitted Lien;

(8) restrictions in other Indebtedness incurred by a Restricted Subsidiary of the Company in compliance with the covenant described under "—Limitation on Incurrence of Additional Indebtedness"; *provided* that such restrictions are, taken as a whole, not of a type materially more restrictive with respect to such encumbrances and restrictions than those applicable to Restricted Subsidiaries in agreements related to Indebtedness referenced in clauses (2) or (3) above;

(9) customary non-assignment provisions of any contract and customary provisions restricting assignment or subletting in any lease governing a leasehold interest of any Restricted Subsidiary, or any customary restriction on the ability of a Restricted Subsidiary to dividend, distribute or otherwise transfer any asset that is subject to a Lien that secures Indebtedness, in each case permitted to be Incurred under the Indenture;

(10) restrictions with respect to a Restricted Subsidiary of the Company imposed pursuant to a binding agreement which has been entered into for the sale or disposition of Capital Stock or assets of such Restricted Subsidiary; *provided* that such restrictions apply solely to the Capital Stock or assets of such Restricted Subsidiary being sold;

(11) customary restrictions imposed on the transfer of copyrighted or patented materials;

(12) Purchase Money Indebtedness and Capital Lease Obligations for assets acquired in the ordinary course of business that impose encumbrances and restrictions only on the assets so acquired or subject to lease;

(13) contractual requirements Incurred with respect to a Qualified Receivables Transaction that are customary for a financing of that type; and

(14) an agreement governing Indebtedness Incurred to Refinance the Indebtedness issued, assumed or Incurred pursuant to an agreement referred to in clause (3) or (5) of this paragraph (b); *provided* that such Refinancing agreement is, taken as a whole, not materially more restrictive with respect to such encumbrances or restrictions than those contained in the agreement referred to in such clause (3) or (5).

Limitation on Layered Indebtedness

The Company will not, and will not permit any Subsidiary Guarantor to, directly or indirectly, Incur any Indebtedness that is subordinated in right of payment to any other Indebtedness, unless such Indebtedness is expressly subordinated in right of payment to the Notes or, in the case of a Subsidiary Guarantor, its Subsidiary Guarantee to the same extent and on the same terms as such Indebtedness is subordinated to such other Indebtedness.

Limitation on Liens

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Liens of any kind (except for Permitted Liens) against or upon any of their respective properties or assets, whether owned on the Issue Date or acquired after the Issue Date, or any proceeds therefrom, to secure any Indebtedness or trade payables, unless contemporaneously therewith effective provision is made:

(1) in the case of the Company or any Restricted Subsidiary other than a Subsidiary Guarantor, to secure the Notes and all other amounts due under the Indenture; and

(2) in the case of a Subsidiary Guarantor, to secure such Subsidiary Guarantor's Subsidiary Guarantee of the Notes and all other amounts due under the Indenture;

in each case, equally and ratably with such Indebtedness or other obligation (or, in the event that such Indebtedness is subordinated in right of payment to the Notes or such Subsidiary Guarantee, as the case may be, prior to such Indebtedness or other obligation) with a Lien on the same properties and assets securing such Indebtedness or other obligation for so long as such Indebtedness or other obligation is secured by such Lien.

Limitation on Merger, Consolidation and Sale of Assets

The Company will not, in a single transaction or series of related transactions, consolidate or merge with or into any Person (whether or not the Company is the surviving or continuing Person), or sell, assign, transfer, lease, convey or otherwise dispose of (or cause or permit any Restricted Subsidiary to sell, assign, transfer, lease, convey or otherwise dispose of) all or substantially all of the Company's properties and assets (determined on a consolidated basis for the Company and its Restricted Subsidiaries), to any Person unless:

(a) either:

(1) the Company is the surviving or continuing corporation; or

(2) the Person (if other than the Company) formed by such consolidation or into which the Company is merged or the Person which acquires by sale, assignment, transfer, lease, conveyance or other disposition all or substantially all of the Company's properties and assets (determined on a consolidated basis for the Company and its Restricted Subsidiaries) (the "Surviving Entity"):

(A) is a corporation organized and validly existing under the laws of Mexico, a member country of the European Union or the United States of America, any State thereof or the District of Columbia;

(B) expressly assumes, by supplemental indenture (in form and substance satisfactory to the Trustee), executed and delivered to the Trustee, the due and punctual payment of the principal of, and premium, if any, and interest on all of the Notes and the performance and observance of the covenants of the Notes and the Indenture on the part of the Company to be performed or observed; and

(C) in the case of a corporation organized and validly existing under the laws of a country that is a member of the European Union, expressly assumes the obligation to pay Additional Amounts on account of any taxes, duties, assessments or other governmental charges imposed with respect to payments on the Notes by that country (or any political subdivision or taxing authority thereof or therein) as described in, and subject to the limitations set forth in, "—Additional Amounts" (substituting that country for Mexico where appropriate).

(b) immediately after giving effect to such transaction and the assumption contemplated by clause (a)(2)(B) above (including giving effect on a *pro forma* basis to any Indebtedness (including any Acquired Indebtedness) Incurred or anticipated to be Incurred in connection with or in respect of such transaction), the Company or such Surviving Entity, as the case may be, will be able to Incur at least US$1.00 of additional Indebtedness pursuant to paragraph (1) of "—Limitation on Incurrence of Additional Indebtedness";

(c) immediately before and immediately after giving effect to such transaction and the assumption contemplated by clause (a)(2)(B) above (including, without limitation, giving effect on a *pro forma* basis to any Indebtedness (including any Acquired Indebtedness) Incurred or anticipated to be Incurred and any Lien granted in connection with or in respect of the transaction), no Default or Event of Default has occurred or is continuing;

(d) each Subsidiary Guarantor (including Persons that become Subsidiary Guarantors as a result of the transaction) has confirmed by supplemental indenture that its Subsidiary Guarantee will apply for the Obligations of the Surviving Entity in respect of the Indenture and the Notes;

(e) the Company or the Surviving Entity will have delivered to the Trustee an Opinion of Counsel from each of Mexican and U.S. counsel to the effect that, as applicable:

(1) the Holders of the Notes will not recognize income, gain or loss for Mexican or U.S. federal income tax purposes as a result of the transaction and will be subject to Mexican or U.S. federal income tax in the same manner and on the same amounts (assuming solely for this purpose that no Additional Amounts are required to be paid on the Notes) and at the same times as would have been the case if the transaction had not occurred; and

(2) no other taxes on income, including capital gains, will be payable by Holders of the Notes under the laws of Mexico or the United States relating to the acquisition, ownership or disposition of the Notes, including the receipt of interest or principal thereon; *provided* that the Holder is not a tax resident of Mexico or the United States, as applicable, and does not use or hold, and is not deemed to use or hold, the Notes in carrying on a business in Mexico or the United States; and

(f) the Company or the Surviving Entity has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that the consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition and, if required in connection with such transaction, the supplemental indenture, comply with the applicable provisions of the Indenture and that all conditions precedent in the Indenture relating to the transaction have been satisfied.

For purposes of this covenant, the transfer (by lease, assignment, sale or otherwise, in a single transaction or series of transactions) of all or substantially all of the properties or assets of one or more Restricted Subsidiaries of the Company, the Capital Stock of which constitutes all or substantially all of the properties and assets of the Company (determined on a consolidated basis for the Company and its Restricted Subsidiaries), will be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

The provisions of clause (b) above will not apply to:

(1) any transfer of the properties or assets of a Restricted Subsidiary to the Company or to another Restricted Subsidiary;

(2) any merger of a Restricted Subsidiary with or into the Company or another Restricted Subsidiary; or

(3) any merger of the Company into an Affiliate of the Company incorporated solely for the purpose of reincorporating the Company in another jurisdiction,

so long as, in each case the Indebtedness of the Company and its Restricted Subsidiaries taken as a whole is not increased thereby.

Upon any consolidation, combination or merger or any transfer of all or substantially all of the properties and assets of the Company and its Restricted Subsidiaries in accordance with this covenant, in which the Company is not the continuing Person, the Surviving Entity formed by such consolidation or into which the Company is merged or to which such conveyance, lease or transfer is made will succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture and the Notes with the same effect as if such Surviving Entity had been named as such. For the avoidance of doubt, compliance with this covenant will not affect the obligations of the Company (including a Surviving Entity, if applicable) under "—Change of Control," if applicable.

Any merger, consolidation, transfer or sale of assets conducted in accordance with the provisions described above will be deemed to have been authorized by the Holders of the Notes for purposes of Article 225 of the Mexican Law on Commercial Companies (*Ley General de Sociedades Mercantiles*).

Each Subsidiary Guarantor will not, and the Company will not cause or permit any Subsidiary Guarantor to, consolidate with or merge into, or sell or dispose of all or substantially all of its assets to, any Person (other than the Company) that is not a Subsidiary Guarantor unless:

(1) such Person (if such Person is the surviving entity) assumes all of the obligations of such Subsidiary Guarantor in respect of its Subsidiary Guarantee by executing a supplemental indenture and providing the Trustee with an Officers' Certificate and Opinion of Counsel, and such transaction is otherwise in compliance with the Indenture;

(2) such Subsidiary Guarantee is to be released as provided under "—Subsidiary Guarantees" (other than under clause (2) thereunder); or

(3) such sale or other disposition of substantially all of such Subsidiary Guarantor's assets is made in accordance with "—Limitation on Asset Sales."

Limitation on Transactions with Affiliates

(1) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into any transaction or series of related transactions (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with, or for the benefit of, any of its Affiliates (each an "Affiliate Transaction"), unless:

  (a) the terms of such Affiliate Transaction are no less favorable than those that could reasonably be expected to be obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate of the Company;

  (b) in the event that such Affiliate Transaction involves aggregate payments, or transfers of property or services with a Fair Market Value, in excess of US$10.0 million (or the equivalent in other currencies), the terms of such Affiliate Transaction will be approved by a majority of the members of the Company's Board of Directors (including, to the fullest extent applicable, a majority of any disinterested members thereof), the approval to be evidenced by a Board Resolution stating that the Board of Directors has determined that such transaction complies with clause (a) above; and

  (c) in the event that such Affiliate Transaction involves aggregate payments, or transfers of property or services with a Fair Market Value, in excess of US$30.0 million (or the equivalent in other currencies), the Company will, prior to the consummation thereof, obtain a favorable opinion as to the fairness of such Affiliate Transaction to the Company and any such Restricted Subsidiary, if any, from a financial point of view from an Independent Financial Advisor and file the same with the Trustee.

(2) Paragraph (1) above will not apply to:

  (a) Affiliate Transactions with or among the Company and any of its Restricted Subsidiaries or between or among its Restricted Subsidiaries;

  (b) reasonable fees and compensation paid to, and any indemnity provided on behalf of, officers, directors and employees of the Company or any Restricted Subsidiary as determined in good faith by the Company's Board of Directors;

  (c) Affiliate Transactions undertaken pursuant to the terms of any agreement or arrangement to which the Company or any of its Restricted Subsidiaries is a party as of or on the Issue Date, as these

agreements or arrangements may be amended, modified, supplemented, extended or renewed from time to time; *provided* that any future amendment, modification, supplement, extension or renewal entered into after the Issue Date will be permitted to the extent that its terms are not materially more disadvantageous to the Holders of the Notes, taken as a whole, than the terms of the agreements or arrangements in effect on the Issue Date;

(d) any Restricted Payments made in compliance with "—Limitation on Restricted Payments";

(e) transactions with customers, clients, suppliers or purchasers or sellers of goods or services (other than as set forth in paragraph (3) below), in each case in the ordinary course of the business of the Company and its Restricted Subsidiaries and otherwise in compliance with the terms of the Indenture; *provided* the terms of such Affiliate Transaction are no less favorable than those that could reasonably be expected to be obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate of the Company; and *provided*, *further,* that in the event that such Affiliate Transaction involves aggregate payments, or transfers of property or services with a Fair Market Value, in excess of US$25.0 million (or the equivalent in other currencies), the terms of such Affiliate Transaction will be approved by a majority of the members of the Company's Board of Directors (including, to the fullest extent applicable, a majority of any disinterested members thereof), the approval to be evidenced by a Board Resolution stating that the Board of Directors has determined that such transaction complies with this clause (e); and

(f) loans and advances to officers, directors and employees of the Company or any Restricted Subsidiary in the ordinary course of business and not exceeding US$1.0 million (or the equivalent in other currencies) in the aggregate outstanding at any one time.

(3) Notwithstanding paragraphs (1) and (2) above, the Company may pay to Alfa and its Affiliates a corporate fee for administrative and support services provided to the Company and its Subsidiaries (including, without limitation, governmental advocacy, human resources planning, financial and treasury planning, legal and tax advice, strategic planning, communications and investor relations) in an aggregate amount not to exceed in respect of any calendar year the lesser of (x) 1.5% of the consolidated net sales of the Company and the Subsidiary Guarantors (excluding intercompany sales) and (y) US$30.0 million (or the equivalent in other currencies); *provided* the terms of such Affiliate Transaction are not materially less favorable as whole than those that could reasonably be expected to be obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate of the Company; and *provided*, *further,* that in the event that such Affiliate Transaction involves aggregate payments, or transfers of property or services with a Fair Market Value, in excess of US$25.0 million (or the equivalent in other currencies), the terms of such Affiliate Transaction will be approved by a majority of the members of the Company's Board of Directors (including, to the fullest extent applicable, a majority of any disinterested members thereof), the approval to be evidenced by a Board Resolution stating that the Board of Directors has determined that such transaction complies with this paragraph (3).

Conduct of Business

The Company and its Restricted Subsidiaries will not engage in any business other than a Permitted Business, except to the extent as is not material to the Company and its Restricted Subsidiaries taken as a whole.

Reports to Holders

So long as any of the Notes remains outstanding:

(1) the Company will provide the Trustee and the Holders with annual financial statements audited by an internationally recognized firm of independent public accountants within 135 days after the end of the Company's fiscal year, and unaudited quarterly financial statements (including a balance sheet, income statement and cash flow statement for the fiscal quarter or quarters then ended and the corresponding fiscal quarter or quarters from the prior year) within 60 days of the end of each of the first three fiscal

quarters of each fiscal year. These annual and quarterly financial statements will be prepared in accordance with Mexican Financial Reporting Standards or, if applicable, International Financial Reporting Standards in effect from time to time and be accompanied by a management discussion and analysis of the results of operations and liquidity and capital resources of the Company and its Subsidiaries for the periods presented in a level of detail comparable to "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in the offering memorandum for the Notes and disclosure regarding the Company's Consolidated Fixed Charge Coverage Ratio at the most recent period-end date. English translations will be provided of any of the foregoing documents prepared in another language;

(2) the Company will provide the Trustee and the Holders copies (including English translations of documents prepared in another language) of all public filings made with any securities exchange or securities regulatory agency or authority within ten (10) days of such filing (including, if publicly available in English on the website of Alfa, S.A.B. de C.V., any filings made by Alfa, S.A.B. de C.V. to the extent they contain material financial information of or related to the Company); and

(3) in case the Company is not subject to Section 13 or 15(d) of the Exchange Act or exempt from reporting pursuant to Rule 12g3-2(b) of the Exchange Act, the Company will make available, upon request, to any Holder and any prospective purchaser of Notes the information required pursuant to Rule 144A(d)(4) under the Securities Act.

The Company will maintain a non-public website or electronic distribution system to which the beneficial owners of the Notes, prospective investors and security analysts will be given access and on which the reports and information referred to in clauses (1), (2) and (3) above are posted; *provided* that the Company may exclude direct competitors.

So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market, the Company will make available the information specified in the preceding paragraph at the specified office of the Luxembourg paying agent for the Notes.

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

Suspension of Covenants

During any period of time that (i) the Notes have Investment Grade Ratings from at least two of the Rating Agencies and (ii) no Default or Event of Default has occurred and is continuing (the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a "Covenant Suspension Event"), the Company and its Restricted Subsidiaries will not be subject to the provisions of the Indenture described under the following covenants (collectively, the "Suspended Covenants"):

(1) "—Limitation on Incurrence of Additional Indebtedness";

(2) "—Limitation on Restricted Payments";

(3) "—Limitation on Asset Sales";

(4) the second paragraph of "—Limitation on Designation of Unrestricted Subsidiaries";

(5) "—Limitation on Dividends and Other Payment Restrictions Affecting Restricted Subsidiaries";

(6) "—Limitation on Layered Indebtedness"; and

(7) clause (b) of "—Limitation on Merger, Consolidation and Sale of Assets."

No Subsidiary that is a Restricted Subsidiary on the date of the occurrence of a Covenant Suspension Event (the "Suspension Date") may be redesignated as an Unrestricted Subsidiary during the Suspension Period.

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

On the Reversion Date, all Indebtedness Incurred during the Suspension Period will be classified to have been Incurred pursuant to the first paragraph of "—Limitation on Incurrence of Additional Indebtedness" above or one of the clauses set forth in the second paragraph of "—Limitation on Incurrence of Additional Indebtedness" above (to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reversion Date and after giving effect to Indebtedness Incurred prior to the Suspension Period and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be Incurred pursuant to the first or second paragraph of "—Limitation on Incurrence of Additional Indebtedness," such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (c) of the second paragraph of "—Limitation on Incurrence of Additional Indebtedness." Calculations made after the Reversion Date of the amount available to be made as Restricted Payments under "—Limitation on Restricted Payments" will be made as though the covenant described under "—Limitation on Restricted Payments" had been in effect since the Issue Date and throughout the Suspension Period. Accordingly, Restricted Payments made during the Suspension Period will reduce the amount available to be made as Restricted Payments under the first paragraph of "—Limitation on Restricted Payments."

Notices

Notices to Holders of Notes will be mailed to them at their registered addresses.

In addition, from and after the date the Notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market and so long as it is required by the rules of such exchange, all notices to Holders of Notes will be published in English:

(1) in a leading newspaper having a general circulation in Luxembourg (which currently is expected to be *Luxemburger Wort*); or

(2) on the website of the Luxembourg Stock Exchange at *http://www.bourse.lu*.

Notices will be deemed to have been given on the date of mailing or of publication as aforesaid or, if published on different dates, on the date of the first such publication. If publication as provided above is not practicable, notices will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve.

Events of Default

The following are "Events of Default" with respect to the Notes:

(1) default in the payment when due of the principal of or premium, if any, on (including, in each case, any related Additional Amounts) any Notes, including the failure to make a required payment to purchase Notes tendered pursuant to an optional redemption, Change of Control Offer or an Asset Sale Offer;

(2) default for 30 days or more in the payment when due of interest (including any related Additional Amounts) on any Notes;

(3) the failure to perform or comply with any of the provisions described under "—Covenants — Limitation on Merger, Consolidation and Sale of Assets" or the third paragraph of "—Subsidiary Guarantees";

(4) the failure by the Company or any Restricted Subsidiary to comply with any other covenant or agreement contained in the Indenture or the Notes for 60 days or more after written notice to the Company from the Trustee or the Holders of at least 25% in aggregate principal amount of the outstanding Notes;

(5) default by the Company or any Restricted Subsidiary under any Indebtedness which:

  (a) is caused by a failure to pay principal of or premium, if any, or interest on such Indebtedness prior to the expiration of any applicable grace period provided in such Indebtedness on the date of such default; or

  (b) results in the acceleration of such Indebtedness prior to its Stated Maturity;

  and the principal or accreted amount of Indebtedness covered by clause (a) or (b) at the relevant time, aggregates US$20.0 million (or the equivalent in other currencies) or more;

(6) failure by the Company or any of its Restricted Subsidiaries to pay one or more final judgments against any of them, aggregating US$20.0 million (or the equivalent in other currencies) or more, which are not paid, discharged or stayed for a period of 60 days or more (to the extent not covered by a reputable and creditworthy insurance company that has acknowledged liability therefor in writing);

(7) certain events of bankruptcy affecting the Company or any of its Restricted Subsidiaries or group of Subsidiaries that, taken together, would constitute a Material Subsidiary; or

(8) except as permitted by the Indenture, any Subsidiary Guarantee is held to be unenforceable or invalid in a judicial proceeding or ceases for any reason to be in full force and effect or any Subsidiary Guarantor denies or disaffirms its obligations under its Subsidiary Guarantee.

If an Event of Default (other than an Event of Default specified in clause (7) above with respect to the Company) has occurred and is continuing, the Trustee or the Holders of at least 25% in principal amount of outstanding Notes may declare the unpaid principal of and premium, if any, and accrued and unpaid interest on all the Notes to be immediately due and payable by notice in writing to the Company and the Trustee specifying the Event of Default and that it is a "notice of acceleration." If an Event of Default specified in clause (7) above occurs with respect to the Company, then the unpaid principal of and premium, if any, and accrued and unpaid interest on all the Notes will become immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

At any time after a declaration of acceleration with respect to the Notes as described in the preceding paragraph, the Holders of a majority in principal amount of the Notes may rescind and cancel such declaration and its consequences:

(1) if the rescission would not conflict with any judgment or decree;

(2) if all existing Events of Default have been cured or waived, except nonpayment of principal or interest that has become due solely because of the acceleration;

(3) to the extent the payment of such interest is lawful, interest on overdue installments of interest and overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid; and

(4) if the Company has paid the Trustee its reasonable compensation and reimbursed the Trustee for its reasonable expenses, disbursements and advances.

No rescission will affect any subsequent Default or impair any rights relating thereto.

The Holders of a majority in principal amount of the Notes may waive any existing Default or Event of Default under the Indenture, and its consequences, except a default in the payment of the principal of, premium, if any, or interest on any Notes.

In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (5) of the first paragraph above has occurred and is continuing, the declaration of acceleration of the Notes will be automatically annulled if the default triggering such Event of Default pursuant to clause (5) is remedied or cured by the Company or a Restricted Subsidiary or waived by the holders of the relevant Indebtedness within 20 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

Subject to the provisions of the Indenture relating to the duties of the Trustee, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of any of the Holders, unless such Holders have offered to the Trustee indemnity satisfactory to it. Subject to all provisions of the Indenture and applicable law, the Holders of a majority in aggregate principal amount of the then outstanding Notes have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee.

No Holder of any Notes will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless:

(1) such Holder gives to the Trustee written notice of a continuing Event of Default;

(2) Holders of at least 25% in principal amount of the then outstanding Notes make a written request to pursue the remedy;

(3) such Holders of the Notes provide to the Trustee satisfactory indemnity;

(4) the Trustee does not comply within 60 days; and

(5) during such 60-day period the Holders of a majority in principal amount of the outstanding Notes do not give the Trustee a written direction which, in the opinion of the Trustee, is inconsistent with the request;

provided that a Holder of a Note may institute suit for enforcement of payment of the principal of and premium, if any, or interest on such Note on or after the respective due dates expressed in such Note.

The Company is required, upon becoming aware of any Default or Event of Default, to deliver to the Trustee written notice of such Default or Event of Default, the status thereof and what action the Company is taking or proposes to take in respect thereof. In addition, the Company is required to deliver to the Trustee, within 135 days after the end of each fiscal year, an Officers' Certificate indicating whether the signers thereof know of any Default or Event of Default that occurred during the previous fiscal year. The Indenture provides that if a Default or Event of Default occurs, is continuing and is actually known to the Trustee, the Trustee must mail to each Holder notice of the Default or Event of Default within 60 days after the occurrence thereof. Except in the case of a Default or Event of Default in the payment of principal of, premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as a committee of its trust officers in good faith determines that withholding notice is in the interests of the Holders.

Legal Defeasance and Covenant Defeasance

The Company may, at its option and at any time, elect to have its obligations and the obligations of the Subsidiary Guarantors discharged with respect to the outstanding Notes ("Legal Defeasance"). Legal Defeasance means that the Company will be deemed to have paid and discharged the entire indebtedness represented by the outstanding Notes on the 91st day after the deposit specified in clause (1) of the second following paragraph, except for:

(1) the rights of Holders to receive payments in respect of the principal of, premium, if any, and interest on, the Notes (including any Additional Amounts) when such payments are due;

(2) the Company's obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payments;

(3) the rights, powers, trust, duties, indemnities and immunities of the Trustee and the Company's obligations in connection therewith; and

(4) the Legal Defeasance provisions of the Indenture.

In addition, the Company may, at its option and at any time, elect to have its obligations released with respect to the covenants that are described under "—Covenants" (other than "Limitation on Merger, Consolidation and Sale of Assets") ("Covenant Defeasance") and thereafter any omission to comply with such obligations will not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, certain events (other than non-payment and bankruptcy, receivership, reorganization and insolvency events) described under "—Events of Default" will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders cash in U.S. dollars, certain direct non-callable obligations of, or guaranteed by, the United States, or a combination thereof, in such amounts as will be sufficient without reinvestment, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium, if any, and interest (including Additional Amounts) on the Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be;

(2) in the case of Legal Defeasance, the Company has delivered to the Trustee an Opinion of Counsel from U.S. counsel reasonably acceptable to the Trustee and independent of the Company to the effect that:

    (a) the Company has received from, or there has been published by, the Internal Revenue Service a ruling; or

(b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law,

in either case to the effect that, and based thereon such Opinion of Counsel shall state that, the Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Company has delivered to the Trustee an Opinion of Counsel from U.S. counsel reasonably acceptable to the Trustee and independent of the Company to the effect that the Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) in the case of Legal Defeasance or Covenant Defeasance, the Company has delivered to the Trustee (a) an Opinion of Counsel from Mexican counsel reasonably acceptable to the Trustee and independent of the Company to the effect that, based upon Mexican law then in effect, Holders will not recognize income, gain or loss for Mexican tax purposes, including withholding tax except for withholding tax then payable on interest payments due, as a result of such Legal Defeasance or Covenant Defeasance, as the case may be, and will be subject to Mexican taxes on the same amounts and in the same manner and at the same times as would have been the case if such Legal Defeasance or Covenant Defeasance, as the case may be, had not occurred or (b) a ruling directed to the Trustee received from tax authorities of Mexico to the same effect as the Opinion of Counsel described in clause (a) above;

(5) no Default or Event of Default has occurred and is continuing on the date of the deposit pursuant to clause (1) of this paragraph (except any Default or Event of Default resulting from any failure to comply with "—Covenants—Limitation on Incurrence of Additional Indebtedness" as a result of the borrowing of the funds required to effect such deposit);

(6) the Company has delivered to the Trustee an Officers' Certificate stating that such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, the Indenture or any other material agreement or instrument to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(7) the Company has delivered to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders over any other creditors of the Company or any Subsidiary of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company or others;

(8) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel from U.S. counsel reasonably acceptable to the Trustee and independent of the Company, each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with;

(9) the Company has delivered to the Trustee an Opinion of Counsel from U.S. counsel reasonably acceptable to the Trustee and independent of the Company to the effect that the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally; and

(10) the Company has delivered to the Trustee an Opinion of Counsel from U.S. counsel reasonably acceptable to the Trustee and independent of the Company to the effect that the trust resulting from the deposit does not constitute, or qualify as, a regulated investment company under the U.S. Investment Company Act of 1940, as amended.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights or registration of transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when:

(1) either:

(a) all the Notes theretofor authenticated and delivered (except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment money has theretofor been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust) have been delivered to the Trustee for cancellation; or

(b) all Notes not theretofor delivered to the Trustee for cancellation (i) have become due and payable or will become due and payable within one year or (ii) are to be called for redemption within one year under irrevocable arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company, and, in each case, the Company has irrevocably deposited or caused to be deposited with the Trustee funds or certain direct, non-callable obligations of, or guaranteed by, the United States sufficient without reinvestment to pay and discharge the entire Indebtedness on the Notes not theretofor delivered to the Trustee for cancellation, for principal of, premium, if any, and interest on the Notes to the date of deposit (in the case of Notes that have become due and payable) or to the maturity or redemption date, as the case may be, together with irrevocable instructions from the Company directing the Trustee to apply such funds to the payment;

(2) the Company has paid all other sums payable under the Indenture and the Notes by it; and

(3) the Company has delivered to the Trustee an Officers' Certificate stating that all conditions precedent under the Indenture relating to the satisfaction and discharge of the Indenture have been complied with.

Modification of the Indenture

From time to time, the Company, the Subsidiary Guarantors and the Trustee, without the consent of the Holders, may amend, modify or supplement the Indenture, the Notes and the Subsidiary Guarantees for the following purposes:

(1) to cure any ambiguity, defect or inconsistency contained therein;

(2) to provide for the assumption by a successor Person of the obligations of the Company or a Subsidiary Guarantor under the Indenture;

(3) to add additional Guarantees with respect to the Notes or release the Subsidiary Guarantee of a Subsidiary Guarantor in accordance with the terms of the Indenture;

(4) to secure the Notes;

(5) to add to the covenants of the Company for the benefit of the Holders or surrender any right or power conferred upon the Company;

(6) to provide for the issuance of Additional Notes in accordance with the Indenture;

(7) to evidence the replacement of the Trustee as provided for under the Indenture;

(8) if necessary, in connection with any release of any security permitted under the Indenture;

(9) to comply with the covenant described under "—Covenants—Limitation on Merger, Consolidation and Sale of Assets;

(10) to conform the terms of the Indenture or the Notes with the description thereof set forth in this "Description of the Notes" to the extent that such description was intended to be a verbatim recitation of a provision of the Indenture or the Notes; or

(11) to make any other change that does not adversely affect the rights of any Holder in any material respect.

In formulating its opinion on the foregoing, the Trustee will be entitled to rely on such evidence as it deems appropriate, including, without limitation, solely on an Opinion of Counsel and an Officers' Certificate.

Other modifications to, amendments of, and supplements to, the Indenture, the Notes or the Subsidiary Guarantees may be made with the consent of the Holders of a majority in principal amount of the then outstanding Notes issued under the Indenture, except that, without the consent of each Holder affected thereby, no amendment may:

(1) reduce the percentage of the principal amount of the Notes whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the rate of or change or have the effect of changing the time for payment of interest on any Notes;

(3) reduce the principal of or change or have the effect of changing the fixed maturity of any Notes, or change the date on which any Notes may be subject to redemption, or reduce the redemption price therefor;

(4) make any Notes payable in money other than that stated in the Notes;

(5) make any change in provisions of the Indenture entitling each Holder to receive payment of principal of, premium, if any, and interest on such Notes on or after the due date thereof or to bring suit to enforce such payment, or permitting Holders of a majority in principal amount of Notes to waive Defaults or Events of Default;

(6) amend, change or modify in any material respect the obligation of the Company to make and consummate a Change of Control Offer in respect of a Change of Control that has occurred or make and consummate an Asset Sale Offer with respect to any Asset Sale that has been consummated;

(7) eliminate or modify in any manner a Subsidiary Guarantor's obligations with respect to its Subsidiary Guarantee which adversely affects Holders in any material respect, except as contemplated in the Indenture;

(8) make any change in the provisions of the Indenture described under "—Additional Amounts" that adversely affects the rights of any Holder or amend the terms of the Notes in a way that would result in a loss of exemption from any applicable taxes; and

(9) make any change to the provisions of the Indenture or the Notes that adversely affect the ranking of the Notes.

Governing Law; Jurisdiction

The Indenture, the Notes and the Subsidiary Guarantees will be governed by, and construed in accordance with, the law of the State of New York.

Each of the Company and the Subsidiary Guarantors will submit to the jurisdiction of the U.S. federal and New York state courts located in The City of New York, Borough of Manhattan and will appoint an agent for service of

process with respect to any actions brought in these courts arising out of or based on the Indenture, the Notes or the Subsidiary Guarantees.

The Trustee

The Bank of New York Mellon is the Trustee under the Indenture. Its address is 101 Barclay Street, 4th Floor East, New York, New York, 10286.

Except during the continuance of an Event of Default, the Trustee will perform only such duties as are specifically set forth in the Indenture. During the existence of an Event of Default, the Trustee will exercise such rights and powers vested in it by the Indenture, and use the same degree of care and skill in its exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

No Personal Liability

No past, present or future incorporator, director, officer, employee, shareholder or controlling person, as such, of the Company or any Subsidiary Guarantor will have any liability for any obligations of the Company or such Subsidiary Guarantor under the Notes (including the Subsidiary Guarantees) or the Indenture or for any claims based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the U.S. federal securities laws or under Mexican corporate law, and it is the view of the SEC that such a waiver may be contrary to public policy.

Currency Indemnity

The Company and each Subsidiary Guarantor will pay all sums payable under the Indenture, the Notes or the Subsidiary Guarantees solely in U.S. Dollars. Any amount that you receive or recover in a currency other than U.S. Dollars in respect of any sum expressed to be due to you from the Company or any Subsidiary Guarantor will only constitute a discharge to us to the extent of the U.S. Dollar amount which you are able to purchase with the amount received or recovered in that other currency on the date of the receipt or recovery or, if it is not practicable to make the purchase on that date, on the first date on which you are able to do so. If the U.S. Dollar amount is less than the U.S. Dollar amount expressed to be due to you under any Note, the Company and the Subsidiary Guarantors will jointly and severally indemnify you against any loss you sustain as a result. In any event, the Company and the Subsidiary Guarantors will jointly and severally indemnify you against the cost of making any purchase of U.S. Dollars. For the purposes of this paragraph, it will be sufficient for you to certify in a satisfactory manner that you would have suffered a loss had an actual purchase of U.S. Dollars been made with the amount received in that other currency on the date of receipt or recovery or, if it was not practicable to make the purchase on that date, on the first date on which you were able to do so. In addition, you will also be required to certify in a satisfactory manner the need for a change of the purchase date.

The indemnities described above:

- constitute a separate and independent obligation from the other obligations of the Company and the Subsidiary Guarantors;
- will give rise to a separate and independent cause of action;
- will apply irrespective of any indulgence granted by any Holder; and
- will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note.

See “Enforcement of Civil Liabilities.”

Listing

In the event that the Notes are listed as anticipated on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market, the Company will use its commercially reasonable efforts to maintain such listing and trading;

provided that if, as a result of the European Union Directive 2004/109/EC (the "Transparency Directive") or any legislation implementing the Transparency Directive or other directives or legislation, the Company could be required to publish financial information either more regularly than it otherwise would be required to or according to accounting principles which are materially different from the accounting principles which the Company would otherwise use to prepare its published financial information, the Company may delist the Notes from the Luxembourg Stock Exchange in accordance with the rules of the exchange and seek an alternative admission to listing, trading and/or quotation for the Notes on a different section of the Luxembourg Stock Exchange or by such other listing authority, stock exchange and/or quotation system inside or outside the European Union as the Company's Board of Directors may decide.

Certain Definitions

The following sets forth certain of the defined terms used in the Indenture. Reference is made to the Indenture for full disclosure of all such terms, as well as any other terms used herein for which no definition is provided.

"*Acquired Indebtedness*" means Indebtedness of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary or at the time it merges or consolidates with the Company or any of its Restricted Subsidiaries or is assumed in connection with the acquisition of assets from such Person. Acquired Indebtedness will be deemed to have been Incurred at the time such Person becomes a Restricted Subsidiary or at the time it merges or consolidates with the Company or a Restricted Subsidiary or at the time such Indebtedness is assumed in connection with the acquisition of assets from such Person.

"*Additional Amounts*" has the meaning set forth under "—Additional Amounts" above.

"*Additional Notes*" has the meaning set forth under "—General" above.

"*Affiliate*" means, with respect to any specified Person, any other Person who directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person. Solely for purposes of this definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise; *provided* that beneficial ownership of 10% or more of the Voting Stock of a Person will be deemed to be control. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"*Alfa*" means Alfa, S.A.B. de C.V.

"*Asset Acquisition*" means:

(1) an Investment by the Company or any Restricted Subsidiary in any other Person pursuant to which such Person will become a Restricted Subsidiary, or will be merged with or into the Company or any Restricted Subsidiary; or

(2) the acquisition by the Company or any Restricted Subsidiary of the assets of any Person (other than a Subsidiary of the Company) which constitute all or substantially all of the assets of such Person or comprise any division or line of business of such Person or any other properties or assets of such Person other than in the ordinary course of business; or

(3) any Revocation with respect to an Unrestricted Subsidiary.

"*Asset Sale*" means any direct or indirect sale, disposition, issuance, conveyance, transfer, lease, assignment or other transfer, including, without limitation, a Sale and Leaseback Transaction (each, a "disposition"), by the Company or any Restricted Subsidiary of:

(a) any Capital Stock other than Capital Stock of the Company; or

(b) any property or assets (other than cash, Cash Equivalents or Capital Stock) of the Company or any Restricted Subsidiary;

Notwithstanding the preceding, the following items will not be deemed to be Asset Sales:

(1) the disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries as permitted under "—Covenants—Limitation on Merger, Consolidation and Sale of Assets" or any disposition which constitutes a Change of Control;

(2) the sale of property or equipment that, in the reasonable determination of the Company, has become worn out, obsolete or damaged or otherwise unsuitable for use in connection with the business of the Company or any Restricted Subsidiary;

(3) sales or other dispositions of inventory in the ordinary course of business;

(4) for purposes of "—Covenants—Limitation on Asset Sales" only, the making of a Restricted Payment permitted under "—Covenants—Limitation on Restricted Payments" or the definition of "Permitted Investment";

(5) a disposition to the Company or a Restricted Subsidiary, including a Person that is or will become a Restricted Subsidiary immediately after the disposition;

(6) the creation of a Permitted Lien;

(7) the exchange or swap of assets for assets in a Permitted Business of comparable market value (including, without limitation, the Capital Stock of a Person that solely holds such assets and cash and Cash Equivalents); *provided* that any cash or Cash Equivalents received must be applied in accordance with "—Covenants—Limitation on Asset Sales";

(8) sales of accounts receivable and related assets or an interest therein in a Qualified Receivables Transaction;

(9) operating leases of office space, warehouses or similar property in the ordinary course of business;

(10) the licensing or sublicensing of intellectual property or other general intangibles in accordance with industry practice and in the ordinary course of business;

(11) dispositions of receivables and related assets or interests in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements; and

(12) any transaction or series of related transactions involving property or assets with a Fair Market Value not in excess of US$2.0 million (or the equivalent in other currencies).

"*Asset Sale Offer*" has the meaning set forth under "—Covenants—Limitation on Asset Sales."

"*Asset Sale Transaction*" means any Asset Sale and, whether or not constituting an Asset Sale, (1) any sale or other disposition of Capital Stock, (2) any Designation with respect to an Unrestricted Subsidiary and (3) any sale or other disposition of property or assets excluded from the definition of Asset Sale by clause (5) of that definition.

"*Board of Directors*" means, with respect to any Person, the board of directors or similar governing body of such Person.

"*Board Resolution*" means, with respect to any Person, a copy of a resolution certified by the Secretary or an Assistant Secretary of such Person to have been duly adopted by the Board of Directors of such Person and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"*Business Day*" means a day other than a Saturday, Sunday or any day on which banking institutions are authorized or required by law to close in New York City, United States or in Mexico City (*Distrito Federal*), Mexico.

"*Capital Stock*" means:

(1) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, including each class of Common Stock and Preferred Stock of such Person;

(2) with respect to any Person that is not a corporation, any and all partnership or other equity or ownership interests of such Person; and

(3) any warrants, rights or options to purchase any of the instruments or interests referred to in clauses (1) or (2) above, but excluding any debt securities convertible into such equity.

"*Capitalized Lease Obligations*" means, as to any Person, the obligations of such Person under a lease that are required to be classified and accounted for as capital lease obligations under MFRS. For purposes of this definition, the amount of such obligations at any date will be the capitalized amount of such obligations at such date, determined in accordance with MFRS.

"*Cash Equivalents*" means:

(1) marketable direct obligations issued by, or unconditionally guaranteed by, the United States government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one year from the date of acquisition thereof;

(2) *Certificados de la Tesoreria de la Federación* (Cetes) or *Bonos de Desarrollo del Gobierno Federal* (Bondes), in each case, issued by the government of Mexico and maturing not later than one year after the acquisition thereof;

(3) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within one year from the date of acquisition thereof and, at the time of acquisition, having one of the three highest ratings obtainable from either S&P or Moody's or any successor thereto;

(4) commercial paper maturing no more than one year from the date of creation thereof and, at the time of acquisition, having a rating of at least A-1 from S&P or at least P-1 from Moody's;

(5) demand deposits, certificates of deposit, time deposits or bankers' acceptances maturing not more than one year from the date of acquisition thereof issued by (a) any bank organized under the laws of the United States of America or any state thereof or the District of Columbia, (b) any U.S. branch of a non-U.S. bank having at the date of acquisition thereof combined capital and surplus of not less than US$500 million, (c) in the case of Mexican peso deposits, any of the banks organized under the laws of Mexico or (d) in the case of deposits in Argentina by DAK Americas Argentina, S.A., any of the banks organized under the laws of Argentina, in the case of clauses (a), (b) and (c) having one of the three highest ratings obtainable from either S&P or Moody's or any successor thereto and in the case of clause (d) having the highest rating obtainable in Argentina from either S&P or Moody's or any successor thereto;

(6) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clause (1) above entered into with any bank meeting the qualifications specified in clause (5) above; and

(7) investments in money market funds which invest substantially all of their assets in securities of the types described in clauses (1) through (6) above.

"*Change of Control*" means the occurrence of one or more of the following events:

(1) Alfa ceases to be the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50.0% of the Voting Stock of the Company;

(2) individuals appointed by Alfa cease for any reason to constitute a majority of the members of the Board of Directors of the Company;

(3) the sale, conveyance, assignment, transfer, lease or other disposition of all or substantially all of the assets of the Company, determined on a consolidated basis, to any "person" (as defined in Sections 13d and 14d under the Exchange Act) other than Alfa, or any Subsidiary of Alfa that is a holding company for Alfa's interest in the Company (or one or more of the Subsidiary Guarantors), whether or not otherwise in compliance with the Indenture; or

(4) the approval by the holders of Capital Stock of the Company of any plan or proposal for the liquidation or dissolution of the Company, whether or not otherwise in compliance with the Indenture.

"*Change of Control Payment*" has the meaning set forth under "—Change of Control."

"*Change of Control Payment Date*" has the meaning set forth under "—Change of Control."

"*Commodity Price Agreement*" means, with respect to any Person, any forward contract, commodity swap agreement, commodity option agreement or other similar agreement or arrangement designed to protect such Person from fluctuations in commodity prices.

"*Common Stock*" means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common equity interests, whether outstanding on the Issue Date or issued after the Issue Date, and includes, without limitation, all series and classes of such common equity interests.

"*Consolidated Adjusted EBITDA*" means, with respect to any Person for any period, Consolidated Net Income for such Person for such period, *plus* the following (without duplication) to the extent deducted or added in calculating such Consolidated Net Income:

(1) Consolidated Fixed Charges for such Person for such period;

(2) Consolidated Income Tax Expense for such Person for such period; and

(3) Consolidated Non-cash Charges for such Person for such period;

less (x) all non-cash credits and gains increasing Consolidated Net Income for such Person for such period and (y) all cash payments made by such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) during such period relating to non-cash charges that were added back in determining Consolidated Adjusted EBITDA in any prior period.

Notwithstanding the foregoing, the items specified in clauses (1) and (3) above for any Subsidiary (Restricted Subsidiary in the case of the Company) will be added to Consolidated Net Income in calculating Consolidated Adjusted EBITDA for any period:

(a) in proportion to the percentage of the total Capital Stock of such Subsidiary (Restricted Subsidiary, in the case of the Company) held directly or indirectly by such Person at the date of determination; and

(b) to the extent that a corresponding amount would be permitted at the date of determination to be distributed or otherwise transferred to such Person by such Subsidiary (Restricted Subsidiary in the case of the Company) pursuant to its charter and bylaws (*estatutos sociales*) and each law, regulation, agreement or judgment applicable to such distribution.

"*Consolidated Fixed Charge Coverage Ratio"* means, with respect to any Person as of any date of determination, the ratio of the aggregate amount of Consolidated Adjusted EBITDA of such Person for the four most recent full fiscal quarters for which financial statements are available ending prior to the date of such determination (the "Four-Quarter Period") to Consolidated Fixed Charges for such Person for such Four-Quarter Period.

For purposes of this definition, Consolidated Adjusted EBITDA and Consolidated Fixed Charges will be calculated after giving effect on a *pro forma* basis in good faith and in accordance in all material respects with MFRS for the period of such calculation for the following:

(1) the Incurrence, repayment or redemption of any Indebtedness (including Acquired Indebtedness) of such Person or any of its Subsidiaries (Restricted Subsidiaries in the case of the Company) and the application of the proceeds thereof, including the Incurrence of any Indebtedness (including Acquired Indebtedness), and the application of the proceeds thereof, giving rise to the need to make such determination, occurring during such Four-Quarter Period and at any time subsequent to the last day of such Four-Quarter Period and prior to or on such date of determination, as if such Incurrence, and the application of the proceeds thereof, repayment or redemption occurred on the first day of such Four-Quarter Period; and

(2) any Asset Sale Transaction or Asset Acquisition by such Person or any of its Subsidiaries (Restricted Subsidiaries in the case of the Company), including any Asset Sale or Asset Acquisition giving rise to the need to make such determination, occurring during the Four-Quarter Period or at any time subsequent to the last day of the Four-Quarter Period and prior to or on such date of determination, as if such Asset Sale Transaction or Asset Acquisition occurred on the first day of such Four-Quarter Period.

For purposes of making such *pro forma* computation:

(a) interest on any Indebtedness bearing a floating rate of interest will be calculated as if the rate in effect on the applicable date of determination had been the applicable rate for the entire Four-Quarter Period (taking into account any Interest Rate Agreements applicable to such Indebtedness);

(b) interest on any Indebtedness under a revolving credit facility will be computed based upon the average daily balance of such Indebtedness during such Four-Quarter Period, or if such facility was created after the end of such Four-Quarter Period, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation; and

(c) interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, will be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Company may designate.

"*Consolidated Fixed Charges*" means, for any Person for any period, the sum (without duplication) of:

(1) Consolidated Interest Expense for such Person for such period, *plus*

(2) the product of:

(a) the amount of all cash and non-cash dividend payments on any series of Preferred Stock or Disqualified Capital Stock of such Person (other than dividends paid in Qualified Capital Stock) or any Subsidiary of such Person (Restricted Subsidiary in the case of the Company) paid, accrued or scheduled to be paid or accrued during such period, excluding dividend payments on Preferred Stock or Disqualified Capital Stock paid, accrued or scheduled to be paid to such Person or another Subsidiary (Restricted Subsidiary in the case of the Company), times

(b) a fraction, the numerator of which is one and the denominator of which is one minus the then current effective income tax rate of such Person in its principal taxpaying jurisdiction (Mexico, in the case of the Company), expressed as a decimal.

"*Consolidated Income Tax Expense*" means, with respect to any Person for any period, the provision for Mexican, U.S. and Argentine federal, state, local and any other income taxes and any statutorily mandated employee profit sharing payable by such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) for such period as determined on a consolidated basis in accordance with MFRS.

"*Consolidated Interest Expense*" means, with respect to any Person for any period, the sum (without duplication) determined on a consolidated basis in accordance with MFRS of:

(1) the aggregate of cash and non-cash interest expense of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) for such period determined on a consolidated basis in accordance with MFRS, including, without limitation, the following (whether or not interest expense in accordance with MFRS):

(a) any amortization or accretion of debt discount or any interest paid on Indebtedness of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) in the form of additional Indebtedness;

(b) any amortization of deferred financing costs;

(c) the net costs under Hedging Obligations (including amortization of fees) in respect of Indebtedness or that are otherwise treated as interest expense or equivalent under MFRS; *provided* that if Hedging Obligations result in net benefits rather than costs, such benefits will be credited to reduce Consolidated Interest Expense unless, pursuant to MFRS, such net benefits are otherwise reflected in Consolidated Net Income;

(d) all capitalized interest;

(e) the interest portion of any deferred payment obligation;

(f) commissions, discounts and other fees and charges Incurred in respect of letters of credit or bankers' acceptances; and

(g) any interest expense on Indebtedness of another Person that is Guaranteed by such Person or one of its Subsidiaries (Restricted Subsidiaries in the case of the Company) or secured by a Lien on the assets of such Person or one of its Subsidiaries (Restricted Subsidiaries in the case of the Company), whether or not such Guarantee or Lien is called upon; *provided* that, in the case of Indebtedness secured by a Lien on the assets of such Person or one of its Subsidiaries, the amount of interest

expense will only be that attributable to a portion of the Indebtedness equal to the lesser of the Fair Market Value of the asset securing such Indebtedness and the amount of Indebtedness so secured;

(2) the interest component of Capitalized Lease Obligations paid, accrued and/or scheduled to be paid or accrued by such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) during such period; and

(3) Receivables Fees.

"*Consolidated Net Income*" means, with respect to any Person for any period, the aggregate net income (or loss) of such Person and its Subsidiaries (after deducting (or adding) the portion of such net income (or loss) attributable to minority interests in Subsidiaries of such Person) for such period on a consolidated basis, determined in accordance with MFRS; *provided* that there will be excluded therefrom to the extent reflected in such aggregate net income (loss):

(1) net after-tax gains or losses from Asset Sale Transactions or abandonments or reserves relating thereto;

(2) net after-tax items classified as extraordinary gains or losses;

(3) the net income (or loss) of any Person, other than such Person and any Subsidiary of such Person (Restricted Subsidiary in the case of the Company); except that the Company's equity in the net income of any Person will be included up to the aggregate amount of cash actually distributed or otherwise transferred by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution to a Restricted Subsidiary, to the limitations contained in clause (4) below);

(4) the net income (but not loss) of any Subsidiary of such Person (Restricted Subsidiary in the case of the Company) to the extent that a corresponding amount could not be distributed to such Person at the date of determination as a result of any restriction pursuant to the constituent documents of such Subsidiary (Restricted Subsidiary in the case of the Company) or any law, regulation, agreement or judgment applicable to any such distribution;

(5) any restoration to income of any contingency reserve, except to the extent that provision for such reserve was made out of Consolidated Net Income accrued at any time following the Issue Date;

(6) any gain (or loss) from foreign exchange translation or change in net monetary position;

(7) any net unrealized gain or loss (in the case of losses, for the purpose of the "—Limitation on Restricted Payments" covenant only, only to the extent in excess of the net amount of cash or Cash Equivalents provided during such period as security in accordance with clause (9)(y) of the definition of "Permitted Liens"), after any offset, resulting in such period from Hedging Obligations entered into in the ordinary course of business and for bona fide hedging purposes and not for speculative purposes; and

(8) the cumulative effect of changes in accounting principles.

"*Consolidated Non-cash Charges*" means, with respect to any Person for any period, the aggregate depreciation, amortization and other non-cash expenses or losses (including non-cash write-offs or write-downs, non-cash items relating to pension plan liabilities and non-cash foreign exchange or monetary losses) of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) for such period, determined on a consolidated basis in accordance with MFRS (excluding any such charge which constitutes an accrual of or a reserve for cash charges for any future period or the amortization of a prepaid cash expense paid in a prior period).

"*Covenant Defeasance*" has the meaning set forth under "—Legal Defeasance and Covenant Defeasance."

"*Currency Agreement*" means, with respect to any Person, any foreign exchange contract, currency swap agreement or other similar agreement as to which such Person is a party designed to hedge foreign currency risk of such Person.

"*Default*" means an event or condition the occurrence of which is, or with the lapse of time or the giving of notice or both would be, an Event of Default.

"*Designation*" and "*Designation Amount*" have the meanings set forth under "Covenants— Limitation on Designation of Unrestricted Subsidiaries" above.

"*Disqualified Capital Stock*" means that portion of any Capital Stock which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the sole option of the holder thereof, in any case, prior to or on the 91st day after the final maturity date of the Notes.

"*Event of Default*" has the meaning set forth under "—Events of Default."

"*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

"*Fair Market Value*" means, with respect to any asset, the price (after taking into account any liabilities relating to such assets) which could be negotiated in an arm's-length free market transaction, for cash, between a willing seller and a willing and able buyer, neither of which is under any compulsion to complete the transaction. The Fair Market Value of any such asset or assets will be determined conclusively by the Board of Directors of the Company acting in good faith, and will be evidenced by a Board Resolution; *provided* that, with respect to a value of less than US$2.0 million (or the equivalent in other currencies), such determination may be made by two or more Officers of the Company and only an Officers' Certificate will be required.

"*Fitch*" means Fitch, Inc., or any successor thereto.

"*Four-Quarter Period*" has the meaning set forth in the definition of Consolidated Fixed Charge Coverage Ratio above.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person:

(1) to purchase or pay, or advance or supply funds for the purchase or payment of, such Indebtedness of such other Person, whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise; or

(2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof, in whole or in part;

provided that "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. "Guarantee," when used as a verb, has a corresponding meaning.

"*Hedging Obligations*" means the obligations of any Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Price Agreement.

"*Holder*" means the Person in whose name a Note is registered in the note register pursuant to the terms of the Indenture.

"*IFRS*" means International Financial Reporting Standards, as issued by the International Accounting Standards Board.

"*Incur*" means, with respect to any Indebtedness or other obligation of any Person, to create, issue, incur (including by conversion, exchange or otherwise), assume, Guarantee or otherwise become liable in respect of such Indebtedness or other obligation on the balance sheet of such Person. "Incurrence," "Incurred" and "Incurring" have corresponding meanings.

"*Indebtedness*" means, with respect to any Person, without duplication:

(1) the principal amount (or, if less, the accreted value) of all obligations of such Person for borrowed money;

(2) the principal amount (or, if less, the accreted value) of all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all Capitalized Lease Obligations of such Person;

(4) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations and all obligations under any title retention agreement (but excluding (i) trade accounts payable and (ii) other accrued liabilities arising in the ordinary course of business (including any Guarantee thereof Incurred in the ordinary course of business) that are not overdue by 90 days or more or are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted);

(5) letters of credit, bankers' acceptances or similar credit transactions, including reimbursement obligations in respect thereof;

(6) Guarantees and other contingent obligations of such Person in respect of Indebtedness referred to in clauses (1) through (5) above and clauses (8) through (11) below;

(7) all Indebtedness of any other Person of the type referred to in clauses (1) through (6) above which is secured by any Lien on any property or asset of such Person, the amount of such Indebtedness being deemed to be the lesser of the Fair Market Value of such property or asset and the amount of the Indebtedness so secured;

(8) all net obligations under Hedging Obligations of such Person (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time);

(9) all liabilities recorded on the balance sheet of such Person in connection with a sale or other disposition of accounts receivable and related assets;

(10) all Disqualified Capital Stock issued by such Person with the amount of Indebtedness represented by such Disqualified Capital Stock being equal to the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price, but excluding accrued dividends, if any, and any shares of a Mexican company that are part of the variable portion of its Capital Stock and that are, under the Mexican General Law of Business Corporations (*Ley General de Sociedades Mercantiles*), redeemable; *provided* that:

   (a) if the Disqualified Capital Stock does not have a fixed repurchase price, such maximum fixed repurchase price will be calculated in accordance with the terms of the Disqualified Capital Stock as if the Disqualified Capital Stock were purchased on any date on which Indebtedness will be required to be determined pursuant to the Indenture; and

   (b) if the maximum fixed repurchase price is based upon, or measured by, the fair market value of the Disqualified Capital Stock, the fair market value will be the Fair Market Value thereof; and

(11) to the extent not otherwise included in the foregoing, the Receivables Transaction Amounts outstanding relating to Qualified Receivables Transactions.

The amount of Indebtedness of any Person at any date will be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingent obligations at such date.

"*Independent Financial Advisor*" means an accounting firm, appraisal firm, investment banking firm or consultant of internationally recognized standing that is, in the judgment of the Company's Board of Directors, qualified to perform the task for which it has been engaged and which is independent in connection with the relevant transaction.

"*Interest Rate Agreement*" means, with respect to any Person, any interest rate protection agreement (including, without limitation, interest rate swaps, caps, floors, collars, derivative instruments and similar agreements) and/or other types of hedging agreements designed to hedge interest rate risk of such Person.

"*Investment*" means, with respect to any Person, any:

(1) direct or indirect loan, advance or other extension of credit (including, without limitation, a Guarantee) to any other Person (other than advances or extensions of credit to customers in the ordinary course of business);

(2) capital contribution (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others) to any other Person; or

(3) any purchase or acquisition by such Person of any Capital Stock, bonds, notes, debentures or other securities or evidences of Indebtedness issued by, any other Person.

"Investment" will exclude accounts receivable or deposits arising in the ordinary course of business. "Invest," "Investing" and "Invested" have corresponding meanings.

For purposes of the "—Limitation on Restricted Payments" covenant, the Company will be deemed to have made an "Investment" in an Unrestricted Subsidiary at the time of its Designation, which will be valued at the Fair Market Value of the sum of the net assets of such Unrestricted Subsidiary at the time of its Designation and the amount of any Indebtedness of such Unrestricted Subsidiary or owed to the Company or any Restricted Subsidiary immediately following such Designation. Any property transferred to or from an Unrestricted Subsidiary will be valued at its Fair Market Value at the time of such transfer. If the Company or any Restricted Subsidiary sells or otherwise disposes of any Capital Stock of a Restricted Subsidiary (including any issuance and sale of Capital Stock by a Restricted Subsidiary) such that, after giving effect to any such sale or disposition, such Restricted Subsidiary would cease to be a Subsidiary of the Company, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to the sum of the Fair Market Value of the Capital Stock of such former Restricted Subsidiary held by the Company or any Restricted Subsidiary immediately following such sale or other disposition and the amount of any Indebtedness of such former Restricted Subsidiary Guaranteed by the Company or any Restricted Subsidiary or owed to the Company or any other Restricted Subsidiary immediately following such sale or other disposition.

"*Investment Grade Rating*" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's, BBB- (or the equivalent) by S&P and BBB- (or the equivalent) by Fitch, in each case with a stable or better outlook.

"*Investment Return*" means, in respect of any Investment (other than a Permitted Investment) made after the Issue Date by the Company or any Restricted Subsidiary:

(1) the cash proceeds received by the Company upon the sale, liquidation or repayment of such Investment or, in the case of a Guarantee, the amount of the Guarantee upon the unconditional release of the Company and its Restricted Subsidiaries in full, less any payments previously made by the Company or any Restricted Subsidiary in respect of such Guarantee;

(2) in the case of the Revocation of the Designation of an Unrestricted Subsidiary, an amount equal to the lesser of:

    (a) the Company's Investment in such Unrestricted Subsidiary at the time of such Revocation;

    (b) that portion of the Fair Market Value of the net assets of such Unrestricted Subsidiary at the time of Revocation that is proportionate to the Company's equity interest in such Unrestricted Subsidiary at the time of Revocation; and

    (c) the Designation Amount with respect to such Unrestricted Subsidiary upon its Designation which was treated as a Restricted Payment; and

(3) in the event the Company or any Restricted Subsidiary makes any Investment in a Person that, as a result of or in connection with such Investment, becomes a Restricted Subsidiary, the existing Investment of the Company and its Restricted Subsidiaries in such Person,

in the case of each of (1), (2) and (3), up to the amount of such Investment that was treated as a Restricted Payment under "—Covenants —Limitation on Restricted Payments" less the amount of any previous Investment Return in respect of such Investment.

"*Issue Date*" means August 19, 2009, the first date of issuance of Notes under the Indenture.

"*Legal Defeasance*" has the meaning set forth under "—Legal Defeasance and Covenant Defeasance."

"*Lien*" means any lien, mortgage, deed of trust, pledge, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof and any agreement to give any security interest); *provided* that the lessee in respect of a Capitalized Lease Obligation or Sale and Leaseback Transaction will be deemed to have Incurred a Lien on the property leased thereunder.

"*Material Subsidiary*" means a Subsidiary of the Company that represented 5% or more of the Company's consolidated assets or net sales in the preceding fiscal year.

"*MFRS*" means Financial Reporting Standards in Mexico that are in effect as of the Issue Date (i.e., without giving effect to any amendment, modification or change to such Financial Reporting Standards after the Issue Date); *provided* that, if at any time after the Issue Date the Company prepares its financial statements in accordance with IFRS in lieu of Financial Reporting Standards in Mexico, the Company may, by giving written notice thereof to the Trustee, elect to apply IFRS in lieu of Financial Reporting Standards in Mexico under the Indenture and, upon any such election, references herein to MFRS will thereafter be construed to mean IFRS as in effect on the date of such election; and *provided, further,* that any such election, once made, shall be irrevocable.

"*Moody's*" means Moody's Investors Service, Inc., or any successor thereto.

"*Net Cash Proceeds*" means, with respect to any Asset Sale, the proceeds in the form of cash or Cash Equivalents, including payments in respect of deferred payment obligations when received in the form of cash or Cash Equivalents received by the Company or any of its Restricted Subsidiaries from such Asset Sale, net of:

(1) reasonable out-of-pocket expenses and fees relating to such Asset Sale (including, without limitation, legal, accounting and investment banking fees and sales commissions);

(2) taxes paid or payable in respect of such Asset Sale after taking into account any reduction in consolidated tax liability due to available tax credits or deductions and any tax sharing arrangements;

(3) repayment of Indebtedness secured by a Lien permitted under the Indenture that is required to be repaid in connection with such Asset Sale;

(4) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Sale; and

(5) appropriate amounts to be provided by the Company or any Restricted Subsidiary, as the case may be, as a reserve, in accordance with MFRS, against any liabilities associated with such Asset Sale and retained by the Company or any Restricted Subsidiary, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, but excluding any reserves with respect to Indebtedness.

"*Obligations*" means, with respect to any Indebtedness, any principal, interest (including, without limitation, Post-Petition Interest), premium, Additional Amounts, penalties, fees, indemnifications, reimbursements, damages, and other liabilities payable under the documentation governing such Indebtedness, including in the case of the Notes and the Subsidiary Guarantees, the Indenture.

"*Officer*" means, when used in connection with any action to be taken by the Company, the Chairman of the Board, the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, any Vice President, the Treasurer, the Controller or the Secretary of the Company (or, in each case, the officers of the Company with equivalent positions).

"*Officers' Certificate*" means, when used in connection with any action to be taken by the Company, a certificate signed by two Officers or by an Officer and either the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the Company, and delivered to the Trustee.

"*Opinion of Counsel*" means a written opinion of counsel, who may be an employee of or counsel for the Company (except as otherwise provided in the Indenture) and who is reasonably acceptable to the Trustee.

"*Permitted Business*" means the business or businesses conducted by the Company and its Restricted Subsidiaries as of the Issue Date and any business ancillary or complementary thereto.

"*Permitted Indebtedness*" has the meaning set forth under paragraph (2) of "—Covenants — Limitation on Incurrence of Additional Indebtedness."

"*Permitted Investments*" means:

(1) Investments by the Company or any Restricted Subsidiary in any Person that is, or that result in any Person becoming, immediately after such Investment, a Restricted Subsidiary (other than a Receivables Subsidiary) or constituting a merger or consolidation of such Person into the Company or with or into a Restricted Subsidiary (other than a Receivables Subsidiary); *provided* that such Person is engaged solely in a Permitted Business;

(2) Investments by any Restricted Subsidiary in the Company;

(3) Investments in cash and Cash Equivalents;

(4) Investments acquired solely in exchange for Qualified Capital Stock of the Company;

(5) Investments in existence on the Issue Date;

(6) any extension, modification or renewal of any Investments existing as of the Issue Date (but not Investments involving additional advances, contributions or other investments of cash or property or other increases thereof, other than as a result of the accrual or accretion of interest or original issue discount or payment-in-kind pursuant to the terms of such Investment as of the Issue Date);

(7) Investments permitted pursuant to clause (2)(b) or (f) of "—Covenants—Limitation on Transactions with Affiliates";

(8) Investments received as a result of the bankruptcy, recapitalization or reorganization of any Person or taken in settlement of or other resolution of claims or disputes, and, in each case, extensions, modifications and renewals thereof;

(9) Investments made by the Company or its Restricted Subsidiaries as a result of non-cash consideration permitted to be received in connection with an Asset Sale made in compliance with the covenant described under "—Covenants—Limitation on Asset Sales";

(10) Investments in the form of Hedging Obligations permitted under clause 2(d) of "—Covenants—Limitation on Incurrence of Additional Indebtedness";

(11) any Investment by the Company or a Restricted Subsidiary in a Receivables Subsidiary or any Investment by a Receivables Subsidiary in any other Person, in each case, in connection with a Qualified Receivables Transaction; *provided* that the Investment in any Person is in the form of a Purchase Money Note or an equity interest or interest in Receivables and related assets generated by the Company or a Restricted Subsidiary and transferred to any Person in connection with a Qualified Receivables Transaction or any Person owning those accounts receivable; and

(12) Investments by the Company or any of its Restricted Subsidiaries, together with all other Investments pursuant to this clause (12), in an aggregate amount at the time of such Investment not to exceed US$30.0 million (or the equivalent in other currencies) outstanding at any one time (with the Fair Market Value of each such Investment being measured at the time made and without giving effect to subsequent changes in value).

"*Permitted Liens*" means any of the following Liens:

(1) Liens existing on the Issue Date;

(2) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, suppliers, materialmen, repairmen and other Liens imposed by law incurred in the ordinary course of business for sums not yet delinquent or being contested in good faith, if such reserve or other appropriate provision, if any, as shall be required by MFRS shall have been made in respect thereof;

(3) Liens Incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, including any Lien securing letters of credit issued in the ordinary course of business consistent with past practice in connection therewith, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money);

(4) Liens upon specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(5) Liens securing reimbursement obligations with respect to commercial letters of credit which encumber documents and other property relating to such letters of credit and products and proceeds thereof;

(6) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual, or warranty requirements of the Company or a Restricted Subsidiary, including rights of offset and set-off;

(7) Liens for taxes, assessments or other governmental charges not yet subject to penalties for non-payment or which are being contested in good faith by appropriate proceedings promptly initiated and diligently

conducted; *provided* that appropriate reserves required pursuant to MFRS have been made in respect thereof;

(8) judgment Liens not giving rise to an Event of Default so long as such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceeding may be initiated has not expired;

(9) Liens (x) securing Hedging Obligations pursuant to Interest Rate Agreements so long as the related Indebtedness is, and is permitted to be under the Indenture, secured by Liens on the same assets securing such Hedging Obligations and (y) on cash or Cash Equivalents securing any Hedging Obligations so long as the Lien is Incurred in the ordinary course of business and pursuant to customary collateral provisions for Hedging Obligations of such type;

(10) Liens in favor of the Company or a Subsidiary Guarantor;

(11) Liens on (x) Receivables Property transferred in a Qualified Receivables Transaction Incurred in connection with such Qualified Receivables Transaction and (y) Receivables Property to secure Indebtedness Incurred for working capital purposes (other than a Qualified Receivables Transaction), *provided* that, in the case of this clause (y), the amount of Indebtedness so secured will not exceed the greater of (1) US$75.0 million minus the aggregate Receivables Transaction Amounts outstanding with respect to Qualified Receivables Transactions and (2) 80% of the outstanding amount of Receivables securing such Indebtedness;

(12) minor encumbrances, ground leases, easements or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including, without limitation, minor defects or irregularities in title and similar encumbrances) as to the use of real properties or liens incidental to the conduct of the business of such Person or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(13) Liens securing Indebtedness of Newpek, LLC limited exclusively to the property and assets of Newpek, LLC;

(14) Liens to secure any Refinancing Indebtedness which is Incurred to Refinance any Indebtedness which has been secured by a Lien permitted under the covenant described under "—Covenants — Limitation on Liens" not incurred pursuant to clause (16) or (17) and which Indebtedness has been Incurred in accordance with "—Covenants—Limitation on Incurrence of Additional Indebtedness"; *provided* that such new Liens:

(a) are no less favorable to the Holders of Notes and are not more favorable to the lienholders with respect to such Liens than the Liens in respect of the Indebtedness being Refinanced; and

(b) do not extend to any property or assets other than the property or assets securing the Indebtedness Refinanced by such Refinancing Indebtedness;

(15) Liens securing Acquired Indebtedness Incurred in accordance with "—Covenants—Limitation on Incurrence of Additional Indebtedness" not incurred in connection with, or in anticipation or contemplation of, the relevant acquisition, merger or consolidation; *provided* that

(a) such Liens secured such Acquired Indebtedness at the time of and prior to the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary and were not granted in connection with, or in anticipation of the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary; and

(b) such Liens do not extend to or cover any property of the Company or any Restricted Subsidiary other than the property that secured the Acquired Indebtedness prior to the time such Indebtedness became

Acquired Indebtedness of the Company or a Restricted Subsidiary and are no more favorable to the lienholders than the Liens securing the Acquired Indebtedness prior to the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary;

(16) Liens securing Purchase Money Indebtedness or Capitalized Lease Obligations Incurred to finance the acquisition or leasing of property of the Company or a Restricted Subsidiary used in a Permitted Business; *provided* that:

(a) such Indebtedness does not exceed the cost of such property and will not be secured by any property of the Company or any Restricted Subsidiary other than the property so acquired and the proceeds thereof; and

(b) the Lien securing such Indebtedness will be created within 180 days of such acquisition; and

(17) Liens securing an amount of Indebtedness outstanding at any one time not to exceed US$30.0 million (or the equivalent in other currencies).

"*Person*" means an individual, partnership, limited partnership, corporation, company, limited liability company, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof.

"*Post-Petition Interest*" means all interest accrued or accruing after the commencement of any insolvency or liquidation proceeding (and interest that would accrue but for the commencement of any insolvency or liquidation proceeding) in accordance with and at the contract rate (including, without limitation, any rate applicable upon default) specified in the agreement or instrument creating, evidencing or governing any Indebtedness, whether or not, pursuant to applicable law or otherwise, the claim for such interest is allowed as a claim in such insolvency or liquidation proceeding.

"*Preferred Stock*" means, with respect to any Person, any Capital Stock of such Person that has preferential rights over any other Capital Stock of such Person with respect to dividends, distributions or redemptions or upon liquidation.

"*Purchase Money Indebtedness*" means Indebtedness Incurred for the purpose of financing all or any part of the purchase price, or other cost of construction or improvement of any property; *provided* that the aggregate principal amount of such Indebtedness does not exceed the lesser of the Fair Market Value of such property or such purchase price or cost, including any Refinancing of such Indebtedness that does not increase the aggregate principal amount (or accreted amount, if less) thereof as of the date of the Refinancing.

"*Purchase Money Note*" means a promissory note evidencing a line of credit, or evidencing other Indebtedness owed to the Company or any Restricted Subsidiary in connection with a Qualified Receivables Transaction, which note shall be repaid from cash available to the maker of such note, other than amounts required to be established as reserves, amounts paid to investors in respect of interest, principal and other amounts owing to such investors and amounts paid in connection with the purchase of newly generated accounts receivable.

"*Qualified Capital Stock*" means any Capital Stock that is not Disqualified Capital Stock and any warrants, rights or options to purchase or acquire Capital Stock that is not Disqualified Capital Stock that are not convertible into or exchangeable into Disqualified Capital Stock.

"*Qualified Receivables Transaction*" means any transaction or series of transactions that may be entered into by the Company or any Restricted Subsidiary pursuant to which the Company or any Restricted Subsidiary may sell, convey or otherwise transfer to (a) a Receivables Subsidiary or (b) any other Person, or may grant a security interest in, any Receivables (whether now existing or arising in the future) of the Company or any Restricted Subsidiary and any asset related thereto, including, without limitation, all collateral securing such Receivables, all contracts and all guarantees or other obligations in respect of the accounts receivable, proceeds of such Receivables and other assets

which are customarily transferred, or in respect of which security interests are customarily granted, in connection with asset securitization transactions involving Receivables (collectively, "Receivables Property"); *provided* that, in the case of a sale, conveyance, transfer or grant by the Company or any Restricted Subsidiary to any Person (other than a Receivables Subsidiary), no portion of the Indebtedness or any other Obligations (contingent or otherwise) in respect of such transaction or transactions (a) is guaranteed by the Company or any Restricted Subsidiary (excluding guarantees of Obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (b) is recourse to or obligates the Company or any Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings, or (c) subjects any property or asset (other than the related Receivables Property) of the Company or any Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings.

"*Rating Agencies*" means Moody's, S&P and Fitch; or, if Moody's, S&P or Fitch are not making a rating on the Notes publicly available, a U.S. nationally recognized statistical rating agency or agencies, as the case may be, selected by the Company (as certified by a Board Resolution) which shall be substituted for Moody's, S&P or Fitch, as the case may be.

"Receivable" means a right to receive payment arising from a sale or lease of goods or the performance of services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for goods or services under terms that permit the purchase of such goods and services on credit, including, without limitation, an account receivable.

"*Receivables Fees*" means any fees or interest paid to purchasers or lenders providing the financing in connection with a Qualified Receivables Transaction, factoring agreement or other similar agreement, including any such amounts paid by discounting the face amount of Receivables or participations therein transferred in connection with a Qualified Receivables Transaction, factoring agreement or other similar arrangement, regardless of whether any such transaction is structured as on-balance sheet or off-balance sheet or through a Restricted Subsidiary or an Unrestricted Subsidiary.

"*Receivables Property*" has the meaning set forth in the definition of Qualified Receivables Transaction.

"*Receivables Subsidiary*" means a Wholly Owned Subsidiary of the Company which engages in no activities other than in connection with the financing of accounts receivable and which is designated by the Company as a Receivables Subsidiary:

(1) no portion of the Indebtedness or any other Obligations (contingent or otherwise) of which (a) is guaranteed by the Company or any other Restricted Subsidiary (excluding guarantees of Obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (b) is recourse to or obligates the Company or any other Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings, or (c) subjects any property or asset of the Company or any other Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) with which neither the Company nor any other Restricted Subsidiary has any material contract, agreement, arrangement or understanding (except in connection with a Purchase Money Note or Qualified Receivables Transaction) other than on terms no less favorable to the Company or such other Restricted Subsidiary than those that might be obtained at the time from persons that are not Affiliates of the Company, other than fees payable in the ordinary course of business in connection with servicing accounts receivable; and

(3) to which neither the Company nor any Restricted Subsidiary has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

"*Receivables Transaction Amount*" means the amount of obligations outstanding under the legal documents entered into as part of such Qualified Receivables Transaction on any date of determination that would be

characterized as principal if such Qualified Receivables Transaction were structured as a secured lending transaction rather than as a purchase; *provided* that, in the case of a factoring arrangement, the Receivables Transaction Amount will not to exceed the outstanding amount of the Receivables transferred in such arrangement that have not been written off as uncollectible.

"*Refinance*" means, in respect of any Indebtedness, to issue any Indebtedness in exchange for or to refinance, replace, defease or refund such Indebtedness in whole or in part. "Refinanced" and "Refinancing" have correlative meanings.

"*Refinancing Indebtedness*" means Indebtedness of the Company or any Restricted Subsidiary issued to Refinance any other Indebtedness of the Company or a Restricted Subsidiary so long as:

(1) the aggregate principal amount (or initial accreted value, if applicable) of such new Indebtedness as of the date of such proposed Refinancing does not exceed the aggregate principal amount (or initial accreted value, if applicable) of the Indebtedness being Refinanced (plus the amount of any customary premium paid in connection therewith, defeasance costs and fees and expenses incurred by the Company or any Restricted Subsidiary in connection with such Refinancing);

(2) such new Indebtedness has:

  (a) a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being Refinanced; and

  (b) a final maturity that is equal to or later than the final maturity of the Indebtedness being Refinanced; and

(3) if the Indebtedness being Refinanced is:

  - Indebtedness of the Company, then such Refinancing Indebtedness will be Indebtedness of the Company and/or any Subsidiary Guarantor;

  - Indebtedness of a Subsidiary Guarantor, then such Refinancing Indebtedness will be Indebtedness of the Company and/or any Subsidiary Guarantor; and

  - Subordinated Indebtedness, then such Refinancing Indebtedness will be subordinated to the Notes or the relevant Subsidiary Guarantee, if applicable, at least to the same extent and in the same manner as the Indebtedness being Refinanced.

"*Restricted Payment*" has the meaning set forth under "—Covenants — Limitation on Restricted Payments."

"*Restricted Subsidiary*" means any Subsidiary of the Company which at the time of determination is not an Unrestricted Subsidiary.

"*Revocation*" has the meaning set forth under "—Covenants — Limitation on Designation of Unrestricted Subsidiaries."

"*Sale and Leaseback Transaction*" means any direct or indirect arrangement with any Person or to which any such Person is a party providing for the leasing to the Company or a Restricted Subsidiary of any property, whether owned by the Company or any Restricted Subsidiary at the Issue Date or later acquired, which has been or is to be sold or transferred by the Company or such Restricted Subsidiary to such Person or to any other Person by whom funds have been or are to be advanced on the security of such Property.

"*S&P*" means Standard & Poor's Rating Service or any successor thereto.

"*SEC*" means the U.S. Securities and Exchange Commission.

"*Senior Indebtedness*" means the Notes and the Subsidiary Guarantees and any other Indebtedness of the Company or any Subsidiary Guarantor that ranks equal in right of payment with the Notes or the relevant Subsidiary Guarantee, as the case may be.

"Standard Securitization Undertakings" means representations, warranties, covenants and indemnities entered into by the Company or any Restricted Subsidiary which are customary in securitization of Receivables transactions.

"*Stated Maturity*" means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred).

"*Subordinated Indebtedness*" means, with respect to the Company or any Subsidiary Guarantor, any Indebtedness of the Company or such Subsidiary Guarantor, as the case may be, which is expressly subordinated in right of payment to the Notes or the relevant Subsidiary Guarantee, as the case may be.

"*Subsidiary*" means, with respect to any Person, any other Person of which such Person owns, directly or indirectly, more than 50% of the voting power of the other Person's outstanding Voting Stock.

"*Subsidiary Guarantee*" means any guarantee of the Company's Obligations under the Notes and the Indenture provided by a Restricted Subsidiary pursuant to the Indenture.

"*Subsidiary Guarantor*" means each Restricted Subsidiary of the Company that provides a Subsidiary Guarantee in accordance with the terms and conditions described under "—Subsidiary Guarantees."

"*Surviving Entity*" has the meaning set forth under "—Covenants — Limitation on Merger, Consolidation and Sale of Assets."

"*Unrestricted Subsidiary*" means any Subsidiary of the Company Designated as an Unrestricted Subsidiary pursuant to "—Covenants—Limitation on Designation of Unrestricted Subsidiaries." Any such Designation may be revoked by a Board Resolution of the Company, subject to the provisions of such covenant.

"*Voting Stock*" means, with respect to any Person, securities of any class of Capital Stock of such Person entitling the holders thereof (whether at all times or only so long as no senior class of stock has voting power by reason of any contingency) to vote in the election of members of the Board of Directors (or equivalent governing body) of such Person.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness at any date, the number of years (calculated to the nearest one-twelfth) obtained by dividing:

(1) the then outstanding aggregate principal amount or liquidation preference, as the case may be, of such Indebtedness into

(2) the sum of the products obtained by multiplying:

 (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payment of principal or liquidation preference, as the case may be, including payment at final maturity, in respect thereof, by

 (b) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the making of such payment.

"*Wholly Owned Subsidiary*" means, for any Person, any Subsidiary (Restricted Subsidiary in the case of the Company) of which all the outstanding Capital Stock (other than, in the case of a Subsidiary not organized in the United States, directors' qualifying shares or an immaterial amount of shares required to be owned by other Persons pursuant to applicable law) is owned by such Person or any other Person that satisfies this definition in respect of such Person.

BOOK-ENTRY, DELIVERY AND FORM

The notes will be issued in the form of fully registered global securities which will be deposited with, or on behalf of, The Depository Trust Company ("DTC") and registered in the name of Cede & Co., which is DTC's nominee. The notes have been accepted for clearance by DTC. Beneficial interests in the global securities will be shown on, and transfers thereof will be effected only through, book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may elect to hold interests in the global securities through either DTC in the United States, or Clearstream Banking, S.A. or Euroclear Bank S.A./N.V., as operator of the Euroclear System in Europe ("Clearstream" and "Euroclear," respectively), if they are participants in those systems, or, indirectly, through organizations that are participants in those systems. Owners of beneficial interests in the notes will receive all payments relating to their notes in U.S. dollars. One or more fully registered global security certificates, representing the aggregate principal amount of debt securities issued, will be issued and will be deposited with DTC and will bear a legend regarding the restrictions on exchanges and registration of transfer referred to below.

The laws of some jurisdictions may require that some purchasers of securities take physical delivery of securities in definitive form. These laws may impair the ability to transfer beneficial interests in the notes, so long as the notes are represented by global security certificates.

DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization 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 the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments that DTC's direct participants deposit with DTC. DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between direct participants' accounts. This eliminates 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 organizations.

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 regulated subsidiaries. Access to the DTC system is also available to others, who we refer to as indirect participants, such as U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a direct or indirect custodial relationship with a direct participant. The rules applicable to DTC and its participants are on file with the SEC.

Purchases of the notes under the DTC system must be made by or through direct participants, who will receive a credit for the notes on DTC's records. The ownership interest of each actual purchaser of notes, (a "beneficial owner") is in turn to be recorded on the direct or indirect participants' records. Beneficial owners will not receive written confirmation from DTC of their purchase. Beneficial owners are, however, 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 notes are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in notes, except as described below. Under a book-entry format, holders may experience some delay in their receipt of payments, as such payments will be forwarded by the trustee to Cede & Co., as nominee for DTC. DTC will forward the payments to its participants, who will then forward them to indirect participants or holders. Beneficial owners of the notes other than DTC or its nominees will not be recognized by the registrar and transfer agent as registered holders of the notes entitled to the rights of holders thereof. Beneficial owners that are not participants will be permitted to exercise their rights only indirectly through and according to the procedures of participants and, if applicable, indirect participants.

To facilitate subsequent transfers, all notes deposited by direct participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the notes; DTC's records reflect only the identity of the direct participants to whose accounts the notes are credited, which may or may not be the beneficial owners. The direct and indirect 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 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 DTC. If less than all of the 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., nor any other DTC nominee, will consent or vote with respect to the notes unless authorized by a direct participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an omnibus proxy to us 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 notes are credited on the record date (identified in a listing attached to the omnibus proxy).

The global securities are exchangeable for certificated securities in definitive, fully registered form without interest coupons only in the following limited circumstances:

- DTC notifies Petrotemex that it is unwilling or unable to continue as depositary for the global securities or DTC ceases to be a clearing agency registered under the Exchange Act, at a time when DTC is required to be so registered in order to act as depositary, and in each ease Petrotemex fails to appoint a successor depositary within 90 days of such notice;

- Petrotemex notifies the Trustee in writing that the global securities shall be so exchangeable; or

- if there shall have occurred and be continuing an Event of Default with respect to the securities.

In all cases, certificated securities delivered in exchange for any global note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by or on behalf of DTC (in accordance with its customary procedures) and will bear the applicable restrictive legend referred to in "Transfer Restrictions" unless we determine otherwise in accordance with the indenture and in compliance with applicable law.

As long as DTC or its nominee is the registered owner of the global security certificates, DTC or its nominee, as the case may be, will be considered the sole owner and holder of the global security certificates and all notes represented by these certificates for all purposes under the instruments governing the rights and obligations of holders of notes. Except in the limited circumstances referred to above, owners of beneficial interests in global security certificates:

- will not be entitled to have such global security certificates or the notes represented by these certificates registered in their names;

- will not receive or be entitled to receive physical delivery of securities certificates in exchange for beneficial interests in global security certificates; and

- will not be considered to be owners or holders of the global security certificates or the notes represented by these certificates for any purpose under the instruments governing the rights and obligations of holders of notes.

Payments with respect to the notes represented by the global security certificates and all transfers and deliveries of the notes will be made to DTC or its nominee, as the case may be, as the registered holder of the notes.

DTC's practice is to credit direct participants' accounts upon DTC's receipt of funds and corresponding detail information from us or our agent, on the payable date in accordance with their respective holdings shown on DTC's records. 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 that participant and not of us, any of our agents, DTC or the trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC are the responsibility of us or our agent, disbursement of such payments to direct participants will be the responsibility of DTC, and disbursement of such payments to the beneficial owners will be the responsibility of direct and indirect participants.

Ownership of beneficial interests in the global security certificates will be limited to participants or persons that may hold beneficial interests through institutions that have accounts with DTC or its nominee. Ownership of beneficial interests in global security certificates will be shown only on, and the transfer of those ownership interests will be effected only through, records maintained by DTC or its nominee, with respect to participants' interests, or any participant, with respect to interests of persons held by the participant on their behalf. Payments, transfers, deliveries, exchanges, and other matters relating to beneficial interests in global security certificates may be subject to various policies and procedures adopted by DTC from time to time. Neither we nor any of our agents will have any responsibility or liability for any aspect of DTC's or any direct or indirect participant's records relating to, or for payments made on account of, beneficial interests in global security certificates, or for maintaining, supervising or reviewing any of DTC's records or any direct or indirect participant's records relating to these beneficial ownership interests.

Although DTC has agreed to the foregoing procedures in order to facilitate transfer of interests in the global security certificates among participants, DTC is under no obligation to perform or continue to perform these procedures, and these procedures may be discontinued at any time. We will not have any responsibility for the performance by DTC or its direct or indirect participants under the rules and procedures governing DTC.

Because DTC can act only on behalf of direct participants, who in turn act only on behalf of direct or indirect participants, and certain banks, trust companies and other persons approved by it, the ability of a beneficial owner of notes to pledge the notes to persons or entities that do not participate in the DTC system may be limited due to the unavailability of physical certificates for the notes.

DTC has advised us that it will take any action permitted to be taken by a registered holder of any notes under the indenture only at the direction of one or more participants to whose accounts with DTC the notes are credited.

Clearstream and Euroclear will hold interests on behalf of their participants through customers' securities accounts in Clearstream's and Euroclear's names on the books of their respective depositaries, which in turn will hold interests in customers' securities accounts in the depositaries' names on the books of DTC.

Clearstream holds securities for its participating organizations, ("Clearstream Participants") and facilitates the clearance and settlement of securities transactions between Clearstream Participants through electronic book-entry changes in accounts of Clearstream Participants, thereby eliminating the need for physical movement of certificates. Clearstream provides to Clearstream Participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in several countries.

Clearstream is registered as a bank in Luxembourg, and as such is subject to regulation by the Commission de Surveillance du Secteur Financier and the Banque Centrale du Luxembourg, which supervise and oversee the activities of Luxembourg banks. Clearstream Participants are world-wide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations, and may include the underwriters or their affiliates. Indirect access to Clearstream is available to other institutions that clear through or maintain a custodial relationship with a Clearstream Participant. Clearstream has established an electronic bridge with Euroclear as the operator of the Euroclear System, (the "Euroclear Operator") in Brussels to facilitate settlement of trades between Clearstream and the Euroclear Operator.

Euroclear holds securities and book-entry interests in securities for participating organizations, (the "Euroclear Participants") and facilitates the clearance and settlement of securities transactions between Euroclear Participants, and between Euroclear Participants and participants of certain other securities intermediaries through electronic book-entry changes in accounts of such participants or other securities intermediaries. Euroclear provides Euroclear Participants, among other things, with safekeeping, administration, clearance and settlement, securities lending and borrowing, and related services. Euroclear Participants are investment banks, securities brokers and dealers, banks, central banks, supranationals, custodians, investment managers, corporations, trust companies and certain other organizations, and may include the underwriters or their affiliates. Non-participants in Euroclear may hold and transfer beneficial interests in a global security through accounts with a Euroclear Participant or any other securities intermediary that holds a book-entry interest in a global security through one or more securities intermediaries standing between such other securities intermediary and Euroclear.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law, which we collectively refer to as the "Terms and Conditions." The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear Participants, and has no record of or relationship with persons holding through Euroclear Participants.

Distributions with respect to notes of a series held beneficially through Clearstream or Euroclear will be credited to the cash accounts of Clearstream Participants or Euroclear Participants, as the case may be, in accordance with their respective procedures, to the extent received by the U.S. depositary for Clearstream or Euroclear, as the case may be. Transfers between Euroclear Participants and Clearstream Participants will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Cross-market transfers between DTC's participating organizations, ("DTC Participants"), on the one hand, and Euroclear Participants or Clearstream Participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by its U.S. depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its U.S. depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the global security in DTC, and making or receiving payment in accordance with normal procedures for same-day fund settlement applicable to DTC. Euroclear Participants and Clearstream Participants may not deliver instructions directly to their respective U.S. depositaries. Due to time zone differences, the securities accounts of a Euroclear Participant or Clearstream Participant purchasing an interest in a global security from a DTC Participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear Participant or Clearstream Participant, during the securities settlement processing day, which must be a business day for Euroclear or Clearstream, immediately following the settlement date of DTC. Cash received in Euroclear or Clearstream as a result of sales of interests in a global security related to a series of debt securities by or through a Euroclear Participant or Clearstream Participant to a DTC Participant will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of securities among participants of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures and they may discontinue the procedures at any time.

None of us, any of the initial purchasers or the trustee will have any responsibility for the performance by Clearstream or Euroclear or their respective participants of their respective obligations under the rules and procedures governing their operations. In addition, the information in this section concerning DTC and its book-entry system has been obtained from sources that we believe to be accurate, but we assume no responsibility for the accuracy thereof.

TRANSFER RESTRICTIONS

The notes have not been registered, and will not be registered, under the Securities Act or any state securities laws, and the notes may not be offered or sold except pursuant to an effective registration statement or pursuant to transactions exempt from, or not subject to, registration under the Securities Act. Accordingly, the notes are being offered and sold only:

- in the United States to qualified institutional buyers (as defined in Rule 144A) pursuant to Rule 144A under the Securities Act; and
- outside of the United States, to certain persons, other than U.S. persons, in offshore transactions meeting the requirements of Rule 903 of Regulation S under the Securities Act.

Purchasers' Representations and Restrictions on Resale and Transfer

Each purchaser of notes (other than the initial purchasers in connection with the initial issuance and sale of notes) and each owner of any beneficial interest therein will be deemed, by its acceptance or purchase thereof, to have represented and agreed as follows:

(1) it is purchasing the notes for its own account or an account with respect to which it exercises sole investment discretion and it and any such account is either (a) a qualified institutional buyer and is aware that the sale to it is being made pursuant to Rule 144A or (b) a non-U.S. person that is outside the United States;

(2) it acknowledges that the notes have not been registered under the Securities Act or with any securities regulatory authority of any state 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;

(3) it understands and agrees that notes initially offered in the United States to qualified institutional buyers will be represented by a global note and that notes offered outside the United States pursuant to Regulation S will also be represented by a global note;

(4) it will not resell or otherwise transfer any of such notes except (a) to us, (b) within the United States to a qualified institutional buyer in a transaction complying with Rule 144A under the Securities Act, (c) outside the United States in compliance with Rule 903 or 904 under the Securities Act, (d) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act;

(5) it agrees that it will give to each person to whom it transfers the notes notice of any restrictions on transfer of such notes;

(6) it acknowledges that prior to any proposed transfer of notes (other than pursuant to an effective registration statement or in respect of notes sold or transferred either pursuant to (a) Rule 144A or (b) Regulation S) the holder of such notes may be required to provide certifications relating to the manner of such transfer as provided in the indenture;

(7) it acknowledges that the trustee, registrar or transfer agent for the notes will not be required to accept for registration transfer of any notes acquired by it, except upon presentation of evidence satisfactory to us that the restrictions set forth herein have been complied with;

(8) it acknowledges that we, the initial purchasers and other persons will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgements, representations and agreements deemed to have been made by its purchase of the notes are no longer accurate, it will promptly notify us and the initial purchasers; and

(9) if it is acquiring the notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account.

Legends

The following is the form of restrictive legend which will appear on the face of the Rule 144A global note and which will be used to notify transferees of the foregoing restrictions on transfer:

> "THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GRUPO PETROTEMEX, S.A. DE C.V. (THE "COMPANY") THAT THIS NOTE OR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A) IN ACCORDANCE WITH RULE 144A, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT AFFORDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND IN EACH OF SUCH CASES IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER APPLICABLE JURISDICTION. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES THAT IT SHALL NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.
>
> THE FOREGOING LEGEND MAY BE REMOVED FROM THIS NOTE ON SATISFACTION OF THE CONDITIONS SPECIFIED IN THE INDENTURE REFERRED TO HEREIN."

The following is the form of restrictive legend which will appear on the face of the Regulation S global note and which will be used to notify transferees of the foregoing restrictions on transfer:

> "THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES THAT NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY OTHER APPLICABLE JURISDICTION.
>
> THE FOREGOING LEGEND MAY BE REMOVED FROM THIS NOTE AFTER 40 DAYS BEGINNING ON AND INCLUDING THE LATER OF (A) THE DATE ON WHICH THE NOTES ARE OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) AND (B) THE ORIGINAL ISSUE DATE OF THE NOTES."

CERTAIN MATERIAL INCOME TAX CONSIDERATIONS

Mexican Tax Considerations

General

The following is a general summary of the principal Mexican federal income tax consequences of the purchase, ownership and disposition of the notes by holders that are not residents of Mexico for tax purposes and that do not hold the notes through a permanent establishment in Mexico to which the holding of the notes is attributable for tax purposes. For purposes of this summary, each such holder is a "foreign holder". This summary is based upon the provisions of the Mexican Federal Income Tax Law (*Ley del Impuesto Sobre la Renta*, or the "Mexican Income Tax Law") in effect on the date of this offering memorandum, all of which are subject to change or to new or different interpretations, which could affect the continued validity of this summary. This summary does not address all of the Mexican tax consequences that may be applicable to specific holders of the notes and does not purport to be a comprehensive description of all the Mexican tax considerations that may be relevant to a decision to purchase, own or dispose of the notes. This summary does not describe any tax consequences arising under the laws of any state, municipality or taxing jurisdiction other than the Mexican Income Tax Law.

POTENTIAL PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING THE PARTICULAR TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES UNDER THE LAWS OF MEXICO AND ANY OTHER JURISDICTION OR UNDER ANY APPLICABLE DOUBLE TAXATION TREATY.

For purposes of Mexican taxation, an individual or corporation that does not satisfy the requirements to be considered a resident of Mexico for tax purposes, as described below, is deemed a non-resident of Mexico for tax purposes.

An individual is a resident of Mexico for tax purposes, if such person has established his or her domicile in Mexico. When such person has a home in another country, the individual will be considered a resident of Mexico for tax purposes if his/her center of vital interests is located in Mexico, which is deemed to occur if (i) more than 50% of such individual's total income, in any calendar year, is from a Mexican source, or (ii) such individual's principal center of professional activities is located in Mexico. Mexican nationals that are employed by the Mexican government are deemed residents of Mexico, even if his/her center of vital interests is located outside Mexico. Unless otherwise proven, Mexican nationals are deemed residents of Mexico for tax purposes.

A legal entity is a resident of Mexico if it maintains the principal administration of its business or the effective location of its management in Mexico.

A permanent establishment in Mexico of a foreign person will be regarded as a resident of Mexico, and such permanent establishment will be required to pay taxes in Mexico in accordance with applicable tax laws, for income attributable to such permanent establishment.

Taxation of Payments of Interest

Under the Mexican Income Tax Law, payments of interest (including original issue discount and premiums, which are deemed interest under the Mexican Income Tax Law) made by us or the subsidiary guarantors that are residents in Mexico for tax purposes in respect of the notes to a foreign holder will generally be subject to a Mexican withholding tax assessed at a rate of 4.9%, if, as expected, the following requirements are met:

- the notes are placed outside Mexico through banks or broker-dealers, in a country with which Mexico has a treaty for the avoidance of double taxation in effect;
- a notice is filed before the CNBV describing the main characteristics of the notes offering pursuant to Article 7 of the Mexican Securities Market Law (*Ley del Mercado de Valores*); and
- the information requirements specified from time to time by the Mexican Ministry of Finance and Public Credit under its general rules, including, after completion of the offering of the notes, the filing of certain information related to the notes offering and this offering memorandum are duly complied with.

If any of such requirements is not met, the applicable withholding tax rate will be 10% or higher.

In addition, if the effective beneficiaries, whether directly or indirectly, severally or jointly with related parties, receiving more than 5% of the aggregate amount of each interest payment under the notes are (i) shareholders holding more than 10% of our voting stock, directly or indirectly, severally or jointly with related parties, or (ii) corporations or other entities having more than 20% of their stock owned, directly or indirectly, jointly or severally, by persons related to us, the Mexican withholding tax will be applied at a rate of 28% or higher.

Payments of interest made by us or any subsidiary guarantor that is a resident of Mexico for tax purposes in respect of the notes to non-Mexican pension or retirement funds will be exempt from Mexican withholding taxes if:

- such fund is organized pursuant to the laws of its country of residence and is the effective beneficiary of the interest payment;
- such income is exempt from income taxes in such country; and
- such fund is registered with the Mexican Ministry of Finance and Public Credit for these purposes.

Holders or beneficial owners of the notes may be requested, subject to specified exemptions and limitations, to provide certain information or documentation necessary to enable us to apply the appropriate Mexican withholding tax rate on interest payments under the notes made by us to such holders or beneficial owners. In the event that the specified information or documentation concerning the holder or beneficial owner, if requested, is not timely or completely provided at all, we may withhold Mexican tax from that interest payment on the notes to that holder or beneficial owner at the maximum applicable rate, and our obligation to pay Additional Amounts relating to those withholding taxes would be limited as described under “Description of the Notes—Additional Amounts.”

Taxation of Principal Payments

Under the Mexican Income Tax Law, payments of principal made by us or any subsidiary guarantor in respect of the notes to a foreign holder will not be subject to Mexican withholding tax.

Taxation of Dispositions and Acquisitions of the Notes

Under the Mexican Income Tax Law, gains resulting from the sale or disposition of the notes by a foreign holder to another foreign holder are not taxable in Mexico. Gains resulting from the sale of the notes by a foreign holder to a purchaser who is a Mexican resident for tax purposes or to a foreign holder deemed to have a permanent establishment in Mexico for tax purposes will be subject to Mexican federal income or other taxes pursuant to the rules described above in respect of interest payments. The acquisition of the notes at a discount by a foreign holder will be deemed interest income, and subject to Mexican withholding taxes, if the seller is a Mexican resident or a foreign resident deemed to have a permanent establishment in Mexico.

Other Mexican Taxes

Under current Mexican tax laws, there are no estate, inheritance, succession or gift taxes generally applicable to the purchase, ownership or disposition of the notes by a foreign holder. Gratuitous transfers of the notes in certain circumstances may result in the imposition of Mexican income taxes upon the recipient. There are no Mexican stamp, issuer registration or similar taxes or duties payable by foreign holders of the notes with respect to the notes.

U.S. Tax Considerations

General

The following is a discussion of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of the notes to U.S. Holders (as defined below) that acquire the notes for cash in the initial offering at the price set forth on the cover page. This discussion is based on the Internal Revenue Code of 1986, as amended (the "Code"), and administrative pronouncements, judicial decisions and existing and proposed Treasury Regulations, together with related interpretations, as of the date hereof, changes to any of which subsequent to the date of this offering memorandum may affect the tax consequences described below, possibly with retroactive effect. We cannot assure you that the Internal Revenue Service ("IRS") will not challenge one or more of the tax consequences described in this discussion, and we have not obtained, nor do we intend to obtain, a ruling from the IRS or an opinion of counsel with respect to the U.S. federal tax consequences of acquiring, holding or disposing of the notes.

The following discusses only notes held as capital assets within the meaning of Section 1221 of the Code. It does not discuss all of the tax consequences that may be relevant to a holder in light of that holder's particular circumstances (including the potential application of the U.S. alternative minimum tax) or to holders subject to special rules, such as (but not limited to) insurance companies; banks, thrifts or financial institutions; tax-exempt investors; dealers in securities or foreign currencies; traders in securities that elect to use the mark-to-market method of accounting for their securities holdings; persons holding the notes in connection with a hedging transaction, "straddle," conversion transaction or other integrated transaction; partnerships or other flow-through entities (or investors in such entities); or holders (as defined below) that have a functional currency other than the U.S. dollar. Prospective investors should consult their tax advisors with regard to the application of U.S. federal income, estate and gift tax laws to their particular situations, as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

As used in the following discussion, the term "U.S. Holder" means a beneficial owner of a note that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States, including an alien individual who is a lawful permanent resident of the United States or meets the substantial presence test under Section 7701(b) of the Code;
- a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (A) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (B) the trust has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

The U.S. federal income tax treatment of a partner in a partnership (or other entity classified as a partnership for U.S. federal income tax purposes) that holds the notes generally will depend on such partner's particular circumstances and on the activities of the partnership. Partners in such partnerships should consult their own tax advisors.

In certain circumstances, the notes provide for the payment of certain amounts in excess of the stated interest and principal. Because of this, the notes could be subject to rules relating to debt instruments that provide for one or more contingent payments, referred to as the "Contingent Payment Regulations." Under the Contingent Payment Regulations, the possibility, as of the issue date, of such excess amounts being paid will not cause the notes to be

treated as contingent payment debt instruments if there is only a “remote” chance that these contingencies will occur or if such contingencies are considered to be “incidental.” We intend to take the position that any such contingencies should be considered “remote” or “incidental” and, therefore, should not cause the notes to be treated as contingent payment debt instruments. Our determination that the notes will not be treated as contingent payment debt instruments will be binding on a holder unless such holder explicitly discloses its contrary position to the IRS in the manner required by applicable Treasury Regulations. Our determination, however, is not binding on the IRS and if the IRS successfully challenged this position, the tax consequences of holding and disposing of a note would differ materially from the consequences described herein (e.g., a holder may be required to accrue interest at a higher rate and any gain on the disposition of a note may be treated as ordinary interest income, rather than capital gain). The remainder of this discussion assumes that the notes will not be treated as contingent payment debt instruments.

TO COMPLY WITH INTERNAL REVENUE SERVICE CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS OFFERING MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY YOU, FOR THE PURPOSES OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON YOU UNDER THE CODE; (B) SUCH DISCUSSION IS BEING USED IN CONNECTION WITH THE PROMOTION AND MARKETING OF THE NOTES; AND (C) PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THE TAXPAYER’S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Stated Interest

Payments of stated interest, including additional amounts, if any, on notes generally will be taxable to a U.S. Holder as ordinary interest income at the time such payments are accrued or are received (in accordance with the holder’s regular method of tax accounting). The amount of income taxable to a U.S. Holder will include the amount of all Mexican taxes that we withhold (as described above under “—Mexican Tax Considerations”) from payments of interest on the notes. Thus, a U.S. Holder will have to report income in an amount that is greater than the amount of cash it receives from these interest payments on its notes. For purposes of the following discussion, references to interest include any additional amounts paid in respect of interest payments on the notes.

A U.S. Holder may, subject to certain limitations, be eligible to claim any Mexican income taxes withheld from interest payments as a credit or deduction for purposes of computing its U.S. federal income tax liability. Interest paid on the notes will constitute income from sources without the United States for U.S. foreign tax credit purposes and will generally be treated for U.S. foreign tax credit purposes as “passive category income.”

A U.S. Holder will not be allowed to claim foreign tax credits (but would instead be allowed a deduction) for foreign taxes imposed on income with respect to the notes unless the U.S. Holder (i) holds such notes for more than 15 days during the 31-day period beginning on the date that is 15 days before the right to receive payment arises (disregarding any period during which the U.S. Holder has, by reason of certain specified transactions, a diminished risk of loss with respect to such notes) and (ii) is not under an obligation to make related payments with respect to positions in substantially similar or related property. The calculation of foreign tax credits involves the application of complex rules that depend on a U.S. Holder’s particular circumstances. Accordingly, investors are urged to consult their tax advisors regarding their ability to claim a credit for any foreign withholding taxes paid with respect to the notes.

Sale, Exchange, Redemption or Retirement of the Notes

A U.S. Holder will generally recognize taxable gain or loss equal to the difference between the amount of cash received plus the fair market value of any property received on the sale, exchange, redemption, retirement or other taxable disposition of the notes (less any portion allocable to accrued and unpaid stated interest, which will be taxable as ordinary income as described above) and (ii) the U.S. Holder’s adjusted tax basis in the notes. A U.S. Holder’s adjusted tax basis in the notes generally will be the initial purchase price paid. Such gain or loss will generally be capital gain or loss and will be long-term capital gain or loss provided the U.S. Holder’s holding period

for the notes exceeds one year. In the case of a U.S. Holder other than a corporation a preferential tax rate currently applies to long-term capital gains. Subject to certain limited exceptions, capital losses cannot be applied to offset ordinary income for U.S. federal income tax purposes. Any capital gains or losses that arise when the U.S. Holder sells or disposes of the notes will generally be treated as U.S. source capital gain or loss for foreign tax credit purposes; therefore, if any gain is subject to Mexican income tax, a U.S. Holder may not be able to credit the Mexican income tax against its U.S. federal income tax liability. U.S. Holders should consult their own tax advisors regarding the foreign tax credit implications of a disposition of the notes.

Information Reporting and Backup Withholding Tax

In general, information reporting requirements will apply to payments of interest on the notes and payments of the proceeds of the sale or other disposition of the notes (including a redemption or retirement), unless the U.S. Holder is an exempt recipient (such as a corporation). In addition, backup withholding tax (currently at a rate of 28%) may apply to those payments if:

- the U.S. Holder fails to furnish or to certify its correct taxpayer identification number in the manner required or fails to establish that it is exempt from backup withholding; or

- the U.S. Holder is notified by the IRS that the U.S. Holder is subject to backup withholding because the U.S. Holder previously failed to report payments of interest and dividends properly.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder will be allowed as a credit against the holder's U.S. federal income tax liability and may entitle the holder to a refund, provided that the required information is timely furnished to the IRS.

European Union Savings Directive

The European Union has adopted a Prospectus Directive (as defined below under "Plan of Distribution") regarding the taxation of savings income. Member states of the European Union ("Member States") are required to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual in another Member State, except that Austria, Belgium and Luxembourg will instead impose a withholding system for a transitional period unless during such period they elect otherwise. For further information regarding taxation in Luxembourg, see "—Luxembourg Tax Considerations."

Luxembourg Tax Considerations

General

The following summarizes certain withholding tax considerations for payments on the notes through a paying agent established in Luxembourg under the laws in force in the Grand-Duchy of Luxembourg as of the date of this offering memorandum and is therefore subject to any future changes in such laws. This summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the notes. Each prospective holder or beneficial owner of the notes should consult its own tax advisor as to the Luxembourg tax consequences of the purchase, ownership and disposal of the notes.

Non-Resident Holders

A holder of the notes that is not resident, or deemed to be resident, in Luxembourg will not become resident, or be deemed to be resident, in Luxembourg for tax purposes by reason only of its holding and/or enforcement of the notes. Subject to the exceptions in the following paragraph, there is no Luxembourg tax on payments of interest (including accrued but unpaid interest) or upon repayment of the principal or upon redemption of the notes issued by a non-resident issuer to non-resident holders of the notes.

However, under the Luxembourg law dated 21 June 2005 implementing the European Council Directive 2003/48/EC on the taxation of savings income (the "Savings Directive") and several agreements concluded between Luxembourg and certain dependent territories of the European Union, a Luxembourg-based paying agent (within the

meaning of the Savings Directive) is required to withhold tax on interest and other similar income paid by it to (or under certain circumstances for the benefit of) an individual or to a residual entity (within the meaning of Article 4.2 of the Savings Directive and applicable Luxembourg law) resident or established in another European Union Member State or one of such dependent territories, unless the beneficiary of the interest payments opts for a procedure involving the exchange of information or involving a tax certificate.

The rate of withholding tax applicable in the circumstances described in the preceding paragraph is 20% until 30 June 2011, increasing to 35% thereafter. The withholding tax will cease to apply upon the conclusion of certain agreements relating to the exchange of information with certain other countries.

Resident Holders

Interest payments made by a Luxembourg paying agent to resident holders of the notes that are not individuals are not subject to withholding tax.

Interest payments made by a Luxembourg paying agent (as defined in the law of 23 December 2005) to individual resident holders of the notes acting in the course of the management of their private wealth or to foreign residual entities receiving the payment for the benefit of such holders are subject to withholding tax at the rate of 10%. The 10% withholding tax represents the final tax liability for individual resident holders of the notes acting in the course of the management of their private wealth.

CERTAIN ERISA CONSIDERATIONS

The notes may be acquired and held by, or with the assets of, an employee benefit plan that is subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or an individual retirement account or other plan, account or arrangement that is subject to Section 4975 of the Code (each, an "ERISA Plan"). A fiduciary of an ERISA Plan must determine that the acquisition and holding of the notes is consistent with its fiduciary duties under ERISA and that the acquisition and holding of the notes will not result in a non-exempt prohibited transaction as defined in Section 406 of ERISA or Section 4975 of the Code. In addition, each prospective investor acquiring or holding the notes with the assets of any plan, account or other arrangement that is subject to any laws or regulations which are similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code (collectively, "Similar Laws") must also determine that its purchase and holding of the notes will not result in a violation of any applicable Similar Law. Each holder of the notes that is an ERISA Plan or a plan, account or other arrangement that is subject to any Similar Law (each, a "Plan Investor") will be deemed to have represented by its acquisition and holding of the notes that its acquisition and holding of the notes will not constitute or give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of any applicable Similar Law. The sale of any notes to any Plan Investor is in no respect a representation by us or any of our affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by Plan Investors generally or any particular Plan Investor, or that such an investment is appropriate for Plan Investors generally or any particular Plan Investor.

PLAN OF DISTRIBUTION

Subject to the terms and conditions contained in a purchase agreement between us, the subsidiary guarantors and the initial purchasers, we have agreed to sell to the initial purchasers, and each of the initial purchasers has, severally and not jointly, agreed to purchase from us, the principal amount of the notes that appears opposite its name in the table below.

Initial Purchasers	Principal Amount
Banc of America Securities LLC	US$100,000,000
J.P. Morgan Securities Inc.	100,000,000
Total	US$200,000,000

The purchase agreement provides that the obligation of the initial purchasers to purchase the notes is subject to certain conditions precedent and that the initial purchasers will purchase all of the notes if any of the notes are purchased.

We and the subsidiary guarantors have agreed to indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, and to contribute to payments that the initial purchasers may be required to make in respect of any of these liabilities.

The notes have not been registered under the Securities Act. The initial purchasers have agreed that they will offer or sell the notes in the United States only to qualified institutional buyers pursuant to Rule 144A under the Securities Act and outside the United States pursuant to Regulation S under the Securities Act. See “Transfer Restrictions.”

New Issue of Securities

The notes are a new issue of securities with no established trading market. Application has been made to list the notes on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF Market. The initial purchasers may make a market in the notes after completion of the offering, but will not be obligated to do so, and may discontinue any market-making activities at any time without notice. Neither we nor the initial purchasers can provide any assurance as to the liquidity of the trading market for the notes or that an active public market for the notes will develop. If an active public trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected.

Stabilization Transactions

In connection with the offering of the notes, the initial purchasers may engage in over-allotment and stabilizing transactions. Over-allotment involves sales in excess of the offering size, which creates a short position for the initial purchaser. Stabilizing transactions involve bids to purchase the notes in the open market for the purpose of pegging, fixing or maintaining the price of the notes. Stabilizing transactions may cause the price of the notes to be higher than it would otherwise be in the absence of those transactions. If the initial purchasers engage in stabilizing covering transactions, they may discontinue them at any time.

Sales Outside the United States

Neither we nor the initial purchasers are making an offer to sell, or seeking offers to buy, the notes in any jurisdiction where the offer and sale is not permitted. You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the notes or possess or distribute this offering memorandum, and you must obtain any consent, approval or permission required for your purchase, offer or sale of the notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. Neither we nor the initial purchasers will have any responsibility therefor.

Mexico

The notes have not been registered in Mexico with the National Securities Registry (*Registro Nacional de Valores*) maintained by the CNBV. Accordingly, the notes may not be offered or sold in Mexico, absent an available exemption under Article 8 of the Mexican Securities Market Law.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), the initial purchasers have represented and agreed 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 the notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the notes to the public in that Relevant Member State at any time:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year, (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or

(c) in any other circumstances which do not require the publication by the issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of the 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 so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State; and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

The initial purchasers have represented, warranted and agreed that:

(a) they have 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 United Kingdom Financial Services and Markets Act of 2000 ("FSMA") received by it in connection with the issue or sale of such notes in circumstances in which Section 21(1) of the FSMA does not, or would not, apply to us; and

(b) they have 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.

Hong Kong

The notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person

for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Japan

The notes have not been and will not be registered under the Securities and Exchange Law of Japan (the Securities and Exchange Law) and each initial purchaser has represented and agreed 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 (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the notes are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the notes under Section 275 except (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA, (2) where no consideration is given for the transfer or (3) by operation of law.

Relationships with the Initial Purchasers

In the ordinary course of business, the initial purchasers and their affiliates have provided, and may in the future provide, investment banking, commercial banking, cash management, foreign exchange or other financial services to us and our affiliates for which they have received customary compensation and may receive compensation in the future.

Certain affiliates of the initial purchasers are lenders under certain of our debt instruments and counterparties under certain of our derivative financial transactions.

Settlement

Delivery of the notes is expected on or about August 19, 2009, which will be the fifth business day following the date of pricing of the notes. Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the notes who wish to trade the notes on the pricing date or the next succeeding business day should consult their own advisor.

ENFORCEMENT OF CIVIL LIABILITIES

We and certain of our subsidiary guarantors are companies organized under the laws of Mexico. Almost all of our directors and executive officers, and the directors and executive officers of many of our subsidiary guarantors named in this offering memorandum, reside outside the United States. A majority of our assets and the assets of certain of our subsidiary guarantors are located, and a majority of our revenues and the revenues of certain of our subsidiary guarantors are derived from sources, outside the United States. As a result, it may not be possible for investors to effect service of process outside Mexico on us or our directors or executive officers or on those subsidiary guarantors, or to enforce against such parties judgments of courts located outside Mexico predicated on civil liabilities under the laws of jurisdictions other than Mexico, including judgments predicated on the civil liability provisions of the U.S. federal securities laws or other laws of the United States. We intend to appoint CT Corporation System, New York, New York, as our agent to receive service of process with respect to any action brought against us in any federal or state court in the State of New York arising from the offering and issuance of the notes.

No treaty exists between the United States and Mexico for the reciprocal enforcement of judgments issued in the other country. Generally, Mexican courts would enforce final judgments rendered in the United States if certain requirements were met, including the review in Mexico of the U.S. judgment to ascertain compliance with certain basic principles of due process and the non-violation of Mexican law or public policy, provided that U.S. courts would grant reciprocal treatment to Mexican judgments. Additionally, there is doubt as to the enforceability, in original actions in Mexican courts, of liabilities predicated, in whole or in part, on U.S. federal securities laws and as to the enforceability in Mexican courts of judgments of U.S. courts obtained in actions predicated on the civil liability provisions of U.S. federal securities laws.

In the event that proceedings are brought in Mexico seeking to enforce our or our subsidiary guarantors' obligations in respect of the notes, we would not be required to discharge such obligations in a currency other than the Mexican peso. Pursuant to Mexican law, an obligation in a currency other than the Mexican peso, which is payable in Mexico, may be satisfied in Mexican currency at the rate of exchange in effect on the date on which payment is made. Such rate of exchange is currently determined by *Banco de México* each business day in Mexico and published the following business banking day in the Official Gazette of Mexico.

Upon declaration of insolvency (*concurso mercantil*), payment obligations under our outstanding debt (i) would be converted into pesos and then from pesos into UDIs and would not be adjusted to take into account any devaluation of the peso relative to the U.S. dollar occurring after such conversion, (ii) would be satisfied at the time claims of all our creditors are satisfied, (iii) would be subject to the outcome of, and priorities recognized in, the relevant proceedings, (iv) would cease to accrue interest from the date a *concurso mercantil is* declared and (v) would be subject to certain statutory preferences, including tax, social security and labor claims, and claims of secured creditors. UDIs are instruments denominated in pesos that automatically adjust the principal amount of an obligation to the inflation rate officially recognized by *Banco de México*.

LEGAL MATTERS

The validity of the notes will be passed upon for us by Weil, Gotshal & Manges LLP, New York, New York, our U.S. counsel, and by our internal counsel. The validity of the notes will be passed upon for the initial purchasers by Simpson Thacher & Bartlett LLP, New York, New York, U.S. counsel to the initial purchasers, and by Ritch Mueller, S.C., México, D.F., Mexican counsel to the initial purchasers.

INDEPENDENT PUBLIC ACCOUNTANTS

The consolidated financial statements of Petrotemex and its consolidated subsidiaries as of December 31, 2007 and 2008 and for each of the years in the three-year period ended December 31, 2008 included in this offering memorandum have been audited by PricewaterhouseCoopers, S.C., an independent public accounting firm, as stated in its report appearing in this offering memorandum.

LISTING AND GENERAL INFORMATION

1. We were incorporated on December 16, 1998 pursuant to public instrument number 5,730, dated December 11, 1998, granted before Mr. Luciano Gerardo Galindo Ruíz, Notary Public No. 3486 of San Pedro Garza García, N.L., México.

2. The issuance of the notes was authorized by resolution of our board of directors duly adopted on July 23, 2009. The obligations of the subsidiary guarantors under their respective guarantees were authorized by resolutions of their respective boards of directors duly adopted, in the case of DAK Resinas Americas Mexico, S.A. de C.V., Productora de Tereftalatos de Altamira, S.A. de C.V. and Tereftalatos Mexicanos, S.A. de C.V., on July 27, 2009 and, in the case of DAK Americas LLC, on July 28, 2009.

3. The addresses of the subsidiary guarantors are as follows: DAK Americas LLC, 5925 Carnegie Boulevard, Suite 500, Charlotte, North Carolina, United States 28209; DAK Resinas Americas Mexico, S.A. de C.V., Predio Buena Vista de Torres, Cosoleacaque, Veracruz, México CP96346; Productora de Tereftalatos de Altamira, S.A. de C.V., Boulevard Petrocel km 1, Col. Puerto Industrial en Altamira, Tamaulipas, México CP89603; and Tereftalatos Mexicanos, S.A. de C.V., Predio Buena Vista de Torres, Cosoleacaque, Veracruz, México CP96346.

4. While the results of any disputes cannot be predicted with certainty, we do not believe that there are any pending or threatened actions, suits or proceedings against or affecting us which, if determined adversely to us, would in our view, individually or in the aggregate, materially harm our business, financial condition or results of operations.

5. For so long as any of the notes remain outstanding, copies of the indenture, the notes, the guarantees and our future annual audited consolidated financial statements and quarterly unaudited condensed consolidated financial statements will be available and may be inspected during normal business hours at our executive offices, at the offices of the trustee or (for so long as the notes are listed on the Official List of the Luxembourg Stock Exchange) at the offices of the Luxembourg paying agent for the notes.

   For so long as any of the notes remain outstanding, copies of our and the subsidiary guarantors' current bylaws (*estatutos sociales*) or limited liability agreement, as the case may be (including any amendments or modifications thereof), will be available and may be inspected during normal business hours at our executive offices or (for so long as the notes are listed on the Official List of the Luxembourg Stock Exchange) at the offices of the Luxembourg paying agent for the notes.

6. There is no time of validity of claims to payment of interest and repayment of principal provided for in the indenture.

7. The notes have been accepted for clearance through the facilities of DTC and its direct and indirect participants (including Clearstream and Euroclear). The ISIN number and CUSIP number for the global notes sold pursuant to Rule 144A are US40052RAA14 and 40052R AA1, respectively. The common code for these notes is 044745925. The ISIN number and CUSIP number for the notes sold pursuant to Regulation S are USP49802AA24 and P49802 AA2, respectively. The common code for these notes is 044718316.

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REPORT OF INDEPENDENT AUDITORS

To the Stockholders of
Grupo Petrotemex, S. A. de C. V.

Monterrey, N. L., July 24, 2009

1. We have audited the consolidated balance sheets of Grupo Petrotemex, S. A. de C. V. and subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of income and of changes in stockholders' equity for the three years ended December 31, 2008, 2007 and 2006. We have also audited the consolidated statement of cash flow for the year ended December 31, 2008 and the consolidated statements of changes in financial position for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

   We conducted our audits in accordance with auditing standards generally accepted in Mexico. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and that they were prepared in accordance with Mexican Financial Reporting Standards (MFRS). An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the financial reporting standards used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

2. As described in Note 3, the following Mexican Financial Reporting Standards became effective on January 1, 2008: (a) B-10 "Effects of inflation"; (b) B-2 "Statement of cash flows"; (c) B-15 "Translation of foreign currency"; (d) D-3 "Employee benefits"; and (e) D-4 "Income tax". The related characteristics and effects of their adoption as from 2008 are described in such Note.

3. In our opinion, the aforementioned consolidated financial statements present fairly, in all material respects, the consolidated financial position of Grupo Petrotemex, S. A. de C. V. and subsidiaries at December 31, 2008 and 2007, and the consolidated results of their operations and the changes in their stockholders' equity for the three years ended December 31, 2008, 2007 and 2006, their cash flows for the year ended December 31, 2008 and the changes in their consolidated financial position for the years ended December 31, 2007 and 2006, in conformity with Mexican Financial Reporting Standards.

PricewaterhouseCoopers, S. C.

Héctor Puente Segura

GRUPO PETROTEMEX, S. A. DE C. V. AND SUBSIDIARIES
(subsidiaries of Alfa, S. A. B. de C. V.)

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2008 AND 2007

Thousands of Mexican pesos (see Note 3)

	2008	2007
Assets		
CURRENT ASSETS:		
Cash and cash equivalents	Ps. 1,056,289	Ps. 1,104,777
Restricted cash (Note 11)	401,340	-
Trade accounts receivable, less allowance for doubtful accounts of Ps22,819 in 2008 and Ps15,688 in 2007	2,457,669	2,276,806
Accounts receivable from related parties (Note 4)	2,162,688	276,386
Other accounts and notes receivable	1,103,573	587,713
Inventories (Note 5)	3,598,067	4,770,755
Derivative financial instruments (Note 11)	32,339	20,437
Investments	124,599	-
Total current assets	10,936,564	9,036,874
LONG-TERM NOTES RECEIVABLE	11,757	11,393
LONG-TERM ACCOUNTS RECEIVABLE FROM RELATED PARTIES (Note 4)	75,429	326,823
INVESTMENT IN SHARES OF ASSOCIATED COMPANIES (Note 6)	246,102	49,602
PROPERTY, PLANT AND EQUIPMENT, NET (Note 7)	12,404,115	9,846,768
DEFERRED INCOME TAX (Note 14)	719,409	170,545
OTHER NON-CURRENT ASSETS, NET (Note 8)	955,996	466,178
NON-CURRENT DERIVATIVE FINANCIAL INSTRUMENTS (Note 11)	134,500	32,203
Total assets	Ps. 25,483,872	Ps. 19,940,386
Liabilities and Stockholders' Equity		
CURRENT LIABILITIES:		
Current portion of long-term debt (Note 10)	Ps. 1,806,818	Ps. 334,128
Bank loans (Note 10)	1,246,666	704,717
Notes payable	6,003	141,295
Suppliers	3,729,156	3,295,360
Accounts payable to related parties (Note 4)	334,106	1,578,457
Income tax payable	7,658	17,467
Other accounts payable and accrued expenses	931,210	715
Derivative financial instruments (Note 11)	1,788,638	1,335
Total current liabilities	9,850,255	6,788,205
LONG-TERM LIABILITIES:		
Long-term debt (Note 10)	5,899,657	5,076,806
Long-term derivative financial instruments (Note 11)	1,155,643	57,550
Deferred income tax (Note 14)	2,179,347	1,962,746
Estimated liability for labor benefits (Note 12)	-	164,473
Total long-term liabilities	9,234,647	7,261,575
Total liabilities	19,084,902	14,049,780
STOCKHOLDERS' EQUITY (Note 13):		
Majority interest:		
Contributed capital	2,061,428	1,325,155
Earned surplus	3,981,963	4,239,211
Total majority interest	6,043,391	5,564,366
Minority interest	355,579	326,240
Total stockholders' equity	6,398,970	5,890,606
COMMITMENTS AND CONTINGENCIES (Note 15)		
Total liabilities and stockholders' equity	Ps. 25,483,872	Ps. 19,940,386

The accompanying notes are an integral part of these financial statements.

Felipe Garza M.
General Director

Félix Lavin M.
Administrative Manager

GRUPO PETROTEMEX, S. A. DE C. V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

Thousands of Mexican pesos (see Note 3)

	2008	2007	2006
Net sales	Ps. 34,105,569	Ps. 28,983,957	Ps. 25,834,478
Cost of sales	(31,905,615)	(27,037,038)	(23,178,036)
Gross margin	2,199,954	1,946,919	2,656,442
Operating expenses	(662,785)	(938,638)	(949,333)
Operating income	1,537,169	1,008,281	1,707,109
Comprehensive financing (expense) income:			
Interest expense	(661,361)	(438,761)	(330,972)
Interest income	88,421	64,926	44,738
Exchange loss, net	(142,494)	(26,877)	(67,493)
Loss from derivative financial instruments, net (Note 11)	(1,715,819)	(37,853)	(3,242)
Gain on monetary position	2,989	192,188	145,742
	(2,428,264)	(246,377)	(211,227)
Comprehensive financing cost capitalized (Note 7)	(4,816)	33,052	46,095
	(2,433,080)	(213,325)	(165,132)
Other expenses, net	(218,219)	(58,489)	(7,067)
Equity in loss of associated companies	-	-	(19,024)
(Loss) income before income tax	(1,114,130)	736,467	1,515,886
Income tax (Note 14)	646,435	(102,228)	(292,322)
Consolidated net (loss) income	(467,695)	634,239	1,223,564
Net loss (income) corresponding to minority interest	48,067	(12,216)	(68,298)
Net (loss) income corresponding to majority interest	Ps. (419,628)	Ps. 622,023	Ps. 1,155,266

The accompanying notes are an integral part of these financial statements.

Felipe Garza M.
General Director

Félix Lavin M.
Administrative Manager

GRUPO PETROTEMEX, S. A. DE C. V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

Thousands of Mexican pesos (see Note 3)

	Contributed capital			Earned surplus							
	Capital stock	Additional paid-in capital	Total	Retained earnings	Surplus (deficit) from restatement	Derivative financial instruments	Cumulative translation adjustment	Total	Total majority interest	Minority interest	Total stockholders' equity
Balances at December 31, 2005	Ps. 2,455,089	Ps.	Ps. 2,455,089	Ps. 3,011,310	Ps. 271,282	Ps. 45,945	Ps. 18,057	Ps. 3,346,594	Ps. 5,801,683	Ps. 265,223	Ps. 6,066,906
Changes in 2006:											
Net income for the year				1,155,266				1,155,266	1,155,266	68,298	1,223,564
Cumulative translation adjustment							(28,706)	(28,706)	(28,706)		(28,706)
Gain (loss) from holding nonmonetary assets					4,170			4,170	4,170	(3,607)	563
Derivative financial instruments						(90,002)		(90,002)	(90,002)		(90,002)
Comprehensive income for the year				1,155,266	4,170	(90,002)	(28,706)	1,040,728	1,040,728	64,691	1,105,419
Dividends paid (1.82 pesos per share)				(112,215)				(112,215)	(112,215)	(10,494)	(122,709)
Balances at December 31, 2006	2,455,089		2,455,089	4,054,361	275,452	(44,057)	(10,649)	4,275,107	6,730,196	319,420	7,049,616
Changes in 2007:											
Net income for the year				622,023				622,023	622,023	12,216	634,239
Cumulative translation adjustment							23,601	23,601	23,601		23,601
Loss from holding nonmonetary assets					(182,696)			(182,696)	(182,696)	(5,367)	(188,063)
Derivative financial instruments						45,290		45,290	45,290		45,290
Comprehensive income for the year				622,023	(182,696)	45,290	23,601	508,218	508,218	6,849	515,067
Decrease in of capital from spin-off (Note 13)	(1,129,934)		(1,129,934)	(544,114)				(544,114)	(1,674,048)		(1,674,048)
Dividends of subsidiaries to minority interest										(29)	(29)
	(1,129,934)		(1,129,934)	(544,114)				(544,114)	(1,674,048)	(29)	(1,674,077)
Balances at December 31, 2007	1,325,155		1,325,155	4,132,270	92,756	1,233	12,952	4,239,211	5,564,366	326,240	5,890,606
Changes in 2008:											
Net loss for the year				(419,628)				(419,628)	(419,628)	(48,067)	(467,695)
Cumulative translation adjustment							1,235,639	1,235,639	1,235,639	77,406	1,313,045
Derivative financial instruments						(988,348)		(988,348)	(988,348)		(988,348)
Comprehensive loss for the year				(419,628)		(988,348)	1,235,639	(172,337)	(172,337)	29,339	(142,998)
Purchase of shares from common control entity				(84,911)				(84,911)	(84,911)		(84,911)
Increase in capital stock (Note 13)	651,362	84,911	736,273						736,273		736,273
Reclassification of accumulated gain (loss) from holding nonmonetary assets (Note 13)				92,756	(92,756)						
	651,362	84,911	736,273	7,845	(92,756)			(84,911)	651,362		651,362
Balances at December 31, 2008 (Note 13)	Ps. 1,976,517	Ps. 84,911	Ps. 2,061,428	Ps. 3,720,487	Ps. -	(Ps. 987,115)	Ps. 1,248,591	Ps. 3,981,963	Ps. 6,043,391	Ps. 355,579	Ps. 6,398,970

The accompanying notes are an integral part of these financial statements.

Felipe Garza M.
General Director

Félix Lavin M.
Administrative Manager

GRUPO PETROTEMEX, S. A. DE C. V. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008

Thousands of Mexican Pesos (see Note 3)

Cash flows from operating activities:		
Net loss before tax		(Ps. 1,114,130)
Adjustments to reconcile to net cash:		
Items relating to investing activities:		
Depreciation and amortization		730,172
Unrealized foreign exchange loss		(93,872)
Loss on sale of investments (Note 1)		7,406
Derivative financial instruments		1,715,819
Interest income		(10,153)
Items relating to financial activities:		
Interest expense		579,630
		1,814,872
Decrease in trade accounts receivable		309,586
Increase in accounts receivable from related parties		(345,203)
Increase in other accounts receivable		7,496
Decrease in inventory		1,916,087
Decrease in accounts payable		(446,463)
Decrease in accounts payable to related parties		(1,761,013)
Income tax paid		(159,909)
Net cash flows from operating activities		1,335,453
Cash flows from investing activities:		
Capital expenditures		(716,078)
Interest income		10,153
Derivative financial instruments		(343,588)
Proceeds from sale of investments (Note 1)		31,945
Non-operating loans to related parties		(868,041)
Non-operating loans to third parties		(182,158)
Net cash flows applied to investing activities		(2,067,767)
Cash flows from financing activities:		
New long term debt		1,305,871
Payment of debt		(337,332)
Borrowings bank loans		301,113
Proceeds from capital increases		290,612
Interest paid		(558,439)
Net cash flows from financing activities		1,001,825
Increase in cash and cash equivalents		269,511
Cash and cash equivalents at beginning of year		1,104,777
Effect of exchange rate change on cash		83,341
Composed of:		
Cash and cash equivalents	Ps. 1,056,289	
Restricted cash	401,340	
Cash and cash equivalents at end of year		Ps. 1,457,629

The accompanying notes are an integral part of these financial statements.

Felipe Garza M.
General Director

Félix Lavin M.
Administrative Manager

GRUPO PETROTEMEX, S. A. DE C. V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

Thousands of Mexican pesos (see Note 3)

	2007	2006
Operations		
Consolidated net income for the year	Ps. 634,239	Ps. 1,223,564
Items not affecting resources:		
Depreciation and amortization	731,058	660,268
Equity in loss of associated companies	-	19,024
Deferred income tax	(211,693)	28,143
Estimated liability for labor benefits and other	(52,354)	(55,796)
Derivative financial instruments	25,381	3,242
	1,126,631	1,878,445
Changes in working capital, other than financing:		
Accounts receivable	1,239,050	(721,540)
Inventories	(2,441,244)	(525,205)
Suppliers	945,550	375,130
Other, net	220,491	216,988
	(36,153)	(654,627)
Resources provided by operations	1,090,478	1,223,818
Investment		
Investment in shares	(282,918)	22,585
Property, plant and equipment	(769,950)	(2,438,977)
Deferred charges	(272,615)	(31,454)
Other	(2,910)	-
Resources used in investment activities	(1,328,393)	(2,447,846)
Financing		
Short-term bank loans	704,717	-
Long-term debt	4,381,495	479,484
Repayment of debt and bank loans	(3,172,437)	(708,680)
Increase (decrease) in bank financing	1,913,775	(229,196)
Short-term notes payable	(118,572)	257,245
Long-term notes receivable	(7,704)	2,875
Related parties, net	1,066,946	(31,540)
Dividends declared	(29)	(122,709)
Decrease in capital from spin-off	(1,674,048)	-
Other	7,850	-
Resources provided by (used in) financing activities	1,188,218	(123,325)
Increase (decrease) in cash and cash equivalents	950,303	(1,347,353)
Cash and cash equivalents of companies acquired and spun-off	(202,080)	-
Cash and cash equivalents at beginning of year	356,554	1,703,907
Cash and cash equivalents at end of year	Ps. 1,104,777	Ps. 356,554

The accompanying notes are an integral part of these financial statements.

Felipe Garza M.
General Director

Félix Lavin M.
Administrative Manager

GRUPO PETROTEMEX, S. A. DE C. V. AND SUBSIDIARIES
(subsidiaries of Alfa, S. A. B. de C. V.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2008, 2007 AND 2006

Thousands of Mexican pesos (see Note 3)
(except where otherwise indicated)

1. ACTIVITIES OF GRUPO PETROTEMEX COMPANIES

Grupo Petrotemex, S. A. de C. V. (hereinafter "Grupo Petrotemex" or the "Company"), is a subsidiary of Alfa, S. A. B. de C. V. (Alfa). Grupo Petrotemex is an intermediate holding company whose main activity consists of the rendering of advisory, administrative and organizational services to its subsidiaries. It has no employees and the administrative services are provided to it by a related party.

In the preparation of the following notes to the financial statements: (i) "pesos" or "Ps." refers to Mexican pesos; (ii) dollars or US$ refers to U.S. dollars; and (iii) euros or € refers to the monetary unit of the European Union.

At December 31, 2008 and 2007, the main subsidiary companies of Grupo Petrotemex and their principal activities were:

		Ownership (%)(2)	
	Country(1)	2008	2007
Tereftalatos Mexicanos, S. A. de C. V. ("Temex") (manufacture and sale of petrochemical products)		91	91
Productora de Tereftalatos de Altamira, S. A. de C. V. ("Ptal") (manufacture and sale of petrochemical products)		91	91
Polimor, S. A. de C. V. ("Polimor") (Holding company)(7)		100	100
DAK Americas, L. L. C. ("Dak Americas") (manufacture and sale of petrochemical products)	USA	100	100
DAK Resinas Americas México, S. A. de C. V. ("Dak Resinas") (manufacture and sale of petrochemical products)(4)		100	100
Dak Americas Exterior, S. L. ("Dak Exterior") (Holding company)(6)	Spain	100	-
DAK Americas Argentina, S. A. ("Dak Argentina") (manufacture and sale of petrochemical products)(4) and(6)	Argentina	100	100
Inmobiliaria Petrocel, S. A. de C. V. ("Inmobiliaria") (Real Estate)		100	100
Petrocel Temex, S. A. de C. V. ("Petemex") (rendering of services)		100	100
Alpek Exterior, S. L. ("Alpek Exterior") (Holding company)(5)	Spain	100	-
Newpek, L. L. C. ("Newpek") (exploration, development and production of natural gas)(5)	USA	100	100

(1) Companies incorporated in Mexico, except as mentioned.

(2) % ownership Grupo Petrotemex has in its subsidiaries, and % ownership they in turn have in other companies.

(3) In August 2007, Grupo Petrotemex transferred to Operadora de Acciones del Noreste, S. A. de C. V. ("Operadora", a wholly owned subsidiary of Alfa), the spun-off company, certain assets and a portion of its stockholders' equity. The spun-off assets consisted of 100% of Grupo Petrotemex's shares in its wholly owned subsidiaries, Akra Polyester, S. A. de C. V. ("Akra") and Petrocel, S. A., which remain as affiliates of Grupo Petrotemex controlled by Alfa. Operadora eventually merged with Alfa. In December 2008 and March 2009, Alfa sold 25% and 24%, respectively, of its shares in Akra to Grupo Petrotemex (see Notes 13 and 17).

(4) On November 30, 2007, the Company acquired Dak Resinas and Dak Argentina from Eastman Chemical Company (Eastman) two plants engaged in the production of PET (polyethylene terephthalate, a plastic resin mostly used to manufacture containers). This acquisition involved manufacturing plants located in Cosoleacaque, Veracruz, Mexico and in Zárate, Province of Buenos Aires, Argentina. Their annual production capacity is 150,000 and 185,000 tons, respectively. No goodwill was recorded as a result of this acquisition.

The allocation of the purchase price of the acquired plants at the fair value of the assets acquired and liabilities assumed at the date of the acquisition was summarized as follows (millions of Mexican pesos):

	Amount
Current assets	Ps. 1,753
Property, plant and equipment	521
Other assets	120
Total assets acquired	2,394
Current liabilities	510
Non-current liabilities	242
Total liabilities assumed	752
Total net assets, equal to the purchase price	Ps. 1,642

Since these acquisitions were not significant, the presentation of pro forma financial information was not required.

(5) In June 2008, Polimor transferred to Alfa 100% of its shares in Newpek at the historical book value, and Alfa contributed such shares to increase the capital stock of its wholly owned subsidiary Alpek Exterior that was incorporated in June 2008. In December 2008, Alfa contributed 100% of its shares in Alpek Exterior to increase Grupo Petrotemex capital stock (see Note 13).

(6) Dak Exterior was incorporated in June 2008. In December 2008, Grupo Petrotemex contributed 100% of its shares in Dak Argentina to increase the contributed capital of Dak Exterior. This transaction was accounted for using carryover basis.

(7) Effective, January 1, 2009, Polimor merged into Grupo Petrotemex, ceasing to exist as a legal entity (see Note 17).

2. SIGNIFICANT EVENTS

Devaluation of the Mexican peso vis-à-vis the US dollar and derivative financial instruments

From September 2008 onwards, as a result of the global financial crisis, Mexico experienced depreciation of the peso against the US dollar.

Since Grupo Petrotemex operates in many countries and obtains financing in various foreign currencies, it has entered into interest rate and exchange rate derivatives for purposes of reducing the overall cost of such financing and the volatility associated with interest and exchange rates. Additionally, due to the nature of the industries in which it operates and its high consumption of fuel, the Company has entered into hedge contracts covering natural gas, gasoline and ethylene prices.

During the fourth quarter of 2008, Grupo Petrotemex implemented various strategies that substantially modified its derivative position related to natural gas prices at the end of September. In general terms, it cancelled or entered into an off setting position with new counterparties, substantially reducing its exposure to these risks.

The loss of derivative financial instruments represented a charge of Ps. 1,715,819, Ps. 37,853 and Ps. 3,242 to income in 2008, 2007 and 2006, respectively, included in the caption comprehensive financing expense.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's officers authorized the issuance of the accompanying consolidated financial statements and notes thereto on July 24, 2009.

The accompanying consolidated financial statements have been prepared in accordance with Mexican Financial Reporting Standards ("MFRS") issued by the Mexican Financial Reporting Standards Board ("CINIF" by its Spanish acronym).

Effective on January 1, 2008, new MFRS issued by the CINIF have been adopted by the Company for the preparation of these financial statements. The new accounting policies are as follows:

MFRS B-10 "Effects of inflation"

Beginning January 1, 2008, MFRS B-10 "Effects of inflation" became effective. This standard sets forth the guidelines for recognizing the effects of inflation based on the country's inflationary environment. In accordance with this MFRS, the effects of inflation on the financial information are not recognized if inflation in the country of the functional currency does not exceed 26% in the three most recent years. Since the accumulated inflation in the countries of the functional currency that the Company and subsidiaries have adopted did not exceed 26% during the years ended December 31, 2008, 2007 and 2006, except for Argentina, the financial statements as of December 31, 2008 have been prepared on a modified historical cost basis (that is, the transactions carried out through December 31, 2007 are stated in constant pesos of purchasing power as of that date, and the transactions carried out after that date are stated in nominal pesos), except for the effects of inflation in Argentina. The financial statements for the years ended December 31, 2007 and 2006, presented for comparative purposes, are stated in constant pesos of December 31, 2007 purchasing power, based on factors derived from the National Consumer Price Index ("NCPI") published by the Mexican Central Bank ("Banco de México") for Mexican companies, and from the Consumer Price Index ("CPI") of the country of origin of the subsidiaries operating outside Mexico.

The accumulated inflation of the most recent three years in the countries of the functional currency in which Grupo Petrotemex and its subsidiaries operate (excluding Argentina) does not exceed the 26% mentioned in the preceding paragraph.

MFRS B-2 "Statement of cash flows"

On January 1, 2008, MFRS B-2 "Statement of cash flows" became effective. Accordingly, management included, as part of the basic financial statements, the statement of cash flows for the year ended December 31, 2008. This financial statement reports the cash inflows and outflows of the business, representing the resources provided or used during the year. For this purpose, the Company used the indirect method. For the years ended December 31, 2007 and 2006, the statements of changes in financial position were presented separately in accordance with Statement B-12, which was in effect at that date.

MFRS B-15 "Translation of foreign currency"

Derived from the new provisions of MFRS B-15, the Company has identified the following currencies:

Type	Currency
Recording	Mexican peso
Functional	U.S. dollar
Reporting	Mexican peso

Because that the recording and reporting currencies are different from the functional currency, the Company and its subsidiaries and associated companies performed the translation of their financial statements according to the procedure provided by MFRS B-15, which must be applied prospectively in 2008, as follows:

- the initial balances of the 2008 balance sheet, stated in the recording currency, were translated into US dollars at the exchange rate at December 31, 2007;

- the balances at December 31, 2008 of monetary assets and liabilities expressed in the recording currency were translated to US dollars at the closing exchange rate;

- the movements of the non monetary items and capital stock during 2008, stated in the recording currency were remeasured into US dollars using the historical exchange rates in effect at each transaction date; and

- the revenues, costs and expenses of the year 2008 stated in the recording currency were translated into US dollars at the historical exchange rate of the month when they were accrued and recognized in the income statement, except when they arose from nonmonetary items, in which case the historical exchange rate of the nonmonetary items was used.

Gains and losses from the remeasurement process are included in the net income of the period, in this case, 2008.

The figures stated in US dollars were then translated into Mexican pesos, by applying:

- the exchange rate at December 31, 2008 to all assets and liabilities;

- the exchange rate of the month when they were accrued and accounted for to revenues, costs; and expenses;

- the historical exchange rate of the date of the transaction to changes in stockholders' equity.

The difference arising in the translation of US dollars (functional currency) to Mexican pesos (reporting currency) was recognized in stockholders' equity as cumulative translation adjustment.

On January 30, 2009, the Company issued audited consolidated financial statements as of December 31, 2008 and 2007 exclusively to comply with the legal provisions to which the Company is subject as a Mexican entity and to present them to the Board of Directors and Stockholders' meetings. Therefore, based on its interpretations of paragraph 18 of MFRS B-15 and of MFRS Interpretation 15, the Company opted to prepare these financial statements in its recording currency (Mexican peso) without first remeasuring them to its functional currency (U.S. dollar) and then translating them to pesos. Therefore, those previously issued financial statements are different from the present financial statements.

MFRS D-3 "Employee benefits"

On January 1, 2008 the guidelines contained in MFRS D-3 "Employee benefits" became effective. These guidelines require, among other things, a reduction in the amortization period of the items relating to prior service cost, the incorporation of the effects of salary growth in the calculation of the defined benefit obligation, as well as the elimination of the additional liability and corresponding intangible asset, and if applicable, of the amount recorded in stockholders' equity. From January 1, 2008 onwards the transitional liability is amortized over the lesser of the period pending to be amortized or five years. Until December 31, 2007, the actuarial gains and losses and transitional liability captions subject to amortization were amortized on the basis of the average estimated service lives of the employees.

MFRS B-3 "Statement of income"

On January 1, 2007, the Company adopted the guidelines contained in MFRS B-3, which establishes a new format for the statement of income, eliminating the presentation of extraordinary and special items and classifying income and expense as ordinary or non-ordinary. The adoption of this standard did not change management's practice of grouping income and expenses by function, as this practice allows the reader to understand the various levels of profit. As such, operating income is shown as a separate line item, since this caption represents one factor for the analysis of the financial information that Grupo Petrotemex and its subsidiaries have historically presented on a regular basis.

Following is a summary of the most significant accounting policies followed by Grupo Petrotemex and its subsidiaries, which have been applied on a consistent basis in the preparation of their financial information for the years presented, unless otherwise indicated:

a. Use of estimates

The preparation of financial statements in conformity with MFRS requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting years. Actual results could differ from those estimates.

Management believes that its estimates and assumptions are reasonable; however, such estimates and assumptions are subject to a number of risks and uncertainties that may cause actual results to differ materially from such estimates. Significant estimates underlying these financial statements include (1) allowances for doubtful accounts and inventories; (2) deferred income tax assets valuation reserve; (3) derivative financial instruments and labor obligations valuation; (4) the related present value of estimated future net cash flows; (5) the estimated quantities of proved oil and natural gas reserves, and (6) estimates of future abandonment costs. Estimating oil and gas reserves is complex and is not exact because of the numerous uncertainties inherent in the process. Currently, Newpek uses an independent outside petroleum engineering firm to estimate its oil and gas reserves. Changes in oil and gas prices, changes in production estimates and the success or failure of future development activities could have a significant effect on reserve estimates. The reserve estimates directly impact the computation of depreciation, depletion, amortization and asset retirement obligation.

b. Bases of consolidation

The consolidated financial statements comprise those of Grupo Petrotemex and all its subsidiaries in which the majority of the common shares are owned directly or indirectly by the Company or it otherwise has control. Intercompany transactions and balances between Grupo Petrotemex and its subsidiaries have been eliminated in consolidation.

c. Cash equivalents

The Company considers all highly liquid temporary cash investments with original maturities of three months or less, consisting primary of short-term deposits and money market accounts, as cash equivalents.

d. Investments

These include investments in debt and capital securities, and are classified in the following categories in accordance with management's intention at the date of acquisition: investments to be held to maturity, financial instruments held for trading and financial instruments available for sale. They are initially stated at acquisition cost and are subsequently stated as described below:

i. Debt securities to be held to maturity are stated at acquisition cost reduced by amortization of premiums or increased by amortization of discounts, as applicable, based on the unrecovered balance while the investments are in effect. Decrease in value is recognized when appropriate.

ii. Trading financial instruments and those available for sale are stated at fair value, which is similar to market value. The fair value is the amount at which financial assets can be exchanged or financial liabilities can be liquidated between interested and willing parties on an arm's-length basis. The changes in the fair value of trading financial instruments are charged or credited directly to income. The changes in the fair value of financial instruments available for sale are included as part of comprehensive income under stockholders' equity until the instruments are sold or are reclassified, at which time the amounts included in comprehensive income are transferred to income for the year.

e. Inventories and cost of sales

Beginning January 1, 2008 inventories are stated at their historical cost determined by the average cost method. Likewise, the cost of sales is determined based on the historical purchase prices and production costs of the inventories produced and sold during 2008, plus the restated value (replacement cost) of final 2007 inventories sold during the year. The values so determined do not exceed their market value.

At December 31, 2007, inventories and related cost of sales were originally recorded at average cost and were subsequently restated at estimated replacement cost, basically at the latest purchase prices and production costs of the year. The amounts shown for inventories do not exceed market value.

The allowance for obsolete and/or slow-moving inventories is considered sufficient to absorb any losses of this type; it is determined in accordance with studies carried out by the Company's management.

f. Investment in shares of associated companies

The investment in shares of associated companies is accounted for by the equity method. In accordance with this method, changes in the carrying amount of the shares derive from the changes occurring after the acquisition date in the stockholders' equity accounts of the investees.

The investment in shares of associated companies is subject to recognition of impairment, as well as the reversal of such impairment, as described in Note 3.i.

g. Property, plant, equipment and depreciation

From January 1, 2008 onwards new acquisitions of property, plant and equipment are recorded at historical cost; until December 31, 2007, property, plant and equipment and related accumulated depreciation were recorded at cost restated by applying factors derived from the NCPI to the historical cost, except for machinery and equipment of foreign origin, which were recorded at cost restated by applying factors derived from the CPI of the country of origin to the corresponding foreign currency amounts and translating those amounts to pesos at the exchange rate prevailing at year end. Consequently, at December 31, 2008, property, plant and equipment are stated at modified historical cost.

Maintenance and repairs are expensed as incurred. Costs of major replacements and improvements are capitalized when it increases the useful life or capacity of the plant. The interest expense, foreign exchange differences, monetary position gain or loss and other costs of the financing required for fixed assets whose acquisition or construction requires a substantial period of time are capitalized as part of the cost of the assets. The values so determined do not exceed their fair value.

Depreciation is computed based on the modified historical cost less salvage value using the straight-line method on the estimated useful lives of the assets.

Property plan and equipment are subject to impairment testing when certain events and circumstances are present, as described in Note 3.i.

h. Oil and gas properties

All of the Company's oil and gas properties are currently located in the United States in our subsidiary Newpek and consist primarily of leasehold interests in properties which contain oil and gas drilling prospects, subject to landowner royalties, overriding royalties and other oil and gas leasehold interests. Newpek is currently participating in the drilling of oil and gas wells in several prospects located in South Texas. Newpek follows the full cost method of accounting for its oil and gas activities during the exploration and evaluation phase. Cost incurred during the pre and post exploration and evaluation phase are capitalized only if future benefit is expected, otherwise, such costs are expensed as incurred.

Geological and geophysical costs on exploratory prospects, carrying costs, dry-hole and bottomhole contributions, costs of exploratory wells, costs of acquiring properties, and all development costs are capitalized. When leases are surrendered or abandoned, their costs remain a part of the net capitalized costs of the cost center. Depreciation, depletion, and amortization of oil and gas properties subject to amortization is computed on the unit-of-production method based on proved reserves underlying the oil and gas properties. Costs to operate and maintain wells and field equipment are expensed as incurred.

Oil and gas properties are subject to impairment tests when certain events and circumstances are present, as described in Note 3.i.

i. Impairment of long-lived assets

The Company performs impairment tests for its property, plant and equipment; intangible assets; investment in associated companies, when certain events or circumstances suggest that the carrying value of these assets might not be recovered. Intangible assets with indefinite lives are subject to impairment tests at least once a year.

The recoverable value is determined using the higher of the estimated discounted net cash flows expected to be generated by the assets or the net sales price. When appropriate, an impairment loss is recognized to the extent that the net book value exceeds the estimated recoverable value of the assets. Subsequently, to the extent that the estimated recoverable value of the assets exceeds the net book value, such impairment could be reduced or reversed, under certain circumstances. The net sales price is determined using market values or transactions with similar assets, less selling costs.

j. Business acquisitions and other intangible assets

Grupo Petrotemex recognizes business acquisitions using the following accounting guidelines: (a) all acquisitions are accounted for as purchases; (b) the purchase price of assets acquired and related liabilities is allocated based on their fair value at the date of acquisition; and (c) intangible assets acquired are subject to identification, valuation and recognition. Common control mergers and acquisitions are accounted for at the carrying amounts at the date of acquisition or merger.

Other intangible assets are stated as follows: i) acquisitions made from January 1, 2008 at historical cost, and ii) acquisitions through December 31, 2007 at restated value determined by applying NCPI factors to their acquisition or development cost.

Consequently, as of December 31, 2008, other intangible assets are recorded at modified historical cost.

Intangible assets having definite useful lives are amortized by applying the straight-line method over their estimated useful lives. They comprise principally expenses for placement of debt, and costs relative to development and implementation of integral computer systems.

Other intangible assets having indefinite useful lives are not amortized. They are subject to testing for impairment on an annual basis, or earlier in the event circumstances occur that indicate the existence of a possible impairment, as described in Note 3.i.

Additionally, this caption also included an intangible asset related to the pension plan.

k. Estimated liability for labor benefits

The employee retirement plans (pensions, health-care expenses and seniority premiums), both formal and informal, as well as the benefits payable at termination of employment for causes other than from restructuring, are recognized as a cost of the years in which the services are rendered in accordance with actuarial studies made by independent actuaries.

Actuarial gains and losses arising from retirement benefits greater than 10% of the value of defined benefit obligation or 10% of the value of plan assets are amortized over the expected average remaining service lives of the employees expected to receive the benefits.

l. Derivative financial instruments

All derivative financial instruments entered into and identified and classified as held for trading or as hedge instruments are included in the balance sheet as assets and/or liabilities at fair value. The fair value is determined based on the prices of recognized markets; when no quoted market prices are available, it is determined based on valuation techniques accepted in the financial sector.

The changes in the fair value of derivative financial instruments are recognized in comprehensive financing income (expense), except when they are entered into to hedge against risks and comply with all related requirements. Their designation as a hedge is documented at the inception of the transaction, specifying the related objective, initial position, risks to be hedged, type of hedge relationship, characteristics, accounting recognition and how their effectiveness will be assessed. Fair value hedges are stated at fair value and changes in valuation are recorded in income under the same caption as the hedged item. In the case of cash flow hedges, the effective portion is temporarily included in comprehensive income in stockholders' equity and is reclassified to income when the hedged item affects income. Any ineffective portion is recognized immediately in income.

The Company suspends accounting for hedge transactions when the derivative instrument has expired, has been sold, cancelled or exercised, when it has not reached a high effectiveness to offset the changes in the fair value or cash flow of the hedged item, or when its designation as a hedge is cancelled.

Upon suspending accounting for hedge transactions, in the case of cash flow hedges, the amounts accumulated in stockholders' equity forming part of comprehensive income remain in stockholders' equity until the effect of the forecasted transaction or firm commitment affect income. In the event the forecasted transaction or firm commitment seem unlikely to occur, the gains or losses accumulated in comprehensive income are recognized immediately in income. When the hedge of a forecasted transaction is originally effective but later does not comply with the effectiveness test, the effects accumulated in comprehensive income in stockholders' equity are carried to income in proportion as the forecasted asset or liability affects income.

For cash-flow hedge transactions, changes in the fair value of derivative financial instrument are included as comprehensive income in stockholders' equity, based on the evaluation of the hedge's effectiveness, and are reclassified to income in the periods when the hedged commitment or projected transaction is realized. Hedge contracts other than for cash flows are valued at fair value, and their valuation gain or loss is recognized in income.

Financial risk factors

The derivative financial instruments were privately negotiated with various counterparties whose sound financial condition was supported by high ratings assigned by securities and credit risk rating agencies. The documentation used to formalize the operations entered into was that commonly used; in general terms, it follows the "Master Agreement" generated by the "International Swaps & Derivatives Association" ("ISDA"), and is accompanied by the annexes commonly known as "Schedule" and "Confirmation."

The fair value of the financial derivative instruments reflected in the Company's financial statements represents a mathematical estimate of its fair value. It is determined using models belonging to independent experts involving assumptions based on past and current market conditions and future expectations at the corresponding closing date. Some valuations are based on confirmations requested from independent experts and others on confirmations from the counterparties involved.

m. Revenue recognition

The Company recognizes revenue when title and risk of ownership passes to the customer. A provision for estimated allowances and discounts granted to customers are deducted at the time of sale as a reduction of revenue. Such allowance is based on contractual terms and the historical experience of such allowances granted.

n. Comprehensive financing (expense) income

This item is determined by grouping in the statement of income the financial expense and income, exchange gains and losses, and the gain or loss on monetary position.

The gain or loss on monetary position represents the effect of inflation, as measured by the NCPI, on the Company's monthly net monetary assets or liabilities during the year. In accordance with MFRS B-10 this concept is no longer recognized after January 1, 2008 unless the accumulated inflation exceeds 26% in the three most recent years.

o. Income tax

Grupo Petrotemex and its subsidiaries file consolidated income tax returns with its ultimate parent company Alfa, in accordance with the applicable regulations. The income tax included in the consolidated statement of income, represents the income tax currently payable for the year as well as the effect of the deferred income tax, determined in each subsidiary by the comprehensive asset and liability method, applying the income tax rate in effect to total temporary differences resulting from comparing the book and tax amounts of all assets and liabilities,

and if applicable, considering tax loss carryforwards expected to be recoverable. The effect of any change in current income tax rates is recognized in income of the year in which the rate change is enacted.

On October 1, 2007, the Flat Tax Law was published, and was effective from January 1, 2008 onwards. This law is applicable to individuals and corporations having a permanent establishment in Mexico. The flat tax for the period is calculated by applying to income determined on a cash flow basis a 16.5% rate in 2008, a 17% in 2009 and a 17.5% in 2010 and subsequent periods. This tax is applicable only in the event the flat tax exceeds the income tax for the same period. Based on an interpretation covering accounting for the flat tax, published by the Mexican Financial Reporting Standards Board on December 21, 2007, and on the financial and tax projections that were prepared indicating that Grupo Petrotemex and its subsidiaries in Mexico will pay income tax rather than flat tax in the future, no deferred flat tax was recorded at December 31, 2008 and 2007.

In accordance with the current law, from January 1, 2008 onwards the Asset Tax Law is no longer in effect. However, the new law sets forth the methodology applicable to the recovery of asset tax paid in prior years, which was available for recovery in the following ten years to the extent income tax exceeded asset tax in those years.

p. Comprehensive income (loss)

The transactions recorded in the various captions relating to earned surplus for the year, other than those carried out with the stockholders, are included in the statement of changes in stockholders' equity under the caption "comprehensive income (loss)."

q. Stockholders' equity

From January 1, 2008 onwards the capital stock, premium on issuance of capital stock, legal reserve, retained earnings, cumulative translation adjustment and minority interest are recorded in modified historical Mexican pesos. Until December 31, 2007 capital stock, legal reserve, retained earnings, earned surplus (deficit), cumulative translation adjustment and minority interest were recorded at restated cost determined by applying factors derived from the NCPI.

r. Risk concentration

The principal financial instruments maintained by the Company with a credit risk concentration correspond to cash in banks and cash equivalents, as well as trade accounts receivable. Cash and cash equivalents are maintained in recognized financial institutions. The risk concentration regarding trade accounts receivable is significant since the Company customer base is highly concentrated. The ten largest customers accounted for approximately 66% of total sales in 2008 (65% in 2007 and 59% in 2006).

4. TRANSACTIONS WITH RELATED PARTIES

At December 31 the balances with related parties are shown below:

	2008	2007
Receivables:		
Akra Polyester, S. A. de C. V.	Ps. 1,374,024	Ps. -
Petrocel, S. A.	452,065	254,574
Alfa, S. A. B. de C. V.	188,018	-
Innovación y Desarrollo de Energía Alfa Sustentable, S. A. de C. V.	113,951	-
Terza, S. A. de C. V.	-	20,654
Polioles, S. A. de C. V.	20,034	-
Unimor, S. A. de C. V.	9,515	-
Alfa Corporativo, S. A. de C. V.	2,742	-
Other	2,339	1,158
	Ps. 2,162,688	Ps. 276,386
Long-term:		
Petrocel, S. A.	Ps. 75,429	Ps. 326,823
Payable:		
Akra Polyester, S. A. de C. V.	Ps. 254,351	Ps. 760,109
Petrocel, S. A.	77,799	253,208
Indelpro, S. A. de C. V.	-	349,515
Polioles, S. A. de C. V.	-	174,036
Alfa Corporativo, S. A. de C. V.	-	41,577
Other	1,956	12
	Ps. 334,106	Ps. 1,578,457

The consolidated financial statements include the following transactions with related parties:

	2008	2007	2006
Income			
Sale of goods	Ps. 1,481,150	Ps. 552,112	Ps. 165,743
Sale of by-products and raw materials	1,798,829	180,180	46,703
Sale of electric power	46,284	23,575	-
Income from services	121,769	152,083	477
Interest income	61,633	18,254	88
Income from lease	8,000	21,115	-
Other	3,033	38	-
Expense			
Purchase of finished goods	(Ps. 47,458)	(Ps. 24,286)	Ps. -
Purchase of raw material	(4,103,692)	(1,959,023)	(271,382)
Purchase of electric power	(55,905)	(19,562)	-
Administrative services expense	(11,015)	(421,320)	(538,064)
Interest expense	(49)	(271)	-
Other costs and expenses	(4,227)	(2,478)	-

Balances with related parties included in the balance sheet derive from the above-mentioned transactions. The above transactions were carried out at approximate market prices.

5. INVENTORIES

Consolidated inventories were analyzed as follows:

	2008	2007
Finished goods	Ps. 1,723,445	Ps. 2,560,333
Raw materials and work in process	1,452,399	1,879,440
Materials and spare parts	483,861	381,437
	3,659,705	4,821,210
Less - Allowance for slow-moving inventory	61,638	50,455
Total	Ps. 3,598,067	Ps. 4,770,755

6. INVESTMENT IN SHARES OF ASSOCIATED COMPANIES

At December 31, Grupo Petrotemex had the following investments in shares of associated companies:

	2008	2007
Akra Polyéster, S. A. de C. V.	Ps. 238,504	Ps. -
Servicios Industriales y Administrativos del Noreste, S. de R. L. de C. V.	7,074	7,074
Dak Europa B. V.	284	284
Transportación Aérea del Norte, S. A. de C. V.	-	39,313
Other	240	2,931
	Ps. 246,102	Ps. 49,602

7. PROPERTY, PLANT AND EQUIPMENT

This caption comprised the following:

	2008	2007
Land	Ps. 364,928	Ps. 350,896
Depreciable assets	20,355,260	15,284,902
Construction in progress	936,372	754,375
	21,656,560	16,390,173
Accumulated depreciation	(9,252,445)	(6,543,405)
Total book value	Ps. 12,404,115	Ps. 9,846,768

At December 31, 2008, the gross cost of property, plant and equipment included a net charge of Ps. 576,246 (Ps. 581,062 in 2007) of comprehensive financing cost capitalized in the current and prior years.

Depreciation charged to income represented annual average rates of 4.22% in 2008 and 4.29% in 2007.

8. OTHER NON-CURRENT ASSETS

This caption at December 31 was as follow:

	2008	2007
Oil and gas properties, net	Ps. 902,071	Ps. 420,607
Labor benefits	31,622	-
Other intangibles assets	22,303	45,571
	Ps. 955,996	Ps. 466,178

9. POSITION IN US DOLLARS

At December 31, 2008 and 2007, the exchange rates were 13.54 and 10.86 nominal pesos to the U.S. dollar, respectively. At July 24, 2009, date of issuance of these audited financial statements, the exchange rate was 13.90 nominal pesos to the dollar.

Amounts shown below are expressed in thousands of U.S. dollars (US$), since this is the currency in which most of the companies' foreign currency transactions are carried out.

At December 31, 2008, the companies had the following US dollar position and nonmonetary assets and liabilities in US dollars:

	Mexican subsidiaries	Foreign subsidiaries	Total
Monetary assets	US$ 301,462	US$ 222,213	US$ 523,675
Current liabilities	(339,344)	(304,307)	(643,651)
Long-term liabilities	(391,629)	(99,045)	(490,674)
	(730,973)	(403,352)	(1,134,325)
Foreign currency monetary position	US$ (429,511)	US$ (181,139)	US$ (610,650)
Nonmonetary assets	US$ 426,842	US$ 428,087	US$ 854,929

The nonmonetary assets of the Mexican subsidiaries (inventories, machinery and equipment and other) mentioned above are those manufactured outside Mexico.

The following is a summary of the transactions in US dollars carried out by the Mexican subsidiaries:

	2008	2007
Goods and services:		
Exports	US$ 2,033,186	US$ 1,618,835
Imports	(1,537,099)	(1,433,870)
	US$ 496,087	US$ 184,965
Interest:		
Income	US$ 6,507	US$ 6,285
Expense	(52,738)	(37,800)
	(46,231)	(31,515)
Net inflow	US$ 449,856	US$ 153,450
Imports of machinery and equipment	US$ (67,524)	US$ (58,086)

The following is a summary of the financial position of the foreign subsidiaries:

	As of December 31,	
	2008	2007
Balance sheet		
Assets		
Current assets	US$ 322,362	US$ 535,546
Property, plant and equipment	265,690	274,574
Other assets	82,243	42,678
Total assets	US$ 670,295	US$ 852,798
Liabilities and stockholders' equity		
Current liabilities	US$ 329,424	US$ 424,130
Long-term liabilities	106,526	168,117
Total liabilities	435,950	592,247
Total stockholders' equity	234,345	260,551
Total liabilities and stockholders' equity	US$ 670,295	US$ 852,798

Statement of income	Year ended 2008(*)	2007	2006
Net sales	US$ 1,667,268	US$ 982,801	US$ 874,045
Cost of sales and operating expenses	(1,629,113)	(964,707)	(820,437)
Operating income	38,155	18,094	53,608
Comprehensive financing expense, net	(77,762)	(4,512)	(4,850)
Other income (expense), net	17,114	(49,803)	(510)
Net (loss) income	US$ (22,493)	US$ (36,221)	US$ 48,248

(*) Includes financial information of Newpek, L.L.C. for six months. Until June 2008 it was a subsidiary of Polimor, on which date the latter sold its ownership % to ALFA. In December 2008, ALFA contributed its ownership % in Newpek to Alpek Exterior, a subsidiary of Grupo Petrotemex (see Note 1).

10. SHORT-TERM AND LONG-TERM DEBT

a. Short-term debt

At December 31, 2008 and 2007, the short-term debt of Grupo Petrotemex comprised the following:

	2008		2007	
	Amount	Interest rate(*)	Amount	Interest rate(*)
Unsecured bank loans in US$ obtained by:				
Grupo Petrotemex - US$40 million	Ps. 542,560	7.1%	Ps. 325,986	5.3%
Dak Argentina - US$40 million	541,646	6.6%	215,738	5.1%
Dak Americas - US$15 million in 2008 and US$12 million in 2007	162,460	4.1%	162,993	5.8%
Total short-term debt	Ps. 1,246,666		Ps. 704,717	

(*) Average annual interest rate at December 31, 2008 and 2007.

b. Long-term debt

At December 31, 2008 and 2007, the long-term debt of Grupo Petrotemex comprised the following:

	2008		2007	
	Amount	Interest rate(*)	Amount	Interest rate(*)
Unsecured loans(**)	Ps. 7,706,475	5.16%	Ps. 5,410,934	6.66%
Less - Current portion	1,806,818		334,128	
Long-term debt	Ps. 5,899,657		Ps. 5,076,806	

(*) Average annual interest rates at December 31, 2008 and 2007.

(**) Comprises the following loans:

	2008	2007
Syndicated Bank Loans:		
Syndicated loan bearing interest at an annual rate of Libor+0.60% during 2008 and Libor+0.45% during 2007, due August 2011, with five semiannual installments remaining and guaranteed by Petrocel, Temex, Ptal, Polimor, and Dak Americas	Ps. 2,233,820	Ps. 1,792,923
Syndicated loan bearing interest at an annual rate of Libor+0.45% during 2008 and Libor+0.55% during 2007, due December 2012, with five semiannual installments remaining and guaranteed by Temex, Ptal, Polimor, Dak Resinas, Dak Argentina and Dak Americas	1,502,751	1,206,148
Syndicated loan bearing interest at an annual rate of TIIE+0.30% during 2008 and TIIE+0.45% during 2007, due December 2012, with five semiannual installments remaining and guaranteed by Temex, Ptal, Polimor, Dak Resinas, Dak Argentina and Dak Americas	421,922	421,922
Private Placements:		
Senior Notes issued by Dak Americas bearing interest at an annual rate of 6.85%, due June 2014, with six annual installments remaining and guaranteed by Grupo Petrotemex, Temex, Ptal and Petrocel	1,334,490	1,249,613
Senior Notes bearing interest at an annual rate of 8.31%, due October 2012, with four annual installments remaining and guaranteed by Petrocel, Temex, Ptal, Polimor and Dak Americas	580,213	582,118
Committed Credit Lines:		
Long-term credit line bearing interest at an annual rate of 8.0% due in 2009, guaranteed by Temex, Ptal and Petrocel	676,915	-
Long-term credit line bearing interest at an annual rate of Libor+4.0% due April 2010, guaranteed by Temex, Ptal and Petrocel	541,532	-
Long-term credit line bearing interest at an annual rate of TIIE+4.0% due March 2010, guaranteed by Temex, Ptal and Petrocel	265,434	-
Export Credit Agency Financing:		
Loan to import machinery and equipment bearing interest at an annual rate of Libor+0.50% due September 2012, with eight semiannual installments remaining.	120,085	120,480
Loan to import machinery and equipment bearing interest at an annual rate of EuroLibor+0.40% due June 2010, with three semiannual installments remaining	29,313	37,730
	Ps. 7,706,475	Ps. 5,410,934

At December 31, 2008 long-term debt maturities were as follows:

Year	Amount
2010	Ps. 2,226,582
2011	2,060,886
2012	1,167,359
2013	222,415
2014 and thereafter	222,415
	Ps. 5,899,657

The debt agreements contain customary covenants, basically covering the maintenance of certain financial ratios, payment of dividends and submission of financial information. In the event a non-compliance with such ratios is not cured in a time period satisfactory to the lenders and noteholders, they may require immediate payment of the entire indebtedness. At December 31, 2008, Grupo Petrotemex and its subsidiaries had satisfactorily complied with such restrictions and covenants.

11. DERIVATIVE FINANCIAL INSTRUMENTS

a) Exchange rate derivatives

At December 31, 2008, the position of exchange rate derivatives held for trading purposes was summarized as follows (millions of Mexican pesos):

Type of derivative, value or contract	Notional amount	Underlying asset		Fair value	Maturity			Collateral
		Unit	Reference		2009	2010	2011+	
USD/MXN (CCS(i))	(Ps. 527)	Pesos / Dollars	13.54	(Ps. 116)	(Ps. 43)	(Ps. 39)	(Ps. 34)	Ps. -

(i) Cross currency swaps

b) Interest rate swaps

At December 31, 2008, the position of interest rate swaps was as follows (millions of Mexican pesos):

Type of derivative, value or contract	Notional amount	Underlying asset		Fair value	Maturity			Collateral
		Unit	Reference		2009	2010	2011+	
Hedging purposes:								
Over Libor(i)	Ps. 2,708	% per year	1.75	(Ps. 145)	(Ps. 81)	(Ps. 64)	Ps. -	Ps. 12
Trading purposes:								
Over Libor	5,686	% per year	1.75	(242)	(86)	(81)	(75)	2
				(Ps. 387)	(Ps. 167)	(Ps. 145)	(Ps. 75)	Ps. 14

(i) Cash flow hedge

c) Commodities

At December 31, 2008, the position of derivative financial instruments for natural gas, gasoline and ethylene was as follows (millions of Mexican pesos):

Type of derivative, value or contract	Notional amount	Underlying asset		Fair value	Maturity			Collateral
		Unit	Reference		2009	2010	2011+	
Hedging purposes:								
Ethylene(i)	Ps. 518	Dollar cents / lb	27. 4	(Ps. 284)	(Ps. 284)			Ps. 68
Trading purposes:								
Natural gas	Ps. 1,337	Dollars / BTU	6. 94	(1,206)	(556)	(Ps. 25)	(Ps. 626)	77
Gasoline	1,607	Dollars / Gallon	1. 25	(923)	(894)	(28)		242
				(Ps. 2,413)	(Ps. 1,734)	(Ps. 53)	(Ps. 626)	Ps. 387

(i) Cash flow hedge

The effectiveness of financial derivative instruments classified as hedge instruments is assessed on a periodical basis. At December 31, 2008, the Company's management had assessed the effectiveness of hedges and estimated that they were highly effective in accordance with MFRS C-10 "Financial instruments."

The notional amounts related to financial derivative instruments reflect the reference volume contracted.

At December 31, 2008, the net fair value position (liability) of the aforementioned financial derivative instruments amounted to Ps. 2,777,442; it is included in the consolidated balance sheet as follows:

	Amount
Assets:	
Current assets	Ps. 32,339
Non-current assets	134,500
Liabilities:	
Current liabilities	(1,788,638)
Long-term liabilities	(1,294,006)
	(2,915,805)
Initial valuation position covered	138,363
Net position (fair value)	Ps. (2,777,442)

Collateral required for the above-mentioned financial derivative instruments amounted to Ps. 401,340; it is recorded in the caption "Restricted cash" under current assets, and represents the settlement guarantee for each instrument. It comprises temporary investments and cash in broker accounts.

12. ESTIMATED LIABILITY FOR LABOR BENEFITS

The valuation of the liabilities for employee retirement plans, both formal and informal, covers all employees and is based primarily on their years of service, their present age and their remuneration at date of retirement, including remunerations upon termination of the labor relationship.

The valuation of the liabilities for formal employee retirement plans covers all employees of the Mexican and US subsidiaries, and is based primarily on their years of service, their present age and their remuneration at date of retirement. Since January 2005 compensation payable related to employment termination benefits for causes other than for restructuring is recognized as part of the Company's labor liabilities.

Following is a summary of the principal consolidated financial data relative to these obligations:

Prior service cost (transition liability), plan amendment costs and actuarial gains and losses are recorded through charges to income by the straight-line method over the average remaining service life of the employees expected to receive the benefits. From December 2007 onwards prior service cost (transition liability) is amortized over a maximum five-year period.

Reconciliation between the initial and final balances of the present value of defined benefit obligations for the year 2008:

	Seniority premium	Pension plan	Termination benefits	Other retirement benefits	Total
Mexico:					
Defined benefit obligation at January 1, 2008	Ps. 4,530	Ps. 111,307	Ps. 2,743	Ps. -	Ps. 118,580
Current service cost	304	2,222	362		2,888
Interest cost	385	9,239	(240)		9,384
Curtailments and settlements	(1,663)	(25,786)	5,611		(21,838)
Payments	-	(8,766)	(14,074)		(22,840)
Actuarial losses (gains) generated in the period	(430)	(7,207)	8,206		569
Defined benefit obligation at December 31, 2008	Ps. 3,126	Ps. 81,009	Ps. 2,608	Ps. -	Ps. 86,743

	Seniority premium	Pension plan	Termination benefits	Other retirement benefits	Total
United States of America:					
Defined benefit obligation at January 1, 2008	-	Ps. 992,486	-	Ps. 168,915	Ps. 1,161,401
Current service cost		-		1,828	1,828
Interest cost		77,615		13,132	90,747
Payments		(37,379)		(10,167)	(47,546)
Actuarial losses (gains) generated in the period		20,619		(3,222)	17,397
Translation effect		244,061		41,538	285,599
Defined benefit obligation at December 31, 2008	-	Ps. 1,297,402	-	Ps. 212,024	Ps. 1,509,426

a. At December 31, 2008, the defined benefit obligations amounted to Ps. 1,596,169.

b. The reconciliation between the amount recognized in the balance sheet and the defined benefit obligation and the unrecognized amounts pending amortization is as follows:

	Seniority Premium December 31,		Pension Plan December 31,		Termination Benefits December 31,		Other retirement benefits December 31,		Total	
Mexico:	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Labor assets (liabilities):										
Defined benefit obligation	(Ps. 3,126)	(Ps. 4,530)	(Ps. 81,009)	(Ps. 111,307)	(Ps. 2,608)	(Ps. 2,743)	-	-	(Ps. 86,743)	(Ps. 118,580)
Plan assets	9,490	11,483	136,966	174,333	-	-			146,456	185,816
Funded status	6,364	6,953	55,957	63,026	(2,608)	(2,743)			59,713	67,236
Less unrecognized amounts pending amortization:										
Actuarial (gains) losses	848	(3,042)	(42,804)	(83,055)		2,112			(41,956)	(83,985)
Transition obligation	100	335	11,253	17,549	576	1,998			11,929	19,882
Prior service			8,737	13,348					8,737	13,348
Net projected liability (asset)	Ps. 7,312	Ps. 4,246	Ps. 33,143	Ps. 10,868	(Ps. 2,032)	Ps. 1,367	-	-	Ps. 38,423	Ps. 16,481

United States of America:	Seniority Premium December 31, 2008	2007	Pension Plan December 31, 2008	2007	Termination Benefits December 31, 2008	2007	Other retirement benefits December 31, 2008	2007	Total 2008	2007
Labor assets (liabilities):										
Defined benefit obligation	-	-	(Ps. 1,297,402)	(Ps. 992,486)	-	-	(Ps. 212,023)	(Ps. 168,915)	(Ps. 1,509,425)	(Ps. 1,161,401)
Plan assets			870,296	1,022,358			-	-	870,296	1,022,358
Funded status			(427,106)	29,872			(212,023)	(168,915)	(639,129)	(139,043)
Less unrecognized amounts pending amortization:										
Actuarial (gains) losses			653,313	130,440			134,896	125,124	788,209	255,564
Transition obligation										
Prior service							(155,880)	(163,004)	(155,880)	(163,004)
Net projected liability (asset)	-	-	Ps. 226,207	Ps. 160,312	-	-	(Ps. 233,007)	(Ps. 206,795)	(Ps. 6,800)	(Ps. 46,483)

c. Net periodic pension cost

An analysis of the net periodic pension cost by plan type is presented as follows:

México:	Seniority Premium December 31, 2008	2007	Pension Plan December 31, 2008	2007	Termination Benefits December 31, 2008	2007	Other retirement benefits December 31, 2008	2007	Total 2008	2007
Net cost of the period:										
Current service cost	(Ps. 304)	(Ps. 415)	(Ps. 2,222)	(Ps. 4,760)	(Ps. 362)	(Ps. 256)	-	-	(Ps. 2,888)	(Ps. 5,431)
Interest cost	(385)	(297)	(9,239)	(6,562)	240	(15)			(9,384)	(6,874)
Plan assets expected yield	1,261	1,285	18,203	12,925	-	-			19,464	14,210
Amortization of actuarial (gains) losses	19	345	2,677	3,520	(1,509)	(68)			1,187	3,797
Amortization of transition obligation	(130)	(201)	(3,045)	(2,074)	(229)	(221)			(3,404)	(2,496)
Amortization of prior service	-	-	(2,011)	(419)	(8,204)				(10,215)	(419)
Curtailments and settlements	2,204	2,137	31,727	19,371	(4,510)	(4,852)			29,421	16,656
Total	Ps. 2,665	Ps. 2,854	Ps. 36,090	Ps. 22,001	(Ps. 14,574)	(Ps. 5,412)	-	-	Ps. 24,181	Ps. 19,443

United States of America:	Seniority Premium December 31, 2008	2007	Pension Plan December 31, 2008	2007	Termination Benefits December 31, 2008	2007	Other retirement benefits December 31, 2008	2007	Total 2008	2007
Net cost of the period:										
Current service cost	-	-	-	-	-	-	(Ps. 1,828)	(Ps. 1,836)	(Ps. 1,828)	(Ps. 1,836)
Interest cost			(Ps. 77,615)	(Ps. 57,504)			(13,132)	(12,670)	(90,747)	(70,174)
Plan assets expected yield			107,819	80,758			-	-	107,819	80,758
Amortization of actuarial (gains) losses			(3,737)	(11,703)			(17,778)	(23,703)	(21,515)	(35,406)
Amortization of prior service			-	-			47,222	37,901	47,222	37,901
Total	-	-	Ps. 26,467	Ps. 11,551	-	-	Ps. 14,484	(Ps. 308)	Ps. 40,951	Ps. 11,243

d. Principal actuarial assumptions:

The principal actuarial assumptions used, expressed in absolute terms, as well as the discount rates, plan assets return, salary increases and changes in the indexes or other changes, referred at December 31, 2008, are as follows:

Mexico (Seniority premium, pension plan and termination benefits):

Concept	2008 (Nominal)	2007 (Real)
Discount rates	8.50%	4.75%
Estimated return on plan assets	11.00%	7.50%
Rate of salary increase	4.50%	1.50%
Minimum wage increase rate	3.50%	0.00%

United States of America

Concept	2008 Pension plan	2008 Other retirement	2007 Pension plan	2007 Other retirement
Discount rates	6.25%	6.00%	6.35%	6.35%
Estimated return on plan assets	8.50%		8.50%	
Health care inflation rate for next year		8.00%		9.00%

United States of America:

The effect of a variation of one percent in the variation trend rate assumed concerning health care costs would have been as follows in 2008:

Concept	**Effect +1**	**Effect -1**
Cost of the current services and interest of the net medical services at retirement	Ps. 30,285	Ps. (40,642)
Cumulative obligations for retirement benefits derived from the medical assistance costs	230,571	(311,381)

13. STOCKHOLDERS' EQUITY

At an Extraordinary General Stockholders' Meeting held on August 6, 2007, the stockholders of Grupo Petrotemex, agreed the following:

- To increase the number of outstanding shares through a stock split corresponding to the variable portion of the capital stock by 11,671,482 shares; consequently, the variable portion of capital increases to 52,071,967 Series "B" common nominative shares, fully subscribed and paid-in, without par value.

- To spin-off certain assets and a portion of its stockholders' equity effective September 1, 2007. The spin-off company, Operadora de Acciones del Noreste, S. A. de C. V., was a wholly owned subsidiary of Alfa and eventually merged with Alfa. The spun-off assets consisted of 100% of Grupo Petrotemex shares in its wholly owned subsidiaries, Akra Polyester, S. A. de C. V. ("Akra") and Petrocel, S. A. which remain as affiliates of Grupo Petrotemex controlled by Alfa. In December 2008, Alfa sold 25% of its shares in Akra to Grupo Petrotemex. These transactions were accounted for using the carryover basis. The spin-off gave raise to a decrease in stockholders' equity of Ps. 1,674 million and the excess of the cost of the shares over Grupo Petrotemex interest in the historical value of Akra's net assets in the amount of Ps. 84,911 was recorded in retained earnings (see Note 1).

At an Extraordinary General Stockholders' Meeting held on December 1, 2008, the stockholders of Grupo Petrotemex agreed the following:

- To increase the capital stock by Ps. 412,272, through a contribution in kind made by Alfa, of 4,536,528 shares representing 100% of the capital stock issued by Alpek Exterior, which represent amounts applied to the fixed and variable portion of Ps. 36 and Ps. 412,236, respectively. This transaction was accounted for using the carryover basis (see Note 1).

- That Series "A" and "B" shares representing the fixed and variable capital stock formerly without par value should now have a par value of one Mexican peso per share.

- To modify Article 6 of the Company's by-laws; therefore, subsequent to the increase in the aforementioned capital stock, such Article will mention that the fixed minimum capital stock without right of withdrawal will amount to Ps. 254,700, represented by 254,700,000 Series "A" nominative shares with par value of one Mexican peso and the variable stockholders' equity will be limited and represented by the Series "B" shares.

In an Ordinary General Stockholders' Meeting held on December 31, 2008, the stockholders of Grupo Petrotemex agreed to increase the variable portion of the capital stock by Ps. 239,090 through the issuance of 239,089,952 Series "B" shares with a par value of one Mexican peso, through the capitalization of a liability in favor of Alfa, S. A. B. de C. V., in the amount of Ps. 324,000, of which Ps. 239,090 represents capital stock and Ps. 84,911 represents additional paid-in capital recognized as additional paid-in capital.

After the above-mentioned increase, the capital stock at December 31, 2008 constituted of following:

Shares(*)	Description	Amount
254,700,000	Series "A": representing the fixed portion of the capital stock	Ps. 254,700
1,417,185,952	Series "B": representing the variable portion of the capital stock	1,417,185
1,671,885,952		1,671,885
	Accumulated inflation restatement up to December 31, 2007	304,632
	Capital stock at December 31, 2008	Ps. 1,976,517

(*) Ordinary nominative shares with a par value of one Mexican peso, totally subscribed and paid.

The profit for the period is subject to the legal provision requiring that at least 5% of the profit for each period be set aside to increase the legal reserve until it reaches an amount equivalent to 20% of the capital stock.

Dividends paid from retained earnings which have not previously been taxed are subject to an income tax payable by the Company, which may be credited against the normal income tax payable by the Company in the year in which the dividends are paid and in the two following years.

Until December 31, 2007 the surplus on restatement of capital comprised the accumulated gain on initial monetary position and the gain from holding nonmonetary assets stated in pesos as of the end of the period. In accordance with the new guidelines of MFRS B-10, this caption was fully reclassified to retained earnings since the items from which it arose had been charged or credited to income.

14. INCOME TAX

The net charge to consolidated income for taxes was as follows:

	2008	2007	2006
Currently payable	(Ps. 52,904)	(Ps. 248,393)	(Ps. 224,207)
Adjustment to the income tax provision for prior periods	97,122	(65,971)	(39,316)
Deferred	602,217	211,693	(28,143)
Total income tax	646,435	(102,671)	(291,666)
Asset tax	-	443	(656)
Total	Ps. 646,435	(Ps. 102,228)	(Ps. 292,322)

The reconciliation between the statutory and effective income tax rates is shown below:

	2008	2007	2006
(Loss) income before income tax	Ps. (1,114,130)	Ps. 736,467	Ps. 1,534,910
Income tax at statutory rate (28%)	Ps. 311,956	(Ps. 206,211)	(Ps. 445,124)
Add (deduct) effect of income tax on:			
Nondeductible expenses	(552)	(444)	(461)
Net effect of inflationary components	(62,128)	(10,157)	(17,368)
Net effect of conversion from functional currency into the reporting currency	118,658	-	-
Taxable income of subsidiaries not subject to income tax	181,379	180,112	130,822
Total income tax provision, prior to adjustments from prior years	549,313	(36,700)	(332,131)
Adjustment to the income tax provision from prior periods	97,122	(65,971)	40,465
Total income tax provision credited (charged) to income	Ps. 646,435	(Ps. 102,671)	(Ps. 291,666)
Effective income tax rate	58%	14%	19%

At December 31 the principal temporary differences requiring recognition of deferred income tax were:

	2008	2007
Inventories	-	Ps. (2,286)
Property, plant and equipment, net	(Ps. 6,489,142)	(5,212,054)
Derivative financial instruments	1,807,792	
Liability provisions, net	(1,200,113)	(1,243,648)
Tax loss carryforwards	925,827	925,254
	(4,955,636)	(5,532,734)
Valuation reserve(*)	(258,428)	(867,984)
	(5,214,064)	(6,400,718)
Income tax at statutory rate applicable to temporary differences	28%	28%
Deferred income tax	(1,459,938)	(1,792,201)
Deferred income tax asset	(719,409)	(170,545)
Deferred income tax liability	(Ps. 2,179,347)	(Ps. 1,962,746)

(*) The valuation reserve was recorded due to the uncertainty of realizing tax loss carryforwards in the future.

The deferred income tax payable recorded at December 31 was (charged) credited to the following accounts:

	2008	2007
Balance from prior year	(Ps. 1,792,201)	(Ps. 2,123,367)
Income for the year	682,023	211,693
Comprehensive income in stockholders' equity	(349,760)	119,473
Total	(Ps. 1,459,938)	(Ps. 1,792,201)

15. COMMITMENTS AND CONTINGENCIES

At December 31, 2008, Grupo Petrotemex and subsidiaries had entered into various agreements with suppliers and customers for purchases of raw material necessary for production and sale of finished goods, respectively. Such agreements, effective for a period of between one and five years, stipulate certain restrictions and covenants for both parties.

The Company uses hazardous materials to manufacture polyester staple fiber, polyethylene terephthalate ("PET") resin and terephthalic acid and generates and disposes of wastes, such as finishes and glycol. These and other activities of the Company are subject to various federal, state and local laws and regulations governing the generation, handling, storage, treatment and disposal of hazardous substances and wastes. Under such laws, an owner or lessee of real estate may be liable for, among other things, (i) the costs of removal or remediation of certain hazardous or toxic substances located on, in, or emanating from, such property, as well as the related cost of investigation and property damage and substantial penalties for violations of such law, and (ii) environmental contamination of facilities where its waste is or has been disposed of. Such laws often impose such liability without regard to whether the owner or lessee knew of, or was responsible for, the presence of such hazardous or toxic substances.

Although the Company believes that there are no existing material liabilities relating to noncompliance with environmental laws and regulations, there can be no assurance that there are no undiscovered potential liabilities relating to noncompliance with environmental laws and regulations, that historic or current operations have not resulted in undiscovered conditions that will require investigation and/or remediation under environmental laws, or that future uses or conditions will not result in the imposition of environmental liability upon the Company or expose the Company to third-party actions, such as tort suits. Furthermore, there can be no assurance that changes in environmental regulations in the future will not require the Company to make significant capital expenditures to change methods of disposal of hazardous materials or otherwise alter aspects of its operations.

The Company has received from the former owners of the businesses acquired an indemnification for financial consequences of certain environmental conditions that existed prior to or at the time of the closing of the original purchase of the businesses, which enables the Company to clearly segregate liabilities which may arise from operations controlled by the former owners of the businesses.

16. NEW FINANCIAL REPORTING STANDARDS

In 2008, the Mexican Financial Reporting Standards Board (CINIF by its Spanish acronym) issued the following MFRS effective January 1, 2009. The Company's management considers that these MFRS will have no significant effect on the financial information presented:

MFRS B-7 "Business acquisitions" - MFRS B-7 stipulates general valuation and disclosure standards for the initial recognition at the date of acquisition of the net assets acquired in a business acquisition as well as for the minority interest and other items that might result from it, such as goodwill and the gain on acquisition. This standard replaces Statement B-7 "Business acquisitions", in force until December 31, 2008.

MFRS B-8 "Combined and consolidated financial statements" - MFRS B-8 sets forth the general standards for the preparation and presentation of combined and consolidated financial statements and notes thereon. This MFRS supersedes Statement B-8 "Combined and consolidated financial statements and valuation of permanent investments in shares", in force until December 31, 2008.

MFRS C-7 "Investments in associated companies and other permanent investments" - MFRS C-7 sets forth the standards for the accounting recognition of the investments in associated companies, and other permanent investments in which there is no control, joint control or significant influence.

MFRS C-8 “Intangible assets” - MFRS C-8 sets forth the valuation, presentation and disclosure standards for the initial and subsequent recognition of the intangible assets acquired on an individual basis or through a business acquisition, or internally generated in the normal course of business. This MFRS supersedes Statement C-8 “Intangible assets”, effective until December 31, 2008.

MFRS D-8 “Share-based payments” - MFRS D-8 stipulates the standards for the recognition of share-based payments. This MFRS supersedes IFRS-2 “Share-based-payments” issued by the International Financial Reporting Standards Board applicable on a supplementary basis in Mexico.

Also the MFRSB has issued the following interpretation to the Financial Reporting Standards (“MFRSI”):

MFRSI 14 “Contracts for the construction, sale and rendering of services related to real estate” which interprets the regulation in Statement D-7 “Contracts for the construction and manufacturing of some capital goods”. This interpretation will became effective as from January 1, 2010 for all entities celebrating contracts for the construction, sale and rendering of services related to real estate. Its early adoption is permitted.

17. SUBSEQUENT EVENTS

Effective January 1, 2009, Polimor, S. A. de C. V. merged into Grupo Petrotemex with no effect on capital stock since Polimor was wholly owned by Grupo Petrotemex, with the former ceasing to exist as a legal entity. In addition, Alfa del Noreste, S. A. de C. V. and Alfa Subsidiaria Comercial, S. A. de C. V. (associated companies wholly owned by ALFA) merged into Grupo Petrotemex; with the former two companies ceasing to exist as legal entities. These mergers were accounted for using the carryover basis and gave rise to an increase in contributed capital of Ps. 3,068 (see Note 1).

Effective January 27, 2009, Inmobiliaria Petrocel S.A. de C.V. provided a lien over real property with an appraised value of approximately Ps. 70.1 million as a guarantee for a loan from a third party to Alfa.

In an Ordinary General Meeting held on March 30, 2009, the stockholders of Grupo Petrotemex agreed to buy from Alfa, 7,367,704 Series “B” sub-series “B-2” shares of the variable portion of the capital stock of Akra for an amount of Ps. 253,328. After this transaction, Grupo Petrotemex’s investment in Akra Polyester, S. A. de C. V. increased to 49% (see Note 1).

In an Ordinary General Meeting held on March 31, 2009, the stockholders of Grupo Petrotemex agreed to increase the variable portion of the capital stock by Ps. 197,937 through the issuance of 197,936,629 Series “B” shares with a par value of one Mexican peso, through the capitalization of a liability in favor of Alfa, in the amount of Ps. 253,328 of which Ps. 197,937 is capital stock and Ps. 55,391 additional paid in capital.

On February 27, 2009, DAK Americas LLC (“DAK”) entered into an agreement with E.I. du Pont de Nemours and Company (DuPont) to acquire the technology to manufacture a select group of 2GT- based Polyester Resin Products formerly produced under the Crystar® trade name. On May 20, 2009, the Board of Directors of DAK and Grupo Petrotemex as the sole member ratified, adopted and approved this transaction.

On April 21, 2009, the Board of Directors of DAK Americas, L. L. C. (“DAK”) and Grupo Petrotemex as the sole member authorized DAK to enter into a joint venture with Shaw Industries Group, Inc. (“Shaw”) and create a new company by the name “Clear Path Recycling, L. L. C.” to engage in the business of selling and manufacturing clean clear flake and clean color flake from post-consumer polyethylene terephthalate (“PET”) bottles. Clear Path Recycling was incorporated on April 30, 2009 and DAK holds a 25% participation in the joint venture.

On May 15, 2009, the Board of Directors authorized the Company to make a guarantee deposit of US$2.4 million in conjunction with the execution of a Credit Agreement between a financial institution and Grupo Petrotemex.

On May 20, 2009, the Board of Directors authorized the Company to grant a corporate guarantee to a financial institution in the United States of America in conjunction with the execution of a Rail Equipment Net Lease Agreement with DAK Americas, L. L. C. (as Lessee).

Effective June 26, 2009, DAK Americas, LLC provided a corporate guarantee for up to US$2.7 million to an equipment supplier in support of Clear Path Recycling LLC.

On July 1, 2009, Grupo Petrotemex S.A. de C.V. entered into a credit agreement with a financial institution for an amount of up to Ps. 133.8 million. As of the date of this report this short term loan is outstanding.

Felipe Garza M. General Director	Félix Lavin M. Administrative Manager

GRUPO PETROTEMEX, S. A. DE C. V. AND SUBSIDIARIES
(subsidiaries of Alfa, S. A. B. de C. V.)

CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS
AS OF JUNE 30, 2009 AND DECEMBER 31, 2008

Thousands of Mexican Pesos

	June 30, 2009 (UNAUDITED)	December 31, 2008
Assets		
CURRENT ASSETS:		
Cash and cash equivalents	Ps. 2,172,805	Ps. 1,056,289
Restricted cash (Note 6)	99,661	401,340
Trade accounts receivable, less allowance for doubtful accounts	3,284,765	2,457,669
Accounts receivable from related parties (Note 2)	1,606,509	2,162,688
Other accounts and notes receivable	729,399	1,103,573
Inventories (Note 3)	3,051,886	3,598,067
Derivative financial instruments (Note 6)	25,272	32,339
Investments	-	124,599
Total current assets	10,970,297	10,936,564
OTHER ASSETS	528,679	333,288
PROPERTY, PLANT AND EQUIPMENT (Note 4)	11,678,273	12,404,115
DEFERRED INCOME TAX (Note 8)	613,890	719,409
OTHER NON-CURRENT ASSETS, NET	867,839	955,996
NON-CURRENT DERIVATIVE FINANCIAL INSTRUMENTS (Note 6)	131,225	134,500
Total assets	Ps. 24,790,203	Ps. 25,483,872
Liabilities and Stockholders Equity		
CURRENT LIABILITIES:		
Current portion of long-term debt (Note 5)	Ps. 2,091,839	Ps. 1,806,818
Bank loans (Note 5)	1,486,271	1,246,666
Suppliers and other accounts payable and accrued expenses	4,317,942	4,666,369
Accounts payable to related parties (Note 2)	803,118	334,106
Income tax payable	141,849	7,658
Derivative financial instruments (Note 6)	640,002	1,788,638
Total current liabilities	9,481,021	9,850,255
LONG-TERM LIABILITIES:		
Long-term debt (Note 5)	4,662,354	5,899,657
Long-term derivative financial instruments (Note 6)	1,255,031	1,155,643
Deferred income tax (Note 8)	2,148,162	2,179,347
Estimated liability for labor benefits	3,118	-
Total long-term liabilities	8,068,665	9,234,647
Total liabilities	17,549,686	19,084,902
STOCKHOLDERS' EQUITY (Note 7):		
Majority interest:		
Contributed capital	2,317,824	2,061,428
Earned surplus	4,573,215	3,981,963
Total majority interest	6,891,039	6,043,391
Minority interest	349,478	355,579
Total stockholders' equity	7,240,517	6,398,970
COMMITMENTS AND CONTINGENCIES (Note 9)		
Total liabilities and stockholders' equity	Ps. 24,790,203	Ps. 25,483,872

The accompanying notes are an integral part of these financial statements.

GRUPO PETROTEMEX, S. A. DE C. V. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2009 AND 2008

Thousands of Mexican Pesos

	June 30, 2009 (UNAUDITED)	June 30, 2008 (UNAUDITED)
Net sales	Ps. 17,709,931	Ps. 18,254,896
Cost of sales	(15,753,500)	(17,083,077)
Gross margin	1,956,431	1,171,819
Operating expenses	(424,930)	(443,876)
Operating income	1,531,501	727,943
Comprehensive financing (expense) income:		
Interest expense	(382,975)	(309,799)
Interest income	62,644	29,449
Exchange loss, net	(109,003)	(70,682)
Loss from derivative financial instruments	(281,066)	(58,526)
Gain on monetary position	5,647	839
	(704,753)	(408,719)
Comprehensive financing cost capitalized	-	(4,816)
	(704,753)	(413,535)
Other expenses, net	(31,950)	(127,228)
Equity in earnings of associated companies	900	-
Income before income tax	795,698	187,180
Income tax (Note 8)	(404,979)	(216,705)
Consolidated net income (loss)	390,719	(29,525)
Net income corresponding to minority interest	(3,200)	(15,230)
Net income (loss) corresponding to majority interest	Ps. 387,519	Ps. (44,755)

The accompanying notes are an integral part of these financial statements.

GRUPO PETROTEMEX, S. A. DE C. V. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2009 AND 2008

Thousands of Mexican Pesos

		June 30, 2009 (UNAUDITED)	June 30, 2008 (UNAUDITED)
Cash flows from operating activities:			
Net income before income tax		Ps. 795,698	Ps. 187,180
Adjustments to reconcile to net cash:			
Items relating to investing activities:			
Depreciation and amortization		501,924	361,832
Unrealized foreign exchange loss		18,144	22,687
Equity in earnings of associated companies		(900)	
Loss on sale of investments		-	7,406
Interest income		(75,076)	(29,449)
Derivative financial instruments		281,066	(58,526)
Items relating to financing activities:			
Interest expense		345,237	309,799
		1,866,093	800,929
Increase in trade accounts receivable		(940,990)	(357,444)
Decrease in accounts receivable from related parties		544,970	124,872
Decrease in other accounts receivable		240,460	218,448
Decrease in inventory		484,097	604,703
(Decrease) increase in accounts payable		(228,378)	101,950
Increase (decrease) in accounts payable to related parties		345,217	(1,101,975)
Increase in other accounts payable and accrued expenses		153,769	141,764
Income tax paid		(35,817)	(159,909)
Net cash flows from operating activities		2,429,421	373,338
Cash from investing activities:			
Capital expenditures		(178,447)	(419,392)
Interest income		3,533	6,676
Derivative financial instruments		(775,649)	11,009
Non operating loan to related parties		82,202	-
Proceeds from loan to third parties		196,779	-
Proceeds from sale of investments		-	31,945
Net cash flows applied to investing activities		(671,582)	(369,762)
Cash flows from financing activities:			
New long-term debt		127,851	106,000
Payments of debt		(260,530)	(190,307)
Payments of bank loans		(412,774)	(142,494)
Interest paid		(336,239)	(271,685)
Proceeds from capital interest			290,613
Net cash flows applied to financing activities		(881,692)	(207,873)
Net increase (decrease) in cash and cash equivalents		876,147	(204,298)
Effects of exchange rate change in cash		(61,310)	9,218
Cash and cash equivalents at beginning of the period		1,457,629	1,104,777
Composed of:			
Cash and cash equivalents	Ps. 2,172,805		
Restricted cash	99,661		
Cash and cash equivalents at end of the period		Ps. 2,272,466	Ps. 909,699

The accompanying notes are an integral part of these financial statements.

GRUPO PETROTEMEX, S. A. DE C. V. AND SUBSIDIARIES
(subsidiaries of Alfa, S. A. B. de C. V.)

NOTES TO UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2009 AND DECEMBER 31, 2008
AND FOR THE SIX MONTHS ENDED JUNE 30, 2009 AND 2008

Thousands of Mexican Pesos (except where otherwise indicated)

1. BASIS OF PRESENTATION

Grupo Petrotemex, S. A. de C. V. (hereinafter "Grupo Petrotemex" or "the Company"), is a subsidiary of Alfa, S. A. B. de C. V. ("ALFA").

The condensed consolidated interim financial statements as of June 30, 2009 and for the six months ended June 30, 2009 and 2008, are unaudited. In the opinion of the management of Grupo Petrotemex, S. A. de C. V. (the "Company"), all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the financial statements have been included therein. The results of interim periods are not necessarily indicative of results for the entire year. For purposes of these condensed consolidated interim financial statements certain information and disclosure normally included have been modified or omitted. The condensed consolidated interim financial statements were prepared in accordance with Mexican Financial Reporting Standards ("MFRS") and should be read in conjunction with the Company's audited financial statements as of December 31, 2008 and 2007, and for the years ended December 31, 2008, 2007 and 2006 (the "Audited Annual Financial Statements").

2. TRANSACTIONS WITH RELATED PARTIES

At June 30, 2009 and at December 31, 2008 the principal balances with these companies are shown below:

	June 30, 2009	December 31, 2008
Receivables:		
Akra Polyester, S. A. de C. V.	Ps. 677,873	Ps. 1,374,024
Petrocel, S. A.	618,379	452,065
Alfa, S. A. B. de C. V.	188,140	188,018
Innovación y Desarrollo de Energía Alfa Sustentable, S. A. de C. V.	113,951	113,951
Polioles, S. A. de C. V.	-	20,034
Unimor, S. A. de C. V.	5,424	9,515
Alfa Corporativo, S. A. de C. V.	2,730	2,742
Other	12	2,339
	Ps. 1,606,509	Ps. 2,162,688
Payables:		
Akra Polyester, S. A. de C. V.	Ps. 706,113	Ps. 254,351
Petrocel, S. A.	95,355	77,799
Other	1,650	1,956
	Ps. 803,118	Ps. 334,106

The consolidated financial statements include the following transactions with related parties:

	Six months ended	
	June 30, 2009	June 30, 2008
Income		
Sale of goods	Ps. 499,848	Ps. 876,628
Sale of raw materials	51,024	20,285
Sale of electric power	12,776	30,342
Income from administrative services	9,951	8,021
Interest income	71,544	22,889
Income from lease	4,000	9,189
Other	259	169
Expenses		
Purchase of raw material	(Ps. 2,759,377)	(Ps. 3,123,110)
Purchase of electric power	(24,128)	(28,693)
Administrative services expense	(32,438)	(134,787)
Other costs and expenses	(371)	-

The balances with related parties included in the balance sheet derive from the above-mentioned transactions. These transactions were carried out at approximate market prices.

3. INVENTORIES

Consolidated inventories were analyzed as follows:

	June 30, 2009	December 31, 2008
Finished goods	Ps. 1,419,400	Ps. 1,723,445
Raw materials and work in process	1,215,930	1,452,399
Materials and spare parts	482,206	483,861
	3,117,536	3,659,705
Less - Allowance for slow-moving inventory	65,650	61,638
Total	Ps. 3,051,886	Ps. 3,598,067

4. PROPERTY, PLANT AND EQUIPMENT

This caption comprised the following:

	June 30, 2009	December 31, 2008
Land	Ps. 361,171	Ps. 364,928
Depreciable assets	19,718,538	20,355,260
Construction in progress	976,740	936,372
	21,056,449	21,656,560
Accumulated depreciation	(9,378,176)	(9,252,445)
Total book value	Ps. 11,678,273	Ps. 12,404,115

At June 30, 2009 and at December 31, 2008 the gross cost of property, plant and equipment included a net charge of Ps. 576,246 in 2009 and 2008 of comprehensive financing cost capitalized in prior years.

Depreciation charged to income represented annual average rates of 4.38% in 2009 and 4.22% in 2008.

5. LONG AND SHORT-TERM DEBT

a. Short-term debt

At June 30, 2009 and at December 31, 2008, the short-term debt of Grupo Petrotemex comprised the following:

	2009		2008	
	Amount	Interest rate(*)	Amount	Interest rate(*)
Unsecured bank loans in US$				
Grupo Petrotemex - US$72.5 million in 2009 and US$40 million in 2008	Ps. 957,167	7.30%	Ps. 542,560	7.1%
Dak Argentina - US$40 million	529,104	8.07%	541,646	6.6%
Dak Americas - US$15 million	-	-	162,460	4.1%
Total short-term debt	Ps. 1,486,271		Ps. 1,246,666	

(*) Average annual interest rate at June 30, 2009 and at December 31, 2008.

b. Long-term debt

At June 30, 2009 and at December 31, 2008, the long-term debt of Grupo Petrotemex comprised the following:

	2009		2008	
	Amount	Interest rate(*)	Amount	Interest rate(*)
Unsecured debt(**)	Ps. 6,754,193	4.27%	Ps. 7,706,475	5.16%
Less - Current portion	2,091,839		1,806,818	
Long-term debt	Ps. 4,662,354		Ps. 5,899,657	

(*) Average annual interest rates at June 30, 2009 and 2008.

(**) Comprises the following loans:

	2009	2008
Syndicated Bank Loans:		
Syndicated loan bearing interest at an annual rate of Libor+0.60%, due August 2011, with five semi-annual installments remaining and guaranteed by Petrocel, Temex, Ptal, Polimor, and Dak Americas	Ps. 2,178,380	Ps. 2,233,820
Syndicated loan bearing interest at an annual rate of Libor+0.55% during 2009 and Libor+0.55% during 2008, due December 2012, with five semiannual installments remaining and guaranteed by Temex, Ptal, Polimor, Dak Resinas, Dak Argentina and Dak Americas	1,465,455	1,502,751
Syndicated loan bearing interest at an annual rate of TIIE+0.30% during 2009 and TIIE+0.45% during 2008, due December 2012, with five semi-annual installments remaining and guaranteed by Temex, Ptal, Polimor, Dak Resinas, Dak Argentina and Dak Americas	421,922	421,922
Private Placements:		
Senior Notes issued by Dak Americas bearing interest at an annual rate of 6.85%, due June 2014, with five annual installments remaining and guaranteed by Grupo Petrotemex, Temex, Ptal and Petrocel	1,084,474	1,334,490
Senior Notes bearing interest at an annual rate of 8.31%, due October 2012, with four annual installments remaining and guaranteed by Petrocel, Temex, Ptal, Polimor and Dak Americas	565,813	580,213
Committed Credit Lines:		
Long-term credit line bearing interest at an annual rate of 8.0% due in 2009, guaranteed by Temex, Ptal and Petrocel	—	676,915
Long-term credit line bearing interest at an annual rate of Libor+4.0% during 2009 and Libor+0.85%, due April 2010, guaranteed by Temex, Ptal and Petrocel	528,092	541,532
Long-term credit line bearing interest at an annual rate of TIIE+4.50% during 2009 and TIIE+4.0 during 2008, due March 2010, guaranteed by Temex, Ptal and Petrocel	262,134	265,434
Reserve Base Loan bearing interest at an annual rate of 5.5% due May 2012, with a monthly reduction commitment to be predetermined every six months	127,851	—
Export Credit Agency Financing:		
Loan to import machinery and equipment bearing interest at an annual rate of Libor+0.50% due September 2012, with eight semiannual installments remaining	102,467	120,085
Loan to import machinery and equipment bearing interest at an annual rate of EuroLibor+0.40% due June 2010, with three semiannual installments remaining	17,605	29,313
	Ps. 6,754,193	Ps. 7,706,475

At June 30, 2009 long-term debt maturities were as follows:

Year	Amount
2010	Ps. 981,758
2011	2,038,959
2012	1,207,847
2013	216,895
2014 and thereafter	216,895
	Ps. 4,662,354

The debt agreements contain customary covenants, basically covering the maintenance of certain financial ratios, payment of dividends and submission of financial information. In the event noncompliance with such ratios is not cured in a time period satisfactory to the lenders as note holders they may require immediate payment of the entire indebtedness. At June 30, 2009 and December 31, 2008, Grupo Petrotemex and its subsidiaries had satisfactorily complied with such restrictions and covenants.

6. DERIVATIVE FINANCIAL INSTRUMENTS

a) Exchange rate derivatives

As of June 30, 2009, the position of exchange rate derivatives held for trading purposes was summarized as follows (millions of Mexican pesos):

Type of derivative, value or contract	Notional amount	Underlying asset		Fair value	Maturity			Collateral / guarantee
		Unit	Reference		2009	2010	2011+	
USD/MXN (CCS(i)) . . .	(Ps. 514)	Pesos / Dollars	13.20	(Ps. 96)	Ps. 8	(Ps. 8)	(Ps. 96)	Ps. -

(i) Cross currency swaps

b) Interest rate swaps:

As of June 30, 2009, the position of interest rate swaps was summarized as follows (millions of Mexican pesos):

Type of derivative, value or contract	Notional amount	Underlying asset		Fair value	Maturity			Collateral / guarantee
		Unit	Reference		2009	2010	2011+	
Hedging purposes:								
Over Libor(i)	Ps. 2,640	% per year	2.15	(Ps. 108)	(Ps. 38)	(Ps. 70)	Ps. -	Ps. -
Trading purposes:								
Over Libor	6,139	% per year	2.15	(444)	(57)	(106)	(281)	7
				(Ps. 552)	(Ps. 95)	(Ps. 176)	(Ps. 281)	Ps. 7

(i) Cash flow hedge

c) Commodities

As of June 30, 2009, the position of derivative financial instruments for natural gas, gasoline and ethylene was as follows (millions of Mexican pesos):

Type of derivative, value or contract	Notional amount	Underlying asset		Fair value	Maturity			Collateral / guarantee
		Unit	Reference		2009	2010	2011+	
Hedging purposes:								
Ethylene(i)	Ps. 297	Dollar cents / lb	32.56	(Ps. 118)	(Ps. 117)	(Ps. 1)	Ps. -	Ps. -
Trading purposes:								
Natural gas	Ps.1,065	Dollars / BTU	3.40	(863)	(233)	(Ps. 33)	(Ps. 597)	61
Gasoline	1,080	Dollars / Gallon	1.91	(218)	(222)	4	-	-
				(Ps. 1,199)	(Ps. 572)	(Ps. 30)	(Ps. 597)	Ps. 61

(i) Cash flow hedge

The effectiveness of financial derivative instruments classified as hedge instruments is assessed on a periodical basis. As of June 30, 2009, the Company's management had assessed the effectiveness of hedges and estimated that they were highly effective.

The notional amounts related to financial derivative instruments reflect the reference volume contracted.

As of June 30, 2009, and December 31, 2008, the net fair value position (liability) of the financial derivative instruments amounted to Ps. 1,738,536 and Ps. 2,777,442, respectively; it is reflected in the consolidated balance sheet as follows:

	June 30, 2009	December 31, 2008
Assets:		
Current assets	Ps. 25,272	Ps. 32,339
Non-current assets	131,225	134,500
Liabilities:		
Current liabilities	(640,002)	(1,788,638)
Long-term liabilities	(1,363,258)	(1,294,006)
	(1,846,763)	(2,915,805)
Initial valuation position covered	108,227	138,363
Net position (fair value)	(Ps. 1,738,536)	(Ps. 2,777,442)

Collateral required for the above-mentioned financial derivative instruments amounted to Ps. 67,975 and Ps.401,340 as of June 30, 2009 and December 31, 2008, respectively; which is recorded in the caption "Restricted cash" under current assets, and represents the settlement guarantee for each instrument. Restricted cash comprises temporary investments and cash in broker accounts.

7. STOCKHOLDERS' EQUITY

Effective January 1, 2009, Polimor, S. A. de C. V. merged into Grupo Petrotemex with no effect on capital stock since Polimor was wholly owned by Grupo Petrotemex, with the former ceasing to exist as a legal entity. In addition, Alfa del Noreste, S. A. de C. V. and Alfa Subsidiaria Comercial, S. A. de C. V. (associated company wholly owned by ALFA) merged into Grupo Petrotemex; with the former two companies ceasing to exist as a legal entities. These mergers were accounted for using the carryover basis and gave rise to an increase in contributed capital of Ps. 3,068.

In an Ordinary General Meeting held on March 30, 2009, the stockholders of Grupo Petrotemex agreed to buy from Alfa 7,367,704 Series "B" sub-series "B-2" shares of the variable portion of the capital stock of Akra Polyester, S. A. de C. V. This transaction was accounted for using the carryover basis and the excess of the cost of the shares over Grupo Petrotemex's interest in the historical value of Akra's net assets in the amount of Ps. 55,391 was recorded in retained earnings.

In an Ordinary General Meeting held on March 31, 2009, the stockholders of Grupo Petrotemex agreed to increase the variable portion of the capital stock by Ps. 197,937 through the issuance of 197,936,629 Series "B" shares with par value of one Mexican peso, through the capitalization of a liability in favor of Alfa, S. A. B. de C. V., in the amount of Ps. 253,328, of which Ps. 197,937 is capital stock and Ps. 55,391, are additional paid-in capital.

After the above-mentioned increase, the capital stock at June 30, 2009 was composed as follows:

Shares(*)	Description	Amount
255,301,000	Series "A": representing the fixed portion of the capital stock	Ps. 255,301
1,616,702,581	Series "B": representing the variable portion of the capital stock	1,616,703
1,872,003,581		1,872,004
	Accumulated inflation restatement up to December 31, 2007	305,519
	Capital stock at June 30, 2009	Ps. 2,177,523

(*) Ordinary nominative shares with a par value of one Mexican peso, totally subscribed and paid.

The profit for the period is subject to the legal provision requiring that at least 5% of the profit for each period be set aside to increase the legal reserve until it reaches an amount equivalent to 20% of the capital stock.

Dividends paid from retained earnings which have not previously been taxed are subject to an income tax payable by the Company, which may be credited against the normal income tax payable by the Company in the year in which the dividends are paid and in the two following years.

8. INCOME TAX

The net charge to consolidated income for taxes was as follows:

	June 30, 2009	June 30, 2008
Currently payable	(Ps. 337,835)	(Ps. 184,861)
Adjustment to the income tax provision for prior periods	217	(3,906)
Deferred	(67,361)	(27,938)
Total	(Ps. 404,979)	(Ps. 216,705)

At June 30, the principal temporary differences requiring recognition of deferred income tax were:

	June 30, 2009	December 31, 2008
Property, plant and equipment, net	(Ps. 6,458,677)	(Ps. 6,489,142)
Other assets	(9,145)	—
Derivative financial instruments	1,476,648	1,807,792
Liability provisions, net	(859,651)	(1,200,113)
Tax loss carryforwards	629,668	925,827
	(5,221,157)	(4,955,636)
Valuation reserve(*)	(258,386)	(258,428)
	(5,479,543)	(5,214,064)
Income tax at statutory rate applicable to temporary differences	28%	28%
Deferred income tax	(1,534,272)	(1,459,938)
Deferred income tax asset	(613,890)	(719,409)
Deferred income tax liability	(Ps. 2,148,162)	(Ps. 2,179,347)

(*) The valuation reserve was recorded due to the uncertainty of realizing tax loss carryforwards in the future.

9. COMMITMENTS AND CONTINGENCIES

At June 30, 2009 and December 31, 2008, Grupo Petrotemex and subsidiaries had entered into various agreements with suppliers and customers for purchases of raw material necessary for production and sale of finished goods, respectively. Such agreements, effective for a period of between one and five years, stipulate certain restrictions and covenants for both parties.

The Company uses hazardous materials to manufacture polyester staple fiber, polyethylene terephthalate ("PET") resin and terephthalic acid and generates and disposes of wastes, such as finishes and glycol. These and other activities of the Company are subject to various federal, state and local laws and regulations governing the generation, handling, storage, treatment and disposal of hazardous substances and wastes. Under such laws, an owner or lessee of real estate may be liable for, among other things, (i) the costs of removal or remediation of certain hazardous or toxic substances located on, in, or emanating from, such property, as well as the related cost of investigation and property damage and substantial penalties for violations of such law, and (ii) environmental contamination of facilities where its waste is or has been disposed. Such laws often impose such liability without regard to whether the owner or lessee knew of, or was responsible for, the presence of such hazardous or toxic substances.

Although the Company believes that there are no existing material liabilities relating to noncompliance with environmental laws and regulations, there can be no assurance that there are no undiscovered potential liabilities relating to noncompliance with environmental laws and regulations, that historical or current operations have not resulted in undiscovered conditions that will require investigation and/or remediation under environmental laws, or that future uses or conditions will not result in the imposition of environmental liability upon the Company or expose the Company to third-party actions, such as tort suits. Furthermore, there can be no assurance that changes in environmental regulations in the future will not require the Company to make significant capital expenditures to change methods of disposal of hazardous materials or otherwise alter aspects of its operations.

The Company has received from the former owners of the businesses acquired an indemnification for financial consequences of certain environmental conditions that existed prior to or at the time of the closing of the original purchase of the businesses, which enables the Company to clearly segregate liabilities which may arise from operations controlled by the former owners of the businesses.

Effective January 27, 2009, Inmobiliaria Petrocel, S.A. de C.V. has provided a lien over real property with an appraised value of approximately Ps. 70.1 million as a guarantee for a loan from a third party to Alfa.

Effective June 26, 2009, DAK Americas, LLC provided a corporate guarantee for up to US$2.7 million to an equipment supplier in support of Clear Path Recycling LLC.

10. NEW FINANCIAL REPORTING STANDARDS

In 2008, the Mexican Financial Reporting Standards Board ("CINIF") by its Spanish acronym issued the following MFRS effective January 1, 2009. These MFRS did not have significant effect on the financial information presented:

MFRS B-7 "Business acquisitions" - MFRS B-7 stipulates general valuation and disclosure standards for the initial recognition at the date of acquisition of the net assets acquired in a business acquisition as well as for the minority interest and other items that might result from it, such as goodwill and the gain on acquisition. This standard replaces Statement B-7 "Business acquisitions", in force until December 31, 2008.

MFRS B-8 "Combined and consolidated financial statements" - MFRS B-8 sets forth the general standards for the preparation and presentation of combined and consolidated financial statements and notes thereon. This MFRS supersedes Statement B-8 "Combined and consolidated financial statements and valuation of permanent investments in shares", in force until December 31, 2008.

MFRS C-7 “Investments in associated companies and other permanent investments” - MFRS C-7 sets forth the standards for the accounting recognition of the investments in associated companies, and other permanent investments in which there is no control, joint control or significant influence.

MFRS C-8 “Intangible assets” - MFRS C-8 sets forth the valuation, presentation and disclosure standards for the initial and subsequent recognition of the intangible assets acquired on an individual basis or through a business acquisition, or internally generated in the normal course of business. This MFRS supersedes Statement C-8 “Intangible assets”, effective until December 31, 2008.

MFRS D-8 “Share-based payments” - MFRS D-8 stipulates the standards for the recognition of share-based payments. This MFRS supersedes IFRS-2 “Share-based-payments” issued by the International Financial Reporting Standards Board applicable on a supplementary basis in Mexico.

Also the MFRSB has issued the following interpretation to the Financial Reporting Standards (MFRSI):

MFRSI 14 “Contracts for the construction, sale and rendering of services related to real estate” which interprets the regulation in Statement D-7 “Contracts for the construction and manufacturing of some capital goods”. This interpretation will became effective as from January 1, 2010 for all entities celebrating contracts for the construction, sale and rendering of services related to real estate. Its early adoption is permitted.

11. SUBSEQUENT EVENTS

On July 1, 2009, Grupo Petrotemex made a loan to Alfa, S.A.B. de C.V. for US$31.7 million through a promissory note with interest payable at maturity on December 28, 2009.

On July 21, 2009, Grupo Petrotemex, S. A. de C. V. entered into a credit agreement with a financial institution for an amount of up to Ps. 133.8 million. As of the date of this report, this short term loan is outstanding. Effective July 26, 2009, DAK Americas, LLC provided a corporate guarantee for up to US$2.7 million to an equipment supplier in support of Clear Path Recycling LLC.

APPENDIX A

SUMMARY OF CERTAIN DIFFERENCES BETWEEN MFRS AND U.S. GAAP

Our financial statements are prepared and presented in accordance with Mexican Financial Reporting Standards ("MFRS") issued by the Mexican Financial Reporting Standards Board ("*Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera*" or "CINIF"). MFRS differ in certain significant respects from generally accepted accounting principles as applied in the United States ("U.S. GAAP"), which might be material to the financial information contained herein. We have not prepared a reconciliation of our financial statements and related notes appearing in the offering memorandum, from MFRS to US GAAP, and we have not quantified those differences. Accordingly, no assurance is provided that the following summary of differences between MFRS and U.S. GAAP is complete. In making an investment decision, investors must rely upon their own examination of our company, the terms of the offering and the financial information included in the offering memorandum. In addition, no attempt has been made to identify future differences between MFRS and U.S. GAAP that may affect the financial statements as a result of transactions or events that may occur in the future, including the issuance of new accounting standards either in the United States or Mexico. Potential investors should consult their professional advisors for an understanding of the differences between MFRS and U.S. GAAP, and how those differences might affect the financial information included in this offering memorandum.

Accounting for the Effects of Inflation

Mexico

Through December 31, 2007, MFRS required that the comprehensive effects of price level changes due to inflation be recorded in the basic financial statements for all non-monetary and monetary items. MFRS required the recognition of the effects of inflation on non-monetary assets and expenses including inventories, cost of sales, property, plant and equipment, accumulated depreciation and depreciation, and other non-monetary assets, as well as stockholders' equity. Non-monetary assets and stockholders' equity were generally restated for inflation using factors derived from the NCPI, except that inventory and cost of sales may be adjusted to their replacement cost, not to exceed net realizable value. MFRS also required the determination of an inflationary gain or loss arising from a company's net monetary asset or liability position, and the adjustment or restatement of income statement amounts for the year in constant pesos of purchasing power as of the date of the most recent balance sheet presented, as well as the presentation of financial statement amounts from prior years in constant pesos of purchasing power as of the date of the most recent balance sheet presented. Accounting for the effects of inflation under MFRS was considered a more meaningful presentation than historical cost based financial reporting for Mexican companies.

Through December 31, 2007, under MFRS, equipment of non-Mexican origin could be restated by applying the inflation rate of the country of origin, and then translated at the year-end exchange rate of the Mexican peso. Starting January 1, 2008, such restatement is no longer accepted.

Effective January 1, 2008, a new MFRS went into effect which establishes new standards for recognizing the effects of inflation in an entity's financial statements as measured by changes in a general price index only. MFRS provides criteria for identifying both inflationary and non-inflationary environments, and provides guidelines to cease or start recognizing the effects of inflation in financial statements when the general price index in a cumulative three-year period exceeds 26% in the countries of the functional currency where the company and subsidiaries operate. Restatement of financial statements for earlier periods presented is not permitted by MFRS.

United States

Under U.S. GAAP, companies are generally required to prepare financial statements using historical costs that are not subsequently adjusted for inflation. However, the application of Bulletin B-10 represents a comprehensive measure of the effects of price level changes in the inflationary Mexican economy and, as such, is considered a more meaningful presentation than historical, cost-based financial reporting for both Mexican and U.S. accounting purposes.

Under U.S. GAAP, the effect of applying the option provided by the Mexican FRS Bulletin B-10, "Recognition of the Effects of Inflation on Financial Information," for the restatement of equipment of non-Mexican origin does not meet the consistent reporting currency requirement of Regulation S-X of the Securities and Exchange Commission ("SEC").

Functional Currency and Reporting Currency

Mexico

Until December 31, 2007, MFRS did not incorporate the concept of functional currency, and, therefore, entities were allowed to have a reporting and accounting currency different from the functional currency, without the need to perform a translation process. Starting January 1, 2008, MFRS incorporates the concepts of accounting currency, functional currency and reporting currency and establishes the procedures to translate the financial information: i) from the recording currency to the functional currency; and ii) from the functional to the reporting currency, when recording and reporting currency are different from the functional currency.

In these cases, MFRS, establishes that the following procedures should be applied prospectively from January 1, 2008:

- the initial balances of the 2008 balance sheet, stated in the recording currency, are translated into the functional currency at the exchange rate at December 31, 2007;
- each reporting date, the balances of monetary assets and liabilities expressed in the recording currency are translated to the functional currency at the closing exchange rate;
- all the movements of the non-monetary items and capital stock, stated in the recording currency are remeasured into the functional currency using the historical exchange rates referred at each transaction date;
- the revenues, costs and expenses stated in the recording currency are translated into the functional currency at the historical exchange rate effective when they were accrued and recognized in the income statement, except when they arose from non monetary items in which case the historical exchange rate of the non monetary items was used; and
- gains and losses from the remeasurement process are included in the net income of the period.

The figures stated in the functional currency are then translated into reporting currency, by applying:

- the exchange rate at the balance sheet date to all assets and liabilities;
- the exchange rate effective when they were accrued and accounted for to revenues, costs and expenses; and
- the historical exchange rate of the date of the transaction to changes in stockholders' equity.

The difference arising in the translation of the functional currency to the reporting currency is recognized in stockholders' equity as cumulative translation adjustment.

United States

Under U.S. GAAP, historically, if an entity's books of record are not maintained in its functional currency, re-measurement into the functional currency is required. That re-measurement is required before translation into the reporting currency. The re-measurement process is intended to produce the same result as if the entity's books of record had been maintained in the functional currency. To accomplish that result, it is necessary to use historical exchange rates between the functional currency and another currency in the re-measurement process for certain accounts. The re-measurement effects are recognized in earnings.

Consolidation Criteria

Mexico

MFRS requires consolidation of all subsidiaries over which a company exercises control, despite not holding a majority of the voting common stock of the subsidiary. Control over another company is considered to exist when more than 50% of a company's outstanding shares, with voting rights, are held directly or indirectly through a subsidiary, unless the holder can demonstrate that control to govern the company has been yielded.

United States

U.S. GAAP generally requires consolidation when a company has a controlling financial interest, either through a majority voting interest or through the existence of other control factors. Additionally, it requires consolidation of variable interest entities for which the company is the primary beneficiary, will absorb a majority of the investee's expected losses, and is entitled to receive a majority of the entity's expected residual returns or both.

Classification of Minority Interest

Mexico

Under MFRS, minority interest in consolidated subsidiaries is presented as a separate component of stockholders' equity in the balance sheet; in the statement of income it is included in consolidated net income, and the distribution between majority and minority interests is presented below consolidated net income.

United States

Currently, under U.S. GAAP, minority interest is excluded from stockholders' equity and it is presented between liabilities and equity in the balance sheet. In the statement of income, it is presented as a reduction of consolidated net income.

In December 2007, the Financial Accounting Standards Board ("FASB") issued new guidelines to establish accounting and reporting standards for the noncontrolling interest in a subsidiary (previously referred to as "minority interest") and the deconsolidation of a subsidiary; (b) changes the way the consolidated income statement is presented as the noncontrolling interest will be presented within stockholders' equity; (c) establishes a single method of accounting for changes in a parent's ownership interest in a subsidiary that do not result in deconsolidation; (d) requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated; and (e) requires expanded disclosures in the consolidated financial statements that clearly identify and distinguish between the interests of the parent's owners and the interests of the noncontrolling owners of a subsidiary. These new guidelines are effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008.

Capitalized Comprehensive Financing Cost

Mexico

Under MFRS, up until December 31, 2006, an entity was allowed, but not required, to capitalize certain comprehensive financing costs on assets under construction. Effective January 1, 2007, MFRS requires certain comprehensive financing costs to be capitalized on qualifying assets (assets that require a period of time to be ready to use). Comprehensive financial results to be capitalized include interest expense, foreign currency exchange gains and losses, and inflationary monetary gain or loss related to financial liabilities.

United States

Under U.S. GAAP, interest expense incurred during the construction (development) period on qualifying assets must be considered as an additional cost to be capitalized. In all instances, foreign exchange and inflationary monetary gains and losses are excluded.

Operating Income

Mexico

Under MFRS, up through December 31, 2006, certain non-recurring charges such as asset write-offs were classified as non-operating. Effective January 1, 2007, these special items have been eliminated.

United States

Under U.S. GAAP, non-recurring charges are considered part of operating income.

Impairment of Long-Lived Assets

Mexico

MFRS requires that all long-lived assets be evaluated periodically in order to determine whether there is an indication of potential impairment. The calculation of impairment losses requires the determination of the recoverable value of such assets, which is defined as the greater of the net selling price of a cash-generating unit and its value in use, which is the present value of discounted future net cash flows. In addition, under certain limited circumstances, the reversal of previously recognized impairment losses is permitted. Any recorded impairment losses are presented in other expenses.

United States

U.S. GAAP requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Assets are considered impaired when the fair value is less than the carrying value of the asset. An impairment loss is to be recorded only when the recoverable amount of the asset, defined as the estimated future undiscounted cash flows expected to result from the use of the asset, is less than the carrying value of the asset, and is measured by the difference between the carrying value of the asset and its fair value. Any impairment loss recorded for an asset to be held and used establishes a new cost basis and, therefore, cannot be reversed in the future. Any recorded impairment losses are presented in operating expenses.

Deferred Income Tax

Mexico

MFRS requires an asset and liability approach for recognizing existing temporary differences for income tax, that are expected to reverse over a definite period of time. MFRS is similar to U.S. GAAP with respect to accounting for current and deferred income taxes, except that any deferred tax assets recorded must be reduced by a valuation allowance if it is "highly probable" that all or a portion of the deferred tax assets will not be realized.

United States

Under U.S. GAAP, deferred income taxes are accounted for under the balance sheet method. Deferred tax assets and liabilities are recognized for the future tax consequence attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases as well as the recognition of operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is recognized if, based on the weight of available evidence, it is "more likely than not" that all or a portion of the deferred tax asset will not be realized. The effect on the deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

U.S. GAAP requires separate presentation of current and non-current income tax assets or liabilities, depending on the classification of the asset or liability to which the deferred tax item relates.

Under U.S. GAAP, effective in 2007, guidance was issued which prescribes how a company should recognize, measure, present and disclose in its financial statements uncertain tax positions that the company has taken or expect to take on its tax returns. No such guidance exists under MFRS.

Statement of Cash Flows

Mexico

Through December 31, 2007, MFRS specified the appropriate presentation of the statement of changes in financial position be based on financial statements restated in constant Mexican pesos. MFRS identifies the sources and applications of resources representing differences between beginning and ending financial statement balances in constant Mexican pesos. Monetary and foreign exchange gains and losses are not treated as non-cash items in the determination of resources provided by operations.

Starting January 1, 2008 MFRS requires to present a cash flow statement describing the cash flow provided by or used in operating, investing and financing activities. Under MFRS, restricted cash is part of cash and cash equivalents, with a separate disclosure of restricted cash. Entities are required to classify interest paid as cash outflows for financing activities. Interest expense of the period is reconciled from the Net Income before taxes and Interest paid during the period is included as financing activities. MFRS requires classifying interest received within the same group of activity as the operation to which they are associated.

United States

U.S. GAAP requires a statement of cash flows describing the cash flows provided by or used in operating, investing and financing activities. Non-cash transactions are excluded from the statement of cash flows. Additionally, for foreign private issuers that file financial statements with the SEC, such registrants are required to prepare a price-level adjusted cash flow statement under U.S. GAAP in a manner that comprehensively segregates the effects of inflation from the cash flows from operating, investing and financing activities. Restricted Cash is not part of cash and cash equivalents under U.S. GAAP. Interest received and interest paid are classified as cash inflows and outflows from operating activities.

Fair value measurements

Mexico

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The use of either an exit or entry price is not specified. Mexico has no definition of what constitutes a Principal (or most advantageous) market. There is no guidance as to the use of a fair value measurement within a bid-ask spread, but it does not preclude its use.

United States

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Therefore, the objective of a fair value measurement is to determine the price that would be received for the asset or paid to transfer the liability at the measurement date, that is, an exit price. FAS 157 requires an entity to value the instrument based on the value in the principal market. Only in the absence of a principal market would an entity look to the most advantageous market in order to determine a value. If an input is based on bid and ask prices, the price within the bid-ask spread that is most representative of fair value in the circumstances is used to measure fair value. SFAS 157 provides a measurement basis election for most financial instruments, allowing reporting entities to mitigate potential mismatches that arise under the current mixed measurement attribute model.

Impairment of Long-Lived Assets

Mexico

Under MFRS, long-lived assets with definite lives, such as property, plant and equipment, are evaluated periodically in order to determine whether there is an indication of potential impairment. The calculation of

impairment losses requires the determination of the recoverable value of such assets, which is defined as the greater of the net selling price of a cash-generating unit and its value in use, which is the present value of discounted future net cash flows. In addition, under certain limited circumstances, the reversal of previously recognized impairment losses is permitted. Any recorded impairment losses are presented as non-ordinary expenses.

United States

U.S. GAAP requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Assets are considered impaired when the fair value is less than the carrying value of the asset. An impairment loss is to be recorded only when the recoverable amount of the asset, defined as the estimated future undiscounted cash flows expected to result from the use of the asset, is less than the carrying value of the asset, and is measured by the difference between the carrying value of the asset and its fair value. Any impairment loss recorded for an asset to be held and used establishes a new cost basis and, therefore, cannot be reversed in the future. Any recorded impairment losses are presented in selling, general and administrative expenses.

Exploration and Drilling

Mexico

There is no specific guidance for this industry under MFRS. IFRS 6 “Exploration and Evaluation of Mineral Resources” is applied on a suppletory basis. Pre and post exploration and evaluation costs are capitalized only if it is probable that future economic benefit will flow through the entity and it can be measured reliably. During the exploration and evaluation phase an entity may adopt a policy either of immediate expense or of fully capitalization as an exploration and evaluation asset. Property acquisition costs, such as leasehold costs, are capitalized. Once technical feasibility and commercial viability of production are demonstrable, exploration and evaluation assets are tested for impairment and reclassified to property, plant and equipment or intangible assets. The treatment of exploratory wells, dry holes and dry hole contributions depends on the unit of account and how impairment is assessed. When a company chooses to capitalize during the evaluation and exploration MFRS requires exploration and evaluation assets to be classified as tangible or intangible according to the nature of the assets, and if impairment indicators exist, an impairment test must be performed in accordance with MFRS C-15 “impairment in the value of long lived assets and their disposition”. The impairment test under MFRS C-15 differs from those of the ceiling test required under U.S. GAAP when opting for the full cost accounting method.

United States

In the United States two methods of accounting are allowed, the full cost method and the successful efforts method. Under the successful-efforts method of accounting costs of drilling exploratory wells and exploratory-type test wells are initially capitalized and are later charged to expenses if proved reserves are not discovered. Development costs, including the costs of drilling development wells and development-type test wells, are capitalized. The capitalized costs of wells and related equipment are amortized on a unit of production basis over proved developed reserves, as the related oil and gas reserves are extracted.

Under the full cost method all cost incurred in prospecting, acquiring mineral interest, exploration, appraisal, development and construction is capitalized in cost center. All costs related to production activities, those solely to maintain or increase levels of production are expensed as incurred. Full-cost companies must also periodically calculate a limitation on capitalized costs (i.e., perform the full-cost-ceiling test). Capitalized costs that exceed this limit must be written off.

Labor Obligations

Mexico

Through December 31, 2007, companies were required to account for an additional liability and the corresponding intangible assets and separate equity component when an unfunded accumulated benefit obligation existed.

Starting January 1, 2008 accounting for labor obligations was amended. The most important changes are the reduction to a maximum five-year period to amortize prior year items, the effects of the salary growth in the calculation of the Obligation for Defined Benefits (formerly known as Obligations for Projected Benefits), the elimination of the accounting treatment for the additional liability and its corresponding intangible asset and the separate equity component. Companies are required to present the full funded status only within the footnotes.

United States

Under U.S. GAAP, an employer is required to accrue a liability and recognize an expense during the period in which the employee earns paid absences. In addition, under U.S. GAAP entities must apply the provisions of SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB Statements No. 87, 88, 106, and 132(R)". This statement requires companies to (i) fully recognize, as an asset or liability, the overfunded or underfunded status of defined pension and other postretirement benefit plans; (ii) recognize changes in the funded status through other comprehensive income in the year in which the changes occur; (iii) measure the funded status of defined pension and other postretirement benefit plans as of the date of the company's fiscal year-end; and (iv) provide enhanced disclosures. In addition, a company must now measure the fair value of its plan assets and benefit obligations as of the date of its year-end balance sheet.

Capitalized Comprehensive Financing Cost

Mexico

Under MFRS, up until December 31, 2006, an entity was allowed, but not required, to capitalize certain comprehensive financing costs on assets under construction. Effective January 1, 2007, MFRS requires certain comprehensive financing costs to be capitalized on qualifying assets (assets that require a period of time to be ready to use). Comprehensive financial results to be capitalized include interest expense, foreign currency exchange gains and losses, and inflationary monetary gain or loss related to financial liabilities.

United States

Under U.S. GAAP, interest expense incurred during the construction (development) period on qualifying assets must be considered as an additional cost to be capitalized. Under U.S. GAAP, when financing is in Mexican pesos, the monetary gain related to the financing is included in this computation; when financing is denominated in U.S. dollars, only the interest is capitalized. In all instances, foreign exchange and inflationary monetary gains and losses are excluded.

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