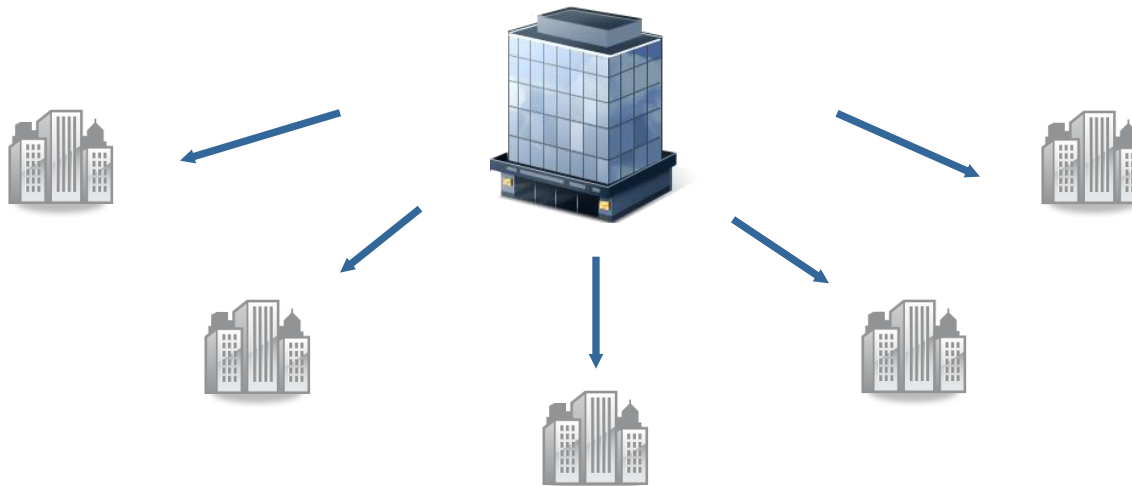




CORPORATE GOVERNANCE ENFORCEMENT PRIORITIES

**Diciembre 2008
Carlos Quevedo**

Corporate Group Piercing the Corporate Veil



The requirements established in the Law in the following topics:

- Corporate governance
- Minority rights
- Information disclosure

must apply to the economic group as a whole and not only to the individual firm.

Corporate Governance

Board of Directors

- Responsibility to establish the general strategies of the business, approve related party and relevant transactions, appoint the CEO and approve policies regarding use of management of company assets and internal controls.

Chief Executive Officer

- Responsibility to execute a management role related to the company's ordinary business.

Audit Committee

- Appoint, supervise and evaluate the external auditor.
- Review financial statements.

Corporate Practices Committee

- Render an opinion on related party and relevant transactions.

Corporate Governance

Duty of Care

- Members of the Board and officers shall act with the diligence appropriate to a person well informed and acquainted of good management.

Duty of Loyalty

- Directors and officers of the company shall act with loyalty, honesty and in fairness in benefit of the company (all the shareholders thereof).

Those who breach their duty, shall be liable for the damages caused to the issuer as a result of their actions or omissions.

Disclosure of Information

- The Board of Directors and the Chief Executive Officer are responsible for the disclosure of relevant events.
- The disclosure of relevant information must be done to all market participants at the same time through the Stock Exchange, and must be made at the time the issuer identifies or is aware of such relevant information.
- Issuers may differ disclosure of not consummated relevant information when:
 - The information is not available in the media.
 - There are no unusual movements in price or transaction volume of the securities.

Disclosure of Information

- If these conditions are not met, the CNBV and the Stock Exchange have the authority to order the suspension of trading.
- Sanctions for:
 - False information
 - Misleading information
 - Partial information in order to pretend a situation different from the real one
 - Omission

Therefore, insider trading can be avoided if the issuers disclose any relevant information as soon as it is known, and if not, trading is halted until the information is disclosed.

Tender Offer Rule

Current investment (voting rights)	Intended investment (voting rights)	% of Equity to acquire
$< 30\%$	$\geq 30\% \leq 50\%$	<p>The largest between 10% or a percentage of equity equal to the percentage of voting rights to be acquired.</p> <p>100%</p>
	$> 50\%$	

- The tender offer should be extended to all share classes and at the same price, regardless of the share class.
- Payments resulting from obligations to do or not do (i.e. non-compete clauses) are not considered control premiums if authorized by the board and disclosed to the public.



Market Abuse

Insider trading

- The act of trading with non-public information.
- Partial or total knowledge of the information.
- Sanctions for use, recommending or providing privileged information.

Manipulation

A deliberate attempt to interfere or influence with the free operation of the market in order to create artificial, false or mislead appearances with respect to the price or volume of a security for the purpose of generating a personal profit or for a third person.

Simulation

Front Running

Conflicts of Interest

Operations that do not comply with common trading practices

Sanctions

Administrative Sanctions

Imposed by the CNBV depending on:

- Aggravating or extenuating circumstances.
- Offender's economic condition and history.
- Cooperation from the person committing the infraction.

Criminal Sanctions

Manipulation
Insider Trading



Economic
Benefit



Prison



The CNBV will not have to pursue a criminal sanction if the offender contributes efficiently and provides information during the investigation.



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