

	Cement	Energy Concessions	Highway Concessions	Engineering and Construction	Apparel and Footwear	Real Estate Development	Shipbuilding
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Engineering and Construction

Alex Marques Santos,
Construtora Camargo
Corrêa, Abreu e Lima
Refinery, Ipojuca (PE)

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A reference in heavy construction for its participation in major infrastructure projects developed in Brazil, Construtora Camargo Corrêa faced in 2011 a complex scenario for its operations.

The year was marked by increased costs of raw material, scarce skilled labor force, and delayed approval of major infrastructure projects. These factors impacted the company's performance.

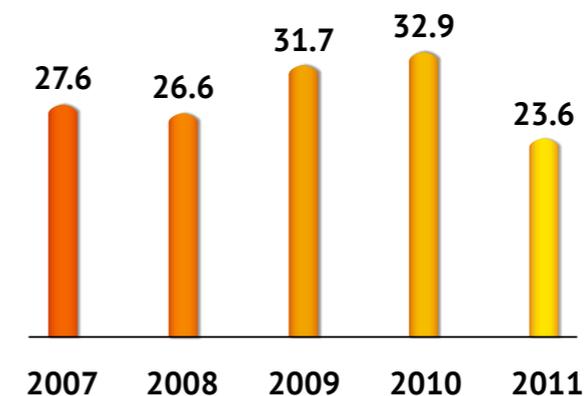
The challenging scenario, however, did not stop the company's progress in the pursuit of a more efficient organizational structure that suits to the need of customers and projects. In this process, five vice-presidency positions were created, three of which are totally focused on the market – Sales, Institutional Relations, and New Business – to strengthen the pursuit and best use of opportunities. In addition to these instances, in line with the purpose of strengthening the market presence, the company created the Operations Vice-Presidency, aimed to intensify the search for productivity, efficiency, and cost reduction – goals that are supported by the Vice-Presidency of Management and Finance, which was also created with the reorganization.

The new structure consolidates Camargo Corrêa's strategic decision to favor large and highly complex projects in terms of logistics, constructiveness and engineering, which demand high

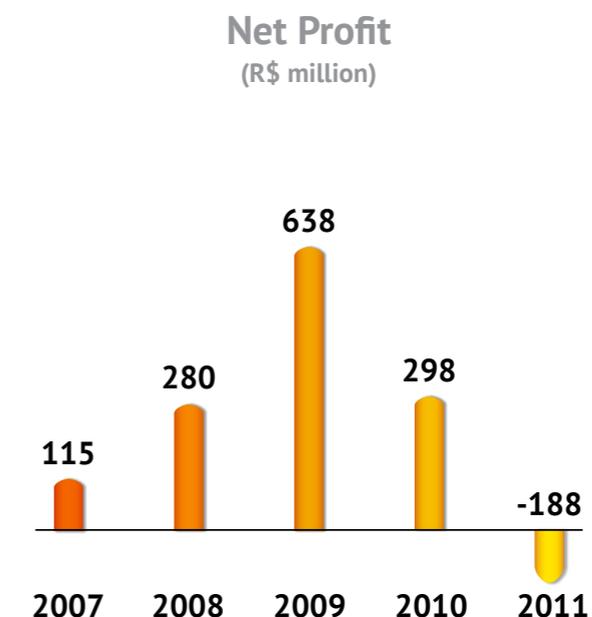
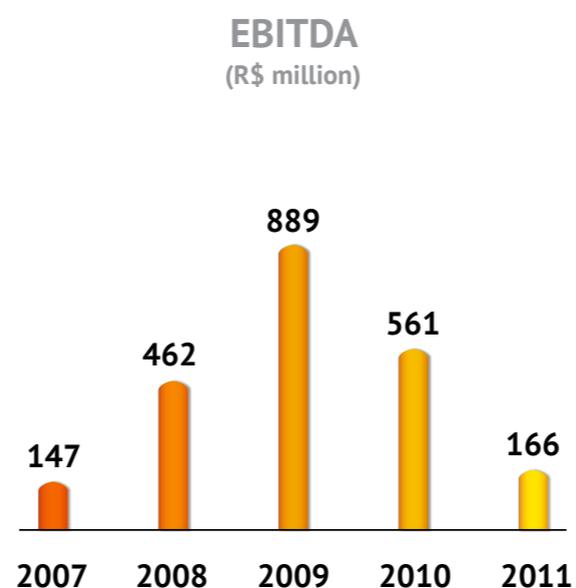
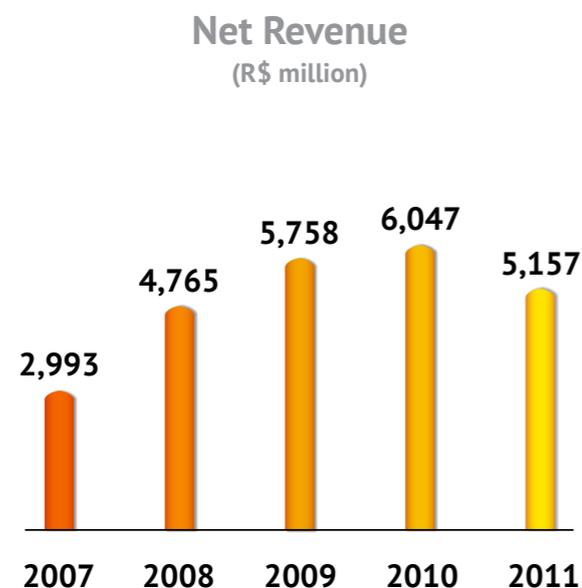


Antonio da Silva, Construtora Camargo Corrêa, Abreu e Lima Refinery, Ipojuca (PE)

Employees
(thousand)



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levels of specialization. In this sense, the company is backed up by its position of world leader in construction of hydroelectric plants and its prominence in segments including industrial (mining), oil and gas, roads, ports, and sanitation.

The construction of Jirau Hydroelectric Plant, one of the major infrastructure projects in progress in the country – and which in 2011 reached its peak of professionals involved – brought unexpected challenges to the company. In March, a small group of vandals started a riot at the project site, causing partial destruction of lodging and leisure facilities. The event was classified by public security authorities of Rondônia state as a criminal action disguised of strike, since there were no established claims and no support

from the workers' union. This forced the temporary stoppage of activities, which were thereafter gradually resumed. In September, after the project's execution was normalized, Madeira River's deviation ceremony was held. This was a contractual milestone that allowed the beginning of the construction of the main dam. Early in April 2012, new acts of vandalism once again destroyed a part of lodging facilities. The attitude was also not linked to any labor claims. After public security actions from state and federal authorities, the activities were resumed.

Despite the year's difficulties, the company celebrated the completion of several projects, including the third phase of Fostertil's factory in Uberaba (MG), and the Moatize project,

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Sebastião Wagner Xavier, Construtora Camargo Corrêa, Tucuruí River Locks (PA)

for charcoal extraction in Mozambique for Vale. The Rio Negro (AM) Bridge was also delivered. It is the longest cable-stayed bridge built over fresh water in Brazil. With 3,595 meters of length, its central support is 162 meters high, while its central span is 55 meters high to allow the traffic of large-sized ships under the bridge. This work allows the population of Metropolitan Manaus to cross the river in five minutes, while ferry boat crossing took about 30 or 40 minutes. The project also favored integration between municipalities, fostering the regional development. In 2011, Barro Alto nickel Project was also completed for Anglo American.

Another highlight was the achievement, by CNCC consortium – formed by the company and by CNEC Worley Parsons Engenharia S.A. – of five certifications attesting the consortium management excellence. After 18 months of operation, the consortium, which is responsible for the works of Abreu e Lima Refinery in the state of Pernambuco, obtained the certifications NBR ISO 14001 (environment), NBR ISO 9001 (quality), NBR OHSAS 18001 (occupational health and safety), NBR 16001 (social responsibility) and ISO/TS 20001 (quality in activities of the oil and gas industry).

In this complex business environment, the net revenue of Engineering and Construction amounted to R\$ 5,157 million, while in previous year it was R\$ 6,047 million. The cash flow (EBITDA) was R\$ 166 million, while the net profit was R\$ 188 million negative.

Outlook

The business is preparing for the federal government to resume an agenda of large works, a part of the commitment toward the growth of Brazilian economy and the expansion of infrastructure investments. The optimism is expressed by the announcement made by the National Development Bank (BNDES) of extended funding to major works to sustain the rate of investments in the economy amidst international instability.