

October 1st, 2001

Via Fax

Carlos García Fernández
Director
Dirección General de Inversión Extranjera
Secretaría de Economía
Avenida de los Insurgentes 1940
Colonia La Florida,
México D.F. 01030.

Dear Sir:

Please find enclosed GAMI Investment, Inc.'s Notice of Intent to Submit a Claim to Arbitration pursuant to article 1119 of the North American Free Trade Agreement. A signed original of this notice will be delivered to you personally overnight.

We have further been advised that other U.S. investors hold 68.068 million U.S. dollars in debt securities issued by GAM and that these U.S. investors may also be NAFTA investors. We understand that these bond holders may request that their NAFTA case against Mexico be consolidated with GAMI's pursuant to NAFTA article 1126.

Very truly yours,



Don Liebenritt
GAMI Investments, Inc.



1 October 2001

Via Fax & Messenger

Carlos García Fernández
Director
Dirección General de Inversión Extranjera
Secretaría de Economía
Avenida de los Insurgentes 1940
Colonia La Florida,
México D.F. 01030.

Dear Sir:

Pursuant to the notice requirement of article 1119 of the North American Free Trade Agreement (NAFTA), GAMI Investments, Inc. hereby gives written notice of its intention to submit to arbitration a claim against the Government of the United Mexican States (Mexico) pursuant article 1116 of NAFTA. GAMI Investments, Inc. isa U.S. investor according to NAFTA article 1139.

I. Name and Address of the Disputing Investor

GAMI Investments, Inc. (GAMI)
3753 Howard Hughes Parkway
Suite 200
Las Vegas, Nevada

GAMI is an affiliate of Equity Group Investments, LLC, a privately held investment company based in Chicago, Illinois. Any notice with connection with this matter shall be made to my attention at: Equity Group Investments, LLC, Two North Riverside Plaza, Chicago, Illinois, 60606. Phone number: (312) 466 3651 Fax: (312) 575 7024.

II. NAFTA Provisions That Have Been Breached

1. GAMI's claim will allege that Mexico breached its obligations under NAFTA articles:

- a. 1102: National Treatment;
- b. 1105: Minimum Standard of Treatment; and
- c. 1110: Expropriation and Compensation.

III. Issues and Factual Basis for the Claim

2. GAMI owns a 14.97 percent ownership interest in Grupo Azucarero Mexicano, S.A. de C.V. (GAM), a Mexican enterprise that is in the business of producing sugar. GAM's sugar mills were its only production assets, organized through wholly owned subsidiaries and located as follows:

Subsidiary	Sugar Mills	Location
Ingenio Presidente Benito Juárez, S.A. de C.V. (IBJ)	Ingenio Presidente Benito Juárez	Cárdenas, Tabasco
Ingenio José María Martínez, S.A. de C.V. (IJMM)	Ingenio José María Martínez	Tala, Jalisco
Ingenio Lázaro Cárdenas, S.A. de C.V. (ILC)	Ingenio Lázaro Cárdenas	Lázaro Cárdenas, Michoacán
Ingenio San Francisco El Naranjal, S.A. de C.V. (ISF)	Ingenio San Francisco El Naranjal	Lerdo, Veracruz
Compañía Industrial Azucarera San Pedro, S.A. de C.V. (CIASP)	Ingenio San Pedro	Lerdo, Veracruz

3. In breach of NAFTA article 1102, Mexico has failed to enforce the requirements of the *Acuerdo que establece las reglas para la determinación del precio de referencia del azúcar para el pago de la caña de azúcar* (the 26 March 1997 Decree) and its modifications (the 31 March 1998 Decree) with respect to enterprises that are wholly owned by Mexican investors.

4. In addition, conduct by the Mexican government has prevented GAMI from receiving the economic benefits of its interest in GAM and diminished the value of its investment. In particular, Mexico has changed or applied the rules that led GAMI to invest in GAM in a manner inconsistent with article 1110 of the NAFTA and thus constitutes a *creeping* expropriation.

5. In addition, on 3 September 2001 the Mexican government issued a decree directly expropriating all of the shares, coupons and other title to the capital stock of IBJ, IJMM, ILC, ISM and CIASP and all of their assets (the Expropriation Decree). These wholly owned GAM subsidiaries held GAM's only production assets.

6. The Expropriation Decree breaches the NAFTA article 1110 in several substantive respects:
 - a. it serves no credible public purpose;
 - b. it is discriminatory;
 - c. it is not accordance with due process of law;
 - d. it does not accord GAMI treatment in accordance with international law, including fair and equitable treatment and full protection and security; and
 - e. it provides for compensation pursuant to Mexican law (article 3 of the Expropriation Decree).

7. Pursuant to article 1110(2) of the NAFTA, valuation criteria include going concern and asset value. Assuming payment in full of GAM's 140 million U.S. dollar debt, GAMI's preliminary estimate of the equity value of GAM is of at least 153 million U.S. dollars.

8. Mexico is further in breach of article 1105 because it failed to consider alternative effective measures and its conduct goes far beyond what is necessary to protect any legitimate public interest.

IV. Relief Sought and Damages Claimed

9. GAMI will seek full compensation for the losses and other injuries suffered as a result of Mexico's breaches, and claim at least 35 million U.S. dollars in compensatory damages plus interest, costs, and other ancillary relief that the arbitrators might deem appropriate.

This Notice of Intent to Submit a Claim to Arbitration is submitted to you as the authority designated by Mexico pursuant to Annex 1137.2 of the NAFTA and in accordance with article 1 of the *Acuerdo por el que se faculta a la Dirección General de Inversión Extranjera para fungir como lugar de entrega de notificaciones y otros documentos, de conformidad con lo señalado en el artículo 1137.2 del Tratado de Libre Comercio de América del Norte* published in the *Diario Oficial de la Federación* on 12 June 1996.

Very truly yours,



Don Liebenritt
GAMI Investments, Inc.