



2010 Annual Report

The Glass Company

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Our Company

Founded in 1909, Vitro, S.A.B. de C.V. (BMV: VITROA), is the leading glass manufacturer in Mexico, and one of the largest in the world, backed by more than 100 years of experience in the industry.

Headquartered in Monterrey, Mexico, the Company has subsidiaries in Europe and the Americas, through which it offers high quality products and reliable services that address the needs of two distinct businesses: glass containers and flat glass.

Vitro's manufacturing facilities produce, process, distribute and sell a wide range of glass products that form an important part of millions of people's everyday lives. The Company also provides excellent solutions to a variety of industries, including: food, beverage, wines & spirits, cosmetics, and pharmaceutical, as well as the automotive and construction industries. In addition Vitro is a supplier of raw materials, machinery and industrial equipment.

As part of its culture of corporate responsibility, the Company continues to create new initiatives to improve the well-being of its employees, support the communities in which it conducts business, preserve the environment, and manage its business with the highest ethical standards and in complete transparency.

MISSION

Vitro is a customer-committed company dedicated to providing value-added products and services in profitable and growing markets.

VISION

To become a leading Company in the glass industry in terms of profitability, efficiency, quality, and service.

VALUES

At Vitro, our actions and decisions are based on our corporate Values, which both, individually and together, have a single goal: to create value.

Customer Orientation: Our customer as origin and final destination of our efforts.

Quality: Constantly meet and exceed customer's expectations.

Creativity and Innovation: Continuously search for new ideas to develop and improve our value-added products and services.

Integrity: Meet and exceed expected ethic behavior.

Teamwork: Foster a friendly environment among colleagues.

International Presence



United States of America

One of the leading processors and distributors of architectural glass; automotive replacement glass, distribution and installation, and an important supplier of custom-made value-add glass containers.



Mexico

Largest producer, distributor and seller of glass containers and flat glass.



Costa Rica, Guatemala and Panama

Leading glass container producer and commercial seller in Central America and the Caribbean through Comegua, our joint venture in the region.



Colombia

Producer of laminated and tempered glass products for the construction and automotive industries.



Bolivia

Producer and distributor of glass containers for the soft drink, beer, food, wine and liquor, and pharmaceutical industries.



Portugal

An important player in the processing and distribution of flat glass products for the Portuguese construction industry.



Spain

One of the leading processors of flat glass products for the construction industry and other industrial markets.



Companies

GLASS CONTAINERS

- Vitro Envases Norteamérica
- Compañía Vidriera
- Fabricación de Máquinas
- Industria del Álcali
- Servicios Integrales de Acabados
- Vidriera Guadalajara
- Vidriera Los Reyes
- Vidriera Monterrey
- Vidriera Querétaro
- Vidriera Toluca
- Vidrio Lux (Bolivia)
- Vitro Packaging de México
- Vitro Packaging (USA)

FLAT GLASS

- Viméxico
- Cristales Inastillables de México
- Distribuidor Vidriero Lan
- Vidrio Plano de México
- Vidrio y Cristal del Noroeste
- Vitro Automotriz
- Cristales Automotrices + Posselt Family- 49%
- Vitrocar
- Vitro Colombia
- Vitro Flex
- Vitro Flotado Cubiertas
- Vitro Vidrio y Cristal
- Productos de Valor Agregado en Cristal

- Vitro Cristalglass (Spain)
- Vitro Chaves- Industria de Vidro
+ Chaves Family (Portugal)- 40%
- Vitro America (USA)
- Super Sky (USA)

The reference to the term "joint venture" in this report does not imply or infer the definition of "joint venture" set forth in the International Accounting Standards. It refers to those corporations in which Vitro owns an interest and one or more third parties (either domestic or foreign) own the remaining interest of the corresponding corporation. We believe our usage of the term "joint venture" is consistent with international business and legal practices.

Financial Highlights

(In millions of pesos, except where indicated otherwise; dollar figures are in millions of US dollars).

	December 31,					
	US \$ ⁽¹⁾			Ps. ⁽²⁾		
	2010	2009	% change ⁽³⁾	2010	2009	% change ⁽³⁾
Income Statement						
Consolidated net sales	\$ 1,850	\$ 1,770	4.5	Ps. 23,375	Ps. 23,991	(2.6)
Domestic	953	825	15.6	12,032	11,152	7.9
Export	533	484	10.0	6,737	6,568	2.6
Foreign Subsidiaries	365	461	(20.9)	4,606	6,271	(26.5)
Operating income (EBIT)	94	98	(4.0)	1,201	1,329	(9.7)
Net loss) income	(95)	(47)		(1,201)	(754)	
Net (loss) income of majority interest	(94)	(49)		(1,198)	(787)	
Net (loss) income of majority interest earnings per common share ⁽⁴⁾	(0.27)	(0.18)		(3.45)	(2.27)	
EBITDA ⁽⁵⁾	250	237	5.3	3,162	3,217	(1.7)
Balance Sheet						
Total assets	2,495	2,500	(0.2)	30,828	32,652	(5.6)
Total liabilities	2,446	2,348	4.2	30,227	30,668	(1.4)
Stockholders' equity	49	152	(67.7)	601	1,984	(69.7)
Stockholders' equity of majority interest	(65)	40	(263.4)	(804)	520	(254.8)
Financial Indicators						
Debt / EBITDA (times)	6.8	6.5		6.7	6.2	
Interest Coverage (times) (EBITDA / total net financial expense)	1.4	1.2		1.5	1.3	
EBIT Margin (%)	5.1	5.5		5.1	5.5	
EBITDA Margin (%)	13.5	13.4		13.5	13.4	
Personnel	17,628	16,807	4.9	17,628	16,807	4.9
Capital expenditures ⁽⁶⁾	81	48	68.6	1,014	638	59.0

(1) Dollar figures reported herein are in nominal dollars resulting from dividing each month's nominal pesos by that month's ending exchange rate.

(2) Financial data is presented in nominal pesos.

(3) Change from 2009 to 2010.

(4) Based on the weighted average shares outstanding.

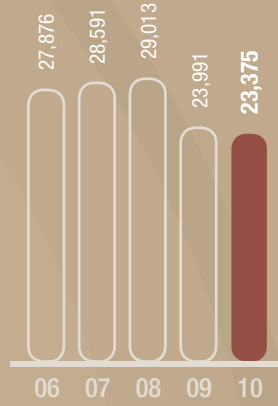
(5) EBITDA = earning before interest, taxes plus depreciation and amortization, and provision for employee retirement obligations.

(6) Represents the capital expenditures carried out during the year, for which differs of the investments presented in the cash flow.

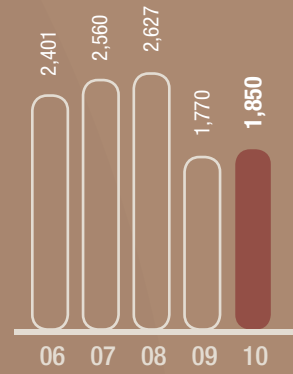
Due to changes in Mexican FRS, regarding to consolidation of entities, specifically to consolidation of entities or single-purpose transactions, our accounts receivables securitization trusts were included in the Consolidated Financial Statements of Vitro and Subsidiaries. The effects of these changes in accounting principles increased debt of fiscal years 2008 and 2009.

Consolidated Net sales

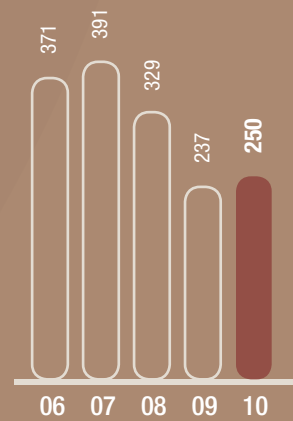
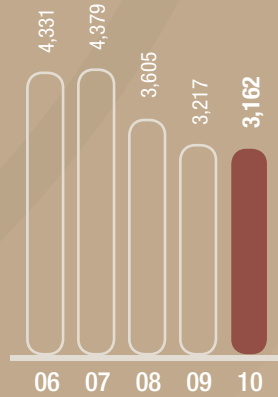
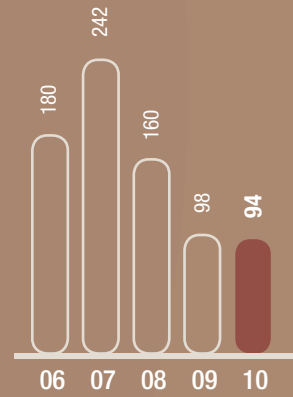
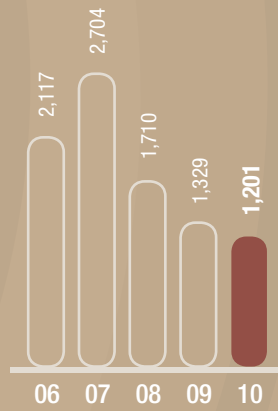
In Millions
of pesos⁽¹⁾



In Millions
of US Dollars



EBIT



(1) Financial data for years 2010, 2009 y 2008 is presented in nominal pesos while for previous periods it is expressed in constant pesos as of December 31, 2007.

EBITDA

Message from the Chairman of the Board of Directors

Dear Shareholders:

The last few years have proven to be challenging times for our Company. Two years since the world economy collapsed, the markets in which Vitro participates are beginning to show signs of recovery. Nevertheless, while many countries are finally recovering gradually, many countries have yet to show clear signs of improvement.

Economic and commercial activity in United States, one of Vitro's key markets, has not yet been restored completely. In addition, the Spanish construction market remains stagnant and the complex scenario reveals that its future indicators will not reflect much progress in the short term.

As for Mexico, the economy showed signs of growth in certain segments, with a low unemployment rate and slight increase in GDP for the second half of the year. This represented an improvement over 2009, despite general insecurity throughout the country, which increased towards the end of 2010.

Vitro has continued normal operations, adapting its installed capacity to address the current reduced market needs while continuing to search for new market niches. Renewed opportunities will allow us to resume our growth path, once we have completed the debt restructuring process.

In February 2009, the Board of Directors appointed a team of financial and legal experts responsible for all actions and proceedings related to our financial restructuring process. This has allowed us to focus on Company operations, continuing the current business dynamic without diverting resources and efforts; allowing us to maintain a clear focus on our competitiveness and on our customers' needs.

The Board of Directors has remained fully involved, adopting the necessary solutions

required to facilitate the decision-making process. For this reason, we amended the Finance and Planning Committee rules, allowing it to be more swift and flexible, as the current situation dictates. These reforms allow the Committee to act in special or general sessions and provide it with new decision making capabilities related to the restructuring process.

On April 28th 2010, the Board of Directors also approved an agreement between Mr. Alfredo Harp Helú and those Vitro shareholders holding 14.39 percent of the Company's shares. Based on this agreement, Mr. Harp Helú states that he owns 9.86 percent of Vitro's share capital through a trust. The request from Mr. Harp Helú to acquire additional shares was also approved, permitting his control of more than 9.9 percent of the Company's shares but less than 15 percent.

In addition, on April 29th three new members joined Vitro's Board of Directors: Guillermo Ortiz, former Governor of the Bank of Mexico; Mario Laborín, former Director of Nacional Financiera (Nafin); and Adrián Sada Cueva, currently Vitro's Vice President of Operations, Vitro's Glass Containers business unit. We are confident that the collective experience of these new members will further improve the decision-making process, benefiting the Company. Currently 30 percent of the Board is comprised of independent directors.

On other topics, Vitro, S.A.B. de C.V. announced on August 25th that the trust signed with Bancomext in November 2008 had completed the sale of non-productive real estate for US\$63.8 million. This amount, as well as US\$5.5 million of Company cash, was used to terminate the trust. Therefore, the ownership of the two corporate office buildings and respective grounds, which were

part of the assets originally contributing to the trust, were recovered by Vitro. As such, Vitro has fully complied with the commitment it had established with Bancomext.

On August 24, 2009, the Company finalized the registration of the Company's ADRs on the New York Stock Exchange and terminated the ADR program. On September 8, 2010 Vitro announced that the Company had sent its form 15-F to the U.S. Securities and Exchange Commission ("SEC"), cancelling the registration of its American Depositary Shares, the bonds maturing in 2012, 2013 and 2017. This terminates Vitro's obligations to report under section 12 (g) of the Securities Exchange Act of 1934 (the "Exchange Act"). On March 16, 2011, the SEC approved the request from Vitro, S.A.B. de C.V., and within 90 days subsequent, the Company fully concluded its reporting obligations with the SEC according to the applicable law.

However, the Company's shares will continue to be traded on the Mexican Stock Market, all of Vitro's financial information will be reported in accordance with its current Law, and all financial information will be published on its corporate website.

Regarding Vitro's financial restructuring, on November 1, 2010, the Company offered all creditors the opportunity to purchase their instruments in cash, also offering a range of exchanges. This consent solicitation expired on December 21st, after an extension period.

In December, the Company filed for pre-packaged concurso mercantil proceedings. The original request was rejected, as was the Company's subsequent appeal. Vitro then filed for a review recourse, which was finally admitted by the Court.

On April 8, 2011, the Judge for the Second Unitary Court for the Fourth Circuit, located in



Monterrey, ruled in Vitro's favor on its request for a voluntary pre-packaged concurso mercantil. The Company has therefore been declared in concurso mercantil, which includes a pre-packaged restructuring plan that was supported by the majority of our creditors.

Further, on April 6th, Vitro America, our wholly owned Flat Glass subsidiary in United States, and three of its indirect subsidiaries, submitted a petition to be under Chapter 11 of the Bankruptcy Code to the Northern District of Texas Bankruptcy Court. The four Vitro subsidiaries have also entered into an agreement to sell all Vitro America and Super Sky assets to a subsidiary of Grey Mountain Partners LLC, which is a private equity firm based in Boulder, CO. This is a condition for compliance with the provisions and the relevant stipulations contained in the agreement.

Our subsidiaries' entry into the US Chapter 11 process will allow for organized restructuring

that will enable its future recovery in that country's market.

We are optimistic that these resolutions will expedite the restructuring process. Meanwhile, we will continue protecting our interests by all legal means, prioritizing the operations of each of the companies that comprise Vitro. While in concurso mercantil, the Company's normal activities will not be impacted. Mexican law provides that Vitro companies can financially restructure as long as they maintain normal operations.

Our vision for 2011 is for a year of growth, and the gradual recovery of some of our key markets. We believe that the construction and automotive industries will be reestablished and will again provide important business opportunities in the NAFTA region. We also expect recovery in almost all sectors served by Vitro's Glass Containers business unit.

Vitro has a foundation of more than a century of experience and support, and we are therefore

confident that we can rely on the dedication and loyalty of each of our associates. We will ensure that the results of our work and our quest for optimal results will be the best evidence of our appreciation to you, our customers, suppliers, and stakeholders, for your trust and support.

Sincerely,

Adrián Sada González

Chairman of the Board of Directors
Vitro, S.A.B. de C.V.

April, 2011

Message from the Chief Executive Officer

Dear Shareholders:

From most perspectives, 2010 was an intense year for the Company, and also a period of great challenges. The negotiation process for the restructuring of our debt spanned the entire year, during which we made significant progress to reach agreements with most of our creditors. However, regrettably, the dissention of a minority group of bondholders has not allowed us to move forward promptly in order to conclude this process.

In addition, our Flat Glass business unit facilities located in the municipalities of Mexicali, Baja California, and García, Nuevo León, were severely impacted by two major natural disasters; an earthquake in the former and a hurricane in the latter. These events caused significant damage to our facilities, which forced us to temporarily suspend operations at both locations.

Regarding market behavior, although the US economy has begun returning to its normal path, certain sectors still lag behind, and the situation in Spain continues to be very complex. As a result of the international financial crisis, the Spanish market has fallen as much as 60 percent, according to national statistics. Such circumstances have had a negative impact on our results, due to the fact that we a significant presence in both the United States and in Spain.

Despite this context, it is important to bear in mind that the recovery of some of our key market segments, an aggressive company-wide cost reduction program, our associates embracing our corporate culture and relying on creativity and innovation to design new ways to offer quality products and services, and, above all, our customers' and suppliers' trust and solidarity have all contributed to a good year, operationally.

Financial Results

Towards the end of 2008, subsequent to the international financial meltdown, Vitro adopted important measures for cost and expenditure reductions. Such actions made it possible for the Company to generate annual savings of approximately US\$43 million in 2010, which contribute to a larger sum of US\$122 million from the previous year.

We also adjusted operations to strictly meet our customers' demand requirements and we reduced investment in inventory production.

In 2010, as some sectors recovered, we prepared our plants to appropriately address our customers' increased demand.

Operationally, 2010 was a better period than 2009, as it marked improved vitality in some of the markets in which the Company participates. Activity in the automotive glass industry grew in a positive way within the NAFTA region, cosmetics and almost all other segments that the Glass Containers business unit serves showed growth, the exceptions being beer and non-refundable soft drink containers. The architectural glass business also showed improvement, particularly in Mexico.

Although we needed to reduce our fixed asset budget, we made sure to maintain our equipment and machinery in excellent shape. Evidence of this effort were the repairs of two Glass Containers business unit furnaces, newly added lines in the cosmetics, perfumes and medicine container facility, as well as important repairs at our Flat Glass facilities affected by the previously mentioned natural disasters.

By the end of 2010, total consolidated net sales registered a 4.5 percent year over year growth. This is the result of an improved economy, renewed business strategies, and of profits generated by Mexican peso appreciation versus the US dollar, if domestic sales are presented in the late currency. Operating income declined 5 percent compared to 2009, while operating cash flow from operations (EBITDA) increased 5 percent compared with the previous periods, reaching US\$250 million. This figure is the result of higher sales volumes with a better price mix, and of our team's efforts in cost and expenditure reductions as mentioned above.

Everyone at Vitro strictly abides by such programs, focusing on operational discipline in order to optimize our resources and ensure that customers are our priority; they are the reason our business exists.

Status of Financial Restructuring

All Vitro stakeholders have been kept informed of the debt negotiation process on a timely basis since discussions began. In 2010, when negotiating with certain creditors became complex and the process moved to the Courts, Vitro decided to reinforce the communication channels.

The first 18 months of negotiations were characterized by efforts to finalize realistic proposals and to reach a consensus on a general agreement with the counterparties, which would have positively benefited all parties involved.

As discussed in our 2009 report, during the first months of that year, six of the seven counterparties on our financial derivatives ("IFD's") registered lawsuits in the New York Supreme Court, demanding payment of US\$240 million related to the closure of positions during the fourth quarter of 2008. In July 2010, the Company reached an agreement with Calyon Credit Agricole, one of the companies who presented a claim.

Subsequently, in September 2010, Vitro signed an agreement with Fintech Investments, who had previously acquired the payment rights for the IFD's formerly owned by Credit Suisse, Deutsche Bank, Merrill Lynch, Citibank, Barclays, and Cargill, resulting in the withdrawal of all lawsuits related with IFD's filed in the Supreme Court of New York.

Given the difficulty to reach an agreement with other counterparties, last November 1st, the Company offered all of its creditors the option to purchase their instruments in cash, also providing a range of exchanges. This consent solicitation expired on December 21st, after an extension period.

Meanwhile on November 17th, a minority group of four dissenting bondholders, who represent approximately US\$75 million of our debt, filed a lawsuit in Texas to declare Vitro subsidiaries (bond guarantors) located in United States under Chapter 11 of that country's Bankruptcy Laws.

On November 24th, the Bankruptcy Court for Texas's Northern District denied the request submitted by the dissenting bondholders in its entirety. The minority group sought to restrict our United States subsidiaries' ability to carry out transactions with other Vitro firms outside of the US, also limiting their participation in the corporate restructuring process and in the concurso mercantil proceedings of Vitro, S.A.B. de C.V. in Mexico.

Moving on to 2011, on April 6th, Vitro America and three of its indirect subsidiaries, including Super Sky Products Inc, presented orders for relief under Chapter 11 of the US



Bankruptcy Code to the respective Court for the Northern District of Texas. A favorable protection ruling was delivered on the same date. Vitro America and Super Sky have also entered into an agreement to sell all of their consolidated assets to a subsidiary of Grey Mountain Partners LLC, a private equity firm based in Boulder, CO.

United States Chapter 11 proceedings allow our US-based subsidiaries an ordered restructuring that will benefit our Company's future recovery.

On April 12th, the same Bankruptcy Court denied the claim presented by the aforementioned dissident group for three other operating subsidiaries, Vitro Packaging LLC, Vitro Chemical, Fibers and Mining LLC, and VVP Auto Glass Inc. Other lawsuits filed for non operational subsidiaries are still pending.

Referring back to Mexico, on December 13th of last year Vitro requested that pre-packaged concurso mercantil proceedings take place before the District Court for Civil and Labor Matters, located in Monterrey, Nuevo León. However, these were ultimately rejected by the Fourth District Judge. Vitro then presented a corresponding appeal last January 20th on the grounds that said decision was in violation of existing law. It is important to mention that approximately 650 bondholders support the concurso mercantil and their respective appeals as was presented by Vitro.

On April 8th, the Judge for the Second Unitary Court of the Fourth Circuit, also located in Monterrey, ruled in favor of Vitro's appeal, and, as a result, initiated pre-packaged concurso mercantil proceedings.

Enforcing its resolution, the Court declared Vitro in concurso mercantil, based on the Company's petition, supported by more than 650 bondholders and holders of other financial instruments.

Vitro is prepared to use all available resources and to take any actions necessary in order to protect its rights and to continue with the Company's restructuring plan.

In terms of the overall process, we know it will not be quick nor easy, and anticipate the journey will last us at least until the end of this year. Nevertheless, we firmly believe that the concurso mercantil will follow its natural course of action and we rely on the advice of an expert team of financial and legal specialists with proven experience in this type of litigation.

We are confident that through this concurso mercantil we will be able to continue our financial restructuring, in line with our ability to pay and with the conditions of the markets in which we participate. Meanwhile, we will continue to operate as usual, ensuring that we meet our customers' needs, supported by a solid supplier base and by Vitro's dedicated team. Everyone is focused on the same objective: value creation.

Despite the current situation, our Company has remained competitive and our operations continue to offer the highest standards of quality in products and services. We will continue capitalizing on our employees' creative skills and exploring new market niches. We will also make the investments necessary to allow us to grow while maintaining our operational structure in line with market conditions.

On behalf of the entire Vitro team, I would like to reiterate our sincere appreciation to our customers and suppliers for the trust and support you have shown throughout the complex period that our Company has been facing.

Dear shareholders, please remain confident that your Company has the necessary resources, capital and, above all, motivation to continue as The Glass Company for centuries to come.

Sincerely,

Hugo A. Lara García
Chief Executive Officer
Vitro, S.A.B. de C.V.

April, 2011

This Vitro business unit **supplies glass containers to the following industries: beverage, beer, food, wine and liquor, cosmetics, pharmaceutical and industrial products**, as well as a broad range of design and marketing services.

Glass Containers

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It is the leading manufacturer of glass containers in Mexico and Central America, as well as the most important exporter to the United States, and one of the top glass manufacturers in the world. This business unit also supplies raw materials, molds, machinery, and equipment for industrial use.

Overview of the Business: a review of 2010

The 2010 continued to be a difficult year for the glass containers market, particularly during the first half of the year. Even if the economic contraction began to diminish gradually in the different market segments where it participates, the oversupply of installed capacity exercised strong pressure on prices and we experienced some margin erosion as a result.

Despite the challenges it faced, the business unit maintained its portfolio of customers, who at all times expressed their solidarity by trusting the company's ability and willingness to operate and meet their needs.

The Company continued to implement strategies for cost and expenditure reductions

which have now been applied since 2009. These include minimizing shrinkage, waste, downtime, and overtime as well as the implementation of agreements with suppliers, who are key partners involved in our processes.

It should be noted that operations in the subsidiaries of the Glass Containers business unit remained uninterrupted. While markets were restored, we invested in repairs and improvements to our facilities. An example of this was the repair of two furnaces, one in Vidriera Toluca and the other in Vidriera Los Reyes. This allowed for the capacity adjustments reflecting demand contraction in 2009, to be reactivated during 2010 in response to market recovery.

One of the sectors that grew the most was cosmetics, which helped us to start the third furnace at the Cosmos plant located in Toluca, State of Mexico. Additionally, we started up two production lines, invested in six lines for "matt" finishing and four new decorating machines of the latest generation from the Kamman brand. The new machinery has special characteristics for decorating irregular shaped containers.





One of the strengths of Vitro in the glass containers market is our ability and flexibility to develop new products and offer packaging options aligned to the needs our consumers using the latest market trends. New products accounted for 12.1 percent of the total sales of the business unit during 2010.

The creativity and innovation of its products during 2010 resulted in 36 awards granted by the Mexican Containers and Packaging Association (AMEE), which was accompanied by the 2010 Sustainable Container Award. The Glass Containers business unit was also awarded two distinctions in the “international competition” of the World Packaging Organisation.

Also, the Glass Packaging Institute awarded Vitro Packaging, subsidiary of Vitro in the United States, four of their ten yearly awards from the Clear Choice Awards, 2010.

At the end of 2010, Glass Containers’ consolidated net sales for US\$982 million, representing a 7 percent increase compared to 2009. Glass Containers reported EBITDA for US\$225 million, very similar to 2009; this was due to the erosion of prices and margins as well as a higher cost for energy. This effect was also influenced by the median appreciation of the peso against the dollar which represented a 6.9 percent increase during the year.

As an effect of the slow recovery process in the American markets, Vitro Packaging’s sales remained practically at the same level as those reported in 2009, totaling US\$275 million in 2010.

On the other hand, operations in Bolivia showed good results with a record sales increase of 42 percent year over year. However, these operations only represent 1 percent of our consolidated sales.

Fabricación de Máquinas

Fabricación de Máquinas (Fama), a subsidiary of Vitro and specialized in the development of machinery, molds and equipment for industry, continues to consolidate its strategic partnership with the Italian company Boscato Dalla Fontana, an alliance that seeks to exchange technology with one of the leading designers and manufacturers of equipment for the glass containers industry in the world.

In addition to the services for maintenance of molds and machinery supplied to the Company’s subsidiaries during 2010, Fama developed four new 10 section IS machines for Vidriera Querétaro and Grupo VICAL at its Panama plant. It also built the first 12 section machine for Vidriera Querétaro, which will be installed in 2011.

Industria del Álcali

Like other Vitro companies located in the municipality of García, Nuevo León, in July 2010, Industria del Álcali was affected by the ravages of Hurricane Alex. Nonetheless its plants were up and running at 99 percent of capacity except for a period of two to four weeks.

No doubt the natural disaster was one of the major challenges that the Company has ever faced. In addition, it experienced a worldwide oversupply of sodium carbonate, which during the first months of the year prompted the entry of product coming from abroad, mainly China.

To counter the presence of the competition, the company implemented marketing strategies which managed to preserve and strengthen relationships with customers, as well as give continuity to its efforts for cost and expense reductions.

Other factors that contributed to its results were the increase in productivity derived from employees’ commitment, the exchange of an additional dryer in the sodium carbonate plant, and improvements in the processes at the calcium chloride plant.

At the end of 2010, Industria del Álcali sales showed a slight decrease of 2 percent compared to the previous year, closing at US\$145 million. Industria del Álcali represents 8 percent of the consolidated sales of the Company.

To overcome weak sales levels the company will maintain its business strategies, work closely with its customers and ensure to upgrade and renew its equipment and machinery as required.

Perspectives for Business Strategies

A recovery in the markets served by the Glass Containers business unit is expected in 2011. The company has been preparing for such event, speeding its growth pace and it will continue to operate under this scenario. We have the capacity and resources that are essential to deliver the quality in products and services that are at the forefront of technology and not only meet the needs of the market and its customers, but exceed them.

It is estimated that the oversupply of installed capacity in the market will decline with the growth of demand, thus leading to price stability.

We will continue our efforts to maintain a competitive cost structure, allowing us to improve current margins and provide better results for our stakeholders.

Our commitment towards the future is to keep with our search for new business opportunities, backed by the experience, commitment, and talent of our people as we have done for more than one hundred years now.

Flat Glass is Vitro's business unit dedicated to **manufacture, process, market, distribute and install glass for the construction and automotive industries**, in the later for both the original equipment and replacement markets.

Flat Glass

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The quality of its products and services has crossed borders and it currently has facilities in Mexico, United States, Portugal, Spain and Colombia, which mainly serve the markets in North, Central and South America as well as Europe.

Overview of the Business; a review of 2010

The Flat Glass business environment requires a differentiated analysis for each of our locations. In 2010 the architectural market in Mexico managed to stabilize and achieve a slight increase, but this was not the case in United States where the conditions for this segment just touched bottom, while the automotive sector did record some notable growth. With regard to Spain, the circumstances remain difficult and it is expected that the situation will not ameliorate in the short term.

Based on the unrelenting contraction in some of the markets we serve, we implemented actions to help counter this negative impact

and to contain the fall in our profitability. We made adjustments in Vitro America's structure, our subsidiary in United States, while Vitro Cristalglass in Spain changed its operating strategy by resizing its production capacity based on real demand and focused on attacking the niches showing clear business opportunities.

Other strategies that support Flat Glass are the continuing programs for cost and expenditure reductions, which have positively impacted our results by devoting the necessary resources to maintain optimal conditions in its production and grow in areas required by market trends.

In addition to negative market conditions, the business faced the ravages from two natural disasters which affected its operations in both architectural and automotive glass. The first was April's earthquake in Mexicali, Baja California, and the second was July's Hurricane Alex in García, Nuevo León. Fortunately neither of the two events reported any human losses,





but they did damage significantly our production facilities, finished goods inventories, and even the access routes for the transport of personnel and raw materials.

Under the stress of these negative circumstances, the support and understanding of our customers and suppliers were very important for Vitro. Their reaction drove us to embrace even more our commitment to give our best responding to their trust.

For 2010, Flat Glass consolidated net sales basically maintained the prior year's level closing at US\$847 million (versus US\$844 million in 2009). This result was due to the interruption of operations in the plants affected by the natural disasters and the still lingering contraction of the market in Spain and very weak growth in United States. Flat Glass reported an EBITDA of US\$17.1 million in 2010, representing 2 percent of consolidated net sales for the business unit.

During the prior year, the automotive glass market in the NAFTA region showed a recovery beyond the expected, a situation that led us to resume operations that we had temporarily suspended due to the downturn in the industry in 2008 and 2009. This fact and a better price mix allowed us to compensate for the negative impact to the Flat Glass facilities from hurricane Alex.

The Float Glass business, which offers its products to the construction and automotive industries, registered a decrease in its inventories, as consequence of the ravages caused by the earthquake and hurricane previously mentioned. However, compared to the prior year sales reflected an increase of 19.3 percent thanks to that steady sales volume, a better product mix and price increases.



Our capacities to respond with flexibility in providing "just in time solutions" were key factors for Chrysler, one of the most important automobile manufacturers worldwide. As a result, the automaker awarded Vitro a special recognition for its outstanding performance in the supply of automotive glass for its Grand Cherokee model.

Similarly, Vitro received the Volkswagen Group Award for the third consecutive time in recognition of its outstanding performance as a commercial partner. The award comprises quality standards for products and services and it is important for Vitro, which serves this automotive company with substantial operations in Mexico.

The awards that the Company has received are a direct reflection of the unwavering commitment that we have towards our customers by offering products and value-added services that fulfill their requirements and expectations.

Strategic Business Perspectives

Currently, value-added glass is gaining a larger market share. Therefore, Vitro is developing its products so they achieve characteristics and properties that make the competitive advantage of Company.

The construction market in Mexico looks for an increase of 4 percent this year. However, the forecasts for Europe remain depressed, so we will continue adapting our business strategies to the needs of the sector.

With regard to the automotive glass business for the NAFTA region, expectations are better as it appears to have entered into steady recovery.

Through Vitro Colombia we will seek to meet the needs of the large assembly companies located in various countries in South America.

We will maximize the growth opportunities in each of the market segments we participate in, assuring the reciprocal trust and loyalty of our stakeholders, and providing products and services of excellence.



The philosophy of Vitro clearly states that **our greatest contribution to society is to maintain a balance between our economic activities and corporate social responsibility.**

Sustainable Development

12

Therefore, sustainable development is a priority in the long term strategy of the Company. The year 2010 was a period of consolidation in this area.

A Socially Responsible Company

As a result of our continuous improvement process, Vitro received again the Socially Responsible Company (ESR) Seal, which we have obtained every year since 2008 from the Mexican Center for Philanthropy (Cemefi). This recognition reaffirms the Company's commitment to the integral development of its associates, ethical and transparent management of the Company, the linkage with the community as well as the preservation of the environment.

In 2010 we received four awards that corresponded to the Glass Containers and Flat Glass business units, as well as to the Corporate Offices and Clínica Vitro. In addition, Vitro was acknowledged for its Support in the Transfer of CSR to the Supply Chain, due to its active role

in engaging suppliers in the ESR Seal diagnosis and advising them in its management.

Such achievements allow us to utter with certainty that the Company is firmly moving forward to consolidate its economic, social, and environmental commitments.

HUMAN APPROACH

Quality of life

As previously demonstrated on several opportunities, our associates are the most valuable resource at Vitro. As our main partners in business, they work diligently every day so this Company can achieve the highest performance standards. Therefore, our corporate commitment is to provide them with the necessary abilities and tools to attain them.

To ensure the quality of the working conditions we offer to our associates, in 1994 we implemented an integral system for Total Loss Control (CTP). This program supports the





worker throughout his or her career in Vitro, from the very moment the person is hired.

As a result of CTP's implementation, in 2010 our Accident Index was just 214 points, a level comparable to the standard observed in Mexican service companies. To understand such number in perspective, the Mexican Institute of Social Security (IMSS) establishes the standard for manufacturing companies like Vitro at 1,360 points.

This result derived from the achievements in several other key indicators, such as the number of accidents in our plants. Thus, it demonstrates how Vitro has reached a safer work environment for its people.

Well-being for our employees

More than just caring for the working conditions in our activities, our commitment is to develop integral quality of life opportunities for our associates. For this reason, in 1952 we were pioneers in Mexico with the implementation of a housing program to support employees in the process of applying for mortgages.

During 2010 we aided our associates to obtain approval for 1,672 mortgages through the National Housing Fund for Workers Institute (Infonavit).

Under the same premise of solidarity with our people, Clínica Vitro was founded in 1947 to provide comprehensive health services for our employees and their families. Currently the hospital covers all medical services including checkups, emergencies, major surgeries, chemotherapies, physical therapies, and kidney dialysis. In 2010, it provided a total of 9,728 medical services to our associates and their families.

Linkage to the community

Although it began as a project reserved for employees, in 2001 Clínica Vitro opened its

doors to the general public. The community cherishes the decision and, according to data from 2010, this is a result of the quality in our medical services. At a glance, this year 10,724 medical services were provided to the external community.

In a similar case, Formación Educativa (FEAC), which began operations in 1942 as a project to provide basic instruction for the children of our employees, has evolved into a large educational institution that offers preschool, primary, and secondary education. As a result of its opening to the public in 1993, FEAC had an enrollment of 1,589 students in 2010. Only 195 out of that total were children of our current associates.

Another project through which Vitro offers activities for the benefit of the community is Museo del Vidrio. The museum's permanent exhibition unfolds a variety of unique pieces that portray the history, applications and benefits of this noble material. In 2010, a total of 7,798 visitors accessed its facilities and 1,650 of them benefited from the free entrance offered every Sunday of the year.

ENVIRONMENT

Conservation efforts

We are convinced that the best way Vitro can contribute to the solution of environmental issues is through projects that are sustainable in the long term. To achieve it, we have developed different strategies including one for Vitro Parque El Manzano, a recreational reserve with 585 hectares of forest.

During 2010 we received 35,675 visitors looking for sound contact with nature in its facilities located 60 kilometers south of Monterrey. All entrance fees to the park are dedicated to reforestation and soil improvement work. To learn more about Vitro Parque El Manzano, we invite you to visit: <http://www.vitroparqueelmanzano.com>.





Vitro also support Organización Vida Silvestre (Ovis), which protects 41,303 hectares of nature reserves in Mexico. The organization manages five environmental management units that house 1,023 species of wildlife. Ovis promotes sustainable hunting and other environment friendly activities, using the resulting funds for the conservation, improvement, and protection of these areas. If you want to learn more about the organization's activities visit: <http://www.ovis.org.mx>.

Commitment to recycling

For several years, Vitro has promoted its Permanent Glass Recycling Program aligned with its core business. Through this initiative we collected 181,443 tons of glass in 2010, of which 107,471 corresponded to containers and 73,972 to flat glass. These numbers represent a total increase of 19.26 percent over 2009, the collection rising by 19.40 percent for containers and 19.06 percent for flat glass.

The total of glass tons recycled represent 362,866 cubic meters of physical space freed for other disposal in city landfills. Furthermore, just for the recycling of containers we saved 2,112.4 megawatts of power. This amount is equivalent to the energy required to keep a desktop computer operating continuously for more than 12,270 years.

In addition to the environmental benefits of this initiative, it is important to bear in mind that a significant portion of this glass is collected through agreements with schools, non-governmental organizations, municipalities, and other companies. While our partners in the projects promote a culture of recycling among their students, active members, citizens, and customers, Vitro purchases the collected material. During 2010, there were 170 associations of this kind in operation.

Through these initiatives, the economic benefits of recycling are extended to a larger population. If we take just the example of schools, revenues were indirectly redistributed among 24,000 students.

Responsibility for our operation

As part of our cost reduction and continuous improvement programs, we have invested in new ways to make our activities more efficient. In recent years we have migrated most of our administrative processes to digital platforms to reduce paper consumption. As a consequence, this year we were recognized by Week Mexico, Netmedia and Ernst & Young as one of the 50 Most Innovative Companies for our automated kiosk project, which digitalizes all our invoices.

Aligning all our processes to a more ecological approach, we began replacing conventional paper with 100 percent recycled one in all our facilities. We hope that by the end of 2011 our Green Office Program will be fully implemented in all of our plants and offices in Mexico.

Also in 2010 we completed an inventory of Vitro's greenhouse gas emissions in Mexico. Based on its development, Vitro seeks to consolidate its actions to counter the causes of Climate Change. This report was awarded by the Mexican Ministry of Environment and Natural Resources (SEMARNAT) in November.

To promote these efforts and bring our supply chain on board, Vitro actively participates in the Environmental Leadership for Competitiveness Program sponsored by SEMARNAT. Through this initiative, different training courses were given to suppliers and customers. Topics covered included efficiency in the use of raw materials, reduction of emissions, and management of discharges into water sources.

Contribution to sustainable architecture

As part of our efforts to offer socially and environmentally responsible products, we work resolutely in the development of architectural products that exploit the thermal insulation properties of glass.

Hence, we have an active participation in the United States Green Building Council (USGBC) and the Association of Businesses in favor of

Energy Saving Buildings (AEAAE) in Mexico. Both agencies promote efficiency certification and the creation of public policies for sustainable construction in North America.

Innovation in sustainable containers

In addition to the continuous effort to reduce the weight of our glass containers, which results in a significant decrease in the consumption of energy and raw materials, Vitro has sought to consolidate its achievement in the field of containers sustainability.

As a result, in 2010 the Mexican Container and Packaging Association (AMEE) awarded Vitro as a Sustainable Company for the second consecutive year. This distinction is obtained by packaging producers that make outstanding efforts in the design of containers with high environmental performance throughout their life cycle.

In addition, the Glass Packaging Institute (GPI) honored Vitro Packaging, our subsidiary in the United States, in four of its ten categories for the Clear Choice Awards. The Institute recognized the Company's innovations in the areas of creativity, aesthetics, shape, functionality and attractiveness for the market.

These accomplishments are just a sample that shows how our product's sustainable performance is maintained as one of the highest priorities of the Company.

CORPORATE GOVERNANCE

Vitro has demonstrated its adherence to the highest standards of corporate governance in various forums, thereby strengthening the trust of our customers, associates, suppliers, and shareholders. Our everyday task is to consolidate this achievement at all levels and in areas of the Company.

Code of conduct

To ensure that our associates' decisions and actions regarding business are transparent and



abide by Vitro's values, we adopted our Business Conduct and Professional Ethics Code in 2004. Through its Corporate Practices Committee, the Board of Directors directly oversees compliance to the Code.

It is important to bear in mind that during 2010, the course developed on the subject for our associates' yearly training was revised and renewed according to the current needs of the Company.

This document contains the norms regulating situations where there is conflict of interest, as well as employee loans, the proper use of our facilities, materials, and Company information, labor, supplier, and client relations, competition, and internal communication, among others.

As a result of a major logistical and training effort, we can proudly say that by the end of 2010 almost 100 percent of our employees took and passed the course on this Code. This reaffirms the commitment of the entire organization to responsible and transparent management.

Whistle-blowing system

We have also developed a channel of confidential communication so that all of our stakeholders are given the opportunity to reveal any irregularity about the management of the company.

During 2010, we received 50 anonymous notifications that were directed to our legal, financial, administrative, or human resources areas according to their nature. Remember that all cases must have a solid base in order to proceed and they may be submitted online through: <https://watcher.alertline.com/gcs/welcome>

Actions of the Board of Directors

In the course of the year, Vitro's Board of Directors adopted several instruments to improve the practices of corporate governance in the Company. For example, a reform was made to the Finance and Planning Committee procedural rules in order to transform it into an even more responsive and effective body.

The Committee was also empowered to assess and, if deemed appropriate, approve

investment projects, provide opinions about new debt the Company might require, and assist the Board of Directors in the evaluation of financing, refinancing, or financial restructuring.

The Granting and Revocation of Powers of Attorney Policy was also adopted in 2010. This tool was issued by the Executive Vice President, Legal & General Counsel, and approved by the Board of Directors in order to establish clear guidelines that regulate the granting and revocation of general and special powers of attorney.

Strengthening our initiatives focused on best corporate practices help us attain the highest possible standards of business ethics and transparency. But this approach must be permanent in order to generate the trust of our stakeholders, providing added value to Vitro's management.

For more details on these and other corporate sustainability projects please access our 2010 Sustainable Development Report that will be available on May, 2011 at: <http://www.vitro.com>.

Board of Directors

Adrián Sada G. 1944

Member since 1984

Chairman of the Board

President of the Finance and Planning Committee

Member of the Boards of Alfa, Gruma, Cydsa, Regio Empresas, Latin American Executive Board for the Wharton School, Consejo Mexicano de Hombres de Negocios (CMHN), and Grupo de Industriales de Nuevo León.

Tomás González Sada 1943

Member since 1980

Chairman of the Board and Chief Executive Officer of Cydsa; Vice President of the Mexican Institute for Competitiveness; Honorary Consul of Japan at Monterrey, Mexico; Treasurer of the Fundación Martínez Sada; Member of the Board of Trustees of the Universidad Regiomontana; Member of the Consejo Mexicano de Hombres de Negocios (CMHN).

Manuel Güemez 1942

Member since 2006

President of the Corporate Practices Committee

Chairman of the Boards of Regio Empresas and Grupo PREZ; Member of the Advisory Committee of Grupo de Seguridad Integral; and Alternate Member of the Board of Gruma.

Mario Laborín G. 1952

Member since 2010

Chief Executive Officer of ABC Holding; Chief Executive Officer of Bancomext (2006-2008); Chief Executive Officer of Nacional Financiera S.N.C. (2000-2008); Chief Executive Officer of Bancomer, S.A. and Chairman of its brokerage firm (1991-2000); and Co-Founder and CEO of Grupo Vector (1986-1990). He held as Member of the Boards of TV Azteca, Cervecería Cuauhtémoc, Transportación Marítima Mexicana, Bancomer, Bolsa Mexicana de Valores, Mexder, Ideval, Xignux, Megacable, Cydsa and Gruma.

Hugo A. Lara García 1965

Member since 2009

Chief Executive Officer

Member of the Board of "Centro de Excelencia en Gobierno Corporativo UDEM"; President of the Automotive Cluster in the state of Nuevo León, Mexico; Member of the Board of Empresas Comegua, S.A.; at Vitro he held several key positions such as President of the Flat Glass business unit (2006-2008), Float Glass Vice President (2005-2006) and Glass Containers business unit's Commercial Director (2004-2005); and General Manager of Parmalat de México (2001-2004).

Ricardo Martín Bringas 1960

Member since 2007

President and Member of the Board at Organización Soriana; Member of the Boards of Teléfonos de México, Aeroméxico, Grupo Financiero Banamex, Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM), Grupo Senda, Madisa, Consejo Mexicano de Hombres de Negocios (CMHN), Grupo de Empresarios de Nuevo León and Asociación Nacional de Tiendas de Autoservicio y Departamentales (ANTAD for its initials in Spanish).

Guillermo Ortiz M. 1948

Member since 2010

Chairman of the Board of Directors of Grupo Financiero Banorte, S.A. de C.V., Founder and President of Guillermo Ortiz y Asociados, S.A. de C.V., Member of the Board of Directors of Grupo Aeroportuario Del Sureste S.A.B. de C.V., Mexichem S.A.B. de C.V., Grupo Comercial Chedraui S.A.B. de C.V. and Weatherford International Ltd.; Chairman of the Board of Directors of the Bank for International Settlements (2009); Governor of the Bank of Mexico (1998-2009); Secretary of Finance and Public Credit in the Mexican Federal Government (1994-1997); and Executive Director at the International Monetary Fund (1984-1988).

Jaime Rico 1957

Member since 2008

President and CEO of the Boards of Vitro Europa, IP Vidrio y Cristal and Vitro Global; and Member of the Board of Vitro Cristalglass.

Adrián Sada Cueva 1975

Member since 2010

Vice President of Operations Vitro's Glass Containers business unit; Member of the Boards of Empresas Comegua S.A., Confederación Patronal de la República Mexicana (Coparmex) Nuevo León, Consejo General de la Universidad de Monterrey, Pronatura Noreste A.C., Organización Vida Silvestre A.C. and Salinas del Pacífico, S.A. de C.V. At Vitro he has been Vice President of Administration and Finance of Vitro's Glass Containers business unit (2009-2010), Vice President of Vitro Automotriz, S.A. de C.V. (2006-2008) and President of Vitro Cristalglass S.L. (2003-2005).

Federico Sada Melo 1979**Member since 2009**

Director of Sales of Vitro America, a Flat Glass business unit, Member of the Boards of Chipinque Ecological Park, A.C. and Instituto de Empresa Alumni.

Jaime Serra P. 1951**Member since 1998**

President of SAI Consultores, S.C.; Founder of Aklara (Electronic auctions), Centro de Arbitraje de México (CAM), and the Mexico NAFTA Fund (Private Capital Fund); Member of the Boards of Chiquita Brands International, Fondo México, Tenaris, and Grupo Modelo; former Undersecretary of Finance, Secretary of Trade and Industry and Secretary of Finance of the Mexican Government (1986-1994); Member of Trustees of the Yale University (1994-2001); Co-chair of the President's Council on International Activities of Yale University; Member of the Trilateral Commission and the US-Mexico Bilateral Council.

Joaquín Vargas G. 1954**Member since 2000***President of the Audit Committee*

Member of the Boards of Bolsa Mexicana de Valores, Grupo Financiero Santander, Posadas, Grupo Costamex, El Universal and Médica Sur; and Member of the Patronato del Instituto Nacional de Nutrición.

Andrés A. Yarte C. 1941**Member since 1991**

Chairman of the Boards and Chief Executive Officer of Empresas Yarte, S.A. de C.V., and K-Inver, S.A. de C.V.

Alejandro F. Sánchez Mújica 1954*Secretary of the Board since 2007*

Vitro Executive Vice President and General Counsel. Member of several Mexican and foreign corporations, such as of Empresas Comegua, S.A.; and of the Advisory Board of The University of Texas Lady Bird Johnson Wildflower Center; Secretary of the Board of Trustees of Chipinque Ecological Park; Formerly Senior Partner at Thompson & Knight (2003-2005) and currently Off-Counsel; Former General Counsel of Grupo Pulsar/Savia (1982-2003); and of one of the divisions of Grupo Kuo (1975-1981) and Legal Manager of Indeval (1973-1975).

Committees

Audit Committee

Joaquín Vargas Guajardo (President) *
Jonathan Davis **
Manuel Güemez de la Vega *
Jaime Serra Puche *
Claudio L. Del Valle Cabello (Secretary) ***

Corporate Practice Committee

Manuel Güemez de la Vega (President) *
Ricardo Martín Bringas *
Joaquín Vargas Guajardo *
Alejandro F. Sánchez Mújica (Secretary) ***

Finance & Planning Committee

Adrián Sada González (President)
Tomás González Sada
Mario Laborín Gómez
Hugo A. Lara García
Guillermo Ortiz Martínez *
Jaime Rico Garza
Adrián Sada Cueva
Federico Sada Melo
Jaime Serra Puche *
Andrés A. Yarte Cantú
Claudio L. Del Valle Cabello (Secretary) ***

* Independent Board member

** Finance expert, non Board member

*** Secretary, non Board member

Operating and Financial Analysis

ECONOMIC ENVIRONMENT

2010 marked a year of a slight recovery in the economic indicators of some industries and markets where we operate, after an increase in the rates of unemployment and a shortage of available credit, as well as a decrease in demand in the automotive and construction industries in Mexico, the United States and Spain in 2009, markets highly critical to Vitro.

The Gross domestic product (GDP) at the global level showed a small increase to a rate of 4.8 percent, however, it didn't even achieve the growth figures observed prior to the crisis, according to the statistics from the International Monetary Fund (IMF).

GDP Growth	2008	2009	2010
Mexico	1.3%	(6.5%)	5.5%
USA	0.4%	(2.4%)	2.9%
Spain	0.9%	(3.6%)	(0.2%)
Global	3.4%	(2.2%)	4.8%

According to figures provided by the National Institute of Statistics and Geography, the economy showed a moderate advance in Mexico which resulted in an increase in GDP of 5.5 percent with which the Mexican economy approached recovery levels comparable to those displayed prior to the crisis. For 2011, it is expected for Mexico to continue recovering its economic growth, driven by external demand linked to the manufacturing sector and a gradual restoration of higher levels of domestic spending.

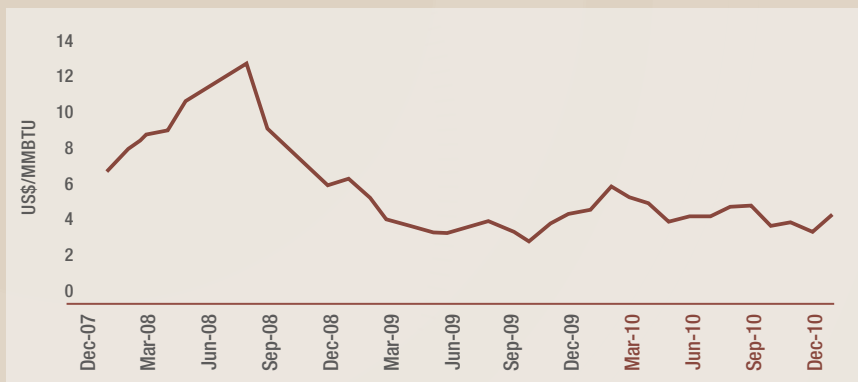
Given the tax incentives from the United States Government, the country's economy reflected a slight increase in consumer spending and business, which allows us to predict a continuing moderate growth of around 3 percent during 2011, but still showing signs of weakness in its labor market which could complicate a full recovery.

	2008	2009	2010
Mexico Consumer Inflation Index (Based on the National Consumer Price Index)	6.5%	3.6%	4.4%
US Consumer Inflation Index (Based on the Consumer Price Index)	0.1%	2.7%	1.5%
Difference between US/Mexico Inflation	6.4%	0.9%	2.9%
Devaluation (Revaluation) Mexican Peso	27.3%	(5.6%)	(5.4%)

The exchange rate of the Mexican Peso versus the US Dollar experienced an appreciation during 2010, maintaining the positive trend shown since the second quarter of 2010. This was mainly driven by the difference between the interest rates in Mexico versus the United States plus a “currency war” driven by the actions of several countries to prevent the appreciation of their own currencies. On December 31, 2010, the exchange rate was \$12.36 pesos per dollar compared to \$13.06 pesos per dollar at the close of 2009, resulting in a 5.4 percent annualized appreciation. On average, the exchange rate showed a revaluation of 7 percent, from an average rate of \$13.57 pesos per dollar in 2009 to an average rate of \$12.64 pesos per dollar during 2010. In 2011 the Peso might be strengthened further given that the policy of United States is to maintain its reference interest rate low and apparently will not undergo changes.

During the last quarter of 2009 and the first months of 2010, and as a result of the moderate recovery in the global economy, the price of natural gas, our main energy input, showed a slight rise. However, as the economic growth began moderating, the price of gas fell to \$4.09 dollars per MMBTU, a decrease of 7 percent from the closing price of \$4.40 dollars per MMBTU in 2009.

Natural Gas price (Reynosa Mix)



CONSOLIDATED OPERATING RESULTS

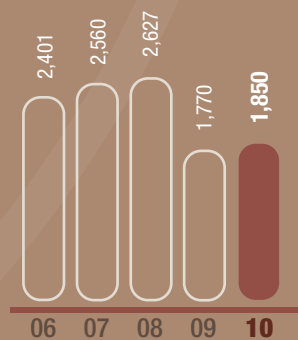
Sales

For the year ended December 31, 2010, Consolidated Net Sales were US\$1,850 million, representing a 4.5 percent increase when compared to consolidated net sales in 2009. This increase was mainly driven by the slight recovery in Glass Containers and the appreciation of the peso versus the dollar.

Also, the stability of the architectural market in Mexico as well as the success of its automotive market helped to offset the low demand in the construction industry in Spain and United States, thus contributing to maintain stable sales levels for the Flat Glass business unit.

Consolidated Net Sales

(In millions of US dollars)



Glass Containers

Net sales for the Glass Containers business unit for 2010 were US\$982 million, resulting in an increase of 6.9 percent when compared with 2009. This was mainly driven by revaluation of the Mexican peso, which represents higher sales amounts when these are measured in US dollars; and an increase in the volumes of sales in all segments, except food and beer segments, although with some negative price pressure arising from an oversupply of capacity.

Flat Glass

Net sales for the Flat Glass business unit were US\$848 million, reflecting a stable behavior compared to 2009. The stability of the construction market in Mexico and the growth of the auto industry offset lingering low demand in the construction sectors in the United States of America and Spain, countries in which Vitro has a relevant participation.

Operating Income (EBIT)

Consolidated Operating Income (EBIT) was US\$94 million, 3.7 percent less than the US\$98 million reached in 2009. Nevertheless, the EBITDA increased by 5.1 percent, from US\$237 million in 2009 to US\$250 million at the end of 2010.

The favorable increase in operating cash flow is mainly due to an increase in sales and production volumes which brought, as a consequence, a greater fixed cost absorption.

The Operating Income margin and the EBITDA margin went from 5.5 percent and 13.4 percent in 2009 to 5.1 percent and 13.5 percent in 2010, respectively.

Total Comprehensive Financing Results

During 2010 the total comprehensive financing result increase to US\$176 million, compared to US\$165 million during 2009, mainly driven by a reduction in foreign exchange gain of US\$79 million in 2009, due to the appreciation of the Peso, compared to a foreign exchange gain of US\$49 million in 2010. This effect was partially offset by a reduction in other financial expenses in 2010 of US\$48 million compared to US\$74 million in 2009, which was originated from financial derivative instrument losses.

Other Expenses Net

During 2010, net income and other expenses increased US\$24 million from US\$21 million in 2009 to US\$45 million in 2010. This change was mainly driven from a loss on sale of fixed assets and the cancellation of costs associated with the issuance of current debt.

Taxes

During 2010 we recognized a favorable deferred income tax of US\$18 million compared to US\$43 million in 2009. This variation is mainly due to increased expenses, due to current taxes.

Net Loss

Net loss for the period was US\$95 million, compared with a net loss of US\$47 million in 2009. The increase in the net loss was primarily due to an increase in other net expenses (income), a lower foreign exchange gain and a less favorable tax amount, mentioned above.

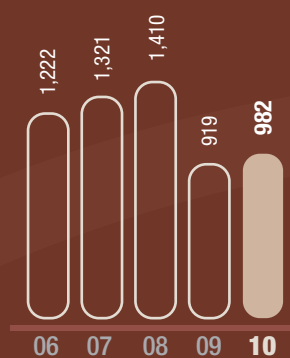
Capital Expenditures

Investments in property, plant and equipment were US\$81 million, compared to US\$48 million in 2009, which represents an increase of 69 percent over the same period for the prior year.

The Glass Containers business unit represented 63 percent of the total investment in fixed assets and focused mainly on molds and furnace maintenance to adjust operational capabilities for the increased demand for 2010. For its part, the investment of the Flat Glass business unit represented 36 percent of the total investment in fixed assets which went for the repair of damages resulting from Hurricane Alex, as well as the expansion and improvement of some production lines of our automotive glass business.

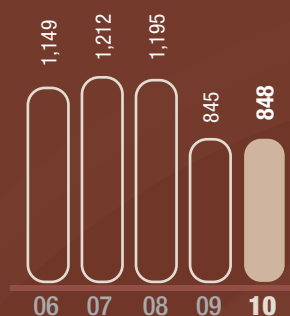
Glass Containers

(In millions of US dollars)



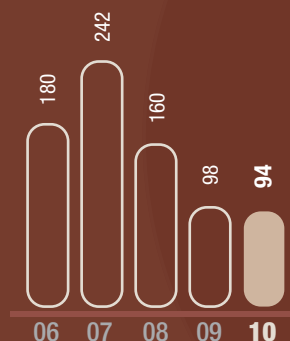
Flat Glass

(In millions of US dollars)



Consolidated EBIT

(In millions of US dollars)



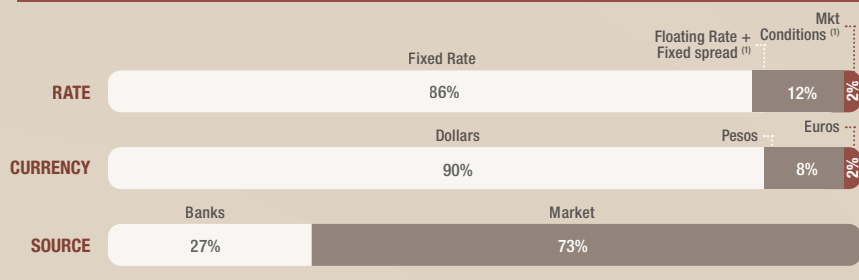
Consolidated Financial Position

As of December 31, 2010, the Company debt was US\$1,710 million, an increase of US\$171 million from the US\$1,539 million reported in 2009 year end.

The net debt of the company, whose calculation is performed by subtracting cash on hand, was US\$1,535 million as of 2010 year end, which represented an increase of 16 percent compared to US\$1,320 million in 2009.

This increase was mainly due to the recognition of US\$253 million corresponding to our DFI as of September 30, 2010, which previously was not classified as debt, diminished by the payment of the Bancomext trust with proceeds from the sale of non-productive assets, in the amount of US\$63.8 million.

Debt Profile as of December 31, 2010



Stock Performance

After ending registration of the Company ADR's in the New York Stock Exchange and termination of the ADR program on August 24, 2009, the Company sent a 15F form to the U.S. Securities and Exchange Commission ("SEC") on September 8, 2010, with the intention to deregister its American Depositary Shares along with the Senior Notes due 2012, 2013 and 2017 and terminate its reporting obligations under section 12(g) of the Exchange Act of 1934. On March 16, 2011 the SEC accepted Vitro's request so, according to the applicable law, within 90 days after that date it concluded entirely its obligations to report to the SEC.

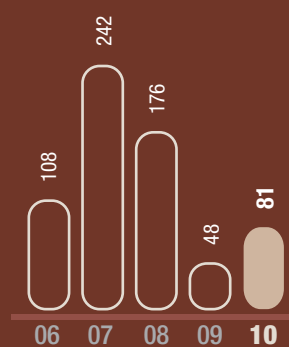
Nevertheless, the shares representing the equity capital of the company will continue to be traded on the Mexican Securities Market and Vitro's financial information will be reported in accordance with existing laws and will also be published on the Company website.

Trading of Vitro's shares on the Mexican Stock Exchange during 2010 was as follows:

BMV Shares (Pesos) 2010		
	Max	Min
1st Quarter	9.21	6.31
2nd Quarter	⁽¹⁾ 12.18	⁽¹⁾ 8.62
3rd Quarter	⁽¹⁾	⁽¹⁾
4th Quarter	⁽¹⁾ 15.90	⁽¹⁾ 12.12

Investments in Fixed Assets

(In millions of US dollars)



(1) LIBOR, TIE and CETE base rates

(1) On June 2, 2010 our shares were suspended for trading on Mexican Stock Exchange, suspension that was lifted on October 21, 2010.

RELEVANT EVENTS

Restructuring

Restructuring process

The Company is in negotiations with its derivative counterparties, the holders of the Notes and other creditors, including Fintech, to achieve an organized financial restructuring that allows it to improve its financial situation.

The Company continues with its normal business operations as it works to achieve a financial restructuring. Additionally, the Company has implemented initiatives for cost and expenses reductions in the entire organization, and optimized its production capacity according to its current level of operations. It has also significantly reduced its capital expenditure budget for 2009, 2010 and the subsequent years.

As a result of the negotiations to achieve a restructuring, Vitro made two alternative offers in respect of the 2012, 2013 and 2017 Notes: (1) a cash tender offer which was conducted as a modified Dutch auction and (2) an exchange offer and consent solicitation. The Offers were conducted in contemplation of, and as a step towards, restructuring most of Vitro's outstanding debt through an in-court proceeding under the insolvency law of Mexico. Both Offers were launched on November 1, 2010 and have since expired in accordance with their respective terms. The 2012, 2013 and 2017 Notes in the aggregate principal amount of approximately US\$ 44 million were tendered pursuant to the Tender Offer and Restructured Debt in the aggregate principal amount of approximately US\$ 520 million were tendered in the Exchange Offer and Consent Solicitation and accordingly, a payment of US\$ 53 million was made. There was a delay in the settlement of payments with respect to both Offers as a result of the Attachment Orders, but this delay was resolved and the Tender Offer consideration and the consent payments pursuant to the Exchange Offer and Consent Solicitation have been made.

Vitro's Voluntary Concurso Proceeding

On December 13, 2010, Vitro commenced a voluntary concurso mercantil proceeding (the "Voluntary Concurso Proceeding") under the Mexican Business Reorganization Act by filing a petition and pre-packaged Concurso Plan in the Fourth District Court for Civil and Labor Matters for the State of Nuevo León.

On December 18, 2010 Vitro commenced an ancillary case under Chapter 15 of the U.S.

Bankruptcy Code in the NY Court, requesting that the U.S. Bankruptcy Court recognize and give deference to its proceedings in Mexico. However, Vitro withdrew the request temporarily pending the declaration of the Mexican Concurso Plan.

By resolution dated January 7, 2011, the Judge of the Fourth Federal District Court of the Fourth Judicial Circuit located in Monterrey, Mexico denied Vitro's request for issuance of a "business reorganization judgment" (sentencia de concurso mercantil). This decision was appealed and a Federal Unitary Second Appeals Court (Tribunal Unitario) concluded that the appeal was also dismissed arguing that such decision is not appealable. An ordinary remedy was filed to appeal this procedural decision.

By resolution dated April 8, 2011, the Judge for the Second Unitary Court of the Fourth Circuit in Monterrey resolved in favor of the Company and confirmed the appeal proceedings submitted by Vitro. As part of such resolution, the Court has already declared Vitro to be in concurso mercantil based on its pre-packaged voluntary proceedings petition.

Pursuant to the Concurso Plan, Vitro is proposing to exchange all of the restricted debt, including the Senior Notes in the aggregate amount of US\$ 1,515 million as of December 31, 2010 for the following consideration:

- US\$ 850 million in aggregate principal amount of new notes;
- US\$ 100 million in aggregate principal amount of newly issued mandatory convertible debentures, which will mandatorily convert into 15.0 percent of the Company's equity on a fully diluted basis if not paid in full at maturity or upon the occurrence of certain events of default;
- a cash payment in an amount equal to the unpaid portion of an aggregate of US\$ 75 million in cash held in a Mexican trust after the making of the Consent Payment; and
- a restructuring fee, in cash, based on the issue date of the New Notes

Due to the declaration in concurso mercantil in Mexico, Vitro is planning on filing a Chapter 15 bankruptcy proceeding in the United States before the Court of the State of New York, requesting the judge to acknowledge and give preference to the proceedings in Mexico.

Dissident minority group of bondholders commenced a involuntary case against several of the Company's US Subsidiaries

In November 17, 2010 dissident minority group of four bondholders representing US\$ 75 million of

debt or 5 percent of the consolidated debt of the Company that is being restructured, commenced involuntary cases under Chapter 11 of the U.S. Bankruptcy Code in Texas against Vitro's US subsidiaries, which are guarantors of the Notes. On November 24, 2010, the Texas Bankruptcy Court denied the requested restrictions by the minority noteholders, in their entirety, who sought to restrict the US alleged debtors' ability to enter into transactions with their non-US affiliates or participate in the Company's planned restructuring in Mexico.

On March 31, and April 1, 2011 hearings were held and the judge reserved its decision for the following weeks. On April 6, 2011 Vitro America and three of its subsidiaries in the United States filed for a voluntary Chapter 11 bankruptcy ruling and the approval of an asset purchase agreement. On April 11, 2011, the entry of orders for relief against another group of subsidiaries was denied.

New York State Litigation against Vitro and certain of its non-US subsidiaries

On December 3, 2010, three funds led by Aurelius Capital Management filed suit against Vitro and several of its non-US subsidiaries in the Supreme Court of the State of New York premised on Vitro's default and non-payment of the Notes and obtained a pre-judgment order of attachment from the New York State Court with respect to any assets of Vitro located in New York. On December 9, 2010, certain funds managed by Elliott Management Corp., also obtained a pre-judgment order of attachment. On December 9, 2010, the Aurelius Order was served on D.F. King & Co., Inc., the Depository for the Tender Offer and Information and Exchange Agent for the Exchange Offer and Consent Solicitation. In response, D.F. King determined not to direct the settlement of the Tender Offer or instruct the Depository Trust Company to complete the settlement until D.F. King received further guidance from the New York State Court as to whether its instructions to settle the Tender Offer would violate the terms of the Attachment Orders. As a result, the settlement of the Tender Offer and the consent payments pursuant to the Exchange Offer and Consent Solicitation were temporarily delayed. On December 21, 2010, the New York State Supreme Court, Appellate Division, First Department denied the stay, and the New York State Court's order took effect. Subsequently, D.F. King took the requisite actions and the Tender Offer consideration and the consent

payments pursuant to the Exchange Offer and Consent Solicitation were made.

On February 8, 2011, the New York State Court vacated the attachment orders filed by Aurelius Capital Management and Elliott Management Corp, with respect to the Flat Glass Payment Trust receivables. As a result, on February 10, 2011, payments from these clients were immediately resumed. Nevertheless, the attachment orders continue with respect to certain clients in the US.

Involuntary concurso proceedings

On December 13 and 23, 2010, Vitro and some of its Mexican operating subsidiaries, as a guarantors under the Notes, received notice of an involuntary petition for concurso mercantil. According to Mexican law, before the Court issues a resolution regarding the solicitation of the involuntary proceeding, an officer "visitador" must examine the books and records of each debtor to determine if they meet the requirements established per the concurso mercantil and shall issue a report. This process can take several weeks from the first visit of the officer and thereafter the Mexican Tribunal will determine if the involuntary proceedings will or will not be dismissed.

During January 2011 a delegate of the court was appointed and as of the issuance date of these consolidated financial statements, the review period for 8 of the Company's subsidiaries has been finalized. The visitador prepared reports and sent them to the Mexican Tribunal and the proceedings to receive arguments was initiated.

LEGAL SITUATION

Account receivable from sale of land

In December 2006, Vitro sold real estate located in Mexico City for US\$ 100 million, 80 percent payable on the date of sale and the remainder payable on the delivery date of the property.

Vitro guaranteed up to US\$ 80 million in favor of the purchaser payable in the event that the property was not delivered to the purchaser prior to December 2009. As of December 31, 2008, the Company fulfilled all the requirements demanded under the contract. In 2009 the Company received US\$ 5 million and as of the issuance date of these consolidated financial statements is seeking legal remedies for payment of the remaining amount. On August 16, 2010, the court absolved the purchaser of the remaining payment claimed.

The Company has filed an appeal against the decision, and on January 10, 2011, the Court of Appeals in Mexico City published the resolution which revoked the act issued by the Lower Court and which condemned Vitro all of its petitions. A new resolution issued by the Court of Appeals granted the Company all of its petitions and condemned the third party to pay Vitro all legal costs, expenses and fees in an approximate amount of US\$ 15 million plus expenses. The Company awaits the decision on the "Amparo" filed by the third party. The Company and its legal counsel believe they have enough evidence to obtain a favorable judgment

OTHER EVENTS

Natural disasters

In April 2010, the float glass manufacturing facility located in Mexicali and its inventory were damaged as a result of an earthquake; however, within seven days the plant was in full operation. As of today, it is working on full damage recovery through insurance less applicable deductible.

On July, 2010, the Company's manufacturing facilities in the Municipality of García in Nuevo León, Mexico were affected as a result of the severe flooding and damage caused by Hurricane Alex. The Company's float glass manufacturing and automotive processing facilities and its facilities at Alcalí suffered significant damage and were forced to temporarily suspend operations.

The Company's insurance policy covers such events, minus applicable deductibles. As of December 31, 2010, the Company's insurance claims, net of applicable deductibles, were US\$ 7 million for damaged inventories and US\$ 14 million for damaged fixed assets. As a result of the insurance claims described above, the insurance company made an advance payment to the Company of US\$ 20 million, which reduced the losses related to such adverse events in the Company's consolidated statements of operations.

The Company is currently evaluating the negative impact of business interruption resulting from Hurricane Alex. The Company is also evaluating all damages caused to its assets, most significantly to its float glass furnaces, which at some point during 2011 will likely have to be shut down in order to evaluate any internal damages and estimate time and costs of repairs.

The Company expects all before mentioned damages will be covered by insurance less any applicable deductibles; however, it can provide

no assurance as to the amount and timing of such recovery.

Vitro is distinguished as a Socially Responsible Company

On March 2011, Vitro was recognized by the Mexican Philanthropic Center, A.C. (Cemefi), as a Socially Responsible Company (the ESR distinction) to its Glass Containers and Flat Glass business units, Corporate Offices and Clínica Vitro.

Management's Financial Responsibility

One of Management's many responsibilities is the preparation of the Company's Financial Statements and the additional financial information included in this Report. This responsibility assures that the financial statements and accompanying notes are prepared in strict adherence with Mexican Financial Reporting Standards (NIF for its initials in Spanish) currently in effect.

The Company relies on an administrative and IT structure deemed sufficient to confirm that the books and records reasonably reflect the transactions derived from day to day operations. Vitro maintains an internal control system that validates the correct use of its assets and, in addition, avoids the material depreciation of the Company's assets.

To ensure the Company's internal controls are adequate and conform to the prevailing practices, Vitro has well established and communicated policies and procedures in place throughout the organization. Their proper application is frequently validated through internal audit programs at all of its larger business operations.

The Company's financial statements were audited by Galaz, Yamazaki, Ruiz Urquiza, S.C., members of Deloitte Touche Tohmatsu Limited, an independent certified public accountant firm. Their audit was conducted according to Generally Accepted Audit Norms. For additional information regarding said audit please refer to the complete external auditors' report included as part of this Report.

The Audit Committee of the Board of Directors, among other duties, confirms that Management complies with the applicable regulations regarding the correct registration and disclosure of the Company's transactions. The Audit Committee meets with Management on a regular basis, as well as with the external and internal auditors. The Audit Committee determines and authorizes compensation and supervises the performance of the External Auditor. In addition, the Committee is the only entity that can authorize the hiring and compensation of the independent auditor for any services other than or complementary to the audit related tasks.

The external and internal auditors have free and total access to the Audit Committee and frequently meet to discuss its performance, internal controls and all matters related to the financial statements.



Hugo A. Lara García
Chief Executive Officer



Claudio L. Del Valle Cabello
Chief Financial and Administrative Officer

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Exchange Listing

Bolsa Mexicana de Valores (BMV),
Mexico

Ticket Symbols

BMV: VITROA



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Dividend Policy

Resolutions regarding the declaration, amount and payment of dividends are determined by the majority of the voting stock at the Ordinary Shareholders' Meeting. Generally these determinations are based on the recommendation of the Board of Directors. The terms and conditions of the dividends payment declared by the corresponding Ordinary Shareholders Meeting are generally approved by the Board of Directors, taking into account the current financial conditions of the Company.

This annual report makes reference to different trademarks that are property of their respective owners with the sole purpose of informing shareholders and the general public about Vitro's performance in its various industrial and commercial activities, pursuant with legal requirements applicable to companies listed on the stock market.

This document may contain certain forward-looking statements and information relating to Vitro, S.A.B. de C.V. ("Vitro" or "the Company") and its subsidiaries that reflect the current views and/or expectations of Vitro and its management with respect to its performance, business and future events. Forward looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results or events, performance or achievements, and may contain words like "believe", "anticipate", "expect", "estimate", "could", "envisage", "potential", "will likely result", or any other words or phrases of similar meaning. Such statements are subject to a number of risks, uncertainties and assumptions. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in this document. In no event, neither Vitro nor any of its subsidiaries, affiliates, shareholders, directors, officers, agents or employees shall be liable before any third - party (including investors) for any investment or business decision or any other type made or action taken in reliance on the information and statements contained in this document or for any consequential, special or similar damages. This document and its contents are proprietary information and may not be reproduced or otherwise disseminated in whole or in part without Vitro's prior written consent.



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