

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2011

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report

For the transition period from to

Commission file number 1-14946

CEMEX, S.A.B. de C.V.

(Exact name of Registrant as specified in its charter)

CEMEX PUBLICLY TRADED STOCK CORPORATION WITH VARIABLE CAPITAL

(Translation of Registrant's name into English)

United Mexican States

(Jurisdiction of incorporation or organization)

Avenida Ricardo Margáin Zozaya #325, Colonia Valle del Campestre, Garza García, Nuevo León, México 66265

(Address of principal executive offices)

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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
Ordinary Participation Certificates (<i>Certificados de Participación Ordinarios</i>), or CPOs, each CPO representing two Series A shares and one Series B share, traded in the form of American Depositary Shares, or ADSs, each ADS representing ten CPOs.	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

9,547,422,616 CPOs
20,939,727,526 Series A shares (including Series A shares underlying CPOs)
10,469,863,763 Series B shares (including Series B shares underlying CPOs)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Note—Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). N/A

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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INTRODUCTION

CEMEX, S.A.B. de C.V. is incorporated as a publicly traded stock corporation with variable capital (*sociedad anónima bursátil de capital variable*) organized under the laws of the United Mexican States, or Mexico. Except as the context otherwise may require, references in this annual report to “CEMEX,” “we,” “us” or “our” refer to CEMEX, S.A.B. de C.V. and its consolidated entities. See note 2 to our consolidated financial statements included elsewhere in this annual report.

PRESENTATION OF FINANCIAL INFORMATION

Our consolidated financial statements included elsewhere in this annual report have been prepared in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB.

Due to regulations issued in November 2008 by the Mexican securities authority (*Comisión Nacional Bancaria y de Valores*), registrants whose shares are listed on the Mexican Stock Exchange were required to begin preparing their consolidated financial statements using IFRS, as issued by the IASB, no later than January 1, 2012, and to stop the use of Mexican Financial Reporting Standards, or MFRS. In connection with this requirement, the consolidated financial statements included in this annual report as of December 31, 2011 and 2010 and as of January 1, 2010, and for the years ended December 31, 2011 and 2010, are CEMEX, S.A.B. de C.V.’s first consolidated financial statements prepared in accordance with IFRS, as in effect on December 31, 2011.

CEMEX, S.A.B. de C.V. determined its opening balance sheet under IFRS as of January 1, 2010, following the guidance set forth by IFRS 1, *First time adoption* (“IFRS 1”). The options selected by CEMEX, S.A.B. de C.V. in the migration to IFRS and the effects on its opening balance sheet as of January 1, 2010, according to IFRS 1, as well as the effects on its balance sheets as of December 31, 2011 and 2010, and its statements of operations and comprehensive loss for the years ended December 31, 2011 and 2010, as compared to CEMEX, S.A.B. de C.V.’s previously reported amounts under MFRS, are described in note 27 to our consolidated financial statements included elsewhere in this annual report.

The regulations of the Securities and Exchange Commission, or SEC, do not require foreign private issuers that prepare their financial statements on the basis of IFRS (as published by the IASB) to reconcile such financial statements to U.S. GAAP. As such, while CEMEX, S.A.B. de C.V. has in the past reconciled its consolidated financial statements prepared in accordance with MFRS to U.S. GAAP, those reconciliations are no longer presented in CEMEX, S.A.B. de C.V.’s filings with the SEC. Any references to accounting treatments under MFRS or U.S. GAAP relate solely to the application of MFRS or U.S. GAAP to our historical consolidated financial statements.

References in this annual report to “U.S.\$” and “Dollars” are to U.S. Dollars, references to “€” are to Euros, references to “£” and “Pounds” are to British Pounds, references to “¥” and “Yen” are to Japanese Yen, and, unless otherwise indicated, references to “Ps,” “Mexican Pesos” and “Pesos” are to Mexican Pesos. References to “billion” means one thousand million. The Dollar amounts provided below, unless otherwise indicated elsewhere in this annual report, are translations of Peso amounts at an exchange rate of Ps13.96 to U.S.\$1.00, the CEMEX accounting rate as of December 31, 2011. However, in the case of transactions conducted in Dollars, we have presented the Dollar amount of the transaction and the corresponding Peso amount that is presented in our consolidated financial statements. These translations have been prepared solely for the convenience of the reader and should not be construed as representations that the Peso amounts actually represent those Dollar amounts or could be converted into Dollars at the rate indicated. From December 31, 2011 through April 20, 2012, the Peso appreciated by approximately 6.32% against the Dollar, based on the noon buying rate for Pesos. See “Item 3—Key Information—Selected Consolidated Financial Information.”

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The noon buying rate for Pesos on December 31, 2011 was Ps13.95 to U.S.\$1.00 and on April 20, 2012 was Ps13.12 to U.S.\$1.00.

References in this annual report to total debt plus other financial obligations do not include debt and other financial obligations of ours held by us. See notes 2L and 15B to our consolidated financial statements included elsewhere in this annual report for a detailed description of our other financial obligations. Total debt plus other financial obligations differs from the calculation of debt under our Financing Agreement described herein.

PART I

Item 1—Identity of Directors, Senior Management and Advisors

Not applicable.

Item 2—Offer Statistics and Expected Timetable

Not applicable.

Item 3—Key Information

Summary of Our Recent Financial History

On August 14, 2009, we reached a comprehensive financing agreement with our major creditors, as subsequently amended, the “Financing Agreement.” The Financing Agreement extended the maturities of approximately U.S.\$15 billion in syndicated and bilateral bank facilities and private placement obligations. As part of the Financing Agreement, we pledged or transferred to trustees under security trusts substantially all the shares of CEMEX México, S.A. de C.V., or CEMEX Mexico, Centro Distribuidor de Cemento, S.A. de C.V., Mexcement Holdings, S.A. de C.V., Corporación Gouda, S.A. de C.V., CEMEX Trademarks Holding Ltd., New Sunward Holding B.V., or New Sunward, and CEMEX España, S.A., or CEMEX España, as collateral (the “Collateral”) and all proceeds of such Collateral, to secure our payment obligations under the Financing Agreement and under several other financing arrangements for the benefit of the participating creditors and holders of debt and other obligations that benefit from provisions in their instruments requiring that their obligations be equally and ratably secured. These subsidiaries whose shares were pledged or transferred as part of the Collateral collectively own, directly or indirectly, substantially all our operations worldwide.

Since the signing of the Financing Agreement, we have completed a number of capital markets transactions and asset disposals, the majority of the proceeds of which have been used to reduce the amounts outstanding under the Financing Agreement, to pay other debt not subject to the Financing Agreement, to improve our liquidity position and for general corporate purposes. Such capital market transactions consisted of (i) in September 2009, the sale of a total of 1,495 million CPOs, directly or in the form of ADSs, in a global offering for approximately U.S.\$1.8 billion in net proceeds; (ii) in December 2009, the issuance by CEMEX, S.A.B. de C.V. of approximately Ps4.1 billion (approximately U.S.\$315 million) of 10% mandatory convertible notes (the “Mandatory Convertible Notes”) in exchange for promissory notes previously issued by CEMEX, S.A.B. de C.V. in the Mexican capital markets (*Certificados Bursátiles*), or CBs; (iii) in December 2009 and January 2010, the issuance by CEMEX Finance LLC of U.S.\$1,750,000,000 aggregate principal amount of its 9.50% Senior Secured Notes due 2016 and €350,000,000 aggregate principal amount of its 9.625% Senior Secured Notes due 2017, or together, the December 2009 Notes; (iv) in March 2010, the issuance by CEMEX, S.A.B. de C.V. of U.S.\$715,000,000 aggregate principal amount of 4.875% convertible subordinated notes due 2015 (the “2010 Optional Convertible Subordinated Notes”); (v) in May 2010, the issuance by CEMEX España, acting through its Luxembourg branch, of U.S.\$1,067,665,000 aggregate principal amount of its 9.25% Senior Secured Notes due 2020 and €115,346,000 aggregate principal amount of its 8.875% Senior Secured Notes due 2017, or together, the May 2010 Notes, in exchange for the U.S. Dollar-Denominated 6.196% Fixed-to-Floating Rate Callable Perpetual Debentures (the “6.196% Debentures”) issued by C5 Capital (SPV) Limited, U.S. Dollar-Denominated 6.640% Fixed-to-Floating Rate Callable Perpetual Debentures (the “6.640% Debentures”) issued by C8 Capital (SPV) Limited, U.S. Dollar-Denominated 6.722% Fixed-to-Floating Rate Callable Perpetual Debentures (the “6.722% Debentures”) issued by C10 Capital (SPV) Limited and Euro-Denominated 6.277% Fixed-to-Floating Rate Callable Perpetual Debentures issued by C10-EUR Capital (SPV) Limited, or together, the “Debentures,” pursuant to a private placement exchange offer directed to the holders of Debentures in May 2010; (vi) in January 2011, the issuance by CEMEX, S.A.B. de C.V. of U.S.\$1,000,000,000 aggregate principal amount of 9.000% Senior Secured Notes due 2018, or the January 2011 Notes; (vii) in March 2011, the issuance by CEMEX España, acting through its Luxembourg branch, of U.S.\$125,331,000 aggregate principal amount of its

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9.25% Senior Secured Notes due 2020, or the Additional May 2010 Notes; (viii) in March 2011, the issuance by CEMEX, S.A.B. de C.V. of U.S.\$1,667,500,000 million aggregate principal amount of 3.25% convertible subordinated notes due 2016 and 3.75% convertible subordinated notes due 2018 (together, the “2011 Optional Convertible Subordinated Notes”); (ix) in April 2011, the issuance by CEMEX, S.A.B. de C.V. of U.S.\$800,000,000 aggregate principal amount of our Floating Rate Senior Secured Notes due 2015, or the April 2011 Notes; and (x) in July 2011, the issuance by CEMEX, S.A.B. de C.V. of U.S.\$650,000,000 aggregate principal amount of our 9.000% Senior Secured Notes due 2018, or the Additional January 2011 Notes. For a more detailed description of these transactions, see “Item 5—Operating and Financial Review and Prospects—Summary of Material Contractual Obligations and Commercial Commitments.”

As a result of the foregoing transactions, as of December 31, 2011, our total debt plus other financial obligations was Ps249,372 million (U.S.\$17,863 million), not including approximately Ps13,089 million (U.S.\$938 million) of notes issued in connection with the Debentures, but including our debt subject to the Financing Agreement, which was approximately Ps100,442 million (U.S.\$7,195 million). As of December 31, 2011, we had principal payments due under the Financing Agreement of U.S.\$488 million on December 15, 2013 and U.S.\$6,707 million on February 14, 2014. In addition, as of December 31, 2011, we had reduced indebtedness under the Financing Agreement by approximately U.S.\$7.7 billion (thereby satisfying all required amortization payments under the Financing Agreement through December 15, 2013).

Since the beginning of 2012, we have engaged in the following additional financing transactions:

On March 28, 2012, CEMEX España, acting through its Luxembourg branch, issued U.S.\$703,861,000 aggregate principal amount of its 9.875% U.S. Dollar-denominated Senior Secured Notes Due 2019 and €179,219,000 aggregate principal amount of its 9.875% Euro-denominated Senior Secured Notes Due 2019, or together, the March 2012 Notes, in exchange for Debentures and 4.75% Notes due 2014, or the Eurobonds, issued by CEMEX Finance Europe B.V., a special purpose vehicle and wholly-owned subsidiary of CEMEX España, pursuant to separate private placement exchange offers, or collectively, the 2012 Exchange Offers, directed to the holders of Debentures and Eurobonds, in transactions exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, as amended, or the Securities Act. For a more detailed description of the 2012 Exchange Offers, see “Item 5—Operating and Financial Review and Prospects—Recent Developments.”

On April 9, 2012, we (i) repaid Ps1,480,000,000 (approximately U.S.\$106 million) aggregate principal amount of CBs maturing on such date, and (ii) prepaid Ps2,621,000,000 (approximately U.S.\$188 million) aggregate principal amount of CBs that were scheduled to mature in September 2012 (together, the “2012 CB Payments”), with cash reserves outstanding as of December 31, 2011.

As of December 31, 2011, after giving *pro forma* effect to the 2012 Exchange Offers and the 2012 CB Payments, our total debt plus other financial obligations was Ps249,841 million (U.S.\$17,897 million), not including approximately Ps6,785 million (U.S.\$486 million) of notes issued in connection with the Debentures, but including our debt subject to the Financing Agreement, which was approximately Ps100,442 million (U.S.\$7,195 million). Of such total debt plus other financial obligations amount, approximately Ps8,280 million (U.S.\$593 million) is maturing during 2012; Ps8,140 million (U.S.\$583 million) is maturing during 2013; Ps103,357 million (U.S.\$7,404 million) is maturing during 2014 (including the last principal payment under the Financing Agreement of approximately U.S.\$6,707 million due on February 14, 2014); Ps22,192 million (U.S.\$1,590 million) is maturing during 2015; Ps35,803 million (U.S.\$2,565 million) is maturing during 2016; and Ps72,065 million (U.S.\$5,162 million) is maturing after 2016.

We refer to the December 2009 Notes, May 2010 Notes, January 2011 Notes, Additional May 2010 Notes, April 2011 Notes, Additional January 2011 Notes and March 2012 Notes, collectively, as the Senior Secured Notes.

Risk Factors

Many factors could have an adverse effect on our financial condition, cash flows and results of operations. We are subject to various risks resulting from changing economic, environmental, political, industry, business, financial and climate conditions. The factors we consider most important are described below.

Economic conditions in some of the countries where we operate may adversely affect our business, financial condition and results of operations.

The economic conditions in some of the countries where we operate have had and may continue to have a material adverse impact on our business, financial condition and results of operations throughout our operations worldwide. Our results of operations are highly dependent on the results of our operating subsidiaries in the United States, Mexico and Western Europe. Despite some aggressive measures taken by governments and central banks thus far, there is still a significant risk that these measures may not prevent several of the countries where we operate from experiencing further economic declines. The construction downturn has been more severe in countries that experienced the largest housing market expansion during the years of high credit availability (such as the United States, Spain, Ireland and the United Kingdom). Most government sponsored recovery efforts focus on fostering growth in demand from infrastructure projects. The infrastructure plans announced to date by many countries, including the United States and Mexico, may not stimulate economic growth or yield the expected results because of delays in implementation and/or bureaucratic issues, among other obstacles. A worsening of the economic crisis or delays in implementing any such plans could adversely affect demand for our products.

In the United States, the recession was longer and deeper than the previous two recessions during the 1990s and early 2000s, and the economic uncertainty continues despite some recent positive signals. In 2011, housing starts, the primary driver of cement demand in the residential sector, reached a total of 606,900, according to the U.S. Census Bureau, which was 3.4% higher than the 2010 total of 586,900. The timing of a housing recovery remains uncertain given the current market environment, tight credit conditions and housing oversupply. As part of the announced government fiscal stimulus package, the U.S. Congress passed the American Recovery and Reinvestment Act of 2009, which provided for approximately U.S.\$85 billion for infrastructure spending. However, spending under this program has not been effective to offset the decline in cement and ready-mix concrete demand as a result of current economic conditions. The uncertain economic environment and tight credit conditions also adversely affected the U.S. industrial and commercial sectors during 2010, with contract awards—a leading indicator of construction activity—declining 17% in 2010 compared to 2009, according to FW Dodge. This combination of factors resulted in the worst decline in sales volumes that we have experienced in the United States in recent history. In 2011, contract awards increased 6% compared to 2010, according to FW Dodge; our U.S. operations' domestic cement sales volumes, however, decreased 2% in 2011 compared to 2010.

The Mexican economy was also significantly and adversely affected by the financial crisis. Mexico's dependence on the U.S. economy remains very important, and therefore, any downside to the economic outlook in the United States may hinder economic growth in Mexico. The crisis also adversely affected local credit markets resulting in an increased cost of capital that had a negative impact on companies' ability to meet their financial needs. During 2008, the Mexican Peso depreciated by 20.5% against the Dollar. During 2009 and 2010, the Mexican Peso had a mild recovery, appreciating by approximately 5% and 6%, respectively, against the Dollar. During 2011, the Mexican Peso depreciated by approximately 11.5% against the Dollar. Exchange rate depreciation and/or volatility in the markets would adversely affect our operational and financial results. We cannot be certain that a contraction of Mexican economic output will not take place, which would negatively affect the construction sector and demand for our products.

Many Western European countries, including the United Kingdom, France, Spain, Germany and Ireland, have faced difficult economic environments due to the financial crisis and its impact on their economies, including the construction sectors. If this situation were to deteriorate further, our financial condition and results of operations could be further affected. The situation has been more pronounced in those countries with a higher degree of previous market distortions (especially those experiencing real estate bubbles and durable goods

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overhangs prior to the crisis), such as Spain, or those more exposed to financial turmoil, such as the United Kingdom. According to OFICEMEN, the Spanish cement trade organization, domestic cement demand in Spain declined 17% in 2011 compared to 2010. Our domestic cement and ready-mix concrete sales volumes in Spain decreased approximately 19% and 21%, respectively, in 2011 compared to 2010. In the construction sector, the residential adjustment could last longer than anticipated, while non-residential construction could experience a sharper decline than expected. Furthermore, the austerity measures being implemented by some European countries could result in further declines in construction activity and demand for our products. In addition, a default by Greece, Italy or Portugal on their debt or their exit from the Euro could have a negative impact on other countries in Europe in which we operate, which could adversely affect demand for our products and, as a consequence, adversely affect our business and results of operations. If these risks materialize, our business, financial condition and results of operations may be adversely affected. The important trade links with Western Europe make some of the Eastern European countries susceptible to the Western European recession. Large financing needs in these countries pose a significant vulnerability. Central European economies could face delays in implementation of European Union Structural Funds (funds provided by the European Union to member states with lowest national incomes per capita) related projects due to logistical and funding problems, which could have a material adverse effect on cement and/or ready-mix concrete demand. In addition, the current concerns about sovereign debt and the budget deficit levels of Greece, Ireland, Portugal, Spain, Italy and several other European countries have resulted in increased volatility and risk perception in the financial markets.

The Central and South American economies are also exposed to the risk of a decrease in overall economic activity. A new financial downturn, lower exports to the United States and Europe, lower remittances and lower commodity prices could represent an important risk for the region in the short term. This may translate into greater economic and financial volatility and lower growth rates, which could have a material adverse effect on consumption and/or prices for our products, thereby adversely affecting our business and results of operations. Political or economic volatility in the South American, Central American or the Caribbean countries in which we have operations may also have an impact on prices and demand for our products, which could adversely affect our business and results of operations.

The Asia-Pacific region will likely be affected if the economic landscape further deteriorates. An additional increase in country risk and/or decreased confidence among global investors would also limit capital flows and investments in the Asian region. In the Middle East region, lower oil revenues and tighter credit conditions could moderate economic growth and adversely affect construction investments. Our operations in the United Arab Emirates, or UAE, have been adversely affected by credit concerns and the end of the construction boom. In addition, the accumulated housing overhang, the rapid decline in property values and the radical change in the international financial situation could prompt a sudden adjustment of the residential markets in some of the countries in the region. The political instability in Egypt in 2010 and 2011, which resulted in former President Hosni Mubarak resigning from his post on February 11, 2011, is continuing and has caused a reduction in overall economic activity in Egypt, which is negatively affecting demand for building materials, and interruptions in services, such as banking, which is also having a material adverse effect on our operations in Egypt.

If the economies of the major countries where we operate were to continue to deteriorate and fall into an even deeper and longer lasting recession, or even a depression, our business, financial condition and results of operations would be adversely affected.

Concerns regarding the European debt crisis and market perception concerning the instability of the Euro could affect our operating profits.

We conduct business in many countries that use the Euro as their currency, or the Eurozone. Concerns persist regarding the debt burden of certain Eurozone countries and their ability to meet future financial obligations, the overall stability of the Euro and the suitability of the Euro as a single currency given the diverse economic and political circumstances in individual Eurozone countries.

These concerns could lead to the reintroduction of individual currencies in one or more Eurozone countries, or in more extreme circumstances, the possible dissolution of the Euro currency entirely. Should the Euro

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dissolve entirely, the legal and contractual consequences for holders of Euro-denominated obligations would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of our Euro-denominated assets and obligations. In addition, concerns over the effect of this financial crisis on financial institutions in Europe and globally could have an adverse effect on the global capital markets, and more specifically on our ability, and the ability of our customers, suppliers and lenders to finance their respective businesses, to access liquidity at acceptable financing costs, if at all, and on the demand for our products.

The Financing Agreement contains several restrictions and covenants. Our failure to comply with such restrictions and covenants could have a material adverse effect on us.

The Financing Agreement requires us to comply with several financial ratios and tests, including a consolidated coverage ratio of EBITDA to consolidated interest expense of not less than (i) 1.75:1 for each period of four consecutive fiscal quarters (measured semi-annually) up to and including the period ending December 31, 2012 and (ii) 2.00:1 for the remaining periods of four consecutive fiscal quarters (measured semi-annually) to December 31, 2013. In addition, the Financing Agreement allows us a maximum consolidated leverage ratio of total debt (including the Debentures) to EBITDA for each period of four consecutive fiscal quarters (measured semi-annually) not to exceed 7.00:1 for the period that ended December 31, 2011, 6.5:1 for the period ending June 30, 2012, 5.75:1 for the period ending December 31, 2012, 5.00:1 for the period ending June 30, 2013 and 4.25:1 for the period ending December 31, 2013. Our ability to comply with these ratios may be affected by current economic conditions and high volatility in foreign exchange rates and the financial and capital markets. For the period ended December 31, 2011, we reported to the lenders under the Financing Agreement a consolidated coverage ratio of 1.88:1 and a consolidated leverage ratio of 6.64:1, each as calculated pursuant to the Financing Agreement. Pursuant to the Financing Agreement, we are prohibited from making aggregate annual capital expenditures in excess of U.S.\$800 million.

We are also subject to a number of negative covenants that, among other things, restrict or limit our ability to: (i) create liens; (ii) incur additional debt; (iii) change our business or the business of any obligor or material subsidiary (as defined in the Financing Agreement); (iv) enter into mergers; (v) enter into agreements that restrict our subsidiaries' ability to pay dividends or repay intercompany debt; (vi) acquire assets; (vii) enter into or invest in joint venture agreements; (viii) dispose of certain assets; (ix) grant additional guarantees or indemnities; (x) declare or pay cash dividends or make share redemptions; (xi) issue shares; (xii) enter into certain derivatives transactions; (xiii) exercise any call option in relation to any perpetual bonds we issue unless the exercise of the call options does not have a materially negative impact on our cash flow; and (xiv) transfer assets from subsidiaries or more than 10% of shares in subsidiaries into or out of CEMEX España or its subsidiaries if those assets or subsidiaries are not controlled by CEMEX España or any of its subsidiaries.

The Financing Agreement also contains a number of affirmative covenants that, among other things, require us to provide periodic financial information to our lenders. Pursuant to the Financing Agreement, however, a number of those covenants and restrictions will automatically cease to apply or become less restrictive if (i) we receive an investment-grade rating from two of Standard & Poor's Rating Services, Moody's Investors Service, Inc. and Fitch Ratings; (ii) our consolidated leverage ratio for the two most recently completed semi-annual testing periods is less than or equal to 3.5:1; and (iii) no default under the Financing Agreement is continuing. Restrictions that will cease to apply when we satisfy such conditions include the capital expenditure limitations mentioned above and several negative covenants, including limitations on our ability to declare or pay cash dividends and distributions to shareholders, limitations on our ability to repay existing financial indebtedness, certain asset sale restrictions, the quarterly cash balance sweep, certain mandatory prepayment provisions, and restrictions on exercising call options in relation to any perpetual bonds we issue (provided that participating creditors will continue to receive the benefit of any restrictive covenants that other creditors receive relating to other financial indebtedness of ours in excess of U.S.\$75 million). At such time, several baskets and caps relating to negative covenants will also increase, including permitted financial indebtedness, permitted guarantees and limitations on liens. However, we cannot assure you that we will be able to meet the conditions for these restrictions to cease to apply prior to the final maturity date under the Financing Agreement.

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The Financing Agreement contains events of default, some of which may be outside our control. Such events of default include defaults based on (i) non-payment of principal, interest, or fees when due; (ii) material inaccuracy of representations and warranties; (iii) breach of covenants; (iv) bankruptcy or insolvency of CEMEX, S.A.B. de C.V., any borrower under an existing facility agreement (as defined in the Financing Agreement) or any other of our material subsidiaries (as defined in the Financing Agreement); (v) inability to pay debts as they fall due or by reason of actual financial difficulties, suspension or threatened suspension of payments on debts exceeding U.S.\$50 million or commencement of negotiations to reschedule debt exceeding U.S.\$50 million; (vi) a cross-default in relation to financial indebtedness in excess of U.S.\$50 million; (vii) a change of control with respect to CEMEX, S.A.B. de C.V.; (viii) a change to the ownership of any of our subsidiary obligors under the Financing Agreement, unless the proceeds of such disposal are used to prepay Financing Agreement debt; (ix) enforcement of the share security; (x) final judgments or orders in excess of U.S.\$50 million that are neither discharged nor bonded in full within 60 days thereafter; (xi) any restrictions not already in effect as of August 14, 2009 limiting transfers of foreign exchange by any obligor for purposes of performing material obligations under the Financing Agreement; (xii) any material adverse change arising in the financial condition of CEMEX, S.A.B. de C.V. and each of its subsidiaries, taken as a whole, which more than 66.67% of the participating creditors determine would result in our failure, taken as a whole, to perform payment obligations under the existing facilities or the Financing Agreement; and (xiii) failure to comply with laws or our obligations under the Financing Agreement cease to be legal. If an event of default occurs and is continuing, upon the authorization of 66.67% of the participating creditors, the creditors have the ability to accelerate all outstanding amounts due under the existing facilities. Acceleration is automatic in the case of insolvency.

We cannot assure you that we will be able to comply with the restrictive covenants and limitations contained in the Financing Agreement. Our failure to comply with such covenants and limitations could result in an event of default, which could materially and adversely affect our business and financial condition.

We pledged the capital stock of the subsidiaries that represent substantially all of our business as collateral to secure our payment obligations under the Financing Agreement, other financing arrangements and the Senior Secured Notes.

As part of the Financing Agreement, we pledged or transferred to trustees under security trusts, as collateral, the Collateral, and all proceeds of the Collateral to secure our payment obligations under the Financing Agreement and under a number of other financing arrangements for the benefit of the participating creditors and holders of debt and other obligations that benefit from provisions in their instruments requiring that their obligations be equally and ratably secured. The payment of principal, interest and premium, if any, on the Senior Secured Notes are secured by a first-priority security interest over the Collateral and all proceeds of such Collateral. As of December 31, 2011, after giving *pro forma* effect to the 2012 Exchange Offers and the 2012 CB Payments, the Collateral and all proceeds of such Collateral secured (i) Ps196,916 million (U.S.\$14,106 million) aggregate principal amount of debt under the Financing Agreement and other financing arrangements, and (ii) Ps9,812 million (U.S.\$703 million) aggregate principal amount of notes issued in connection with our Debentures, in each case, including any such obligations held by us. These subsidiaries collectively own, directly or indirectly, substantially all of our operations worldwide. Provided that no default has occurred which is continuing under the Financing Agreement, the Collateral will be released automatically if we meet specified debt reduction and financial covenant targets.

We have a substantial amount of debt maturing in the next several years, including a significant portion of debt not subject to the Financing Agreement. If we are unable to secure refinancing on favorable terms or at all, we may not be able to comply with our upcoming payment obligations. Our ability to comply with our debt maturities and financial covenants may depend on us making asset sales, and there is no assurance that we will be able to execute such sales on terms favorable to us or at all.

As of December 31, 2011, after giving *pro forma* effect to the 2012 Exchange Offers and the 2012 CB Payments, our total debt plus other financial obligations was Ps249,841 million (U.S.\$17,897 million), not including approximately Ps6,785 million (U.S.\$486 million) of notes issued in connection with the Debentures, but including our debt subject to the Financing Agreement, which was approximately Ps100,442 million

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(U.S.\$7,195 million). Of such total debt plus other financial obligations amount, approximately Ps8,280 million (U.S.\$593 million) is maturing during 2012; Ps8,140 million (U.S.\$583 million) is maturing during 2013; Ps103,357 million (U.S.\$7,404 million) is maturing during 2014 (including the last principal payment under the Financing Agreement of approximately U.S.\$6,707 million due on February 14, 2014); Ps22,192 million (U.S.\$1,590 million) is maturing during 2015; Ps35,803 million (U.S.\$2,565 million) is maturing during 2016; and Ps72,065 million (U.S.\$5,162 million) is maturing after 2016.

If we are unable to comply with our upcoming principal maturities under our indebtedness (including the Financing Agreement), or refinance or extend maturities of our indebtedness, our debt could be accelerated. Acceleration of our debt would have a material adverse effect on our business and financial condition. The failure to achieve a refinancing or extension of maturity of the Financing Agreement prior to its maturity in February 2014 would have a material adverse effect on our liquidity and on our ability to meet our other obligations.

Our ability to comply with our financial covenants and payment obligations under the Financing Agreement and other indebtedness may depend in large part on asset sales, and there is no assurance that we will be able to execute such sales on terms favorable to us or at all.

As a result of the restrictions under the Financing Agreement and other debt instruments, the current global economic environment and uncertain market conditions, we may not be able to complete asset divestitures on terms that we find economically attractive or at all. The current volatility of the credit and capital markets can significantly affect us due to the limited availability of funds to potential acquiring parties, including industry peers. In addition, high levels of consolidation in our industry in some jurisdictions may further limit potential assets sales to interested parties due to antitrust considerations. If we are unable to complete asset divestitures and our cash flow or capital resources prove inadequate, we could face liquidity problems and may not be able to comply with financial covenants and payment obligations under our indebtedness.

In addition, our levels of debt, contractual restrictions, and our need to deleverage may limit our planning flexibility and our ability to react to changes in our business and the industry, and may place us at a competitive disadvantage compared to competitors who may have lower leverage ratios and fewer contractual restrictions. There can also be no assurance that, because of our high leverage ratio and contractual restrictions, we will be able to maintain our operating margins and deliver financial results comparable to the results obtained in the past under similar economic conditions.

We may not be able to generate sufficient cash to service all of our indebtedness or satisfy our short-term liquidity needs, and we may be forced to take other actions to satisfy our obligations under our indebtedness and our short-term liquidity needs, which may not be successful.

Historically, we have addressed our liquidity needs (including funds required to make scheduled principal and interest payments, refinance debt, and fund working capital and planned capital expenditures) with operating cash flow, borrowings under credit facilities, receivables and inventory financing facilities, proceeds of debt and equity offerings and proceeds from asset sales.

As of December 31, 2011, we had U.S.\$637 million funded under our securitization programs in Spain, the United States, France (which incorporated the sale of trade receivables in the United Kingdom) and Mexico. We cannot assure you that, going forward, we will be able to roll over or renew these programs, which could adversely affect our liquidity.

The global equity and credit markets in the last few years have experienced significant price volatility, dislocations and liquidity disruptions, which have caused market prices of many stocks to fluctuate substantially and the spreads on prospective and outstanding debt financings to widen considerably. This volatility and illiquidity has materially and adversely affected a broad range of fixed income securities. As a result, the market for fixed income securities has experienced decreased liquidity, increased price volatility, credit downgrade events and increased defaults. Global equity markets have also been experiencing heightened volatility and turmoil, with issuers exposed to the credit markets being most seriously affected. The disruptions in the financial

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and credit markets may continue to adversely affect our credit rating and the market value of our common stock, our CPOs and our ADSs. If the current pressures on credit continue or worsen, and alternative sources of financing continue to be limited, we may be dependent on the issuance of equity as a source to repay our existing indebtedness. Although we have been able to raise debt, equity and equity-linked capital following our entry into the Financing Agreement in August 2009, as capital markets recovered, previous conditions in the capital markets in 2008 and 2009 were such that traditional sources of capital were not available to us on reasonable terms or at all. As a result, we cannot assure you that we will be able to successfully raise additional debt or equity capital on terms that are favorable to us or at all.

The Financing Agreement restricts us from incurring additional debt, subject to a number of exceptions. The limitation on incurrence of debt covenant under the Financing Agreement permits us to incur a liquidity facility or facilities entered into with a participating creditor under the Financing Agreement in an amount not to exceed U.S.\$1.0 billion (of which up to U.S.\$500 million may be secured). In addition, the Financing Agreement requires proceeds from asset disposals, incurrence of debt and issuance of equity, and cash flow to be applied to the prepayments of the exposures of participating creditors, subject to our right to retain cash on hand up to U.S.\$650 million, including the amount of undrawn commitments of a permitted liquidity facility or facilities (unless the proceeds are used to refinance existing indebtedness on the terms set forth in the Financing Agreement), and to temporarily reserve proceeds from asset disposals, permitted refinancings and cash on hand, to be applied to the repayment of CBs as permitted under the Financing Agreement.

We and our subsidiaries have sought and obtained waivers and amendments to several of our debt instruments relating to a number of financial ratios in the past. Our ability to comply with these ratios may be affected by current global economic conditions and high volatility in foreign exchange rates and the financial and capital markets. We may need to seek waivers or amendments in the future. However, we cannot assure you that any future waivers, if requested, will be obtained. If we or our subsidiaries are unable to comply with the provisions of our debt instruments, and are unable to obtain a waiver or amendment, the indebtedness outstanding under such debt instruments could be accelerated. Acceleration of these debt instruments would have a material adverse effect on our financial condition.

If the global economic environment deteriorates further and our operating results worsen significantly, if we were unable to complete debt or equity offerings or if our planned divestitures and/or our cash flow or capital resources prove inadequate, we could face liquidity problems and may not be able to comply with our upcoming principal payment maturities under our indebtedness or refinance our indebtedness.

The indentures governing the Senior Secured Notes and the terms of our other indebtedness impose significant operating and financial restrictions, which may prevent us from capitalizing on business opportunities and may impede our ability to refinance our debt and the debt of our subsidiaries.

As of December 31, 2011, after giving *pro forma* effect to the 2012 Exchange Offers, we had issued a total of U.S.\$6,096 million and €644 million aggregate principal amount of Senior Secured Notes under the indentures governing such notes, including those held by us. The indentures governing the Senior Secured Notes and the other instruments governing our consolidated indebtedness impose significant operating and financial restrictions on us. These restrictions will limit our ability, among other things, to: (i) incur debt; (ii) pay dividends on stock; (iii) redeem stock or redeem subordinated debt; (iv) make investments; (v) sell assets, including capital stock of subsidiaries; (vi) guarantee indebtedness; (vii) enter into agreements that restrict dividends or other distributions from restricted subsidiaries; (viii) enter into transactions with affiliates; (ix) create or assume liens; (x) engage in mergers or consolidations; and (xi) enter into a sale of all or substantially all of our assets.

These restrictions could limit our ability to seize attractive growth opportunities for our businesses that are currently unforeseeable, particularly if we are unable to incur financing or make investments to take advantage of these opportunities.

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These restrictions may significantly impede our ability, and the ability of our subsidiaries, to develop and implement refinancing plans in respect of our debt or the debt of our subsidiaries.

Each of the covenants is subject to a number of important exceptions and qualifications. The breach of any of these covenants could result in a default under the indentures governing the Senior Secured Notes, as well as certain other existing debt obligations, as a result of the cross-default provisions contained in the instruments governing such debt obligations. In the event of a default under the indentures governing the Senior Secured Notes, holders of the Senior Secured Notes could seek to declare all amounts outstanding under such Senior Secured Notes, together with accrued and unpaid interest, if any, to be immediately due and payable. If the indebtedness under the Senior Secured Notes, or certain other existing debt obligations were to be accelerated, we cannot assure you that our assets would be sufficient to repay in full that indebtedness and our other indebtedness.

Furthermore, upon the occurrence of any event of default under the Financing Agreement, or other credit facilities or any of our other debt, the lenders could elect to declare all amounts outstanding thereunder, together with accrued interest, to be immediately due and payable. If the lenders accelerate payment of those amounts, we cannot assure you that our assets will be sufficient to repay in full those amounts, to satisfy all of our other liabilities.

In addition, in connection with the entry into new financings or amendments to existing financing arrangements, our and our subsidiaries' financial and operational flexibility may be further reduced as a result of more restrictive covenants, requirements for security and other terms that are often imposed on sub-investment grade entities.

CEMEX, S.A.B. de C.V.'s ability to repay debt and pay dividends depends on our subsidiaries' ability to transfer income and dividends to us.

CEMEX, S.A.B. de C.V. is a holding company with no significant assets other than the stock of its direct and indirect subsidiaries and its holdings of cash and marketable securities. In general, CEMEX, S.A.B. de C.V.'s ability to repay debt and pay dividends depends on the continued transfer to it of dividends and other income from its wholly-owned and non-wholly-owned subsidiaries. The ability of CEMEX, S.A.B. de C.V.'s subsidiaries to pay dividends and make other transfers to it is limited by various regulatory, contractual and legal constraints. The Financing Agreement restricts CEMEX, S.A.B. de C.V.'s ability to declare or pay cash dividends. In addition, the indentures governing the Senior Secured Notes also limit CEMEX, S.A.B. de C.V.'s ability to pay dividends.

The ability of CEMEX, S.A.B. de C.V.'s subsidiaries to pay dividends, and make loans and other transfers to it is generally subject to various regulatory, legal and economic limitations. Depending on the jurisdiction of organization of the relevant subsidiary, such limitations may include solvency and legal reserve requirements, dividend payment restrictions based on interim financial results or minimum net worth and withholding taxes on loan interest payments. For example, our subsidiaries in Mexico are subject to Mexican legal requirements, which provide that a corporation may declare and pay dividends only out of the profits reflected in the year-end financial statements that are approved by its stockholders. In addition, such payment can be approved by a subsidiary's stockholders only after the creation of a required legal reserve (equal to one fifth of the relevant company's capital) and satisfaction of losses, if any, incurred by such subsidiary in previous fiscal years.

CEMEX, S.A.B. de C.V. may also be subject to exchange controls on remittances by its subsidiaries from time to time in a number of jurisdictions. In addition, CEMEX, S.A.B. de C.V.'s ability to receive funds from these subsidiaries may be restricted by covenants in the debt instruments and other contractual obligations of those entities.

CEMEX, S.A.B. de C.V. currently does not expect that existing regulatory, legal and economic restrictions on its subsidiaries' ability to pay dividends and make loans and other transfers to us will negatively affect its

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ability to meet its cash obligations. However, the jurisdictions of organization of CEMEX, S.A.B. de C.V.'s subsidiaries may impose additional and more restrictive regulatory, legal and/or economic limitations. In addition, CEMEX, S.A.B. de C.V.'s subsidiaries may not be able to generate sufficient income to pay dividends or make loans or other transfers to it in the future. Any material additional future limitations on our subsidiaries could adversely affect CEMEX, S.A.B. de C.V.'s ability to service our debt and meet its other cash obligations.

We are subject to restrictions due to non-controlling interests in our consolidated subsidiaries.

We conduct our business through subsidiaries. In some cases, third-party shareholders hold non-controlling interests in these subsidiaries. Various disadvantages may result from the participation of non-controlling shareholders whose interests may not always coincide with ours. Some of these disadvantages may, among other things, result in our inability to implement organizational efficiencies and transfer cash and assets from one subsidiary to another in order to allocate assets most effectively.

We have to service our debt and other financial obligations denominated in U.S. Dollars with revenues generated in Pesos or other currencies, as we do not generate sufficient revenue in Dollars from our operations to service all our debt and other financial obligations denominated in U.S. Dollars. This could adversely affect our ability to service our obligations in the event of a devaluation or depreciation in the value of the Peso, or any of the other currencies of the countries in which we operate, compared to the Dollar. In addition, our consolidated reported results and outstanding indebtedness are significantly affected by fluctuations in exchange rates between the Peso and other currencies.

A substantial portion of our total debt plus other financial obligations is denominated in Dollars. As of December 31, 2011, after giving *pro forma* effect to the 2012 Exchange Offers and the 2012 CB Payments, our debt and other financial obligations denominated in U.S. Dollars represented approximately 79% of our total debt plus other financial obligations, which does not include approximately U.S.\$397 million of U.S. Dollar-denominated Debentures. Our U.S. Dollar-denominated debt must be serviced with funds generated by our subsidiaries. Although the acquisition of Rinker Group Limited, or Rinker, in 2007 increased our U.S. assets substantially, we nonetheless continue to rely on our non-U.S. assets to generate revenues to service our U.S. Dollar-denominated debt. Consequently, we have to use revenues generated in Pesos, Euros or other currencies to service our U.S. Dollar-denominated debt. See "Item 5—Operating and Financial Review and Prospects—Qualitative and Quantitative Market Disclosure—Interest Rate Risk, Foreign Currency Risk and Equity Risk—Foreign Currency Risk." A devaluation or depreciation in the value of the Peso, Euro, Pound or any of the other currencies of the countries in which we operate, compared to the Dollar, could adversely affect our ability to service our debt. In 2011, Mexico, the United Kingdom, Germany, France, the rest of Northern Europe region (which includes our subsidiaries in Ireland, the Czech Republic, Austria, Poland, Hungary and Latvia, and which we refer to as our Rest of Northern Europe region), Spain, Egypt, the rest of the Mediterranean region (which includes our subsidiaries in Croatia, UAE and Israel, and which we refer to as our Rest of the Mediterranean region) and Colombia, our main non-U.S. Dollar-denominated operations, together generated approximately 67% of our total net sales in Peso terms (approximately 22%, 8%, 8%, 7%, 7%, 4%, 3%, 4% and 4%, respectively) before eliminations resulting from consolidation. In 2011, approximately 16% of our net sales in Peso terms were generated in the United States. During 2011, the Peso depreciated approximately 11.5% against the Dollar, the Euro depreciated approximately 2.8% against the Dollar and the Pound remained almost flat against the Dollar. If we enter into currency hedges in the future, these may not be effective in covering all our currency-related risks. Our consolidated reported results for any period and our outstanding indebtedness as of any date are significantly affected by fluctuations in exchange rates between the Peso and other currencies, as those fluctuations influence the amount of our indebtedness when translated into Pesos and also result in foreign exchange gains and losses as well as gains and losses on derivative contracts we may have entered into to hedge our exchange rate exposure.

In addition, as of December 31, 2011, after giving *pro forma* effect to the 2012 Exchange Offers and the 2012 CB Payments, our debt and other financial obligations denominated in Euros represented approximately 19% of our total debt plus other financial obligations, which does not include the approximately €70 million aggregate principal amount of Euro-denominated Debentures.

Our use of derivative financial instruments has negatively affected our operations especially in volatile and uncertain markets.

We have used, and may continue to use, derivative financial instruments to manage the risk profile associated with interest rates and currency exposure of our debt, to reduce our financing costs, to access alternative sources of financing and to hedge some of our financial risks. However, we cannot assure you that our use of such instruments will allow us to achieve these objectives due to the inherent risks in any derivatives transaction.

During 2009, we reduced the aggregate notional amount of our derivatives, thereby reducing the risk of cash margin calls. This initiative included closing substantially all notional amounts of derivative instruments related to our debt (currency and interest rate derivatives) and the settlement of our inactive derivative financial instruments, which we finalized during April 2009. The Financing Agreement and other debt instruments significantly restrict our ability to enter into derivative transactions.

As of December 31, 2011, our derivative financial instruments that had a potential impact on our total financial items consisted of equity forward contracts on third party shares and equity derivatives on shares of CEMEX, S.A.B. de C.V. (including our capped call transactions in connection with the 2010 Optional Convertible Subordinated Notes and the 2011 Optional Convertible Subordinated Notes, as well as the conversion options embedded in these notes), a forward instrument over the Total Return Index of the Mexican Stock Exchange and interest rate derivatives related to energy projects.

Most derivative financial instruments are subject to margin calls in case the threshold set by the counterparties is exceeded. If we resume using derivative financing instruments in the future, the cash required to cover margin calls in several scenarios may be substantial and may reduce the funds available to us for our operations or other capital needs. The mark-to-market changes in some of our derivative financial instruments are reflected in our statement of operations, which could introduce volatility in our controlling interest net loss and our related ratios. For the years ended December 31, 2010 and 2011, the recognition of changes in the fair value of derivative financial instruments during the applicable period represented a net gain of approximately Ps329 million (U.S.\$26 million) and a net loss of approximately Ps905 million (U.S.\$72 million), respectively. In the current environment, the creditworthiness of our counterparties may deteriorate substantially, preventing them from honoring their obligations to us. We maintain equity derivatives that in a number of scenarios may require us to cover margin calls that could reduce our cash availability. If we resume using derivative financing instruments, or with respect to our outstanding or new equity derivative positions, we may incur net losses from our derivative financial instruments. See notes 2L, 15B, 15D and 15 E to our consolidated financial statements included elsewhere in this annual report.

We may fail to obtain or renew or may experience material delays in obtaining requisite governmental approvals, licenses and permits for the conduct of our business.

We require various approvals, licenses, permits and certificates in the conduct of our business. We cannot assure you that we will not encounter significant problems in obtaining new or renewing existing licenses, permits and certificates required in the conduct of our business, or that we will continue to satisfy the conditions to which such licenses, permits, certificates are granted. There may also be delays on the part of regulatory and administrative bodies in reviewing our applications and granting approvals. If we fail to obtain and/or maintain the necessary permits, licenses and certificates required for the conduct of our business, we may be required to incur substantial costs or temporarily suspend the operation of one or more of our production facilities, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may not be able to realize the expected benefits from acquisitions, some of which may have a material impact on our business, financial condition and results of operations.

Our ability to realize the expected benefits from acquisitions depends, in large part, on our ability to integrate acquired operations with our existing operations in a timely and effective manner. These efforts may

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not be successful. Although we currently are seeking to dispose of assets to reduce our overall leverage and the Financing Agreement and other debt instruments restrict our ability to acquire assets, we may in the future acquire new operations and integrate such operations into our existing operations, and some of such acquisitions may have a material impact on our business, financial condition and results of operations. We cannot assure you that we will be successful in identifying or acquiring suitable assets in the future. If we fail to achieve the anticipated cost savings from any acquisitions, our business, financial condition and results of operations would be materially and adversely affected.

Higher energy and fuel costs may have a material adverse effect on our operating results.

Our operations consume significant amounts of energy and fuel, the cost of which has significantly increased worldwide in 2011 and in recent years. Energy and fuel prices have recently increased and may continue to increase as a result of the political turbulence in Iran, Iraq and other countries in Africa and the Middle East. In an attempt to mitigate high energy and fuel costs and volatility, we have implemented the use of alternative fuels such as tires, biomass and household waste, which will make us less vulnerable to price spikes. We have also implemented technical improvements in several facilities and entered into long-term supply contracts of petcoke and electricity to mitigate price volatility. Despite these measures, we cannot assure you that our operations would not be materially adversely affected in the future if energy and fuel costs increase.

A substantial amount of our total assets consists of intangible assets, including goodwill. We have recognized charges for goodwill impairment in the past, and if market and industry conditions continue to deteriorate further, additional impairment charges may be recognized.

As of December 31, 2011, approximately 35% of our total assets were intangible assets, of which approximately 81% (Ps152,674 million) corresponded to goodwill related primarily to our acquisitions of RMC Group, p.l.c., or RMC, and Rinker. Goodwill is recognized at the acquisition date based on the preliminary allocation of the purchase price to the fair value of the assets acquired and liabilities assumed. If applicable, goodwill is subsequently adjusted for any correction to the preliminary assessment given to the assets acquired and/or liabilities assumed within the twelve-month period following the purchase date.

Our consolidated financial statements have been prepared in accordance with IFRS, under which goodwill and other intangible assets of indefinite life are not amortized and are tested for impairment when impairment indicators exist or at least once a year during the fourth quarter of each year, by determining the recoverable amount of the reporting units to which those intangible assets relate (a reporting unit comprises multiple cash generating units) which consists of the higher of the reporting units' fair value, less cost to sell such reporting units, and the reporting units' value in use, represented by the discounted amount of estimated future cash flows expected to be generated by the reporting units. An impairment loss is recognized under IFRS if the recoverable amount is lower than the net book value of the reporting unit. We determine the discounted amount of estimated future cash flows over periods of 5 to 10 years, depending on each specific country's economic cycle. If the value in use of a reporting unit is lower than its corresponding carrying amount, we determine its corresponding fair value using methodologies generally accepted in the markets to determine the value of entities, such as multiples of Operating EBITDA and/or by reference to other market transactions. Impairment tests are sensitive to the projected future prices of our products, trends in operating expenses, local and international economic trends in the construction industry, as well as the long-term growth expectations in the different markets, among other factors. We use pre-tax discount rates, which are applied to pre-tax cash flows for each reporting unit. Undiscounted cash flows are significantly sensitive to the growth rates in perpetuity used. Likewise, discounted cash flows are significantly sensitive to the discount rate used. The higher the growth rate in perpetuity applied, the higher the amount obtained of undiscounted future cash flows by reporting unit. Conversely, the higher the discount rate applied, the lower the amount obtained of discounted estimated future cash flows by reporting unit. See note 14B to our consolidated financial statements included elsewhere in this annual report.

For the year ended December 31, 2010, we recognized a goodwill impairment loss under IFRS of approximately Ps189 million (U.S.\$15 million) associated with our reporting unit in Puerto Rico, which we

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acquired in July 2002. For the year ended December 31, 2011, we recognized a goodwill impairment loss under IFRS of approximately Ps145 million (U.S.\$12 million) associated with our reporting unit in Latvia, which we acquired in March 2005. See notes 14 and 14B to our consolidated financial statements included elsewhere in this annual report.

Due to the important role that economic factors play in testing goodwill for impairment, a further downturn in the economies where we operate could necessitate new impairment tests and a possible downward readjustment of our goodwill for impairment under IFRS. Such an impairment test could result in additional impairment charges which could be material to our financial statements.

We are subject to litigation proceedings, including antitrust proceedings, that could harm our business if an unfavorable ruling were to occur.

From time to time, we may become involved in litigation and other legal proceedings relating to claims arising from our operations in the normal course of business. As described in, but not limited to, “Item 4—Information on the Company—Regulatory Matters and Legal Proceedings” of this annual report, we are currently subject to a number of significant legal proceedings, including, but not limited to, tax matters in Mexico, as well as antitrust investigations in Europe. Litigation is subject to inherent uncertainties, and unfavorable rulings may occur. We cannot assure you that these or other legal proceedings will not materially affect our ability to conduct our business in the manner that we expect or otherwise adversely affect us should an unfavorable ruling occur.

Our operations are subject to environmental laws and regulations.

Our operations are subject to a broad range of environmental laws and regulations in each of the jurisdictions in which we operate. The enactment of stricter laws and regulations, or stricter interpretation of existing laws or regulations, may impose new risks or costs on us or result in the need for additional investments in pollution control equipment, which could result in a material decline in our profitability.

In late 2010, the U.S. Environmental Protection Agency (the “EPA”) issued the final portland cement national emission standard (“Portland Cement NESHAP”) for hazardous air pollutants under the federal Clean Air Act (“CAA”). This rule requires portland cement facilities to limit emissions of mercury, total hydrocarbons, hydrochloric acid and particulate matter, and is scheduled to take effect in 2013. The EPA also promulgated New Source Performance Standards (the “NSPS”) for cement plants at the same time. The Company, along with others in its industry, has challenged these rules in administrative and judicial proceedings. In the administrative proceeding, the EPA agreed to reconsider certain aspects of both the Portland Cement NESHAP and NSPS rules. It did not, however, delay implementation of the rules, and it refused to reconsider certain aspects of the rules considered important to us. In the judicial proceeding, the D.C. Circuit Court of Appeals remanded the Portland Cement NESHAP and asked the EPA to recompute the standards; however, the court declined to stay the rule pending reconsideration and therefore the compliance date remains September 2013. Industry groups are currently negotiating with the EPA to delay the compliance date but we cannot assure you that it will be delayed. The court also rejected all challenges to the NSPS rule. If the rules take effect as currently constituted, or if the remand results in the EPA issuing a stricter Portland Cement NESHAP rule, such developments could have a material impact on our business or results of operations.

In addition, the Company and others in its industry have challenged the EPA’s final emissions standards for commercial and industrial solid waste incinerators (“CISWI”), which were published in March 2011. The challenges assert, among other things, that the rules impermissibly overlap with the Portland Cement NESHAP and create ambiguity with respect to how portland cement kilns will be regulated in the future. In May 2011, the EPA announced that it will postpone implementation of the standards while it reconsiders portions of the rules and addresses related legal challenges. EPA re-proposed the CISWI rule in December of 2011. The re-proposed rule is less stringent in some respects than the previous final rule of March 2011; however, the proposed standards remain challenging. The EPA sought comments on the re-proposed rule, which were due February 21, 2012. The Portland Cement Association provided industry comments to the CISWI proposal. The pending

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administrative and judicial proceedings will be held in abeyance while EPA is re-considering the rule. If the rules take effect as proposed, they could have a material impact on our business or results of operations.

The EPA also has proposed regulating Coal Combustion Products (“CCPs”) generated by electric utilities and independent power producers as a hazardous or special waste under the Resource Conservation and Recovery Act. We use CCPs as a raw material in the cement manufacturing process, as well as a supplemental cementitious material, in some of our ready-mix concrete products. It is too early to predict how the EPA will ultimately regulate CCPs, but if CCPs are regulated as a hazardous or special waste in the future, it may result in changes to the mix of our products away from ones that use CCPs as a raw material. Based on current information, we believe, although we cannot assure you, that such matters will not have a material impact on us. The EPA has announced that it plans to finalize the rule by late 2012.

Efforts to address climate change through domestic federal, state and regional laws and regulations, as well as through international agreements and the laws and regulations of other countries, to reduce the emissions of greenhouse gases (“GHGs”) can create risks and uncertainties for our business. This is because the cement manufacturing process requires the combustion of large amounts of fuel and creates carbon dioxide (“CO₂”) as a by-product of the calcination process. Such risks could include costs to purchase allowances or credits to meet GHG emission caps, costs required to provide equipment to reduce emissions to comply with GHG limits or required technological standards, or decreased profits or losses arising from decreased demand for our goods or higher production costs resulting directly or indirectly from the imposition of legislative or regulatory controls.

The EPA has promulgated a series of regulations pertaining to emissions of GHGs from industrial sources. The EPA issued a Mandatory Reporting of GHG Rule, effective December 29, 2009, which requires certain covered sectors, including cement manufacturing, with GHG emissions above an established threshold to inventory and report their GHG emissions annually on a facility-by-facility basis. We are in the process of complying with this regulation, and do not expect this rule to have a material economic impact on us.

In 2010, the EPA issued a final rule that establishes GHG thresholds for the New Source Review Prevention of Significant Deterioration (“PSD”) and Title V Operating Permit programs. The rule “tailors” the requirements of these CAA permitting programs to limit which facilities will be required to obtain PSD and Title V permits for GHG. Cement production facilities are included within the categories of facilities required to obtain permits, provided that their GHG emissions exceed the thresholds in the tailoring rule. The PSD program requires new major sources of regulated pollutants and major modifications at existing major sources to secure pre-construction permits, which establish, among other things, limits on pollutants based on Best Available Control Technology (“BACT”). According to the EPA’s rules, stationary sources, such as cement manufacturing, which are already regulated under the PSD program for non-GHG pollutants, would need to apply for a PSD permit as of January 2, 2011, for any GHG emissions increases above 75,000 tons/year of carbon dioxide equivalent (“CO₂e”). Therefore, new cement plants and existing plants undergoing modification which are major sources for non-GHG pollutants regulated under the CAA would need to acquire a PSD permit for construction or modification activities that increase CO₂e by 75,000 or more tons/year, and would have to determine and install BACT controls for those emissions. Beginning in July 2011, any new source that emits 100,000 tons/year of CO₂e or any existing source that emits 100,000 tons/year of CO₂e and undergoes modifications that would emit 75,000 tons/year of CO₂e, must comply with PSD obligations. Although this has been challenged in litigation, it is now in effect and CEMEX USA facilities are complying with these requirements. Complying with these PSD permitting requirements can involve significant costs and delay. The costs of future GHG-related regulation of our facilities through these efforts or others could have had a material economic impact on our U.S. operations and the U.S. cement manufacturing industry.

On the legislative front, during the past few years, various bills have been introduced in the U.S. Congress seeking to establish caps or other limits on GHG emissions. However, Republicans took control of the House of Representatives in the November 2010 elections, and it is highly unlikely that legislation addressing GHG emissions will be passed by Congress as long as Republicans remain in control of the House of Representatives. On the contrary, the House of Representatives has passed a numbers of measures that would invalidate EPA’s

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authority to establish GHG emissions for stationary sources. Nonetheless, any legislation imposing significant costs or limitations on raw materials, fuel or production, or requirements for reductions of GHG emissions, could have a significant impact on the cement manufacturing industry and a material economic impact on our U.S. operations, including competition from imports in countries where such costs are not imposed on manufacturing.

In addition to pending U.S. federal regulation and legislation, states and regions are establishing or seeking to establish their own programs to reduce GHG emissions, including from manufacturing sectors. For example, California passed AB 32 into law in 2006, which, among other things, seeks a statewide reduction of GHG emissions to 1990 levels by 2020 and places responsibility with the California Air Resources Board (“CARB”) to develop the implementing regulations which, among other things, requires the minimization of leakage to the extent feasible. In October 2011, CARB approved a cap-and-trade program that will go into effect in January 2013 for the utility and industrial sectors, which includes the cement sector. Based on the current regulatory framework, we expect that CARB will distribute free emission allowances to industrial facilities under an output based benchmark system based on each industrial sector’s leakage risk. Emission allowances may be used to satisfy a covered entity’s compliance obligation under the cap. The cement sector was classified in the high leakage risk category which uses a 100% leakage assistance factor over the 2013 through 2020 period. Thus, based on the current regulatory framework, we expect to be able to satisfy a substantial portion of our compliance obligation under the cap using free allowances over the years 2013 through 2020, which could reduce the cost of complying with the cap. The program is designed to incentivize industrial facilities to improve energy efficiency and substitute lower carbon fuels for fossil fuels and the company is actively pursuing these opportunities as part of its alternative fuels program. However, even with the expected distribution of free allowances to the cement industry and advancements in energy efficiency and fuel substitution, we cannot provide assurance that the overall costs of complying with a cap-and-trade program will not have a material impact on our operations in California.

Also, in 2007, CARB approved a regulation that will require California equipment owners/operators to reduce diesel particulate and nitrogen oxide emissions from in-use off-road diesel equipment and to meet progressively more restrictive emission targets. In 2008, CARB approved a similar regulation for in-use on-road diesel equipment. The emission targets will require us to retrofit our California-based equipment with diesel emission control devices or replace equipment with new engine technology in accordance with certain deadlines, which will result in higher equipment related expenses or capital investments. The company may incur substantial expenditures to comply with these requirements. In December 2010, CARB amended both regulations to grant economic relief to affected fleets by extending certain compliance dates and modifying compliance requirements.

Finally, there are ongoing efforts on the international front to address GHG emissions. We are actively monitoring negotiations of the United Nations Framework Convention on Climate Change (“UNFCCC”), and we operate in countries that are signatories to the Kyoto Protocol, which establishes GHG emission reduction targets for developed country parties to the protocol, such as the countries of the European Union. Hence, our operations in the United Kingdom, Spain, Germany, Latvia and Poland are subject to binding caps on CO₂ emissions imposed by member states of the European Union as a result of the European Commission’s directive establishing the European Emissions Trading System (“ETS”) to implement the Kyoto Protocol. Under this directive, companies receive from the relevant member states set limitations on the levels of CO₂ emissions from their industrial facilities. These allowances are tradable so as to enable companies that manage to reduce their emissions to sell their excess allowances to companies that are not reaching their emissions objectives. Failure to meet the emissions caps is subject to significant monetary penalties. For the years 2008 through 2012, the European Commission significantly reduced the overall availability of allowances. In December 2008, the European Commission, Council, and Parliament reached an agreement on a new Directive that will govern emissions trading after 2012. One of the main features of the Directive is that a European-wide benchmark will be used to allocate free allowances among installations in the cement sector according to their historical clinker production. On April 27, 2011, the European Commission adopted a Decision setting out the rules, including benchmarks of GHG emissions performance, to be used by the Member States in calculating the number of allowances to be allocated free annually to industrial sectors, including the cement sector, that are deemed to be

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exposed to the risk of carbon leakage. Based on the criteria in the Decision, we expect that the aggregate amount of allowances that will be annually allocated for free to CEMEX in Phase III of the ETS (2013-2020) will exceed our emissions, assuming that the cement industry continues to be considered a trade exposed industry. However, a review of the qualifying criteria for being considered as a trade exposed industry is to take place in 2014 and it is possible that the cement industry could lose that status. As a result of continuing uncertainty regarding final allowances, it is premature to draw conclusions regarding the overall position of all of our European cement plants. Also, separate cap-and-trade schemes may be adopted in individual countries outside the EU. For example, there is now a trading scheme in place in Croatia, who are due to become members of the European Union on July 1, 2013 after which their scheme will in due course be incorporated into that of the EU ETS.

Under the ETS, we seek to reduce the impact of any excess emissions by either reducing the level of CO₂ released in our facilities or by implementing clean development mechanism (“CDM”) projects under the Kyoto Protocol in emerging markets. We have registered 5 CDM projects. If we are not successful in implementing emission reductions in our facilities or obtaining credits from CDM projects, we may have to purchase a significant amount of allowances in the market, the cost of which may have an impact on our operating results.

Although we monitor other international efforts to regulate GHG emissions carefully, it is more difficult to estimate the potential impact of any international agreements under the UNFCCC or through other international or multilateral instruments. A Conference of Parties was held in November-December 2011 in Durban, South Africa, extending the Kyoto Protocol for five more years (until 2017). The Durban package states that a new international agreement with legal force, that would include emission reduction targets for developing countries, must be agreed by 2015 and implemented by 2020.

Given the uncertain nature of the actual or potential statutory and regulatory requirements for GHG emissions at the federal, state, regional and international levels, we cannot predict the impact on our operations or financial condition or make a reasonable estimate of the potential costs to us that may result from such requirements. However, the impact of any such requirements, whether individually or cumulatively, could have a material economic impact on our operations in the United States and in other countries.

As is the case with other companies in our industry, some of our aggregate products contain varying amounts of crystalline silica, a common mineral. Also, some of our construction and material processing operations release, as dust, crystalline silica that is in the materials being handled. Excessive, prolonged inhalation of very small-sized particles of crystalline silica has allegedly been associated with respiratory disease (including silicosis). Under various laws, we may be subject to claims related to exposure to these or other substances.

Environmental laws and regulations also impose liability and responsibility on present and former owners, operators or users of facilities and sites for hazardous substance contamination at such facilities and third-party disposal sites without regard to causation or knowledge of contamination. We occasionally evaluate various alternatives with respect to our facilities, including possible dispositions or closures. Investigations undertaken in connection with these activities (or ongoing operational or construction activities) may lead to hazardous substance releases or discoveries of historical contamination that must be remediated, and closures of facilities may trigger compliance requirements that are not applicable to operating facilities. While compliance with these laws and regulations has not materially adversely affected our operations in the past, we cannot assure you that these requirements will not change and that compliance will not adversely affect our operations in the future. Furthermore, we cannot provide assurance that existing or future circumstances or developments with respect to contamination will not require us to make significant remediation or restoration expenditures. See “Item 4—Information on the Company—Regulatory Matters and Legal Proceedings—Environmental Matters.”

We are an international company and are exposed to risks in the countries in which we have significant operations or interests.

We are dependent, in large part, on the economies of the countries in which we market our products. The economies of these countries are in different stages of socioeconomic development. Consequently, like many

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other companies with significant international operations, we are exposed to risks from changes in foreign currency exchange rates, interest rates, inflation, governmental spending, social instability and other political, economic or social developments that may materially affect our results.

With the acquisition of RMC in 2005, our geographic diversity significantly increased. As of December 31, 2011, we had operations in Mexico, the United States, the United Kingdom, Germany, France, Rest of Northern Europe (which includes our subsidiaries in Ireland, the Czech Republic, Austria, Poland, Hungary and Latvia, as well as trading activities in Scandinavia and Finland), Egypt, Spain, Rest of the Mediterranean (which includes our subsidiaries in Croatia, the UAE and Israel), Colombia and Rest of South America and the Caribbean (which includes our subsidiaries in Costa Rica, the Dominican Republic, Panama, Nicaragua, Puerto Rico, Guatemala, Argentina and other assets in the Caribbean region), the Philippines and Rest of Asia (which includes our subsidiaries in Thailand, Bangladesh, China and Malaysia).

For a geographic breakdown of our net sales for the year ended December 31, 2011, see “Item 4—Information on the Company—Geographic Breakdown of Net Sales for the Year Ended December 31, 2011.”

Our operations in the South America and the Caribbean region are faced with several risks that are more significant than in other countries. These risks include political instability and economic volatility. For example, on August 18, 2008, Venezuelan officials took physical control of the facilities of CEMEX Venezuela, S.A.C.A., or CEMEX Venezuela, following the issuance on May 27, 2008 of governmental decrees confirming the expropriation of all of CEMEX Venezuela’s assets, shares and business. See “Item 4—Information on the Company—Regulatory Matters and Legal Proceedings—Other Legal Proceedings—Expropriation of CEMEX Venezuela and ICSID Arbitration.”

Our operations in Egypt, the UAE and Israel have experienced instability as a result of, among other things, civil unrest, extremism and the deterioration of general diplomatic relations in the region. We cannot assure you that political turbulence in Egypt, Libya and other countries in Africa and the Middle East will abate in the near future or that neighboring countries will not be drawn into conflicts or experience instability.

In January 2011, protests and demonstrations demanding a regime change began taking place across Egypt, which resulted in former President Hosni Mubarak resigning from his post on February 11, 2011. Subsequently, Mr. Mubarak transferred government powers to the Egyptian Army. The Supreme Council of the Armed Forces of Egypt then issued a statement expressing a commitment to oversee an orderly transition of power by holding elections under a stable environment. Since then, demonstrations and protests have continued to take place across Egypt. Although CEMEX’s operations in Egypt have not been immune from disruptions resulting from the turbulence in Egypt, CEMEX continues with its cement production, dispatch and sales activities as of the date of this annual report. Risks to CEMEX’s operations in Egypt include a potential reduction in overall economic activity in Egypt, which could affect demand for building materials, and interruptions in services, such as banking, which could have a material adverse effect on our operations in Egypt.

There have been terrorist attacks and ongoing threats of future terrorist attacks in countries in which we maintain operations. We cannot assure you that there will not be other attacks or threats that will lead to an economic contraction or erection of material barriers to trade in any of our markets. An economic contraction in any of our major markets could affect domestic demand for cement and could have a material adverse effect on our operations.

Our operations can be affected by adverse weather conditions.

Construction activity, and thus demand for our products, decreases substantially during periods of cold weather, when it snows or when heavy or sustained rainfalls occur. Consequently, demand for our products is significantly lower during the winter in temperate countries and during the rainy season in tropical countries. Winter weather in our European and North American operations significantly reduces our first quarter sales

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volumes, and to a lesser extent our fourth quarter sales volumes. Sales volumes in these and similar markets generally increase during the second and third quarters because of normally better weather conditions. However, high levels of rainfall can adversely affect our operations during these periods as well. Such adverse weather conditions can adversely affect our results of operations and profitability if they occur with unusual intensity, during abnormal periods, or last longer than usual in our major markets, especially during peak construction periods.

We are dependent on information technology and our systems and infrastructure face certain risks, including cybersecurity risks.

We rely on a variety of information technology and automated operating systems to manage or support our operations. The proper functioning of these systems is critical to the efficient operation and management of our business. In addition, these systems may require modifications or upgrades as a result of technological changes or growth in our business. These changes may be costly and disruptive to our operations, and could impose substantial demands on management time. Our systems, and those of third party providers, may be vulnerable to damage or disruption caused by circumstances beyond our control, such as catastrophic events, power outages, natural disasters, computer system or network failures, viruses or malware, physical or electronic break-ins, unauthorized access and cyber attacks. Although we take steps to secure our systems and electronic information, these security measures may not be adequate. Any significant disruption to our systems could adversely affect our business and operating results.

The Mexican tax consolidation regime may have an adverse effect on our cash flow, financial condition and net income.

During November 2009, the Mexican Congress approved a general tax reform, effective as of January 1, 2010. Specifically, the tax reform requires CEMEX, S.A.B. de C.V. to retroactively pay taxes (at current rates) on items in past years that were eliminated in consolidation or that reduced consolidated taxable income (“Additional Consolidation Taxes”). This tax reform requires CEMEX, S.A.B. de C.V. to pay taxes on certain previously exempt intercompany dividends, certain other special tax items, and operating losses generated by members of the consolidated tax group not recovered by the individual company generating such losses within the succeeding 10-year period, which may have an adverse effect on our cash flow, financial condition and net income. This tax reform also increases the statutory income tax rate from 28% to 30% for the years 2010 to 2012, 29% for 2013, and 28% for 2014 and future years.

For the 2010 fiscal year, CEMEX was required to pay (at the new, 30% tax rate) 25% of the Additional Consolidation Taxes for the period between 1999 and 2004, with the remaining 75% payable as follows: 25% for 2011, 20% for 2012, 15% for 2013 and 15% for 2014. Additional Consolidation Taxes arising after 2004 are taken into account in the sixth fiscal year after their occurrence and will be payable over the succeeding five years in the same proportions (25%, 25%, 20%, 15% and 15%).

On June 30, 2010, CEMEX paid approximately Ps325 million (approximately U.S.\$23 million as of December 31, 2011, based on an exchange rate of Ps13.96 to U.S.\$1.00) of Additional Consolidation Taxes. This first payment represented 25% of the Additional Consolidation Taxes for the period between 1999 and 2004. On March 31, 2011, CEMEX paid approximately Ps506 million (approximately U.S.\$36 million as of December 31, 2011, based on an exchange rate of Ps13.96 to U.S.\$1.00). This amount covered the second payment, which together with the first payment represented 50% of the Additional Consolidation Taxes for the period between 1999 and 2004, and also included the first payment of 25% of the Additional Consolidation Taxes corresponding to 2005. As of December 31, 2011, our estimated payment schedule of Additional Consolidation Taxes was as follows: approximately Ps698 million in 2012 which was paid on March 30, 2012, approximately Ps693 million in 2013, approximately Ps1.9 billion in 2014 and approximately Ps8.9 billion in 2015 and thereafter. As of December 31, 2011, we had paid an aggregate amount of approximately Ps831 million (U.S.\$59.5 million) of Additional Consolidation Taxes. See “Item 4—Information on the Company—Regulatory Matters and Legal Proceedings—Tax Matters” and notes 2O and 18D to our consolidated financial statements included elsewhere in this annual report.

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On February 15, 2010, we filed a constitutional challenge (*juicio de amparo*) against the January 1, 2010 tax reform described above. However, we cannot assure you that we will prevail in this constitutional challenge. On June 3, 2011 we were notified of a favorable verdict at the first stage of the trial; the Mexican tax authorities filed an appeal (*recurso de revisión*) before the Mexican Supreme Court, which is pending.

It may be difficult to enforce civil liabilities against us or our directors, executive officers and controlling persons.

We are a publicly traded stock corporation with variable capital (*sociedad anónima bursátil de capital variable*) organized under the laws of Mexico. Substantially all of our directors and officers and some of the persons named in this annual report reside in Mexico, and all or a significant portion of the assets of those persons may be, and the majority of our assets are, located outside the United States. As a result, it may not be possible for you to effect service of process within the United States upon such persons or to enforce against them or against us in U.S. courts judgments predicated upon the civil liability provisions of the federal securities laws of the United States. We have been advised by our General Counsel, Lic. Ramiro G. Villarreal, that there is doubt as to the enforceability in Mexico, either in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities predicated on the U.S. federal securities laws.

The protections afforded to non-controlling shareholders in Mexico are different from those in the United States and may be more difficult to enforce.

Under Mexican law, the protections afforded to non-controlling shareholders are different from those in the United States. In particular, the legal framework and case law pertaining to disputes between shareholders and us, our directors, our officers or our controlling shareholders, if any, are less developed under Mexican law than under United States law, generally only permits shareholder derivative suits (i.e., suits for our benefit as opposed to the direct benefit of our shareholders) and there are different procedural requirements for bringing shareholder lawsuits, such as shareholder derivative suits, which differ from those you may be familiar with under U.S. and other laws. There is also a substantially less active plaintiffs' bar dedicated to the enforcement of shareholders' rights in Mexico than in the United States. As a result, in practice it may be more difficult for our non-controlling shareholders to enforce their rights against us or our directors or controlling shareholders than it would be for shareholders of a United States company.

ADS holders may only vote the Series B shares represented by the CPOs deposited with the ADS depository through the ADS depository and are not entitled to vote the Series A shares represented by the CPOs deposited with the ADS depository or to attend shareholders' meetings.

Under the terms of the ADSs and CEMEX, S.A.B. de C.V.'s by-laws, a holder of an ADS has the right to instruct the ADS depository to exercise voting rights only with respect to Series B shares represented by the CPOs deposited with the depository, but not with respect to the Series A shares represented by the CPOs deposited with the depository. ADS holders will not be able to directly exercise their right to vote unless they withdraw the CPOs underlying their ADSs (and, in the case of non-Mexican holders, even if they do so, they may not vote the Series A shares represented by the CPOs) and may not receive voting materials in time to ensure that they are able to instruct the depository to vote the CPOs underlying their ADSs or receive sufficient notice of a shareholders' meeting to permit them to withdraw their CPOs to allow them to cast their vote with respect to any specific matter. In addition, the depository and its agents may not be able to send out voting instructions on time or carry them out in the manner an ADS holder has instructed. As a result, ADS holders may not be able to exercise their right to vote and they may lack recourse if the CPOs underlying their ADSs are not voted as they requested. In addition, ADS holders are not entitled to attend shareholders' meetings. ADS holders will also not be permitted to vote the CPOs underlying the ADSs directly at a shareholders' meeting or to appoint a proxy to do so without withdrawing the CPOs. If the ADS depository does not receive voting instructions from a holder of ADSs in a timely manner such holder will nevertheless be treated as having instructed the ADS depository to give a proxy to a person we designate to vote the B shares underlying the CPOs represented by the ADSs in his/her discretion. The ADS depository or the custodian for the CPOs on deposit may represent the

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CPOs at any meeting of holders of CPOs even if no voting instructions have been received. The CPO trustee may represent the A shares and the B shares represented by the CPOs at any meeting of holders of A shares or B shares even if no voting instructions have been received. By so attending, the ADS depositary, the custodian or the CPO trustee, as applicable, may contribute to the establishment of a quorum at a meeting of holders of CPOs, A shares or B shares, as appropriate.

Non-Mexicans may not hold CEMEX, S.A.B. de C.V.'s Series A shares directly and must have them held in a trust at all times.

Non-Mexican investors in CEMEX, S.A.B. de C.V.'s CPOs or ADSs may not directly hold the underlying Series A shares, but may hold them indirectly through CEMEX, S.A.B. de C.V.'s CPO trust. Upon the early termination or expiration of the 30-year term of CEMEX, S.A.B. de C.V.'s CPO trust, the underlying Series A shares of CEMEX, S.A.B. de C.V.'s CPOs held by non-Mexican investors must be placed in a new trust similar to the current CPO trust for non-Mexican investors to continue to hold an economic interest in such shares. We cannot assure you that a new trust similar to the CPO trust will be created or that the relevant authorization for the creation of the new trust or the transfers of our Series A shares to such new trust will be obtained. In that event, since non-Mexican holders currently cannot hold Series A shares directly, they may be required to sell all of their Series A shares to a Mexican individual or corporation.

Preemptive rights may be unavailable to ADS holders.

ADS holders may be unable to exercise preemptive rights granted to CEMEX, S.A.B. de C.V.'s shareholders, in which case ADS holders could be substantially diluted following future equity or equity-linked offerings. Under Mexican law, whenever CEMEX, S.A.B. de C.V. issues new shares for payment in cash or in kind, CEMEX, S.A.B. de C.V. is generally required to grant preemptive rights to CEMEX, S.A.B. de C.V.'s shareholders, except if the shares are issued in respect of a public offering or if the relevant shares underlie convertible securities. However, ADS holders may not be able to exercise these preemptive rights to acquire new shares unless both the rights and the new shares are registered in the United States or an exemption from registration is available. We cannot assure you that we would file a registration statement in the United States at the time of any rights offering.

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Mexico has had no exchange control system in place since the dual exchange control system was abolished in November 1991. The Mexican Peso has floated freely in foreign exchange markets since December 1994, when the Mexican Central Bank (*Banco de México*) abandoned its prior policy of having an official devaluation band. Since then, the Peso has been subject to substantial fluctuations in value. The Peso depreciated against the Dollar by approximately 1% and 20.5% in 2007 and 2008, respectively, appreciated against the Dollar by approximately 5% and 6% in 2009 and 2010, respectively, and depreciated against the Dollar by approximately 11.5% in 2011. These percentages are based on the exchange rate that we use for accounting purposes, or the CEMEX accounting rate. CEMEX accounting rates represent the average of three different exchange rates that are provided to us by Banco Nacional de México, S.A., integrante del Grupo Financiero Banamex, or Banamex. For any given date, the CEMEX accounting rate may differ from the noon buying rate for Pesos in New York City published by the U.S. Federal Reserve Bank of New York.

The following table sets forth, for the periods and dates indicated, the end-of-period, average and high and low points of the CEMEX accounting rate as well as the noon buying rate for Pesos, expressed in Pesos per U.S.\$1.00.

Year Ended December 31,	CEMEX Accounting Rate				Noon Buying Rate			
	End of Period	Average(1)	High	Low	End of Period	Average(1)	High	Low
2007	10.92	10.93	11.07	10.66	10.92	10.93	11.27	10.67
2008	13.74	11.21	13.96	9.87	13.83	11.15	13.92	9.92
2009	13.09	13.51	15.57	12.62	13.06	13.50	15.41	12.63
2010	12.36	12.67	13.21	12.15	12.38	12.64	13.19	12.16
2011	13.96	12.45	14.21	11.50	13.95	12.43	14.25	11.51
Monthly (2011)								
November	13.64		14.21	13.34	13.62		14.25	13.38
December	13.96		14.02	13.48	13.95		13.99	13.49
Monthly (2012)								
January	13.05		13.91	12.93	13.04		13.75	12.93
February	12.85		12.90	12.67	12.79		12.95	12.63
March	12.82		13.00	12.56	12.81		12.99	12.63
April(2)	13.11		13.22	12.74	13.12		13.23	12.73

(1) The average of the CEMEX accounting rate or the noon buying rate for Pesos, as applicable, on the last day of each full month during the relevant period.

(2) April noon buying rates and CEMEX accounting rates are through April 20, 2012.

On April 20, 2012, the CEMEX accounting rate was Ps13.11 to U.S.\$1.00. Between January 1, 2012 and April 20, 2012, the Peso appreciated by approximately 6.32% against the Dollar, based on the noon buying rate for Pesos.

For a discussion of the financial treatment of our operations conducted in other currencies, see “—Selected Consolidated Financial Information.”

Selected Consolidated Financial Information

Our consolidated financial statements as of December 31, 2011 and 2010 and for the years ended December 31, 2011 and 2010, included elsewhere in this annual report have been prepared in accordance with IFRS. For our prior annual reports, our consolidated financial statements were prepared in accordance with MFRS.

Due to regulations issued in November 2008 by the Mexican securities authority, registrants whose shares are listed on the Mexican Stock Exchange were required to begin preparing their consolidated financial

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statements using IFRS, as issued by the IASB, no later than January 1, 2012, and to stop the use of MFRS. In connection with this requirement, the consolidated financial statements included in this annual report as of December 31, 2011 and 2010 and as of January 1, 2010, and for the years ended December 31, 2011 and 2010, are CEMEX, S.A.B. de C.V.'s first consolidated financial statements prepared in accordance with IFRS, as in effect on December 31, 2011.

CEMEX, S.A.B. de C.V. determined its opening balance sheet under IFRS as of January 1, 2010, following the guidance set forth by IFRS 1. The options selected by CEMEX, S.A.B. de C.V. in the migration to IFRS and the effects on its opening balance sheet as of January 1, 2010, according to IFRS 1, as well as the effects on its balance sheets as of December 31, 2011 and 2010, and its statements of operations and comprehensive loss for the years ended December 31, 2011 and 2010, as compared to CEMEX, S.A.B. de C.V.'s previously reported amounts under MFRS, are described in note 27 to our consolidated financial statements included elsewhere in this annual report.

The regulations of the SEC do not require foreign private issuers that prepare their financial statements on the basis of IFRS (as published by IASB) to reconcile such financial statements to U.S. GAAP. As such, while CEMEX has in the past reconciled its consolidated financial statements prepared in accordance with MFRS to U.S. GAAP, those reconciliations are no longer presented in our filings with the SEC. Any references to accounting treatments under MFRS or U.S. GAAP relate solely to the application of MFRS or U.S. GAAP to our historical consolidated financial statements.

The financial data set forth below as of and for each of the two years ended December 31, 2011 have been derived from our audited consolidated financial statements. The financial data set forth below as of December 31, 2011 and 2010, and as of January 1, 2010, and for each of the two years ended December 31, 2011 and 2010 have been derived from, and should be read in conjunction with, and are qualified in their entirety by reference to, the consolidated financial statements and the notes thereto included elsewhere in this annual report.

The operating results of newly acquired businesses are consolidated in our financial statements beginning on the acquisition date. Therefore, all periods presented do not include operating results corresponding to newly acquired businesses before we assumed control. As a result, the financial data for the year ended December 31, 2011 may not be comparable to that for the year ended December 31, 2010.

Non-Peso amounts included in the financial statements are first translated into Dollar amounts, in each case at a commercially available or an official government exchange rate for the relevant period or date, as applicable, and those Dollar amounts are then translated into Peso amounts at the CEMEX accounting rate, described under "—Mexican Peso Exchange Rates," as of the relevant period or date, as applicable.

The Dollar amounts provided below and, unless otherwise indicated elsewhere in this annual report, are translations of Peso amounts at an exchange rate of Ps13.96 to U.S.\$1.00, the CEMEX accounting rate as of December 31, 2011. However, in the case of transactions conducted in Dollars, we have presented the Dollar amount of the transaction and the corresponding Peso amount that is presented in our consolidated financial statements. These translations have been prepared solely for the convenience of the reader and should not be construed as representations that the Peso amounts actually represent those Dollar amounts or could be converted into Dollars at the rate indicated. The noon buying rate for Pesos on December 31, 2011 was Ps13.95 to U.S.\$1.00. Between January 1, 2012 and April 20, 2012, the Peso appreciated by approximately 6.32% against the Dollar, based on the noon buying rate for Pesos.

CEMEX, S.A.B. DE C.V. and Subsidiaries
Selected Consolidated Financial Information

	As of	As of and for the year ended	
	January 1, 2010	December 31, 2010	2011
(in millions of Pesos, except ratios and share and per share amounts)			
Income Statement Information:			
Net sales	N/A	Ps 177,641	Ps 189,887
Cost of sales(1)	N/A	(127,845)	(136,167)
Gross profit	N/A	49,796	53,720
Operating expenses	N/A	(39,060)	(41,656)
Operating income	N/A	10,736	12,064
Other expense, net	N/A	(6,335)	(5,449)
Financial items(2)	N/A	(15,276)	(18,841)
Equity in loss of associates	N/A	(487)	(334)
Loss before income tax	N/A	(11,362)	(12,560)
Non-controlling interest net loss	N/A	46	21
Controlling interest net loss	N/A	(13,482)	(24,788)
Basic loss per share(3)(4)	N/A	(0.39)	(0.74)
Diluted earnings per share(3)(4)	N/A	(0.39)	(0.74)
Dividends per share(3)(5)	N/A	N/A	N/A
Number of shares outstanding(3)(6)	28,836	30,065	31,410
Balance Sheet Information:			
Cash and temporary investments	14,104	8,354	16,128
Property, machinery and equipment, net	246,123	221,271	233,709
Total assets	555,551	504,881	541,652
Short-term debt	7,274	5,618	4,673
Long-term debt	203,172	188,776	203,798
Non-controlling interest and perpetual debentures(7)	43,601	19,443	16,602
Total controlling stockholders' equity	175,003	163,744	155,101
Other Financial Information:			
Net working capital(8)	20,986	18,692	23,690
Book value per share(3)(6)(9)	6.07	5.45	4.94
Operating margin	N/A	6.0%	6.4%
Operating EBITDA(10)	N/A	29,844	29,600
Ratio of Operating EBITDA to interest expense(10)	N/A	2.0	1.8
Investment in property, machinery and equipment, net	N/A	4,726	3,198
Depreciation and amortization	N/A	19,108	17,536
Net cash flow provided by operating activities	N/A	6,674	6,486
Basic loss per CPO(3)(4)	N/A	1.17	2.22

- (1) Cost of sales includes depreciation, amortization and depletion of assets involved in production, freight expenses of raw materials used in our producing plants, delivery expenses of our ready-mix concrete business and expenses related to storage in producing plants. Our cost of sales excludes (i) expenses related to personnel and equipment comprising our selling network and those expenses related to warehousing at the points of sale, which are included as part of our administrative and selling expenses line item, and (ii) freight expenses of finished products from our producing plants to our points of sale and from our points of sale to our customers' locations, which are all included as part of our distribution expenses line item.
- (2) Financial items includes financial expenses and our other financial income (expenses), net, which includes our financial income, results from financial instruments (derivatives and marketable securities), foreign exchange results and others. See note 6 to our consolidated financial statements included elsewhere in this annual report.

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- (3) CEMEX, S.A.B. de C.V.'s capital stock consists of Series A shares and Series B shares. Each of CEMEX, S.A.B. de C.V.'s CPOs represents two Series A shares and one Series B share. As of December 31, 2011, approximately 99.8% of CEMEX, S.A.B. de C.V.'s outstanding share capital was represented by CPOs. Each of CEMEX, S.A.B. de C.V.'s ADSs represents ten CPOs.
- (4) Loss per share are calculated based upon the weighted average number of shares outstanding during the year, as described in note 21 to our consolidated financial statements included elsewhere in this annual report. Basic loss per CPO is determined by multiplying the basic loss per share for each period by three (the number of shares underlying each CPO). Basic loss per CPO is presented solely for the convenience of the reader and does not represent a measure under IFRS.
- (5) CEMEX, S.A.B. de C.V. did not declare a dividend for fiscal years 2010 and 2011. At CEMEX, S.A.B. de C.V.'s 2010 annual shareholders' meeting, held on February 24, 2011, CEMEX, S.A.B. de C.V.'s shareholders approved a recapitalization of retained earnings. New CPOs issued pursuant to the recapitalization were allocated to shareholders on a pro-rata basis. As a result, shares equivalent to approximately 401 million CPOs were issued and paid. CPO holders received one new CPO for each 25 CPOs held and ADS holders received one new ADS for each 25 ADSs held. There was no cash distribution and no entitlement to fractional shares. In connection with CEMEX, S.A.B. de C.V.'s 2011 annual shareholders' meeting held on February 23, 2012, CEMEX, S.A.B. de C.V.'s shareholders approved a recapitalization of retained earnings. CPO holders received one new CPO for each 25 CPOs held and ADS holders received one new ADS for each 25 ADSs held. There was no cash distribution and no entitlement to fractional shares. As a result, shares equivalent to approximately 418.7 million CPOs were issued and paid.
- (6) Based upon the total number of shares outstanding at the end of each period, expressed in millions of shares, and includes shares subject to financial derivative transactions, but does not include shares held by our subsidiaries.
- (7) Non-controlling interest, as of December 31, 2010 and 2011, includes U.S.\$1,320 million (Ps16,310 million) and U.S.\$938 million (Ps13,089 million), respectively, that represents the nominal amount of Debentures, denominated in Dollars and Euros, issued by consolidated entities. In accordance with IFRS, these securities qualify as equity due to their perpetual nature and the option to defer the coupons.
- (8) Net working capital equals trade receivables, less allowance for doubtful accounts plus inventories, net, less trade payables.
- (9) Book value per share is calculated by dividing the total controlling stockholders' equity by the number of shares outstanding.
- (10) Operating EBITDA equals operating income before amortization and depreciation expenses. Operating EBITDA and the ratio of Operating EBITDA to interest expense are presented because we believe that they are widely accepted as financial indicators of our ability to internally fund capital expenditures and service or incur debt. Operating EBITDA and such ratios should not be considered as indicators of our financial performance, as alternatives to cash flow, as measures of liquidity or as being comparable to other similarly titled measures of other companies. There is no specific standard under IFRS that regulates the presentation of the statement of operations. While there are line items that are customarily included in statements of operations prepared pursuant to IFRS such as net sales, operating costs and expenses and financial revenues and expenses, among others, the inclusion of certain subtotals and the display of such statement of operations varies significantly by industry and company according to specific needs. Nonetheless, for convenience of the reader, Operating EBITDA is reconciled below to operating income, as reported in the statements of operations, and to net cash flows provided by operating activities, as reported in the statement of cash flows. Interest expense under IFRS does not include coupon payments and issuance costs of the Debentures issued by consolidated entities of approximately Ps1,010 million for 2010 and approximately Ps1,624 million for 2011, as described in note 19D to our consolidated financial statements included elsewhere in this annual report.

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	For the Year Ended	
	December 31,	
	2010	2011
	(in millions of Pesos)	
Reconciliation of operating EBITDA to net cash flows provided by continued operations		
Operating EBITDA	Ps 29,844	Ps 29,600
Less:		
Operating depreciation and amortization expense	19,108	17,536
Operating income	Ps 10,736	Ps 12,064
Plus/minus:		
Changes in working capital excluding income taxes	(623)	(727)
Depreciation and amortization expense	19,108	17,536
Financial expense paid in cash including coupons on Debentures	(14,968)	(13,352)
Income taxes paid in cash	(4,310)	(3,778)
Other items, net	(3,269)	(5,257)
Net cash flows provided by operating activities	Ps 6,674	Ps 6,486

Item 4—Information on the Company

Unless otherwise indicated, references in this annual report to our sales and assets, including percentages, for a country or region are calculated before eliminations resulting from consolidation, and thus include intercompany balances between countries and regions. These intercompany balances are eliminated when calculated on a consolidated basis.

Business Overview

CEMEX, S.A.B. de C.V. is a publicly traded stock corporation with variable capital, or *sociedad anónima bursátil de capital variable*, organized under the laws of Mexico, with our principal executive offices in Avenida Ricardo Margáin Zozaya #325, Colonia Valle del Campestre, Garza García, Nuevo León, México 66265. Our main phone number is (011-5281) 8888-8888.

CEMEX, S.A.B. de C.V. was founded in 1906 and was registered with the Mercantile Section of the Public Registry of Property and Commerce in Monterrey, N.L., Mexico, on June 11, 1920 for a period of 99 years. At our 2002 annual shareholders' meeting, this period was extended to the year 2100. Beginning April 2006, CEMEX's full legal and commercial name is CEMEX, Sociedad Anónima Bursátil de Capital Variable.

CEMEX is one of the largest cement companies in the world, based on annual installed cement production capacity as of December 31, 2011 of approximately 94.8 million tons. We are the largest ready-mix concrete company in the world with annual sales volumes of approximately 55 million cubic meters and one of the largest aggregates companies in the world with annual sales volumes of approximately 160 million tons, in each case based on our annual sales volumes in 2011. We are also one of the world's largest traders of cement and clinker, having traded approximately 8.4 million tons of cement and clinker in 2011. CEMEX, S.A.B. de C.V. is a holding company primarily engaged, through our operating subsidiaries, in the production, distribution, marketing and sale of cement, ready-mix concrete, aggregates and clinker throughout the world.

We operate globally, with operations in Mexico, the United States, Northern Europe, the Mediterranean, South America and the Caribbean and Asia. We had total assets of approximately Ps542 billion (U.S.\$39 billion) as of December 31, 2011, and an equity market capitalization of approximately Ps102,622.22 million (U.S.\$7,774.41 million) as of April 26, 2012.

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As of December 31, 2011, our main cement production facilities were located in Mexico, the United States, Spain, Egypt, Germany, Colombia, the Philippines, Poland, the Dominican Republic, the United Kingdom, Croatia, Panama, Latvia, Puerto Rico, Thailand, Costa Rica and Nicaragua. As of December 31, 2011, our assets (after eliminations), cement plants and installed capacity, on an unconsolidated basis by region, were as set forth below. Installed capacity, which refers to theoretical annual production capacity, represents gray cement equivalent capacity, which counts each ton of white cement capacity as approximately two tons of gray cement capacity, and includes installed capacity of cement plants that have been temporarily closed.

	As of December 31, 2011		
	Assets After Eliminations (in Billions of Pesos)	Number of Cement Plants	Installed Cement Production Capacity (Millions of Tons Per Annum)
Mexico(1)	78	15	29.3
United States	236	13	17.1
Northern Europe			
United Kingdom	32	2	2.4
Germany	14	2	4.9
France	16	—	—
Rest of Northern Europe(2)	18	3	4.6
The Mediterranean			
Spain	47	8	11
Egypt	8	1	5.4
Rest of Mediterranean(3)	10	3	2.4
South America and the Caribbean			
Colombia	15	2	4.0
Rest of South America and the Caribbean(4)	20	5	8.0
Asia			
Philippines	9	2	4.5
Rest of Asia(5)	2	1	1.2
Corporate and Other Operations	36	—	—

The above table includes our proportional interest in the installed capacity of companies in which we hold a non-controlling interest.

- (1) “Number of cement plants” and “Installed cement production capacity” includes two cement plants that have been temporarily closed with an aggregate annual installed capacity of 2.6 million tons of cement.
- (2) Refers primarily to our operations in Ireland, the Czech Republic, Austria, Poland, Hungary and Latvia, as well as trading activities in Scandinavia and Finland. For purposes of the columns labeled “Assets after eliminations” and “Installed cement production capacity,” includes our approximate 33% interest, as of December 31, 2011, in a Lithuanian cement producer that operated one cement plant with an annual installed capacity of 1.3 million tons of cement as of December 31, 2011.
- (3) Refers primarily to our operations in Croatia, the UAE and Israel.
- (4) Includes our operations in Costa Rica, Panama, Puerto Rico, the Dominican Republic, Nicaragua, Jamaica and other countries in the Caribbean, Guatemala and small ready-mix concrete operations in Argentina.
- (5) Includes our operations in Thailand, Bangladesh, China and Malaysia.

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During most of the last two decades, we embarked on a major geographic expansion program to diversify our cash flows and enter markets whose economic cycles within the cement industry largely operate independently from those of Mexico and which offer long-term growth potential. We have built an extensive network of marine and land-based distribution centers and terminals that give us marketing access around the world. The following are our only significant acquisitions over the last five years:

- On July 1, 2007, we completed for accounting purposes the acquisition of 100% of the Rinker shares for a total consideration of approximately U.S.\$14.2 billion (excluding the assumption of approximately U.S.\$1.3 billion of Rinker's debt). Rinker, then headquartered in Australia, was a leading international producer and supplier of materials, products and services used primarily in the construction industry, with operations primarily in the United States and Australia, and limited operations in China. Rinker operations in the United States consisted of two cement plants located in Florida with an installed capacity of 1.9 million tons of cement and 172 ready-mix concrete plants. In Australia, through its Readymix subsidiary, Rinker's Australian operations, which we have since sold, comprised 344 operating plants including 84 quarries and sand mines, 243 concrete plants and 17 concrete pipe and product plants, as of the date of acquisition. In China, through its Readymix subsidiary, Rinker operated four concrete plants in the northern cities of Tianjin and Qingdao.
- As a result of Ready Mix USA's exercise of its put option (see note 14A to our consolidated financial statements included elsewhere in this annual report), and after performance of the obligations by both parties under the put option agreement, effective as of August 1, 2011, through the payment of approximately U.S.\$352 million (approximately Ps4,914 million), we acquired our former joint venture partner's interests in CEMEX Southeast, LLC and Ready Mix USA, LLC, including a non-compete and a transition services agreement. In accordance with the joint venture agreements, from the date on which Ready Mix USA exercised its put option until the date we acquired Ready Mix USA's interest, Ready Mix USA continued to control and manage Ready Mix USA, LLC. Nonetheless, based on IAS 27, considering the existence of a settlement price that could have been paid any time until September 30, 2011 at our election, Ready Mix USA LLC's balance sheet was consolidated as of March 31, 2011 and its operating results beginning April 1, 2011. Upon consolidation, the purchase price was assigned to each joint venture in proportion to our relative contribution interest in CEMEX Southeast, LLC and Ready Mix USA, LLC considering the original fair values as of the dates of the agreements in 2005. We fully consolidated the acquisition of the minority interest in CEMEX Southeast, LLC, as of the acquisition date and Ready Mix USA, LLC, generated an aggregate loss of approximately U.S.\$31 million (or approximately Ps387 million), which, as a transaction between stockholders under IFRS, was recognized within "Other equity reserves." Considering that control was transferred in August 2011, as of December 31, 2012, we were still in the process of completing the allocation of the purchase price of Ready Mix USA, LLC to the fair values of the assets acquired and liabilities assumed, which is expected to be concluded before July 31, 2012. Our consolidated financial statements included elsewhere in this annual report include the balance sheet of Ready Mix USA, LLC as of December 31, 2011, based on the best estimate of its net asset's fair value as of the acquisition date of approximately Ps4,487 million, including cash and cash equivalents for approximately Ps912 million and debt for approximately Ps1,347 million, and its results of operations for the nine-month period ended December 31, 2011.

As part of our strategy, we periodically review and reconfigure our operations in implementing our post-merger integration process, and we sometimes divest assets that we believe are less important to our strategic objectives. The following have been our most significant divestitures and reconfigurations over the last five years:

- On August 27, 2010, we completed the sale of seven aggregate quarries, three resale aggregate distribution centers and one concrete block manufacturing facility in Kentucky to Bluegrass Materials Company, LLC for U.S.\$88 million in proceeds.
- On October 1, 2009, we completed the sale of our Australian operations to a subsidiary of Holcim Ltd. The net proceeds from this sale were approximately \$2.02 billion Australian Dollars (approximately U.S.\$1.7 billion).

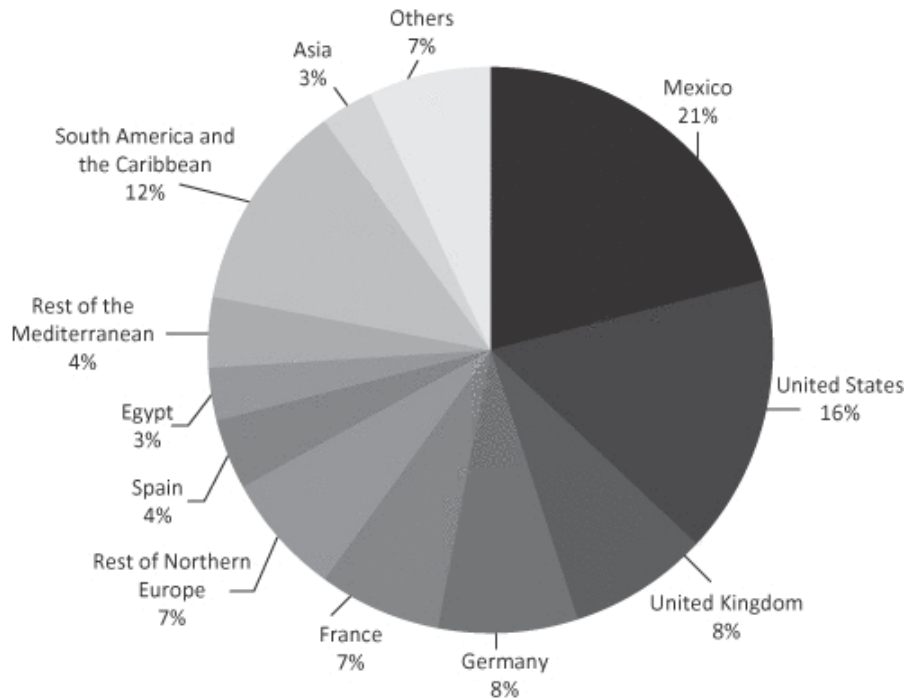
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- On June 15, 2009, we sold three quarries (located in Nebraska, Wyoming and Utah) and our 49% joint venture interest in the operations of a quarry located in Granite Canyon, Wyoming, to Martin Marietta Materials, Inc. for U.S.\$65 million.
- On December 26, 2008, we sold our Canary Islands operations (consisting of cement and ready-mix concrete assets in Tenerife and 50% of the shares in two joint-ventures, Cementos Especiales de las Islas, S.A. (CEISA) and Inprocoi, S.L.) to several Spanish subsidiaries of Cimpor Cimentos de Portugal SGPS, S.A. for €162 million (approximately U.S.\$227 million).
- During 2008, we sold in several transactions our operations in Italy consisting of four cement grinding mill facilities for an aggregate amount of approximately €148 million (approximately U.S.\$210 million).
- As required by the Antitrust Division of the United States Department of Justice, pursuant to a divestiture order in connection with the Rinker acquisition, in December 2007, we sold to the Irish producer CRH plc, ready-mix concrete and aggregates plants in Arizona and Florida for approximately U.S.\$250 million, of which approximately U.S.\$30 million corresponded to the sale of assets from our pre-Rinker acquisition operations.

In connection with our ongoing efforts to strengthen our capital structure and regain financial flexibility, we are continuing a process aimed at divesting several assets management regards as non-core, and we are currently engaged in marketing for sale additional assets in our portfolio, which we do not consider strategic.

Geographic Breakdown of Net Sales for the Year Ended December 31, 2011

The following chart indicates the geographic breakdown of our net sales, before eliminations resulting from consolidation, for the year ended December 31, 2011:

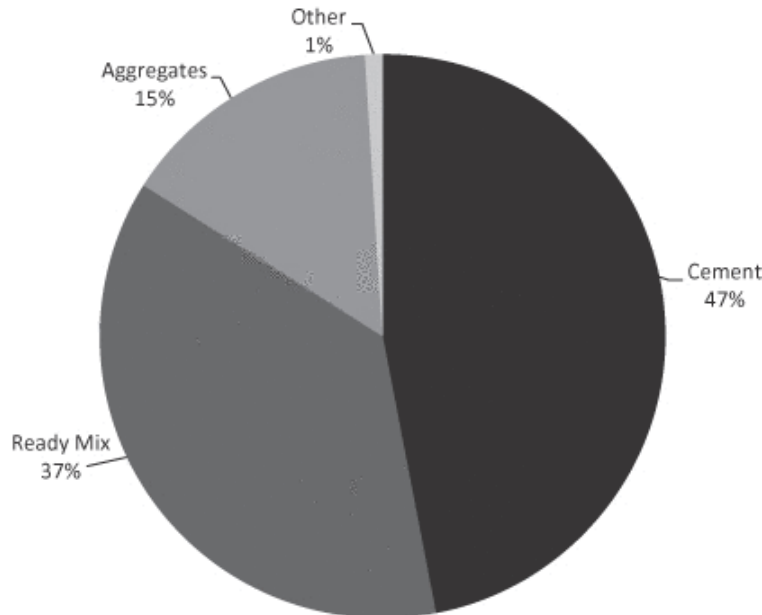


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For a description of a breakdown of total revenues by geographic markets for each of the years ended December 31, 2010 and 2011, please see “Item 5—Operating and Financial Review and Prospects.”

Breakdown of Net Sales by Product for the Year Ended December 31, 2011

The following chart indicates the breakdown of our net sales by product, after eliminations resulting from consolidation, for the year ended December 31, 2011:



Our Business Strategy

We seek to continue to strengthen our global leadership by growing profitably through our integrated positions along the cement value chain and maximizing our overall performance by employing the following strategies:

Focus on our core business of cement, ready-mix concrete and aggregates

We plan to continue focusing on our core businesses, the production and sale of cement, ready-mix concrete and aggregates, and the vertical integration of these businesses, leveraging our global presence and extensive operations worldwide. We believe that managing our cement, ready-mix concrete and aggregates operations as an integrated business allows us to capture a greater portion of the cement value chain, as our established presence in ready-mix concrete secures a distribution channel for our cement products. Moreover, we believe that, in most cases, vertical integration brings us closer to the end consumer. We believe that this strategic focus has historically enabled us to grow our existing businesses and expand our operations internationally, particularly in high-growth markets and higher-margin products. In approximately 20 years, we evolved from primarily a Mexican cement producer to a global building materials company with a diversified product portfolio across a balanced mix of developed and emerging economies.

We intend to continue focusing on our most promising, structurally attractive markets with considerable infrastructure needs and housing requirements, where we have substantial market share and benefit from competitive advantages. Despite the current economic and political turmoil, we believe that some of the countries in which we operate (particularly Mexico, the United States, Colombia, Poland and the Philippines) are poised for economic growth, as significant investments are made in infrastructure, notably by the economic stimulus programs that have been announced by governments in some of these markets.

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We are focused on managing costs and maintaining profitability in the current economic environment, and we believe that we are well-positioned to benefit when the construction cycle recovers. A combination of continued government stimulus spending and renewed focus on infrastructure investment in many of our markets, along with some recovery for housing and for non-residential construction sectors, could translate into substantial growth in demand for our products.

We will continue to analyze our current portfolio and monitor opportunities for asset divestitures, as evidenced by the disposals we have made in the last few years in the United States, Spain, Italy, Australia and elsewhere.

Provide our customers with the best value proposition

We want CEMEX to be the supplier of choice for our customers, whether global construction firms or individuals building their family's first home. We want to provide them with the most efficient and effective building solutions for their construction project, large or small. We seek a clear understanding of what they require to meet their needs.

We believe that by pursuing our objective of integrating our business along the cement value chain, we can improve and broaden the value proposition that we provide to our customers. We believe that by offering integrated solutions, we can provide our customers more reliable sourcing as well as higher quality services and products.

We continue to focus on developing new competitive advantages that will differentiate us from our competitors. We are evolving from a traditional supplier of building materials into a fully integrated turnkey solutions provider, mostly in infrastructure projects which make extensive use of our cement and concrete products. For example, in Mexico alone, we have paved more than 10,000 kilometers of concrete highways and roads. We have also recently provided tailor-made solutions for important infrastructure projects in the country, including the Baluarte Bicentennial Bridge and La Yesca Dam in Jalisco and Nayarit. We also continue innovating with new products, and recently launched two new global ready-mix brands designed using proprietary admixtures developed by our researchers.

We strive to provide superior building solutions in the markets we serve. To this end, we tailor our products and services to suit customers' specific needs, from home construction, improvement and renovation to industrial and marine/hydraulic applications. Our porous paving concrete, for example, is best suited for sidewalks and roadways because it allows rainwater to filter into the ground, reducing flooding and helping to maintain groundwater levels. In contrast, our significantly less permeable and highly resistant concrete products are well-suited for applications in coastal, marine and other harsh environments.

Our global building materials trading network, which is one of the largest in the world, plays a fundamental and evolving role in fulfilling our objectives. Our network of strategically located terminals allows us to build strong relationships with reliable suppliers and shippers around the world, which we believe translates into a superior value proposition for our customers. We can direct building materials (primarily cement, clinker and slag) from markets with excess capacity to markets where they are needed most and, in the process, optimize the allocation of our worldwide production capacity.

Maximize our operating efficiency

We have a long history of successfully operating world-class cement production facilities in developed and emerging markets and have demonstrated our ability to produce cement at a lower cost compared to industry standards in most of these markets. We continue to strive to reduce our overall cement production related costs and corporate overhead through disciplined cost management policies and through improving efficiencies by removing redundancies. We also implemented several worldwide standard platforms as part of this process. In addition, we implemented centralized management information systems throughout our operations, including

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administrative, accounting, purchasing, customer management, budget preparation and control systems, which have helped us to achieve cost efficiencies. In a number of our core markets, such as Mexico, we launched aggressive initiatives aimed at reducing the use of fossil fuels, consequently reducing our overall energy costs.

Furthermore, significant economies of scale in key markets often allow us to obtain competitive freight contracts for key components of our cost structure, such as fuel and coal, among others.

Through a worldwide import and export strategy, we will continue to seek to optimize capacity utilization and maximize profitability by redirecting our products from countries experiencing economic downturns to target export markets where demand may be greater. Our global trading system enables us to coordinate our export activities globally and take advantage of demand opportunities and price movements worldwide. Should demand for our products in the United States improve, we believe we are well-positioned to service this market through our established presence in the southern and southwestern regions of the country and our ability to import to the United States.

Our industry relies heavily on natural resources and energy, and we use cutting-edge technology to increase energy efficiency, reduce carbon dioxide emissions and optimize our use of raw materials and water. We are committed to measuring, monitoring and improving our environmental performance. In the last few years, we have implemented various procedures to improve the environmental impact of our activities as well as our overall product quality, such as a reduction of carbon dioxide emissions, an increased use of alternative fuels to reduce our reliance on primary fuels, an increased number of sites with local environmental impact plans in place and the use of alternative raw materials in our cement.

Strengthen our capital structure and regain our financial flexibility

In light of the current global economic environment and our substantial amount of indebtedness, we have been focusing, and expect to continue to focus, on strengthening our capital structure and regaining financial flexibility through reducing our debt, improving cash flow generation and extending maturities. This ongoing effort has included the following key strategic initiatives:

Global Refinancing. On August 14, 2009, we entered into the Financing Agreement, which extended the maturities of approximately U.S.\$15 billion in syndicated and bilateral bank facilities and private placement obligations, of which U.S.\$7,195 million remained outstanding as of December 31, 2011. Since entering into the Financing Agreement, we have successfully completed several capital markets transactions, the proceeds of which were substantially applied to reduce our debt thereunder and to address other debt maturities. As of December 31, 2011, we had principal payments due under the Financing Agreement of U.S.\$488 million on December 15, 2013 and U.S.\$6,707 million on February 14, 2014. We currently have funds available to address all of our significant scheduled maturities until the December 15, 2013 scheduled principal payment under the Financing Agreement. Maintaining market terms and achieving an appropriate size, tenor and pricing for our overall corporate financing facilities is an ongoing objective of ours. Consistent with this objective, we maintain an ongoing dialogue with our creditors regarding refinancing alternatives for our upcoming maturities.

Asset Divestitures. We have continued a process to divest assets in order to reduce our debt and streamline operations, taking into account our cash liquidity needs and prevailing economic conditions and their impact on the value of the asset or business unit being divested. In the first quarter of 2012 we sold assets for approximately U.S.\$27 million. For the remainder of 2012, we expect to sell non-core assets for between approximately U.S.\$250 million and U.S.\$300 million, or for a higher amount, if we deem it necessary.

Global Cost-Reduction Initiatives. In response to decreased demand in most of our markets as a result of the global economic recession, in 2008 we identified and began implementing global cost-reduction initiatives intended to reduce our annual cost structure to a level consistent with the decline in demand for our products. Such global cost-reduction initiatives encompass different undertakings, including headcount reductions,

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capacity closures across the cement value chain and a general reduction in global operating expenses. During the first half of 2011, CEMEX launched a company-wide program aimed at enhancing competitiveness, providing a more agile and flexible organizational structure and supporting an increased focus on the company's markets and customers. CEMEX is targeting to generate approximately U.S.\$400 million in annualized cost savings intended to improve our operating results by the end of 2012 through the implementation of this program, which contemplates an improvement in underperforming operations, a reduction in selling, general and administrative costs and the optimization of the company's organizational structure.

In connection with the implementation of our cost-reduction initiatives, and as part of our ongoing efforts to eliminate redundancies at all levels and streamline corporate structures to increase our efficiency and reduce operating expenses, we have reduced our global headcount by approximately 28%, from 61,545 employees as of December 31, 2007 to 44,104 employees as of December 31, 2011. Both figures exclude personnel from our operations in Australia sold in October 2009 and our operations in Venezuela, which were expropriated in 2008, but do not give effect to any other divestitures.

Also as part of these initiatives, during 2009, we temporarily shut down (for a period of at least two months) several cement production lines in order to rationalize the use of our assets and reduce the accumulation of our inventories. On January 22, 2010, we announced the permanent closure of our Davenport cement plant located in northern California, which had an installed cement production capacity of approximately 0.9 million tons per annum. The plant had been closed on a temporary basis since March 2009 due to economic conditions. We have been serving our customers in the region through our extensive network of terminals in northern California, which are located in Redwood City, Richmond, West Sacramento and Sacramento. Since March 2009, our state-of-the-art cement facility in Victorville, California has provided and will continue to provide cement to this market more efficiently than the Davenport plant. Opened in 1906, Davenport was the least efficient of our 14 plants in the United States. We have no other set plans for the Davenport facility at this time. Similar actions were taken in our ready-mix concrete and aggregates businesses. Such rationalizations included, among others, our operations in Mexico, the United States, Spain and the United Kingdom. During 2011, due to the low levels of construction activity and increased costs, we implemented a minimum margin strategy in our Arizona operations through the closure of under-utilized facilities and the reduction of headcount, among other actions designed to improve the profitability of our operations in the region.

Furthermore, during 2011, we achieved energy cost-savings by actively managing our energy contracting and sourcing, and by increasing our use of alternative fuels. We believe that these cost-saving measures better position us to quickly adapt to potential increases in demand and thereby benefit from the operating leverage we have built into our cost structure.

Optimizing Capital Expenditures. In light of the continued weak demand for our products throughout the majority of our markets, we reduced capital expenditures related to maintenance and expansion of our operations to approximately U.S.\$468 million during 2011, from approximately U.S.\$555 million during 2010 and approximately U.S.\$636 million during 2009 (in each case excluding acquisitions and capital leases). This reduction in capital expenditures in response to weak demand for our products has been implemented to maximize our free cash flow generation available for debt service and debt reduction, consistent with our ongoing efforts to strengthen our capital structure, improve our conversion of operating EBITDA to free cash flow and regain our financial flexibility. Pursuant to the Financing Agreement, we are prohibited from making aggregate annual capital expenditures in excess of U.S.\$800 million until the debt under the Financing Agreement has been repaid in full. We believe that these restrictions on capital expenditures do not diminish our world-class operating and quality standards and we may opportunistically increase capital expenditures in some of the markets in which we operate, if necessary, to take advantage of improved market conditions.

Recruit, retain and cultivate world-class managers

Our senior management team has a strong track record operating diverse businesses throughout the cement value chain in emerging and developed economies globally.

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We will continue to focus on recruiting and retaining motivated and knowledgeable professional managers. We encourage managers to regularly review our processes and practices, and to identify innovative management and business approaches to improve our operations. By rotating our managers from one country to another and from one area of our operations to another, we can increase their diversity of experience and knowledge of our business.

Foster our sustainable development

Our priorities include sustainable construction, affordable housing and infrastructure, enhancing our carbon strategy, environmental and biodiversity management, health and safety, strengthening local communities and partnering with key stakeholders.

Lead in Sustainable Construction. We aim to take the lead in sustainable construction, which involves developing better building products and solutions that can be more sustainably produced, facilitate more efficient construction processes, and contribute to the overall sustainability of buildings and other infrastructure. Moreover, we support the design and transformation of buildings to consume significantly less energy, water, and other resources in their use, maintenance, renovation, and dismantling. During 2011, we increased to approximately 87% the implementation in our three main businesses of our carbon footprint tool—first of its kind in the building materials industry—that allows the company to measure the greenhouse gas emissions of all of our cement, ready-mix concrete, and aggregates products.

We seek to continually expand the range of applications and sustainability benefits that our products support. As an example, during 2011, we released three new concrete products, Fortium, Hidratium and Promptis.

Strategic and selective external collaboration are key in helping transform the construction industry and the solutions it provides to cities. Our ongoing participation in the World Business Council for Sustainable Development's Urban Infrastructure Initiative has allowed us to become more involved in city planning and infrastructure projects. Our participation in this initiative has yielded sustainable infrastructure and building solutions action plans for cities in Europe and Asia.

Affordable Housing and Infrastructure. We are a leading provider of affordable housing and high-scale infrastructure as well as substantive collaborators in the socioeconomic development of emerging markets throughout the world. During 2011, we completed approximately 188 infrastructure projects, representing more than 8 million square meters of pavement for highways, mass transit projects, airport runways, and city streets. We have also made significant progress in meeting the need for affordable housing in our markets. In 2011 alone, we contributed to the construction of approximately 3,200 affordable homes. Our affordable housing program expanded to Costa Rica, Nicaragua, Panama, Guatemala, and Haiti. We expect to further grow our affordable housing program by engaging directly with potential homeowners to provide them with the engineering, technology, and construction techniques needed to build their own homes.

Enhance our Carbon Strategy. Climate change poses significant challenges to our society, and we are committed to applying our skills, technologies, and determination to contribute to the development of a low-carbon economy. We have been successful in increasing fossil fuels substitution rates to approximately 24.7% in 2011. We also introduced a new target of 35% substitution rate by 2015, by far the most ambitious in our industry. During 2011, four new projects qualified for Certified Emission Reduction ("CER") credits under the CDM program. In total, we have eight projects that qualify for CERs under the CDM.

Excellence in Environmental and Biodiversity Management. We are committed to mitigating the impacts that our plants, quarries, and logistics have on their surrounding communities and ecosystems. Toward this end, we have a set of global initiatives that include monitoring and controlling air emissions; managing land and conserving biodiversity within and around sites; minimizing disturbances such as noise, vibration, and traffic;

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optimizing water use; and reducing and recycling waste. During 2011, we increased the percentage of clinker produced with continuous monitoring of major emissions from 74% to 80%. Overall, we have quarry rehabilitation plans in place at 89% of our active cement and aggregates sites, and we are on track to achieve our target of 100% by 2015. We continued our successful partnership with BirdLife International in 2011 and developed a new methodology for biodiversity action plans (BAPs), providing a guided plan designed to achieve set targets that aim to mitigate biodiversity loss and/ or seize opportunities to enhance biodiversity at the sites

Strengthen Local Communities. Helping sustain the health and prosperity of the communities in which we operate is important to CEMEX. Through our social responsibility efforts, we look to become a key partner in improving living conditions in developing economies while cultivating new generations of construction professionals.

Our high impact social programs have achieved significant progress during 2011, approximately 45,545 Latin American families benefited from our Patrimonio Hoy program, bringing the accumulated total to approximately 353,856 families. This initiative is currently implemented in Mexico, Colombia, Nicaragua, Costa Rica and the Dominican Republic. As part of our “Productive Centers for Self-employment” initiative, we established 16 new units, 14 of which are in Mexico and 2 in Colombia, that benefit a total of more than 44,000 families. Through the CEMEX-ITESM (TEC) partnership, 51 projects were developed involving 200 university students.

Partnership with Key Stakeholders. We continuously interact with a wide variety of stakeholders to discuss and address society’s most pressing needs. Within our sustainability model, we have defined four core stakeholder groups: our people, our neighbors, our business partners, and our world. Beyond this, we actively engage with our sustainability reporting advisory panel, a group of leading experts, who provide important and valuable advice.

During 2011, we implemented 207 employee engagement initiatives throughout the world, reaching around 70% of our workforce. The countries in which we operate that conduct regular customer satisfaction surveys increased to 86%. More than 1,000 suppliers were surveyed regarding their sustainability practices. We are currently working with more than 300 global and local non-governmental organizations on environmental, educational, social, and other policy and development programs.

High Priority to Health and Safety. Because the safety, health, and well-being of our employees, contractors, and third parties affected by our operations are our highest priority, we have introduced safety systems to identify and address risks, implemented innovative employee health initiatives to promote well-being, and instituted line-manager ownership of health and safety to ensure that programs are implemented and led as effectively as possible.

During 2011, CEMEX guided 2,914 supervisors and managers through training in LEGACY, the company’s in house flagship safety leadership program, approximately 800 supervisor and managers more than those that completed the program in 2010.

In 2011, we had a lost-time injury (LTI) rate of 2.3 with 213 such injuries in total. This marks an improvement over 2010’s rate of 2.6.

During 2011, CEMEX established the Road Transportation Safety Group, a new group that represents all geographic regions in which we operate and that also includes leaders of road transportation and logistics, to develop continuous improvement initiatives globally that can reduce safety risks on the road.

During 2011, we increased the percentage of our operations that have implemented a local health management system to 82%, from 79% in 2010, 76% in 2009 and 52% in 2008. To complement these systems, we developed our global Health Essentials campaign, which provides managers in all business units with practical and easy-to-use materials on 12 key topics including heart and back health, stress management and nutrition. In 2011, approximately 72% of our employees participated in annual medical exam programs.

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The following table sets forth our performance indicators with respect to safety by geographic location for the year ended December 31, 2011:

	North America	Europe	South America and the Caribbean	Africa and Middle East	Asia	Total CEMEX
Total fatalities, employees, contractors and other third parties (#)	10	12	15	4	3	44
Fatalities employees (#)	4	—	1	—	—	5
Fatality rate employees(1)	2.08	—	2.32	—	—	1.2
Lost-Time injuries (LTI), employees (#)	140	40	22	8	8	213
Lost-Time injuries (LTI), contractors (#)	51	23	29	12	12	124
Lost-Time injury (LTI) frequency rate, employees per million hours worked	3.07	1.41	1.90	1.58	1.58	2.3

(1) Incidents per 10,000 people in a year.

Our Products

We always strive to provide superior building solutions in the markets we serve. To this end, we tailor our products and services to suit customers' specific needs, from home construction, improvement and renovation to agricultural, industrial and marine/hydraulic applications.

Cement

Cement is a binding agent, which, when mixed with sand, stone or other aggregates and water, produces either ready-mix concrete or mortar. Whether in bags or in bulk, we provide our customers with high-quality branded cement products and services. We tap our professional knowledge and experience to develop customized products that fulfill our clients' specific requirements and foster sustainable construction. In many of the countries where we have cement operations, a large proportion of cement sold is a bagged, branded product. We often deliver the product to a large number of distribution outlets such that our bagged, branded cement is available to the end users in a point of sale in close proximity to where the product will be used. We strive to develop brand identity and recognition in our bagged product.

We manufacture cement through a closely controlled chemical process, which begins with the mining and crushing of limestone and clay, and, in some instances, other raw materials. The clay and limestone are then pre-homogenized, a process which consists of combining different types of clay and limestone. The mix is typically dried, then fed into a grinder which grinds the various materials in preparation for the kiln. The raw materials are calcined, or processed, at a very high temperature in a kiln, to produce clinker. Clinker is the intermediate product used in the manufacture of cement. For limestone, clay and gypsum, requirements are based on chemical composition that, depending on the other materials available, matches with the quality demanded by the production process. For cement limestone, clay and gypsum, we run chemical tests to prepare the mining plan of the quarry, to confirm material quality and reduce variations in the mineral content. We consider that limestone and clay quality of our cement raw material quarries are adequate for the cement production process.

There are two primary processes used to manufacture cement: the dry process and the wet process. The dry process is more fuel efficient. As of December 31, 2011, 55 of our 57 operative production plants used the dry process and 2 used the wet process. Our operative production plants that use the wet process are located in Nicaragua and the United Kingdom. In the wet process, the raw materials are mixed with water to form slurry, which is fed into a kiln. Fuel costs are greater in the wet process than in the dry process because the water that is added to the raw materials to form slurry must be evaporated during the clinker manufacturing process. In the dry process, the addition of water and the formation of slurry are eliminated, and clinker is formed by calcining the

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dry raw materials. In the most modern application of this dry process technology, the raw materials are first blended in a homogenizing silo and processed through a pre-heater tower that utilizes exhaust heat generated by the kiln to pre-calcine the raw materials before they are calcined to produce clinker.

Clinker and gypsum are fed in pre-established proportions into a cement grinding mill where they are ground into an extremely fine powder to produce finished cement. We primarily cover our gypsum needs from third parties; however, we also operate gypsum quarries in the United States, Spain, Dominican Republic and Egypt.

Ready-Mix Concrete

Ready-mix concrete is a combination of cement, fine and coarse aggregates, admixtures (which control properties of the concrete including plasticity, pumpability, freeze-thaw resistance, strength and setting time), and water. We tailor our ready-mix concrete to fit our clients' specific needs. By changing the proportion of water, aggregates, and cement in the mix, we modify our concrete's resistance, manageability, and finish. We also use additives to customize our concrete consistent with the transportation time from our plant to the project, weather conditions at the construction site, and the project's specifications. From our water-resistant to our self-compacting concrete, we produce a great variety of specially designed concrete to meet the many challenges of modern construction.

Aggregates

We are one of the world's largest suppliers of aggregates: primarily the crushed stone, sand and gravel, used in virtually all forms of construction. Customers use our aggregates for a wide array of uses, from a key component in the construction and maintenance of highways, walkways, and railways to an indispensable ingredient in concrete, asphalt, and mortar.

Aggregates are obtained from land-based sources such as sand and gravel pits and rock quarries or by dredging marine deposits. See "—Description of our raw materials reserves."

Hard Rock Production. Rock quarries usually operate for at least 30 years and are developed in distinct benches or steps. A controlled explosion is normally used to release the rock from the working face. It is then transported by truck or conveyor to a crusher to go through a series of crushing and screening stages to produce a range of final sizes to suit customers' needs. Dry stone is delivered by road, rail or water from the quarry.

Sand and Gravel Production. Sand and gravel quarries are much shallower than rock quarries and are usually worked and restored in progressive phases. Water can either be pumped out of the quarries allowing them to be worked dry or they can be operated as lakes with extraction below water. A conveyor draws the raw material into the processing plant where it is washed to remove unwanted clay and to separate sand. Sand separated during processing is dewatered and stockpiled. Gravel then passes over a series of screens that sieve the material into different sizes. Processing separates the gravel into stockpiles in a range of sizes for delivery.

Marine Aggregate Production. A significant proportion of the demand for aggregates is satisfied from rivers, lakes, and seabeds. Marine resources are increasingly important to the sustainable growth of the building materials industry. Marine aggregates also play an important role in replenishing beaches and protecting coastlines from erosion. At sea, satellite navigation is used to position a vessel precisely within its licensed dredging area. Vessels trail a pipe along the seabed and use powerful suction pumps to draw sand and gravel into the cargo hold. Dredged material is discharged at wharves, where it is processed, screened and washed for delivery.

Description of our raw materials reserves

We are a leading global provider of building materials, including cement, ready-mix concrete and aggregates. Our cement production process begins with the mining and crushing of limestone and clay, and, in some instances, other raw materials. We have access to limestone and clay quarries near most of our cement plant sites worldwide since these minerals are the main raw materials in the cement production process.

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In addition, we are one of the world's largest suppliers of aggregates, primarily hard rock, sand and gravel, obtained from quarries, to be used in ready mix concrete and other concrete-based products such as blocks and pipes.

Customers use our aggregates for a wide array of purposes, from a key component in the construction and maintenance of highways, walkways, and railways to an indispensable ingredient in concrete, asphalt and mortar. Aggregates can be used in their natural state or crushed into smaller size pieces.

The types of mine mostly used to extract raw materials for aggregates and cement production, are open pit or open cut, which relate to deposits of economically useful minerals or rocks that are found near the land surface. Open-pit mines that produce raw material for our industry are commonly referred to as quarries. Open-pit mines are typically enlarged until either the mineral resource is exhausted, or an increasing ratio of overburden to exploitable material makes further mining uneconomic. In some cases, we also extract raw materials by dredging underwater deposits.

Aggregates and other raw materials for our own production processes are obtained mainly from our own sources. However, we may cover our aggregates and other raw material needs through the supply from third-parties. For the year ended December 31, 2011, approximately 12% of our total raw material needs were supplied by third-parties.

Reserves are considered as proven when all legal and environmental conditions have been met and permits have been granted. Proven reserves are those for which (i) the quantity is computed from dimensions revealed by drill data, together with other direct and measurable observations such as outcrops, trenches and quarry faces and (ii) the grade and/or quality are computed from the results of detailed sampling; and the sampling and measurement data are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established. Probable reserves are those for which quantity and grade and/or quality are computed from information similar to that used from proven reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.

Our reserve estimates are prepared by CEMEX's engineers and geologists and are subject to annual review by our corporate staff jointly with the regional technical managers associated to our business units. On specific circumstances we have used the services of third-party geologists and/or engineers to validate our own estimates. Over the three-year period ended December 31, 2011, we have employed third-parties to review (i) our cement raw materials reserves estimates in the United Kingdom, Germany, Croatia, Poland, Latvia, Philippines, Costa Rica and Puerto Rico, and (ii) our aggregates reserves estimates in France, Poland, Latvia, Austria, Czech Republic, Hungary, Israel, Malaysia, Panama and Nicaragua.

Reserves determination incorporates only materials meeting specific quality requirements. For aggregates used in ready mix concrete such requirements are based on hardness, shape and size; for cement raw materials (mainly limestone and clay), such requirements are based on a chemical composition that matches the quality demanded by the production process. In the case of cement raw materials, since chemical composition varies from production sites and even in the same site, we conduct geostatistical chemical tests and determine the best blending proportions to meet production quality criteria and to try to maintain an extraction ratio close to 100% of the reported reserves for such materials.

The main equipment utilized in our production sites is as follows:

- In our cement facilities: drills, crushers, kilns, coolers, mills, packing/loading machines, pay loaders, excavators, off-road trucks and other material handling equipment.
- In our ready-mix concrete facilities: batch plants, silos and mobile equipment and mixer trucks.
- In our aggregates facilities: drills, crushers, screens, belt conveyors, pay loaders, excavators, trucks and other material handling equipment.

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We believe that our facilities are in general good condition, adequate for efficient operations.

During 2011, our total quarry material production was approximately 208 million tons, of which approximately 64% was used for own consumption to produce cement, ready-mix concrete, and/or other products which are later sold to the public and the remaining 36% was directly sold to customers.

Our estimates distinguish between owned and leased reserves, the later determined over the term of the lease contract, and include only those permitted reserves which are proven and probable. As of December 31, 2011, the total surface of property in our quarries operations (including cement raw materials quarries and aggregates quarries), was approximately 109,729 hectares, of which approximately 74% was owned by us and approximately 26% was managed through lease contracts.

As of December 31, 2011, we operated 151 cement raw materials quarries across our global operations, serving our facilities dedicated to cement production, which are located at or near the cement plant facilities. We estimate that our proven and probable cement raw material reserves, on a consolidated basis, have an average remaining life of approximately 59 years, assuming 2007-2011 average annual cement production (last five years average production).

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The table set forth below presents our total permitted proven and probable cement raw materials reserves by geographic segment and material type extracted or produced in our cement raw materials quarries operations.

Location	Mineral	Number of quarries	Property Surface (hectares)		Reserves (Million tons)			Years to depletion	2011 Annualized Production	5 years aver. Annualized Production	Own Use
			Owned	Leased	Proven	Probable	Total				
Mexico(1)											
	Limestone	18	8,920	24	1,261	303	1,565	69	21.0	22.7	91%
	Clay	16	8,445	—	146	157	303	88	3.5	3.4	100%
	Others	1	100	—	—	—	—	7	—	—	100%
United States(2)											
	Limestone	13	17,358	—	898	164	1,062	50	11.4	21.3	100%
	Clay	2	132	7	24	—	24	52	0.4	0.5	100%
Northern Europe											
United Kingdom											
	Limestone	3	681	107	136	9	145	63	2.2	2.3	100%
	Clay	2	98	—	14	22	36	58	0.6	0.6	100%
Germany	Limestone	3	628	49	32	128	159	41	4.0	3.9	98%
Rest of Northern Europe											
	Limestone	3	740	—	96	45	141	30	5.2	4.7	96%
	Clay	1	70	—	11	2	13	39	0.3	0.4	100%
Central and South America and the Caribbean											
Colombia											
	Limestone	10	2,690	86	71	322	394	93	4.1	4.2	100%
	Clay	2	100	—	2	—	2	9	0.1	0.2	100%
Rest of Central and South America and the Caribbean											
	Limestone	21	988	186	234	512	745	120	6.5	6.2	98%
	Clay	8	540	60	47	41	88	110	0.6	0.8	100%
	Others	1	—	1,543	3	—	3	34	0.1	0.1	100%
The Mediterranean											
Spain											
	Limestone	12	462	117	263	45	308	43	5.3	7.2	100%
	Clay	6	64	72	8	7	16	23	0.4	0.7	100%
	Others	2	102	9	1	13	14	81	—	0.2	100%
Egypt											
	Limestone	2	—	161	294	—	294	53	5.8	5.6	100%
	Clay	4	—	608	117	—	117	75	1.6	1.6	100%
	Others	5	—	299.5	27	—	27	174	0.1	0.2	100%
Croatia	Limestone	2	192.3	23.2	24	—	24	10	1.5	2.3	100%
Asia											
Philippines											
	Limestone	4	116	38	44	58	102	51	4.7	2.0	0%
	Clay	3	36	—	—	3	3	3	0.2	1.0	0%
	Others	5	68	15	5	26	32	11	0.7	3.0	0%
Rest of Asia											
	Limestone	1	7	—	13	2	15	—	—	—	0%
	Clay	1	4	—	—	—	—	—	—	—	0%
CEMEX Consolidated											
	Limestone	92	32,783	792	3,366	1,589	4,955	60	72.0	82.0	
	Clay	45	9,488	747	369	232	601	66	7.6	9.11	
	Others	14	270	1,866	37	40	77	22	0.9	3.45	
	Totals	151	42,541	3,405	3,772	1,860	5,632	59	80.3	95.0	

(1) Our cement raw materials operations in Mexico include three limestone quarries that also produce hard rock aggregates.

(2) Our cement raw materials operations in the U.S. include one limestone quarry that also produces hard rock aggregates.

As of December 31, 2011, we operated 491 aggregates quarries across our global operations dedicated to serving our ready-mix and aggregates businesses. We estimate that our proven and probable aggregates reserves, on a consolidated basis, have an average remaining life of 31 years, assuming 2007-2011 average production (last five years average aggregates production).

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The table set forth below, present our total permitted proven and probable aggregates reserves by geographic segment and material type extracted or produced in our aggregates quarries operations.

Location	Mineral	Number of quarries	Property Surface (hectares)		Reserves (Million tons)			Years to depletion	2011 Annualized Production	5 years aver. Annualized Production	Own Use
			Owned	Leased	Proven	Probable	Total				
Mexico	Hardrock	5	881	25	79	94	173	45	4.0	3.9	57%
	Others	9	128	230	27	29	56	11	5.0	5.1	73%
United States	Hardrock	16	13,030	4,527	334	238	572	34	13.0	16.7	28%
	Sand & Gravel	89	7,961	9,727	539	151	690	27	17.8	25.4	40%
	Others	16	1,774	1,072	42	158	199	41	2.9	4.8	25%
Northern Europe											
United Kingdom	Hardrock	10	330	756	388	32	420	70	6.0	6.0	50%
	Sand & Gravel	94	3,915	2,441	76	210	287	44	6.4	6.4	50%
	Others	17	350	304	148	46	193	48	4.0	4.0	49%
Germany	Hardrock	4	87	56	22	21	43	26	1.9	1.7	0%
	Sand & Gravel	41	1,936	958	98	117	215	21	11.0	10.5	0%
	Others	6	30	645	91	32	123	26	4.8	4.8	4%
France	Hardrock	9	92	339	115	14	129	49	2.6	2.6	13%
	Sand & Gravel	32	913	1,309	159	52	211	24	9.0	8.9	40%
Rest of Northern Europe	Hardrock	16	757	669	150	48	197	39	3.8	5.0	47%
	Sand & Gravel	46	1,624	861	161	58	219	16	11.6	13.4	26%
	Others	21	655	125	62	37	100	28	3.4	3.5	17%
Central and South America and the Caribbean											
Colombia	Sand & Gravel	5	557	—	15	3	19	10	1.2	1.9	100%
Rest of Central and South America and the Caribbean	Hardrock	1	150	—	15	3	18	38	0.4	0.5	0%
	Others	10	1,823	849	20	188	208	95	0.9	2.2	40%
The Mediterranean											
Spain	Hardrock	22	542	197	264	30	294	47	3.2	6.2	51%
	Sand & Gravel	8	504	162	59	5	64	22	1.7	2.9	58%
	Others	1	—	48	2	2	4	20	0.1	0.2	7%
Egypt	Others	2	—	2	—	1	2	4	0.4	0.5	40%
Rest of the Mediterranean	Hardrock	6	27	282	95	44	139	15	10.6	9.4	51%
	Sand & Gravel	2	—	26	1	—	1	4	0.3	0.3	39%
Asia											
Rest of Asia	Hardrock	3	83	23	18	18	35	17	1.9	2.1	47%
CEMEX Consolidated											
	Hardrock	92	15,979	6,874	1,480	542	2,022	37	47.4	54.0	
	Sand & Gravel	317	17,410	15,485	1,109	596	1,705	24	59.2	69.7	
	Others	82	4,760	3,275	392	493	885	35	21.6	25.1	
Totals		491	38,149	25,634	2,981	1,631	4,612	31	128.1	148.8	

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Related Products

We rely on our close relationship with our customers to offer them complementary products for their construction needs, from rods, blocks, concrete tubing and asphalt to electrical supplies, paint, tile, lumber and other fixtures.

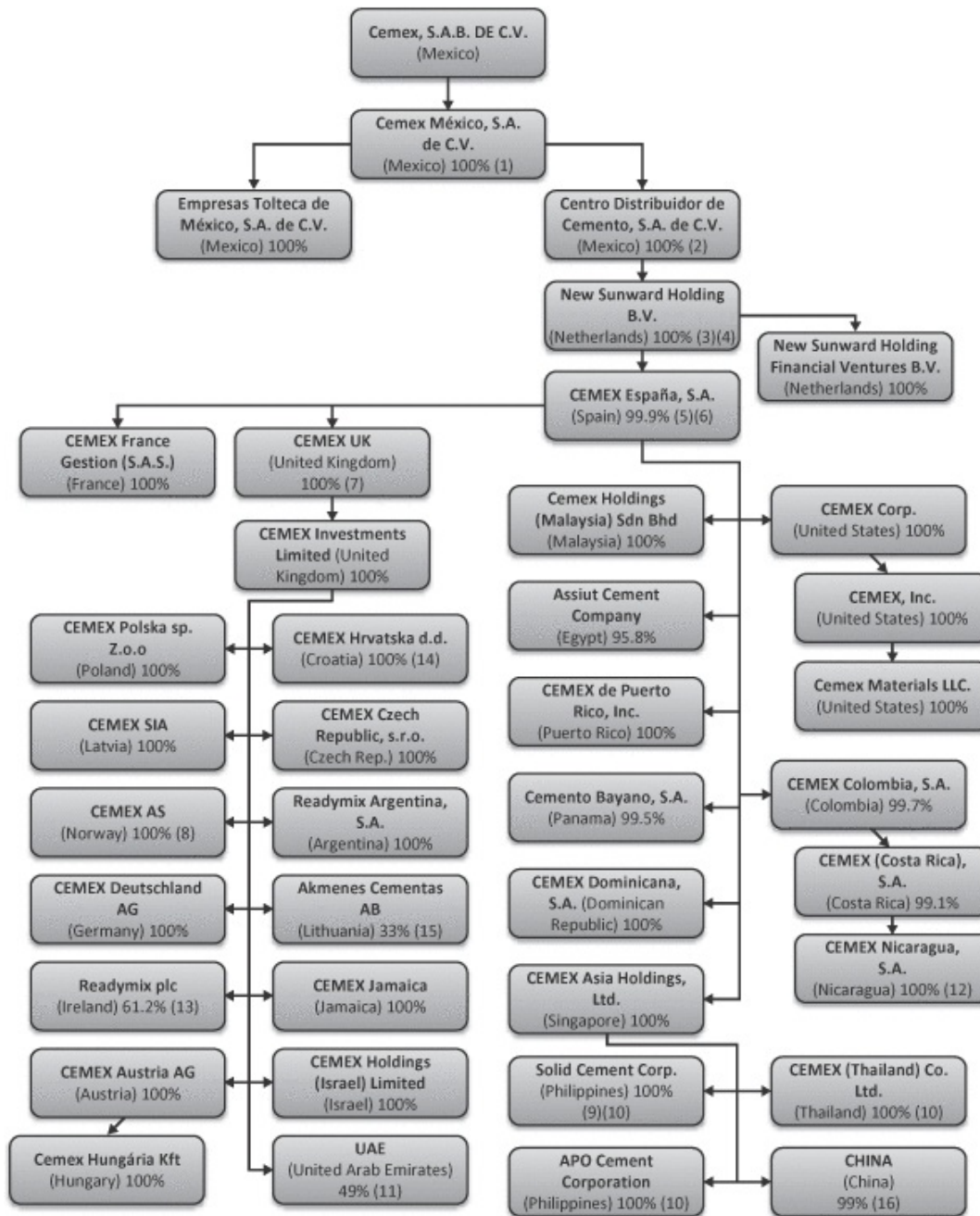
User Base

Cement is the primary building material in the industrial and residential construction sectors of most of the markets in which we operate. The lack of available cement substitutes further enhances the marketability of our product. The primary end-users of cement in each region in which we operate vary but usually include, among others, wholesalers, ready-mix concrete producers, industrial customers and contractors in bulk. Additionally, sales of bagged cement to individuals for self-construction and other basic needs are a significant component of the retail sector. The end-users of ready-mix concrete generally include homebuilders, commercial and industrial building contractors and road builders. Major end-users of aggregates include ready-mix concrete producers, mortar producers, general building contractors and those engaged in road building activity, asphalt producers and concrete product producers. In summary, because of their many favorable qualities, builders worldwide use our cement, ready-mix concrete and aggregates for almost every kind of construction project, from hospitals and highways to factories and family homes.

Our Corporate Structure

We are a holding company, and operate our business through subsidiaries that, in turn, hold interests in our cement and ready-mix concrete operating companies, as well as other businesses. The following chart summarizes our corporate structure as of December 31, 2011. The chart also shows, for each company, our approximate direct or indirect percentage equity ownership or economic interest. The chart has been simplified to show only our major holding companies in the principal countries in which we operate and does not include all our intermediary holding companies and our operating company subsidiaries.

Our Corporate Structure as of December 31, 2011



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- (1) Includes approximate 99.87% interest pledged as part of the Collateral.
- (2) Includes approximate 99.99% interest pledged as part of the Collateral.
- (3) Includes approximate 100% interest pledged as part of the Collateral.
- (4) CEMEX, S.A.B. de C.V. and Centro Distribuidor de Cemento, S.A. de C.V. indirectly hold 100% of New Sunward through other intermediate subsidiaries.
- (5) Includes the interest of New Sunward, CEMEX, S.A.B. de C.V. and other subsidiaries of the group.
- (6) Includes approximate 99.63% interest pledged as part of the Collateral.
- (7) Includes CEMEX España's 69.39% interest and CEMEX France Gestion (S.A.S.) 30.61% interest.
- (8) On March 15, 2011, EMBRA AS changed its legal name to CEMEX AS. CEMEX AS is an operating company and also the holding company for operations in Finland, Norway and Sweden.
- (9) Includes CEMEX Asia Holdings Ltd.'s ("Cemex Asia Holdings") 70% indirect economic interest and 30% equity ownership by CEMEX España.
- (10) Represents CEMEX Asia Holdings' indirect economic interest.
- (11) Represents our economic interest in three UAE companies, CEMEX Topmix LLC, CEMEX Supermix LLC and CEMEX Falcon LLC. We own a 49% equity interest in each of these companies, and we have purchased the remaining 51% of the economic benefits through agreements with other shareholders.
- (12) Includes CEMEX (Costa Rica), S.A.'s 98% interest and CEMEX España's 2% indirect interest.
- (13) Registered business name is CEMEX Ireland. On February 22, 2012, Readymix Investments, an indirect subsidiary of CEMEX, made an offer for all the shares in Readymix plc that are not already indirectly owned by CEMEX at a per share price of €0.25. The offer was subsequently accepted and the acquisition remains subject to closing conditions.
- (14) On December 4, 2009, Dalmacijacement d.d. changed its legal name to CEMEX Hrvatska d.d.
- (15) Represents our 33.95% interest in the ordinary shares and our 11.64% interest in the preferred shares.
- (16) Represents CEMEX Asia Holdings' economic interest in 2 companies in China, CEMEX Tianjin and CEMEX Qingdao, with a 99% interest in CEMEX Tianjin and a 100% interest in CEMEX Qingdao.

Mexico

Overview. Our operations in Mexico represented approximately 21% of our net sales in Peso terms before eliminations resulting from consolidation. As of December 31, 2011, our business in Mexico represented approximately 31% of our total installed cement capacity and approximately 14% of our total assets.

As of December 31, 2011, we owned 100% of the outstanding capital stock of CEMEX Mexico. CEMEX Mexico is a direct subsidiary of CEMEX, S.A.B. de C.V. and is both a holding company for some of our operating companies in Mexico and an operating company involved in the manufacturing and marketing of cement, plaster, gypsum, groundstone and other construction materials and cement by-products in Mexico. CEMEX Mexico, indirectly, is also the holding company for our international operations. CEMEX Mexico, together with its subsidiaries, accounts for a substantial part of the revenues and operating income of our operations in Mexico.

In September 2006, we announced a plan to construct a new kiln at our Tepeaca cement plant in Puebla, Mexico. The current production capacity of the Tepeaca cement plant is approximately 3.3 million tons of cement per year. The construction of the new kiln, which is designed to increase our total production capacity in the Tepeaca cement plant to approximately 7.4 million tons of cement per year, is expected to be completed in 2013. We anticipate spending a total of approximately U.S.\$570 million on the construction of this new kiln, which includes capital expenditures of approximately U.S.\$459 million through the end of 2011. We did not make any capital expenditures for the construction of the new kiln in 2011. We expect to spend approximately U.S.\$111 million through completion.

In 2001, we launched the Construrama program, a registered brand name for construction material stores. Through the Construrama program, we offer to an exclusive group of our Mexican distributors the opportunity to

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sell a variety of products under the Construrama brand name, a concept that includes the standardization of stores, image, marketing, products and services. As of December 31, 2011, approximately 850 independent concessionaries with more than 2,500 stores were integrated into the Construrama program, with nationwide coverage.

The Cement Industry in Mexico. The latest release by the Instituto Nacional de Estadística y Geografía, or INEGI, indicates that construction investment increased by approximately 3.7% (in real terms) in 2011. Such positive performance was driven by the expansion of both residential (4.6%) and private and public non-residential sectors (3.2%). Public construction investment declined by approximately 1.7%. Construction GDP grew 4.8% (in real terms). INEGI has not yet published construction information for the first quarter of 2012.

Cement in Mexico is sold principally through distributors, with the remaining balance sold through ready-mix concrete producers, manufacturers of pre-cast concrete products and construction contractors. Cement sold through distributors is mixed with aggregates and water by the end user at the construction site to form concrete. Ready-mix concrete producers mix the ingredients in plants and deliver it to local construction sites in mixer trucks, which pour the concrete. Unlike more developed economies, where purchases of cement are concentrated in the commercial and industrial sectors, retail sales of cement through distributors in 2011 accounted for approximately 59% of Mexico's demand. Individuals who purchase bags of cement for self-construction and other basic construction needs are a significant component of the retail sector. We estimate that about 30% of total demand in Mexico comes from individuals who address their own construction needs. We believe that this large retail sales base is a factor that significantly contributes to the overall performance of the Mexican cement market.

The retail nature of the Mexican cement market also enables us to foster brand loyalty, which distinguishes us from other worldwide producers selling primarily in bulk. We own the registered trademarks for our brands in Mexico, such as "Tolteca," "Monterrey," "Maya," "Anáhuac," "Campana," "Gallo," and "Centenario." We believe that these brand names are important in Mexico since cement is principally sold in bags to retail customers who may develop brand loyalty based on differences in quality and service. In addition, we own the registered trademark for the "Construrama" brand name for construction material stores.

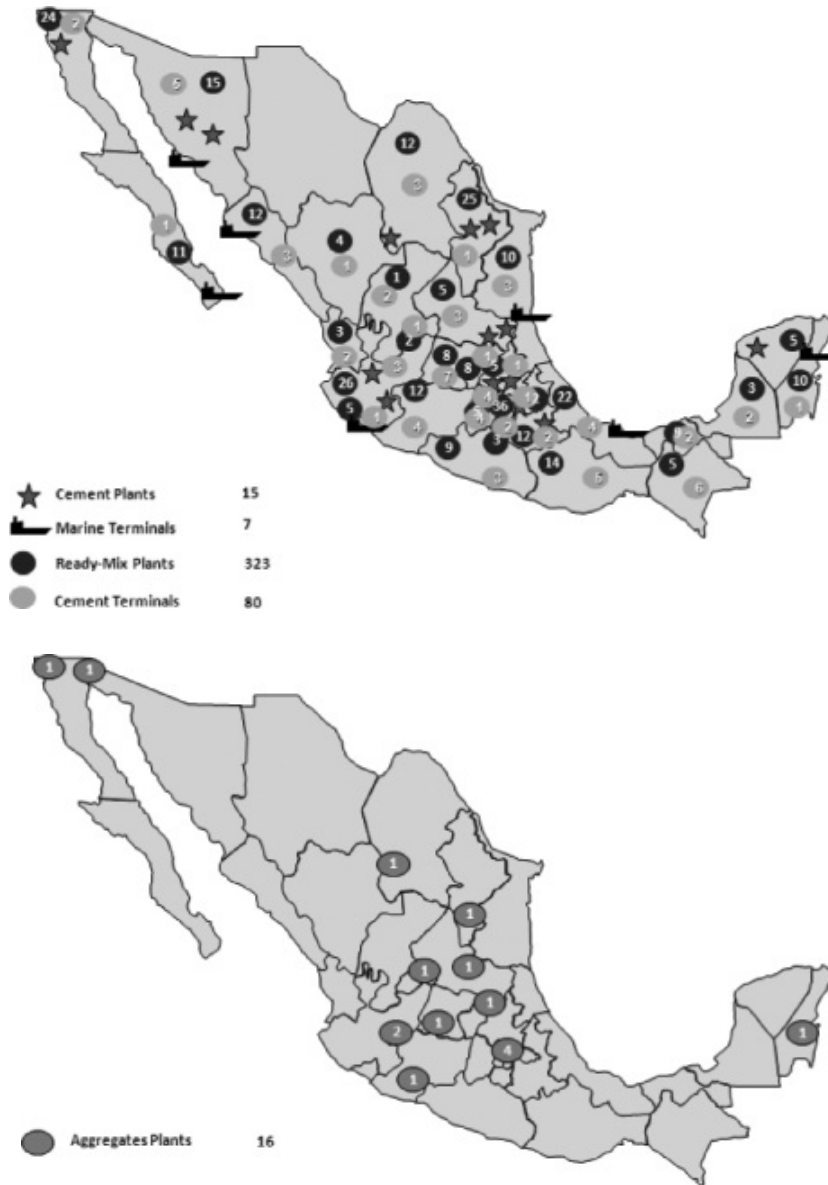
Competition. In the early 1970s, the cement industry in Mexico was regionally fragmented. However, over the last 40 years, cement producers in Mexico have increased their production capacity and the Mexican cement industry has consolidated into a national market, thus becoming increasingly competitive. The major cement producers in Mexico are CEMEX; Holcim Apasco, an affiliate of Holcim Ltd.; Sociedad Cooperativa Cruz Azul, a Mexican operator; Cementos Moctezuma, an associate of Ciments Molins; Grupo Cementos de Chihuahua, S.A.B. de C.V., or Cementos Chihuahua, a Mexican operator, whose holding company is 49% owned by us; and Lafarge Cementos, a subsidiary of Lafarge. The major ready-mix concrete producers in Mexico are CEMEX, Holcim Apasco, Sociedad Cooperativa Cruz Azul and Cementos Moctezuma.

Potential entrants into the Mexican cement market face various impediments to entry, including:

- the time-consuming and expensive process of establishing a retail distribution network and developing the brand identification necessary to succeed in the retail market, which represents the bulk of the domestic market;
- the lack of port infrastructure and the high inland transportation costs resulting from the low value-to-weight ratio of cement;
- the distance from ports to major consumption centers and the presence of significant natural barriers, such as mountain ranges, which border Mexico's east and west coasts;
- the strong brand recognition and the wide variety of special products with enhanced properties;
- the extensive capital expenditure requirements; and
- the length of time required for construction of new plants, which is approximately two years.

Our Operating Network in Mexico

During 2011, we operated 13 out of our total of 15 cement plants (two were temporarily shut down given market conditions) and 87 cement distribution centers (including seven marine terminals) located throughout Mexico. We operate modern cement plants on the Gulf of Mexico and Pacific coasts, allowing us to take advantage of low transportation costs to export to the United States, the Caribbean, and Central and South America.



Products and Distribution Channels

Cement. Our cement operations represented approximately 53% of net sales for our operations in Mexico before eliminations resulting from consolidation in 2011. Our domestic cement sales volume represented approximately 97% of our total cement sales volume in Mexico for 2011. As a result of the retail nature of the Mexican market, our operations in Mexico are not dependent on a limited number of large customers. The five most important distributors in the aggregate accounted for approximately 11% of our total cement sales in Mexico by volume in 2011.

Ready-Mix Concrete. Our ready-mix operations represented approximately 23% of net sales for our operations in Mexico before eliminations resulting from consolidation in 2011. Our ready-mix operations in Mexico purchase all their cement requirements from our cement operations in Mexico. Ready-mix concrete is sold through our own internal sales force and facilities network.

Aggregates. Our aggregates operations represented approximately 4% of net sales for our operations in Mexico before eliminations resulting from consolidation in 2011.

Exports. Our operations in Mexico export a portion of their cement production, mainly in the form of cement and to a lesser extent in the form of clinker. Exports of cement and clinker by our operations in Mexico represented approximately 3% of our total cement sales volume in Mexico for 2011. In 2011, approximately 22% of our cement and clinker exports from Mexico were to the United States, 36% to Central America and the Caribbean and 42% to South America.

The cement and clinker exports by our operations in Mexico to the United States are marketed through subsidiaries of CEMEX Corp., the holding company of CEMEX, Inc. All transactions between CEMEX and the subsidiaries of CEMEX Corp., which act as our U.S. importers, are conducted on an arm's-length basis.

Production Costs. Our cement plants in Mexico primarily utilize petcoke, but several are designed to switch to fuel oil and natural gas with minimum downtime. We have entered into two 20-year contracts with Petróleos Mexicanos, or PEMEX, pursuant to which PEMEX has agreed to supply us with a total of 1.75 million tons of petcoke per year, including TEG coke consumption, through 2022 and 2023. Petcoke is petroleum coke, a solid or fixed carbon substance that remains after the distillation of hydrocarbons in petroleum and that may be used as fuel in the production of cement. The PEMEX petcoke contracts have reduced the volatility of our fuel costs. In addition, since 1992, our operations in Mexico have begun to use alternative fuels, to further reduce the consumption of residual fuel oil and natural gas. These alternative fuels represented approximately 15.2% of the total fuel consumption for our operations in Mexico in 2011.

In 1999, we reached an agreement with the Termoeléctrica del Golfo, or TEG, consortium for the financing, construction and operation of a 230 megawatt ("MW") energy plant in Tamuín, San Luis Potosí, Mexico. We entered into this agreement in order to reduce the volatility of our energy costs. The total cost of the project was approximately U.S.\$360 million. The power plant commenced commercial operations in April 2004. In February 2007, the original members of the consortium sold their participations in the project to a subsidiary of The AES Corporation. As part of the original agreement, we committed to supply the energy plant with all fuel necessary for its operations, a commitment that has been hedged through a 20-year agreement we entered into with PEMEX. These agreements were reestablished under the same conditions in 2007 with the new operator and the term was extended until 2027. The agreement with PEMEX, however, was not modified and terminates in 2024. Consequently, for the last three years of the agreement, we intend to purchase the required fuel in the market. For the years ended December 31, 2009, 2010 and 2011 the power plant has supplied approximately 74%, 73% and 69%, respectively, of our overall electricity needs during such years for our cement plants in Mexico.

In 2006, in order to take advantage of the high wind potential in the "Tehuantepec Isthmus," CEMEX and the Spanish company ACCIONA, S.A., or ACCIONA, formed an alliance to develop a wind farm project for the generation of 250 Megawatts (MW) in the Mexican state of Oaxaca. We acted as promoter of the project, which

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was named EURUS. ACCIONA provided the required financing, constructed the facility and currently operates the wind farm. The installation of 167 wind turbines in the farm was finished on November 15, 2009. The agreements between CEMEX and ACCIONA established that CEMEX's plants in Mexico will acquire a portion of the energy generated by the wind farm for a period of at least 20 years, which began in February 2010, when EURUS reached the committed limit capacity. For the years ended December 31, 2010 and 2011, EURUS supplied approximately 20% and 23.7%, respectively, of CEMEX's overall electricity needs in Mexico during such year. This agreement is for CEMEX's own use and there is no intention of trading in energy by CEMEX.

We have, from time to time, purchased hedges from third parties to reduce the effect of volatility in energy prices in Mexico. See "Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources."

Description of Properties, Plants and Equipment. As of December 31, 2011, we had 15 wholly-owned cement plants located throughout Mexico, with a total installed capacity of 29.3 million tons per year, of which two were temporarily shut down given market conditions. We have exclusive access to limestone quarries and clay reserves near each of our plant sites in Mexico. We estimate that, as of December 31, 2011, the limestone and clay permitted proven and probable reserves of our operations in Mexico had an average remaining life of approximately 69 and 88 years, respectively, assuming 2007-2011 average annual cement production levels. As of December 31, 2011, all our production plants in Mexico utilized the dry process.

As of December 31, 2011, we had a network of 80 land distribution centers in Mexico, which are supplied through a fleet of our own trucks and rail cars, as well as leased trucks and rail facilities, and operated seven marine terminals. In addition, we had 323 ready-mix concrete plants throughout 79 cities in Mexico, more than 2,500 ready-mix concrete delivery trucks and 16 aggregates quarries.

As part of our global cost-reduction initiatives we have made temporary capacity adjustments and rationalizations in four of our cement plants in Mexico. In addition, in 2011, we closed approximately 11% of our production capacity in our ready-mix plants throughout Mexico.

Capital Expenditures. We made capital expenditures of approximately U.S.\$84 million in 2009, U.S.\$87 million in 2010 and U.S.\$87 million in 2011 in our operations in Mexico. We currently expect to make capital expenditures of approximately U.S.\$81 million in our operations in Mexico during 2012.

United States

Overview. Our operations in the United States represented approximately 16% of our net sales in Peso terms before eliminations resulting from consolidation. As of December 31, 2011, our business in the United States represented approximately 18% of our total installed cement capacity and approximately 44% of our total assets. As of December 31, 2011, we held 100% of CEMEX, Inc., the main holding company of our operating subsidiaries in the United States.

As of December 31, 2011, we had a cement manufacturing capacity of approximately 17.1 million tons per year in our operations in the United States, including 1.2 million tons in proportional interests through non-controlling holdings. As of December 31, 2011, we operated a geographically diverse base of 13 cement plants located in Alabama, California, Colorado, Florida, Georgia, Kentucky, Ohio, Pennsylvania, Tennessee and Texas. As of that date, we also operated 47 rail, truck or water served active cement distribution terminals in the United States. As of December 31, 2011, we had 444 ready-mix concrete plants located in the Carolinas, Florida, Georgia, Alabama, Tennessee, Texas, New Mexico, Nevada, Arizona, California, Oregon and Washington and aggregates facilities in North Carolina, South Carolina, Arizona, California, Florida, Georgia, Alabama, New Mexico, Nevada, Oregon, Texas, and Washington.

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On July 1, 2005, we and Ready Mix USA, a privately owned ready-mix concrete producer with operations in the southeastern United States, established two jointly-owned limited liability companies, CEMEX Southeast, LLC, a cement company, and Ready Mix USA LLC, a ready-mix concrete company, to serve the construction materials market in the southeast region of the United States. Under the terms of the limited liability company agreements and related asset contribution agreements, we contributed two cement plants (Demopolis, Alabama and Clinchfield, Georgia) and 11 cement terminals to CEMEX Southeast, LLC, then representing approximately 98% of its contributed capital, while Ready Mix USA contributed cash to CEMEX Southeast, LLC, then representing approximately 2% of its contributed capital. In addition, we contributed our ready-mix concrete, aggregates and concrete block assets in the Florida panhandle and southern Georgia to Ready Mix USA LLC, then representing approximately 9% of its contributed capital, while Ready Mix USA contributed all its ready-mix concrete and aggregates operations in Alabama, Georgia, the Florida panhandle and Tennessee, as well as its concrete block operations in Arkansas, Tennessee, Mississippi, Florida and Alabama to Ready Mix USA LLC, then representing approximately 91% of its contributed capital. We owned a 50.01% interest, and Ready Mix USA owned a 49.99% interest, in the profits and losses and voting rights of CEMEX Southeast, LLC, while Ready Mix USA owned a 50.01% interest, and we owned a 49.99% interest, in the profits and losses and voting rights of Ready Mix USA LLC. CEMEX Southeast, LLC was managed and fully consolidated by us, and Ready Mix USA LLC was managed by Ready Mix USA and was accounted for by us under the equity method.

On February 22, 2010, Ready Mix USA LLC completed the sale of 12 active quarries and certain other assets to SPO Partners & Co. for U.S.\$420 million. The active quarries, which consist of two granite quarries in Georgia, nine limestone quarries in Tennessee and one limestone quarry in Virginia, were operated by Ready Mix USA LLC and were deemed non strategic by CEMEX and Ready Mix USA LLC. The proceeds from the sale were partly used to reduce debt held by Ready Mix USA LLC and to effect a cash distribution of approximately U.S.\$100 million to each joint venture partner, including CEMEX.

Pursuant to the terms of the limited liability company agreements, Ready Mix USA had a put option right, which, upon exercise, required us to acquire Ready Mix USA's interest in CEMEX Southeast, LLC and Ready Mix USA LLC. As a result of Ready Mix USA's exercise of its put option (see note 14A to our consolidated financial statements included elsewhere in this annual report), and after performance of the obligations by both parties under the put option agreement, effective as of August 1, 2011, through the payment of approximately U.S.\$352 million (approximately Ps4,914 million), we acquired our former joint venture partner's interests in CEMEX Southeast, LLC and Ready Mix USA, LLC, including a non-compete and a transition services agreement. In accordance with the joint venture agreements, from the date on which Ready Mix USA exercised its put option until the date we acquired Ready Mix USA's interest, Ready Mix USA continued to control and manage Ready Mix USA, LLC. Nonetheless, based on IAS 27, considering the existence of a settlement price that could have been paid any time until September 30, 2011 at our election, Ready Mix USA LLC was consolidated beginning March 31, 2011. Upon consolidation, the purchase price was assigned to each joint venture in proportion to our relative contribution interest in CEMEX Southeast, LLC and Ready Mix USA, LLC considering the original fair values as of the dates of the agreements in 2005. We fully consolidated the acquisition of the minority interest in CEMEX Southeast, LLC, as of the acquisition date and Ready Mix USA, LLC, generated an aggregate loss of approximately U.S.\$31 million (or approximately Ps387 million), which, as a transaction between stockholders under IFRS, was recognized within "Other equity reserves." Considering that control was transferred in August 2011, as of December 31, 2012, we were still in the process of completing the allocation of the purchase price of Ready Mix USA, LLC to the fair values of the assets acquired and liabilities assumed, which is expected to be concluded before July 31, 2012. Our consolidated financial statements included elsewhere in this annual report include the balance sheet of Ready Mix USA, LLC as of December 31, 2011, based on the best estimate of its net asset's fair value as of the acquisition date of approximately Ps4,487, including cash and cash equivalents for approximately Ps912 and debt for approximately Ps1,347, and its results of operations for the nine-month period ended December 31, 2011.

On September 18, 2007, we announced our intention to begin the permitting process for the construction of a 1.7 million ton cement manufacturing facility near Seligman, Arizona. The state-of-the-art facility would

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manufacture cement to serve the future growth of Arizona, including the Phoenix metropolitan area. As a result of current market conditions and consistent with the reduction of our expansion capital expenditure program, we have delayed the completion of this project. As of December 31, 2009, we had spent a total of approximately U.S.\$14 million on this project, and we did not incur capital expenditures in 2010 nor in 2011. We do not plan to incur capital expenditures in the construction of the Seligman Crossing Plant during 2012. During 2011, due to the low levels of construction activity and increased costs, we implemented a minimum margin strategy in our Arizona operations, closed under-utilized facilities and reduced headcount, to pursue improvement in the profitability of our operations in the region.

With the acquisition of Mineral Resource Technologies, Inc. in August 2003, we became an important player in the fly ash market. Fly ash is a mineral residue resulting from the combustion of powdered coal in electric generating plants. Fly ash has the properties of cement and may be used in the production of more durable concrete. Mineral Resource Technologies, Inc. is one of the six largest fly ash companies in the United States, providing fly ash to customers in 25 states. We also own regional pipe and precast businesses, along with concrete block and paver plants in the Carolinas and Florida.

The Cement Industry in the United States. Demand for cement is derived from the demand for ready-mix concrete and concrete products which, in turn, is dependent on the demand for construction. The construction industry is composed of three major sectors, namely, the residential sector, the industrial and commercial sector, and the public sector. The public sector is the most cement intensive sector, particularly for infrastructure projects such as streets, highways and bridges. While overall cement demand is sensitive to the business cycle, demand from the public sector is more stable and has helped to soften the decline in demand during periodic economic recessions, including the recent recession.

The construction industry experienced the worst downturn in over 70 years as the fallout from the collapse of the housing boom caused massive losses in the financial sector, which resulted in a deep recession and extremely tight credit conditions. Under these conditions, cement demand declined 45% from 2006 to 2010. Expansionary monetary and fiscal policies pulled the economy out of the recession, with real GDP growth of 3% in 2010, which continued at a more moderate pace of 1.7% in 2011. With the economy recovering, cement demand has stabilized with a decline of approximately 0.7% for 2010 and growth of approximately 2.5% in 2011. After a 73% decline in housing starts from 2005 to 2009, the housing sector stabilized in the second half of 2009 and has increased moderately since then, from approximately 554,000 housing starts in 2009 to approximately 587,000 housing starts in 2010 and approximately 609,000 housing starts in 2011. Nominal construction spending for the industrial and commercial sector lagged the decline in the economy by about a year, with declines of 24% in 2009, 32% in 2010 and 2% in 2011. The industrial and commercial sector stabilized during 2011 from a year-over-year spending decline of 12% during the first half of the year to an increase of 5% in the third quarter and 12% in the fourth quarter. Industrial and commercial contract awards, which drive future spending for the sector, increased by 8% in real terms in 2011 compared to the same period of the prior year. Nominal construction spending for the public sector remained more resilient during the recession, increasing 9% in 2008 followed by flat spending in 2009 and declines of 7% in 2010 and 2% in 2011. Overall, we believe that the construction sector and cement demand have stabilized and should start growing again as the economic recovery leads to more job creation and better credit conditions.

Competition. The cement industry in the United States is highly competitive. We compete with national and regional cement producers in the United States. Our principal competitors in the United States are Holcim, Lafarge, Buzzi-Unicem, Heidelberg Cement and Ash Grove Cement.

The independent U.S. ready-mix concrete industry is highly fragmented. According to the National Ready Mixed Concrete Association (“NRMCA”), it is estimated that there are about 6,000 ready-mix concrete plants that produce ready-mix concrete in the United States and about 70,000 ready-mix concrete mixer trucks that deliver the concrete to the point of placement. The NRMCA estimates that the value of ready-mix concrete

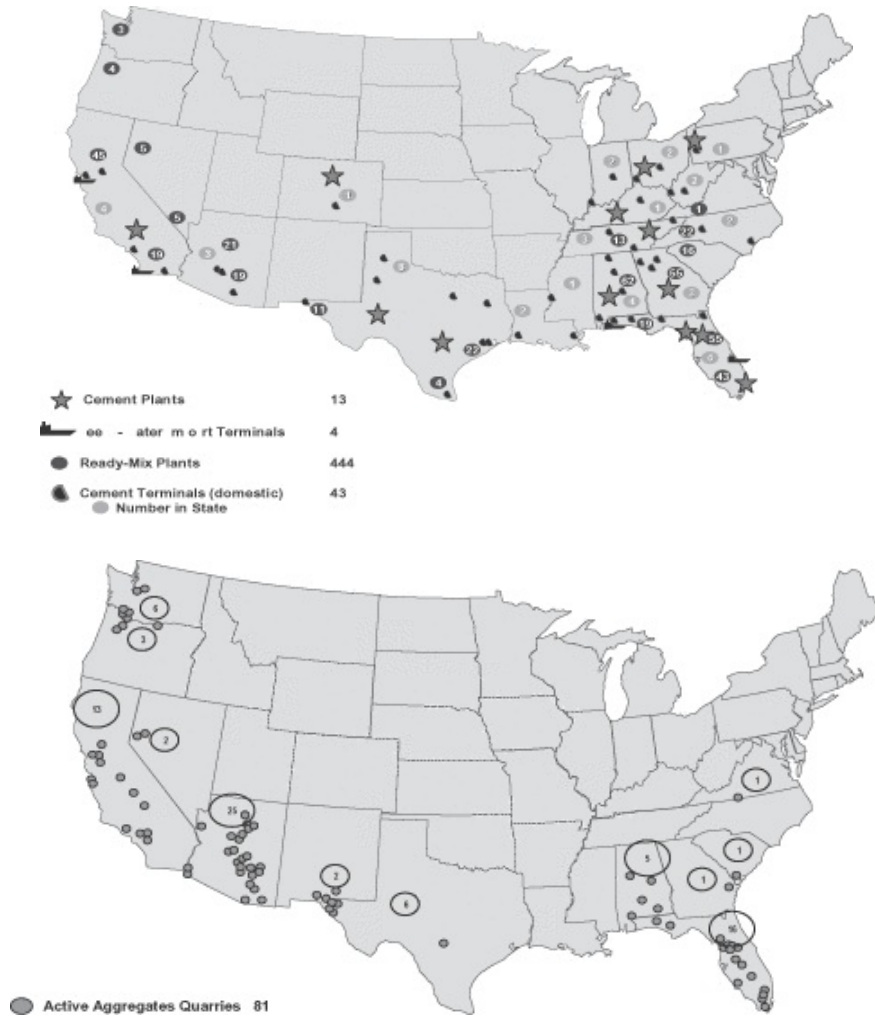
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produced by the industry is approximately U.S.\$30 billion per year. Given that the concrete industry has historically consumed approximately 75% of all cement produced annually in the United States, many cement companies choose to develop concrete plant capabilities.

Aggregates are widely used throughout the United States for all types of construction because they are the most basic materials for building activity. The U.S. aggregates industry is highly fragmented and geographically dispersed. According to the U.S. Geological Survey, during 2011 an estimated 3,900 companies operated approximately 6,000 sand and gravel sites and 1,600 companies operated 4,000 crushed stone quarries and 91 underground mines in the 50 U.S. states.

Our Operating Network in the United States

The maps below reflect the location of our operating assets, including our cement plants and cement terminals in the United States as of December 31, 2011.



Products and Distribution Channels

Cement. Our cement operations represented approximately 29% of our operations in the United States' net sales before eliminations resulting from consolidation in 2011. We deliver a substantial portion of cement by rail. Occasionally, these rail shipments go directly to customers. Otherwise, shipments go to distribution terminals where customers pick up the product by truck or we deliver the product by truck. The majority of our cement sales are made directly to users of gray Portland and masonry cements, generally within a radius of approximately 200 miles of each plant.

Ready-Mix Concrete. Our ready-mix concrete operations represented approximately 29% of our operations in the United States' net sales before eliminations resulting from consolidation in 2011. Our ready-mix concrete operations in the United States purchase most of their cement requirements from our cement operations in the United States and roughly half of their aggregates requirements from our aggregates operations in the United States. Our ready-mix concrete products are mainly sold to residential, commercial and public contractors and to building companies.

Aggregates. Our aggregates operations represented approximately 17% of net sales for our operations in the United States before eliminations resulting from consolidation in 2011. We estimate that, as of December 31, 2011, the hard rock and sand/gravel permitted proven and probable reserves of our operations in the United States had an average remaining life of approximately 34 and 27 years, respectively, assuming 2007-2011 average annual cement production levels. Our aggregates are consumed mainly by our internal operations and by our trade customers in the ready-mix, concrete products and asphalt industries.

Production Costs. The largest cost components of our plants are electricity and fuel, which accounted for approximately 32% of our total production costs of our cement operations in the United States in 2011. We are currently implementing a program to gradually replace coal with more economic fuels, such as petcoke, tires and other alternative fuels, which has resulted in reduced energy costs. By retrofitting our cement plants to handle alternative energy fuels, we have gained more flexibility in supplying our energy needs and have become less vulnerable to potential price spikes. In 2011, the increased use of alternative fuels helped to offset the effect on our fuel costs of increasing coal prices. Power costs in 2011 represented approximately 16% of our cash manufacturing cost of our cement operations in the United States, which represents production cost before depreciation. We have improved the efficiency of our electricity usage of our cement operations in the United States, concentrating our manufacturing activities in off-peak hours and negotiating lower rates with electricity suppliers.

Description of Properties, Plants and Equipment. As of December 31, 2011, we operated 13 cement manufacturing plants in the United States, and had a total installed capacity of 17.1 million tons per year, including 1.2 million tons representing our proportional interests through associates in five other cement plants. We estimate that, as of December 31, 2011, the limestone and clay permitted proven and probable reserves of our operations in the United States had an average remaining life of approximately 50 and 52 years, respectively, assuming 2007-2011 average annual cement production levels. As of that date, we operated a distribution network of 47 cement terminals. All of our 13 cement production facilities in 2011 were wholly-owned except for the Louisville, Kentucky plant, which is owned by Kosmos Cement Company, a joint venture in which we own a 75% interest and a subsidiary of Dyckerhoff AG owns a 25% interest. As of December 31, 2011, we had 444 wholly-owned ready-mix concrete plants and operated 81 aggregates quarries. As of December 31, 2011, we distributed fly ash through 14 terminals and eight third-party-owned utility plants, which operate both as sources of fly ash and distribution terminals. As of that date, we also owned 139 concrete block, paver, pipe, precast, asphalt and gypsum products distribution facilities.

We have continued to take a number of actions to streamline our operations and improve productivity, including temporary capacity adjustments and rationalizations in some of our cement plants, and shutdowns of ready-mix and block plants and aggregates quarries. We are currently utilizing approximately 68% of our ready-mix plants, 75% of our block manufacturing plants and 77% of our aggregates quarries in the United States.

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On January 22, 2010, we announced the permanent closure of our Davenport cement plant located in northern California. The plant had been closed on a temporary basis since March 2009 due to the economic conditions. We have been serving our customers in the region through our extensive network of terminals in northern California, which are located in Redwood City, Richmond, West Sacramento and Sacramento. Since March 2009, our state-of-the-art cement facility in Victorville, California has provided and will continue to provide cement to this market more efficiently than the Davenport plant. Opened in 1906, Davenport was the least efficient of our 14 plants in the United States to operate. We sold a portion of the Davenport facility in 2011 for U.S.\$30 million.

Capital Expenditures. We made capital expenditures of approximately U.S.\$60 million in 2009, U.S.\$75 million in 2010 and U.S.\$66 million in 2011 in our operations in the United States. We currently expect to make capital expenditures of approximately U.S.\$69 million in our operations in the United States during 2012.

Divestitures. In an ongoing effort to divest idle and non-core assets, we divested approximately U.S.\$69 million of assets in 2011, comprised of U.S.\$50 million of real estate (including the sale of a portion of the Davenport facility), U.S.\$10 million of non-core businesses and U.S.\$9 million of equipment.

Northern Europe

For the year ended December 31, 2011, our business in Northern Europe, which includes our operations in the United Kingdom, Germany, France and our Rest of Northern Europe segment, as described below, represented approximately 30% of our net sales before eliminations resulting from consolidation. As of December 31, 2011, our business in Northern Europe represented approximately 12% of our total installed capacity and approximately 15% of our total assets.

Our Operations in the United Kingdom

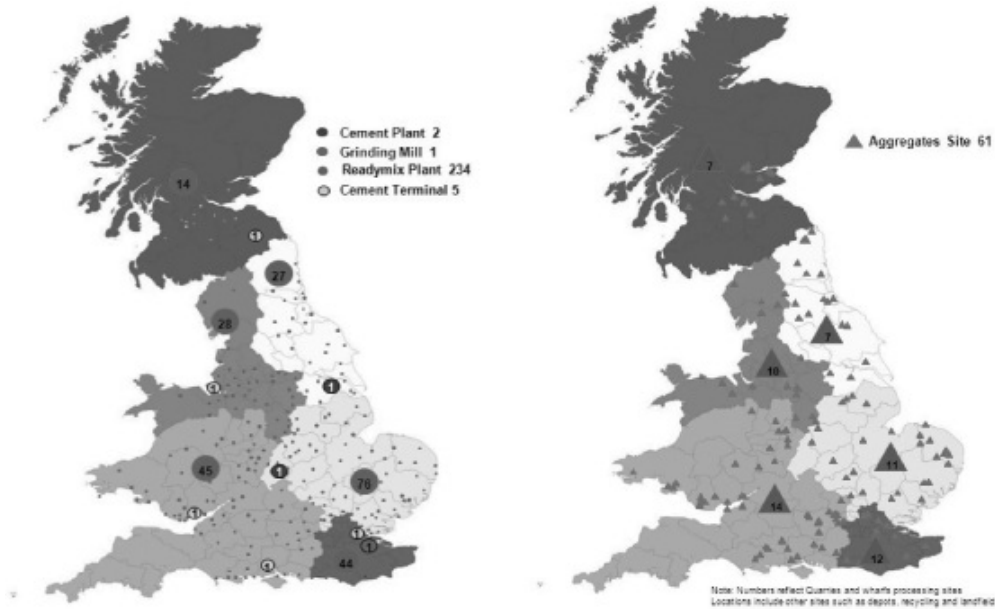
Overview. Our operations in the United Kingdom represented approximately 8% of our net sales in Peso terms, before eliminations resulting from consolidation, and approximately 6% of our total assets, for the year ended December 31, 2011.

As of December 31, 2011, we held 100% of CEMEX Investments Limited, the main holding company of our operating subsidiaries in the United Kingdom. We are a leading provider of building materials in the United Kingdom with vertically integrated cement, ready-mix concrete, aggregates and asphalt operations. We are also an important provider of concrete and precast materials solutions such as concrete blocks, concrete block paving, flooring systems and sleepers for rail infrastructure.

The Construction Industry in the United Kingdom. According to the United Kingdom's Office for National Statistics, in 2011, the U.K.'s GDP was estimated to have grown by 0.8% compared to a 1.8% growth in 2010. Total construction output is estimated to have risen 1.8% in 2011, as compared to an 8.2% decline in 2010 over the preceding year. Both private and public sector housing are estimated to have grown, but the total public construction sector is estimated to have decreased by 2.2%, while infrastructure construction is expected to have risen by 9.7%. According to the Mineral Products Association, domestic cement demand increased approximately 6% in 2011 compared to 2010. However, output in the industrial sector is estimated to be down 8.1%, with commercial construction activity flat and total repair and maintenance activity expected to be up slightly at 1.7%.

Competition. Our primary competitors in the United Kingdom are Lafarge, Heidelberg, Tarmac, and Aggregate Industries (a subsidiary of Holcim), each with varying regional and product strengths.

Our Operating Network in the United Kingdom



Products and Distribution Channels

Cement. Our cement operations represented approximately 15% of net sales for our operations in the United Kingdom before eliminations resulting from consolidation for the year ended December 31, 2011. About 82% of our United Kingdom cement sales were of bulk cement, with the remaining 18% in bags. Our bulk cement is mainly sold to ready-mix concrete, concrete block and pre-cast product customers and contractors. Our bagged cement is primarily sold to national builders' merchants. During 2011, our operations in the United Kingdom imported approximately 66,000 metric tons of clinker from our cement operations in Spain.

Ready-Mix Concrete. Our ready-mix concrete operations represented approximately 25% of net sales for our operations in the United Kingdom before eliminations resulting from consolidation in 2011. Special products, including self-compacting concrete, fiber-reinforced concrete, high strength concrete, flooring concrete and filling concrete, represented 16% of our 2011 United Kingdom sales volume. Our ready-mix concrete operations in the United Kingdom in 2011 purchased approximately 72% of their cement requirements from our cement operations in the United Kingdom and approximately 77% of their aggregates requirements from our aggregates operations in the United Kingdom. Our ready-mix concrete products are mainly sold to public, commercial and residential contractors.

Aggregates. Our aggregates operations represented approximately 23% of net sales for our operations in the United Kingdom before eliminations resulting from consolidation in 2011. In 2011, our United Kingdom aggregates sales were divided as follows: 53% were sand and gravel, 38% limestone and 9% hard stone. In 2011, 15% of our aggregates volumes were obtained from marine sources along the United Kingdom coast. In 2011, approximately 47% of our United Kingdom aggregates production was consumed by our own ready-mix concrete operations as well as our asphalt, concrete block and precast operations. We also sell aggregates to major contractors to build roads and other infrastructure projects.

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Production Costs

Cement. In 2011, fixed production costs were reduced by 2%. Variable costs increased by 6%, primarily as a result of rising electricity costs. We continued to implement our cost reduction programs and increased the use of alternative fuels by 7% in 2011.

Ready-Mix Concrete. In 2011, we reduced fixed production costs by 7% as compared to fixed production costs in 2010.

Aggregates. In 2011, we reduced fixed production costs by approximately 1%, while increasing sales by 4%.

Description of Properties, Plants and Equipment. As of December 31, 2011, we operated two cement plants and one clinker grinding facility in the United Kingdom (excluding Barrington, which remains mothballed since November 2008). Assets in operation at year-end 2011 represent an installed cement capacity of 2.4 million tons per year. We estimate that, as of December 31, 2011, the limestone and clay permitted proven and probable reserves of our operations in the United Kingdom had an average remaining life of approximately 63 and 58 years, respectively, assuming 2007-2011 average annual cement production levels. As of December 31, 2011, we also owned five cement import terminals and operated 234 ready-mix concrete plants and 61 aggregates quarries in the United Kingdom. In addition, we had operating units dedicated to the asphalt, concrete blocks, concrete block paving, sleepers and flooring businesses in the United Kingdom.

In order to ensure increased availability of blended cements, which are more sustainable based on their reduced clinker factor and use of by-products from other industries, we built a grinding and blending facility at the Port of Tilbury, located on the Thames River east of London. The facility, which started operations during May 2009, has an annual grinding capacity of approximately 1.2 million tons. In total, we spent approximately U.S.\$93 million in the construction of this grinding and blending facility.

Capital Expenditures. We made capital expenditures of approximately U.S.\$58 million in 2009, U.S.\$53 million in 2010 and U.S.\$47 million in 2011 in our operations in the United Kingdom. We currently expect to make capital expenditures of approximately U.S.\$41 million in our operations in the United Kingdom during 2012.

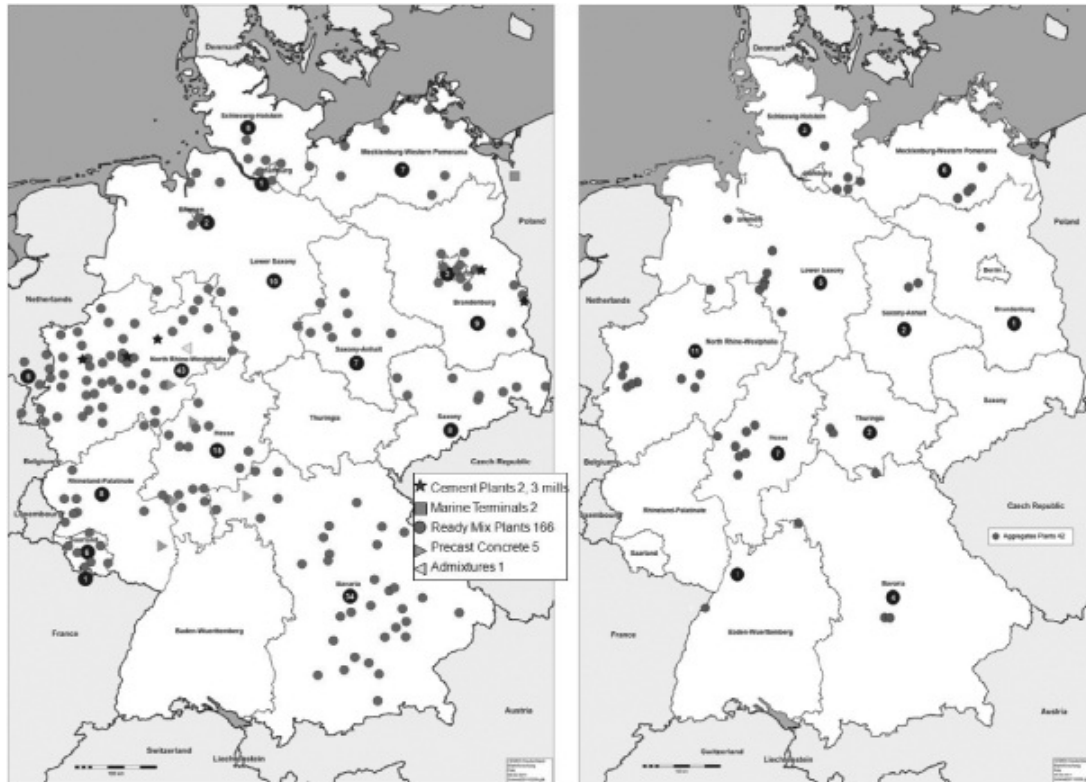
Our Operations in Germany

Overview. As of December 31, 2011, we held 100% of CEMEX Deutschland AG, our main subsidiary in Germany. We are a leading provider of building materials in Germany, with vertically integrated cement, ready-mix concrete, aggregates and concrete products operations (consisting mainly of prefabricated concrete ceilings and walls).

The Cement Industry in Germany. According to Euroconstruct, total construction output in Germany increased by 3.7% in 2011. Data from the Federal Statistical Office indicate an increase in construction investments of 5.4% for 2011. Construction in the residential sector increased by 5.9% during 2011. Due to favorable weather in 2011, construction works increased significantly during the year. According to the German Cement Association, in 2011, the national cement consumption in Germany increased by 13.4% to 28.0 million tons, while the ready-mix concrete market showed an increase of 14.3% and the increase in the aggregates market was 8.4%.

Competition. Our primary competitors in the cement market in Germany are Heidelberg, Dyckerhoff (a subsidiary of Buzzi-Unicem), Lafarge, Holcim and Schwenk, a local German competitor. These competitors, along with CEMEX, represent a market share of about 82%, as estimated by us for 2011. The ready-mix concrete and aggregates markets in Germany are fragmented and regionally heterogeneous, with many local competitors. The consolidation process in the ready-mix concrete markets and aggregates market is moderate.

Our Operating Network in Germany



Description of Properties, Plants and Equipment. As of December 31, 2011, we operated two cement plants in Germany (not including the Mersmann plant). As of December 31, 2011, our installed cement capacity in Germany was 4.9 million tons per year (excluding the Mersmann plant cement capacity). We estimate that, as of December 31, 2011, the limestone permitted proven and probable reserves of our operations in Germany had an average remaining life of approximately 41 years, assuming 2007-2011 average annual cement production levels. As of that date, our operations in Germany included three cement grinding mills, 173 ready-mix concrete plants, 42 aggregates quarries, two land distribution centers for cement, five land distribution centers for aggregates and two maritime terminals. In 2006, we closed the kiln at the Mersmann cement plant, and we do not contemplate resuming operations at this plant.

Capital Expenditures. We made capital expenditures of approximately U.S.\$31 million in 2009, U.S.\$47 million in 2010 and U.S.\$26 million in 2011 in our operations in Germany. We currently expect to make capital expenditures of approximately U.S.\$26 million in our operations in Germany during 2012.

Our Operations in France

Overview. As of December 31, 2011, we held 100% of CEMEX France Gestion (S.A.S.), our main subsidiary in France. We are a leading ready-mix concrete producer and a leading aggregates producer in France. We distribute the majority of our materials by road and a significant quantity by waterways, seeking to maximize the use of this efficient and sustainable alternative.

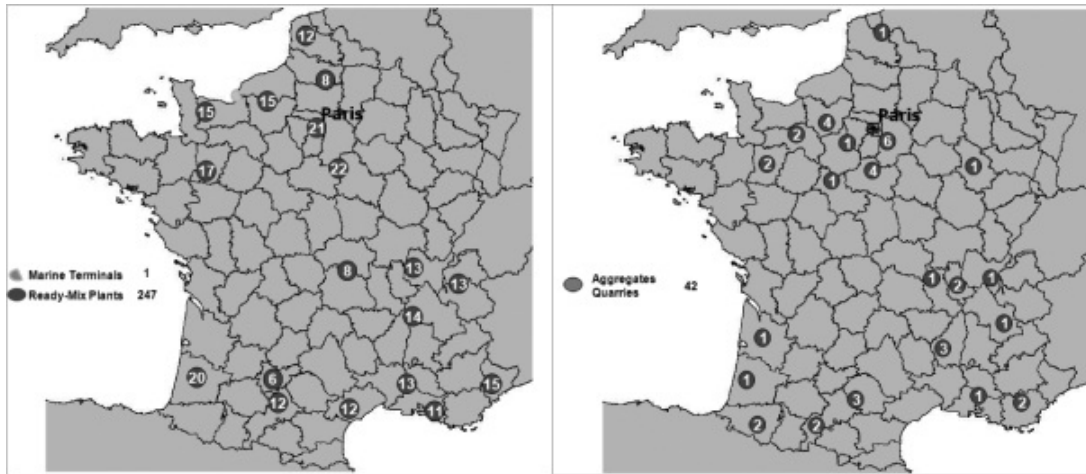
The Construction Industry in France. According to INSEE (National Institute of Statistics and Economic Studies in France), total construction output in France increased by 3.7% in 2011. The increase was primarily

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driven by a 20.2% increase in housing starts, a 21.3% increase in non-residential building starts and a 5.1% increase in the public works sector. According to the French cement producers association, total cement consumption in France reached 21.3 million tons in 2011, an increase of 7.9% compared to 2010. The increase was primarily driven by an increase of approximately 20% in the construction sector (both residential and non-residential), while the public works sector was flat.

Competition. Our main competitors in the ready-mix concrete market in France include Lafarge, Holcim, Italcementi and Vicat. Our main competitors in the aggregates market in France include Lafarge, Italcementi, Colas (Bouygues) and Eurovia (Vinci). Many of our major competitors in ready-mix concrete are subsidiaries of French cement producers, whereas we have to rely on sourcing cement from third parties.

Our Operating Network in France



Description of Properties, Plants and Equipment. As of December 31, 2011, we operated 247 ready-mix concrete plants in France, one maritime cement terminal located in LeHavre, on the northern coast of France, 15 land distribution centers and 42 aggregates quarries.

Capital Expenditures. We made capital expenditures of approximately U.S.\$15 million in 2009, U.S.\$23 million in 2010 and U.S.\$22 million in 2011 in our operations in France. We currently expect to make capital expenditures of approximately U.S.\$11 million in our operations in France during 2012.

Rest of Northern Europe

Our operations in the Rest of Northern Europe, which as of December 31, 2011, consisted primarily of our operations in Ireland, the Czech Republic, Austria, Poland, Hungary and Latvia, as well as trading activities in Scandinavia and Finland, our other Northern European assets and our approximately 33% non-controlling interest in a Lithuanian company. These operations represented approximately 7% of our 2011 net sales in Peso terms, before eliminations resulting from consolidation, and approximately 3% of our total assets in 2011.

Our Operations in the Republic of Ireland

Overview. As of December 31, 2011, we held 61.2% of Readymix plc, our main subsidiary in the Republic of Ireland. On February 22, 2012, Readymix Investments, an indirect subsidiary of CEMEX, S.A.B. de C.V., made an offer for all the shares in Readymix plc that are not already indirectly owned by CEMEX at a per share

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price of €0.25. The offer was subsequently accepted and the acquisition remains subject to closing conditions. Our operations in the Republic of Ireland produce and supply sand, stone and gravel as well as ready-mix concrete, mortar and concrete blocks. As of December 31, 2011, we operated 34 ready-mix concrete plants, 26 aggregates quarries and 15 block plants located in the Republic of Ireland, Northern Ireland and the Isle of Man. We import and distribute cement in the Isle of Man.

The Construction Industry in the Republic of Ireland. According to Euroconstruct, total construction output in the Republic of Ireland is estimated to have decreased by 17.5% in 2011. The decrease reflected the continued contraction in the housing sector. We estimate that total cement consumption in the Republic of Ireland and Northern Ireland reached 1.9 million tons in 2011, a decrease of 12% compared to total cement consumption in 2010.

Competition. Our main competitors in the ready-mix concrete and aggregates markets in the Republic of Ireland are CRH, the Lagan Group and Kilsaran.

Capital Expenditures. We made capital expenditures of approximately U.S.\$0.3 million in 2009, U.S.\$1 million in 2010 and U.S.\$1 million in 2011 in our operations in the Republic of Ireland. We currently expect to make capital expenditures of approximately U.S.\$1 million in our operations in the Republic of Ireland during 2012.

Our Operations in Poland

Overview. As of December 31, 2011, we held 100% of CEMEX Polska Sp. ZO.O, or CEMEX Polska, our main subsidiary in Poland. We are a leading provider of building materials in Poland, serving the cement, ready-mix concrete and aggregates markets. As of December 31, 2011, we operated two cement plants and one grinding mill in Poland, with a total installed cement capacity of three million tons per year. As of December 31, 2011, we also operated 41 ready-mix concrete plants, nine aggregates quarries, 11 land distribution centers and two maritime terminals in Poland.

The Cement Industry in Poland. According to the Central Statistical Office in Poland, total construction output in Poland increased by 16.3% in 2011. In addition, according to our estimates, total cement consumption in Poland reached approximately 19.5 million tons in 2011, an increase of 21.8% compared to 2010.

Competition. Our primary competitors in the cement, ready-mix concrete and aggregates markets in Poland are Heidelberg, Lafarge, CRH and Dyckerhoff, Miebach.

Capital Expenditures. We made capital expenditures of approximately U.S.\$7 million in 2009, U.S.\$10 million in 2010 and U.S.\$21 million in 2011 in our operations in Poland. We currently expect to make capital expenditures of approximately U.S.\$33 million in our operations in Poland during 2012.

Our Operations in the Czech Republic

Overview. As of December 31, 2011, we held 100% of CEMEX Czech Republic, s.r.o., our operating subsidiary in the Czech Republic. We are a leading producer of ready-mix concrete and aggregates in the Czech Republic. We also distribute cement in the Czech Republic. As of December 31, 2011, we operated 56 ready-mix concrete plants, six gravel pits and 12 aggregates quarries in the Czech Republic. As of that date, we also operated one cement grinding mill and one cement terminal in the Czech Republic.

The Cement Industry in the Czech Republic. According to the Czech Statistical Office, total construction output in the Czech Republic decreased by 4.8% in 2011. The decrease was primarily driven by a continued slowdown in civil engineering works. According to the Czech Cement Association, total cement consumption in the Czech Republic reached 3.9 million tons in 2011, a decrease of 3.0% compared to 2010.

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Competition. Our main competitors in the cement, ready-mix concrete and aggregates markets in the Czech Republic are Heidelberg, Dyckerhoff, Holcim, Skanska and Lafarge.

Capital Expenditures. We made capital expenditures of approximately U.S.\$2 million in 2009, U.S.\$5 million in 2010 and U.S.\$4 million in 2011 in our operations in the Czech Republic. We currently expect to make capital expenditures of approximately U.S.\$2 million in our operations in the Czech Republic during 2012.

Our Operations in Latvia

Overview. As of December 31, 2011, we held 100% of CEMEX SIA, our operating subsidiary in Latvia. We are the only cement producer and a leading ready-mix cement producer and supplier in Latvia. From our cement plant in Latvia we also supply markets in Estonia, Lithuania, Finland, northwest Russia and Belarus. As of December 31, 2011, we operated one cement plant in Latvia with an installed cement capacity of 1.2 million tons per year. As of that date, we also operated five ready-mix concrete plants in Latvia and one aggregates quarry.

In April 2006, we initiated an expansion project for our cement plant in Latvia in order to increase our cement production capacity by approximately 0.8 million tons per year to support strong demand in the region. The plant was fully commissioned during July 2010. Our total capital expenditure in the capacity expansion of this plant was approximately U.S.\$411 million through 2011.

Capital Expenditures. In total, we made capital expenditures of approximately U.S.\$115 million in 2009, U.S.\$24 million in 2010 and U.S.\$8 million in 2011 in our operations in Latvia. We currently expect to make capital expenditures of approximately U.S.\$9 million in our operations in Latvia during 2012.

Our Equity Investment in Lithuania

Overview. As of December 31, 2011, we owned an approximate 33% interest in Akmenes Cementas AB, a cement producer in Lithuania, which operates one cement plant in Lithuania with an annual installed cement capacity of 1.3 million tons.

Our Operations in Austria

Overview. As of December 31, 2011, we held 100% of CEMEX Austria AG, our main subsidiary in Austria. We are a leading participant in the concrete and aggregates markets in Austria and also produce admixtures. As of December 31, 2011, we owned 32 ready-mix concrete plants and operated seven additional plants through joint ventures. We also owned 23 aggregates quarries, including six quarries which are currently operated by third parties, and had non-controlling interests in three quarries.

The Cement Industry in Austria. According to Euroconstruct, total construction output in Austria increased by 0.7% in 2011. The increase was primarily driven by slightly higher investments in residential and non-residential building construction. According to our estimates, the 2011 total cement consumption in Austria was stable compared to the previous year.

Competition. Our main competitors in the ready-mix concrete and aggregates markets in Austria are Asamer, Lafarge, Lasselsberger, Strabag and Wopfinger.

Capital Expenditures. We made capital expenditures of approximately U.S.\$4 million in 2009, U.S.\$3 million in 2010 and U.S.\$3 million in 2011 in our operations in Austria. We currently expect to make capital expenditures of approximately U.S.\$3 million in our operations in Austria during 2012.

Our Operations in Hungary

Overview. As of December 31, 2011, we held 100% of CEMEX Hungária Kft., our main subsidiary in Hungary. As of December 31, 2011, we owned 33 ready-mix concrete plants and five aggregates quarries, and we had non-controlling interests in eight other ready-mix concrete plants and two other aggregates quarries.

The Cement Industry in Hungary. According to the Hungarian Central Statistical Office, total construction output in Hungary decreased by 3% in 2011. The decrease was primarily driven by a lack of infrastructural projects in the country due to the slowdown of the economy. Total cement consumption in Hungary was 2.2 million tons in 2011, a decrease of 16% compared to 2010.

Competition. Our main competitors in the ready-mix concrete and aggregates markets in Hungary are Heidelberg, Strabag, Holcim and Lasselsberger.

Capital Expenditures. No significant capital expenditures were made in 2009 in our operations in Hungary, and we made capital expenditures of approximately U.S.\$2 million in 2010 and U.S.\$1 million in 2011. We currently expect to make capital expenditures of approximately U.S.\$2 million in our operations in Hungary during 2012. See “—Regulatory Matters and Legal Proceedings—Other Legal Proceedings—Strabag Arbitration” for a description of the ongoing arbitration relating to the proposed sale of our operations in Austria and Hungary.

Our Operations in Other Northern European Countries

Overview. As of December 31, 2011, we operated ten marine cement terminals in Finland, Norway and Sweden through CEMEX AS, a leading bulk-cement importer in the Nordic region.

Capital Expenditures. We made capital expenditures of approximately U.S.\$0.1 million in 2009, U.S.\$0.5 million in 2010 and U.S.\$0.2 million in 2011 in our operations in Other Northern European countries. We currently do not expect to make any significant capital expenditures in our operations in Other Northern European countries during 2012.

The Mediterranean

For the year ended December 31, 2011, our business in the Mediterranean, which includes our operations in the Spain, Egypt and our Rest of the Mediterranean segment, as described below, represented approximately 11% of our net sales before eliminations resulting from consolidation. As of December 31, 2011, our business in the Mediterranean represented approximately 20% of our total installed capacity and approximately 12% of our total assets.

Our Operations in Spain

Overview. Our operations in Spain represented approximately 4% of our net sales in Peso terms, before eliminations resulting from consolidation, and approximately 9% of our total assets, for the year ended December 31, 2011.

As of December 31, 2011, we held 99.88% of CEMEX España, our main operating subsidiary in Spain. Our cement activities in Spain are conducted by CEMEX España. Our ready-mix concrete activities in Spain are conducted by Hormicemex, S.A., also a subsidiary of CEMEX España, and our aggregates activities in Spain are conducted by Aricemex S.A., a subsidiary of CEMEX España. CEMEX España is also a holding company for most of our international operations.

In March 2006, we announced a plan to invest approximately €47 million in the construction of a new cement mill and dry mortar production plant in the Port of Cartagena in Murcia, Spain, approximately

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€33 million of which had been spent through the end of 2011. The first phase, which includes the cement mill with production capacity of nearly one million tons of cement per year, was completed in the last quarter of 2007. Execution of the second phase, which includes the new dry mortar plant with a production capacity of 200,000 tons of dry mortar per year, is at an initial stage, with no material investments made during 2011 or expected to be made during 2012.

In February 2007, we announced that Cementos Andorra, a joint venture between us and Spanish investors (the Burgos family), intends to build a new cement production facility in Teruel, Spain. The new cement plant is expected to have an annual capacity in excess of 650,000 tons and will be completed depending on the improvement of market conditions in Spain. Our investment in the construction of the plant is expected to be approximately €138 million, including approximately €28 million in 2007, €58 million in 2008, €30 million in 2009, €3 million in 2010, €1 million in 2011 and an expected €1 million in 2012. We hold a 99.99% interest in Cementos Andorra, and the Burgos family holds a 0.01% interest.

The Cement Industry in Spain. According to our latest estimates, in 2011, investment in the construction sector in Spain fell by approximately 8% when compared to 2010, primarily as a result of the drop in investment in the non-residential construction sector (both public and private), which decreased approximately 11%. Investment in the residential construction sector fell approximately 5% in 2011. According to the latest estimates from the Asociación de Fabricantes de Cemento de España, or OFICEMEN, the Spanish cement trade organization, cement consumption in Spain in 2011 decreased 17.2% compared to 2010.

During the past several years, the level of cement imports into Spain has been influenced by the strength of domestic demand and fluctuations in the value of the Euro against other currencies. According to OFICEMEN, cement imports decreased 10.5% in 2007, 40% in 2008, 62% in 2009, 17% in 2010 and 30% in 2011. Clinker imports have been significant, with an increase of 26.8% in 2007, but experienced a sharp decline of 46% in 2008, 60% in 2009, 36% in 2010 and 45% in 2011. Imports primarily have had an impact on coastal zones, since transportation costs make it less profitable to sell imported cement in inland markets.

In past years, Spain has traditionally been one of the leading exporters of cement in the world, exporting up to 13 million tons per year. However, as of December 31, 2011, cement exports decreased to approximately 3.9 million tons per year. In recent years, Spanish cement and clinker export volumes have fluctuated, reflecting the rapid changes in demand in the Mediterranean basin as well as the strength of the Euro and changes in the domestic market. According to OFICEMEN, these export volumes decreased 22% in 2006 and 3% in 2007, increased 102% in 2008, 22% in 2009 and 33% in 2010, and decreased 1% in 2011.

Competition. According to our estimates, as of December 31, 2011, we were one of the five largest multinational producers of clinker and cement in Spain. Competition in the ready-mix concrete industry is intense in large urban areas. The overall high degree of competition in the Spanish ready-mix concrete industry is reflected in the multitude of offerings from a large number of concrete suppliers. We have focused on developing value added products and attempting to differentiate ourselves in the marketplace. The distribution of ready-mix concrete remains a key component of CEMEX España's business strategy.

Our Operating Network in Spain



Products and Distribution Channels

Cement. Our cement operations represented approximately 67% of net sales for our operations in Spain before eliminations resulting from consolidation in 2011. CEMEX España offers various types of cement, targeting specific products to specific markets and users. In 2011, approximately 15% of CEMEX España's domestic sales volume consisted of bagged cement, and the remainder of CEMEX España's domestic sales volume consisted of bulk cement, primarily to ready-mix concrete operators, which include CEMEX España's own subsidiaries, as well as industrial customers that use cement in their production processes and construction companies.

Ready-Mix Concrete. Our ready-mix concrete operations represented approximately 20% of net sales for our operations in Spain before eliminations resulting from consolidation in 2011. Our ready-mix concrete operations in Spain in 2011 purchased almost 92% of their cement requirements from our cement operations in Spain, and approximately 69% of their aggregates requirements from our aggregates operations in Spain.

Aggregates. Our aggregates operations represented approximately 8% of net sales for our operations in Spain before eliminations resulting from consolidation in 2011.

Exports. Exports of cement and clinker by our operations in Spain, which represented approximately 12% of net sales for our operations in Spain before eliminations resulting from consolidation, increased by approximately 6% in 2011 compared to 2010, primarily as a result of strategically increased exports to other countries, especially those located in Africa, to mitigate local volume declines. Export prices are usually lower than domestic market prices, and costs are usually higher for export sales. Of our total exports from Spain in 2011, 4% consisted of white cement, 41% of gray cement and 55% of clinker. In 2011, 31% of our exports from Spain were to Europe and the Middle East and 69% to Africa.

Production Costs. We have improved the efficiency of our operations in Spain by introducing technological improvements that have significantly reduced our energy costs, including the use of alternative fuels, in accordance with our cost reduction efforts. In 2011, we burned organic waste, tires and plastics as fuel, achieving, in 2011, a 43% substitution rate for petcoke in our gray and white clinker kilns for the year. During 2012, we expect to increase the quantity of these alternative fuels and to reach a substitution level of around 59%.

Description of Properties, Plants and Equipment. As of December 31, 2011, our operations in Spain included eight cement plants located in Spain, with an annual installed cement capacity of 11 million tons,

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including 1.1 million tons of white cement. As of that date, we also owned two cement mills and operated one mill under a lease contract, 21 distribution centers, including seven land and 14 marine terminals, 108 ready-mix concrete plants, 30 aggregates quarries and 12 mortar plants. As of December 31, 2011, we owned eight limestone quarries located in close proximity to our cement plants and five clay quarries in our cement operations in Spain. We estimate that, as of December 31, 2011, the limestone and clay permitted proven and probable reserves of our operations in Spain had an average remaining life of approximately 43 and 23 years, respectively, assuming 2007-2011 average annual cement production levels.

As part of our global cost-reduction initiatives we have made temporary capacity adjustments and rationalizations in several cement plants in Spain. During 2010, four out of our eight cement plants partially stopped cement production. In addition to these partial stoppages, our Villanova plant, located in Tarragona, and our Escombreras grinding mill, located in Cartagena, were closed temporarily during 2009, and will only resume production on a need basis. Moreover, the San Vicente plant, located in Alicante, and the Muel grinding mill, located in Aragón, have been permanently shutdown. Additionally, approximately 48% of our ready-mix concrete plants in Spain have been also temporarily closed.

Capital Expenditures. We made capital expenditures of approximately U.S.\$74 million in 2009, U.S.\$46 million in 2010 and U.S.\$39 million in 2011 in our operations in Spain. We currently expect to make capital expenditures of approximately U.S.\$28 million in our operations in Spain during 2012, including those related to the construction of the new cement production facility in Teruel, described above.

Our Operations in Egypt

Overview. As of December 31, 2011, we had a 95.8% interest in Assiut Cement Company, or CEMEX Egypt, our main subsidiary in Egypt. As of December 31, 2011, we operated one cement plant in Egypt, with an annual installed capacity of approximately 5.4 million tons. This plant is located approximately 280 miles south of Cairo and serves the upper Nile region of Egypt, as well as Cairo and the delta region, Egypt's main cement market. We estimate that, as of December 31, 2011, the limestone and clay permitted proven and probable reserves of our operations in Egypt had an average remaining life of approximately 53 and 75 years, respectively, assuming 2007-2011 average annual cement production levels. In addition, as of December 31, 2011, we operated seven ready-mix concrete plants, of which three are owned and four are under management contracts, seven land distribution centers and one maritime terminal in Egypt. For the year ended December 31, 2011, our operations in Egypt represented approximately 3% of our net sales before eliminations resulting from consolidation and approximately 1% of our total assets.

The Cement Industry in Egypt. According to our estimates, the Egyptian market consumed approximately 48.6 million tons of cement during 2011, based on government data (local and imported cement). Cement consumption decreased by approximately 1.7% in 2011, mainly driven by the political unrest the country witnessed in Egypt during the year. As of December 31, 2011, the cement industry in Egypt had a total of 19 cement producers, with an aggregate annual installed cement capacity of approximately 58.7 million tons.

Competition. According to the Egyptian Cement Council, during 2011, Holcim and Lafarge (Cement Company of Egypt), CEMEX (Assiut) and Italcementi (Suez Cement, Torah Cement and Helwan Portland Cement), four of the largest cement producers in the world, represented approximately 45.4% of the total installed capacity in Egypt. Other significant competitors in the Egypt are Aribian Cement, Titan (Alexandria Portland Cement and Beni Suef Cement), Ameriyah (Cimpor), National, Sinai (Vicat), Sinai White cement (Cementir), Saud Valley, Aswan Medcom, Misr Beni Suef and Misr Quena Cement Companies.

Cement and Ready-Mix Concrete. For the year ended December 31, 2011, cement represented approximately 89% and ready-mix concrete represented approximately 7% of net sales for our operations in Egypt before eliminations resulting from consolidation.

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Capital Expenditures. We made capital expenditures of approximately U.S.\$23 million in 2009, U.S.\$25 million in 2010 and U.S.\$13 million in 2011 in our operations in Egypt. We currently expect to make capital expenditures of approximately U.S.\$17 million in our operations in Egypt during 2012.

Rest of the Mediterranean

Our operations in the Rest of the Mediterranean, which as of December 31, 2011, consisted primarily of our operations in Croatia, the UAE and Israel. These operations represented approximately 4% of our 2011 net sales in Peso terms, before eliminations resulting from consolidation, and approximately 2% of our total assets in 2011.

Our Operations in South-East Europe

Overview. As of December 31, 2011, we held 100% of CEMEX Hrvatska d.d., our operating subsidiary in Croatia. We are the largest cement producer in Croatia based on installed capacity as of December 31, 2011, according to our estimates. We have three cement plants in Croatia with an annual installed capacity of 2.4 million tons. As of December 31, 2011, our cement plants in Croatia were not in operation due to inventory control; however, these plants operated until November 2011. In the first quarter of 2012, two of our three cement plants resumed operations. As of December 31, 2011, we operated 11 land distribution centers, four maritime cement terminals in Croatia, Bosnia & Herzegovina and Montenegro, six ready-mix concrete facilities and one aggregates quarry in Croatia.

The Cement Industry in Croatia. According to our estimates, total cement consumption in Croatia alone reached almost 3.4 million tons in 2011, a decrease of 2.1% compared to 2010.

Competition. Our primary competitors in the cement market in Croatia are Nexe and Holcim.

Capital Expenditures. We made capital expenditures of approximately U.S.\$8 million in 2009, U.S.\$10 million in 2010 and U.S.\$10 million in 2011 in our operations in South-East Europe. We currently expect to make capital expenditures of approximately U.S.\$6 million in our operations in South-East Europe during 2012.

Our Operations in the United Arab Emirates (UAE)

Overview. As of December 31, 2011, we held a 49% equity interest (and 100% economic benefit) in three UAE companies: CEMEX Topmix LLC and CEMEX Supermix LLC, two ready-mix holding companies, and CEMEX Falcon LLC, which specializes in the trading and production of cement and slag. We are not allowed to have a controlling interest in these companies (UAE law requires 51% ownership by UAE nationals). However, through agreements with other shareholders in these companies, we have control over the remaining 51% of the economic benefits in each of the companies. As a result, we own a 100% economic interest in all three companies. As of December 31, 2011, we owned 12 ready-mix concrete plants and a cement and slag grinding facility in the UAE, serving the markets of Dubai and Abu Dhabi.

Capital Expenditures. We made capital expenditures of approximately U.S.\$3 million in 2009, U.S.\$2 million in 2010 and U.S.\$1 million in 2011 in our operations in the UAE. We currently expect to make capital expenditures of approximately U.S.\$1 million in our operations in the UAE during 2012.

Our Operations in Israel

Overview. As of December 31, 2011, we held 100% of CEMEX Holdings (Israel) Ltd., our main subsidiary in Israel. We are a leading producer and supplier of raw materials for the construction industry in Israel. In addition to ready-mix concrete and aggregates, we produce a diverse range of building materials and infrastructure products in Israel. As of December 31, 2011, we operated 55 ready-mix concrete plants, seven aggregates quarries, one concrete products plant, one admixtures plant, one asphalt plant, one lime factory and one blocks factory in Israel.

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Capital Expenditures. We made capital expenditures of approximately U.S.\$2 million in 2009, U.S.\$6 million in 2010 and U.S.\$10 million in 2011 in our operations in Israel. We currently expect to make capital expenditures of approximately U.S.\$17 million in our operations in Israel during 2012.

South America and the Caribbean

For the year ended December 31, 2011, our business in South America and the Caribbean, which includes our operations in the Colombia and our Rest of South America and the Caribbean segment, as described below, represented approximately 12% of our net sales before eliminations resulting from consolidation. As of December 31, 2011, our business in South America and the Caribbean represented approximately 6% of our total installed capacity and approximately 7% of our total assets.

Our Operations in Colombia

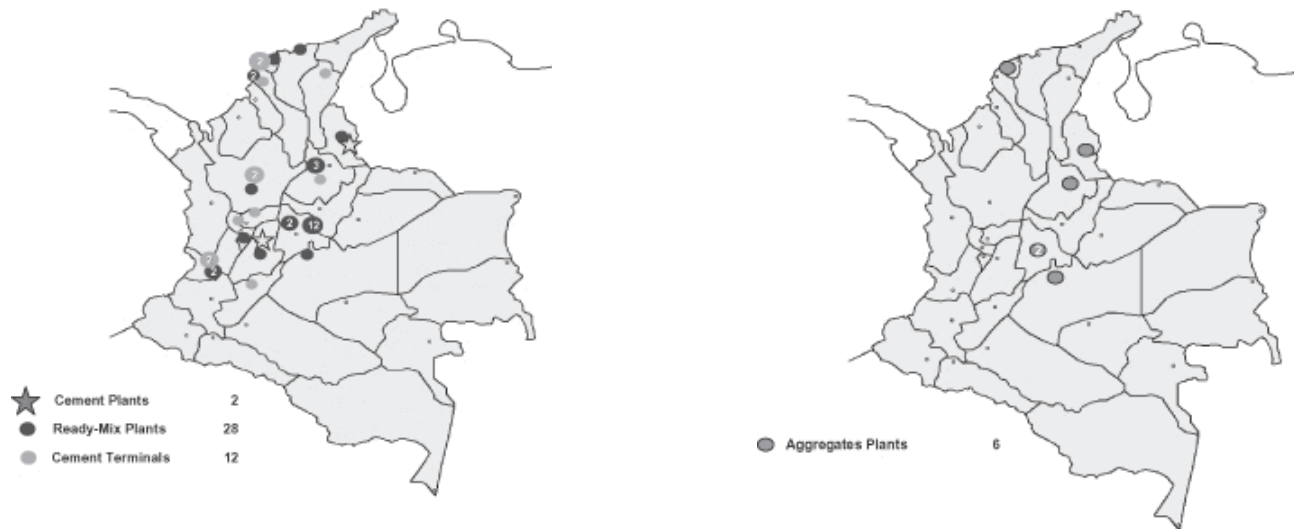
Overview. As of December 31, 2011, we owned approximately 99.7% of CEMEX Colombia, S.A., or CEMEX Colombia, our main subsidiary in Colombia. As of December 31, 2011, CEMEX Colombia was the second-largest cement producer in Colombia, based on installed capacity, according to the National Administrative Statistics Department, or DANE, in Colombia. For the year ended December 31, 2011, our operations in Colombia represented approximately 4% of our net sales before eliminations resulting from consolidation and approximately 3% of our total assets.

CEMEX Colombia has a significant market share in the cement and ready-mix concrete market in the “Urban Triangle” of Colombia comprising the cities of Bogotá, Medellín and Cali. During 2011, these three metropolitan areas accounted for approximately 40% of Colombia’s cement consumption. CEMEX Colombia’s Ibaguè plant, which uses the dry process and is strategically located in the Urban Triangle, is CEMEX Colombia’s largest plant and had an annual installed capacity of 2.6 million tons as of December 31, 2011. CEMEX Colombia, through its Bucaramanga and Cúcuta plants, is also an active participant in Colombia’s northeastern market. CEMEX Colombia’s strong position in the Bogotá ready-mix concrete market is largely due to its access to a ready supply of aggregates deposits in the Bogotá area.

The Cement Industry in Colombia. According to the Institute of Cement Producers in Colombia, the installed capacity for cement in Colombia in 2011 was 17.1 million tons. According to DANE, total cement consumption in Colombia reached 10.1 million tons during 2011, an increase of 13.8% from 2010, while cement exports from Colombia reached 4 million tons. We estimate that close to 50% of cement in Colombia is consumed by the self-construction sector, while the housing sector accounts for approximately 30% of total cement consumption and has been growing in recent years. The other construction segments in Colombia, including the public works and commercial sectors, account for the balance of cement consumption in Colombia.

Competition. The “Grupo Empresarial Antioqueño,” or Argos, owns or has interests in 11 of Colombia’s 20 cement plants. Argos has established a leading position in the Colombian coastal markets through Cementos Caribe in Barranquilla, Compañía Colclinker in Cartagena and Tolcemento in Tolú. The other principal cement producer is Holcim Colombia.

Our Operating Network in Colombia



Products and Distribution Channels

Cement. Our cement operations represented approximately 62% of net sales for our operations in Colombia before eliminations resulting from consolidation in 2011.

Ready-Mix Concrete. Our ready-mix concrete operations represented approximately 26% of net sales for our operations in Colombia before eliminations resulting from consolidation in 2011.

Aggregates. Our aggregates operations represented approximately 5% of net sales for our operations in Colombia before eliminations resulting from consolidation in 2011.

Description of Properties, Plants and Equipment. As of December 31, 2011, CEMEX Colombia owned two operating cement plants (CEMEX Colombia owned six in prior years but four have been shutdown), having a total annual installed capacity of 4.0 million tons. Both plants utilize the dry process. In 2011, we replaced 6.9% of our total fuel consumed in CEMEX Colombia with alternative fuels, and we have an internal electricity generating capacity of 24.7 megawatts. We estimate that, as of December 31, 2011, the limestone and clay permitted proven and probable reserves of our operations in Colombia had an average remaining life of approximately 93 and 9 years, respectively, assuming 2007-2011 average annual cement production levels. The operating licenses for quarries in Colombia is renewed every 30 years; assuming renewal of such licenses, we estimate having sufficient limestone reserves for our operations in Colombia for over 100 years assuming 2007-2011 average annual cement production levels. As of December 31, 2011, CEMEX Colombia owned twelve land distribution centers, one mortar plant, 28 ready-mix concrete plants and six aggregates operations. As of that date, CEMEX Colombia also owned five limestone quarries.

Capital Expenditures. We made capital expenditures of approximately U.S.\$5 million in 2009, U.S.\$19 million in 2010 and U.S.\$20 million in 2011 in our operations in Colombia. We currently expect to make capital expenditures of approximately U.S.\$20 million in our operations in Colombia during 2012.

Rest of South America and the Caribbean

Our operations in the Rest of South America and the Caribbean, which as of December 31, 2011, consisted primarily of our operations in Costa Rica, the Dominican Republic, Panama, Nicaragua, Puerto Rico, Guatemala, Brazil, El Salvador, Jamaica and other countries in the Caribbean, and small ready-mix concrete operations in Argentina. These operations represented approximately 7% of our 2011 net sales in Peso terms, before eliminations resulting from consolidation, and approximately 4% of our total assets in 2011.

Our Operations in Costa Rica

Overview. As of December 31, 2011, we owned a 99.1% interest in CEMEX (Costa Rica), S.A., or CEMEX Costa Rica, our operating subsidiary in Costa Rica and a leading cement producer in the country. As of December 31, 2011, CEMEX Costa Rica operated one cement plant in Costa Rica, with an annual installed capacity of 0.9 million tons, and operated a grinding mill in the capital city of San José. As of December 31, 2011, CEMEX Costa Rica operated six ready-mix concrete plants, one aggregates quarry and one land distribution center.

The Cement Industry in Costa Rica. Approximately 1.2 million tons of cement were sold in Costa Rica during 2011, according to the *Cámara de la Construcción de Costa Rica*, the construction industry association in Costa Rica. The cement market in Costa Rica is a predominantly retail market, and we estimate that 60% of cement sold is bagged cement.

Competition. The Costa Rican cement industry includes three producers: CEMEX Costa Rica, Holcim Costa Rica and Cementos David.

Exports. During 2011, cement exports by our operations in Costa Rica represented approximately 20% of our total production in Costa Rica. In 2011, 70% of our cement exports from Costa Rica were to El Salvador, and the remaining exports were to Nicaragua.

Capital Expenditures. We made capital expenditures of approximately U.S.\$3 million in 2009, U.S.\$10 million in 2010 and U.S.\$7 million in 2011 in our operations in Costa Rica. We currently expect to make capital expenditures of approximately U.S.\$4 million in our operations in Costa Rica during 2012.

Our Operations in the Dominican Republic

Overview. As of December 31, 2011, we held 100% of CEMEX Dominicana, S.A., or CEMEX Dominicana, our main subsidiary in the Dominican Republic and a leading cement producer in the country. CEMEX Dominicana's sales network covers the country's main consumption areas, which are Santo Domingo, Santiago de los Caballeros, La Vega, San Pedro de Macorís, Samaná and La Altagracia. CEMEX Dominicana also has a 13-year lease arrangement with the Dominican Republic government related to the mining of gypsum, which has enabled CEMEX Dominicana to supply all local and regional gypsum requirements.

The Cement Industry in the Dominican Republic. In 2011, cement consumption in the Dominican Republic reached 2.8 million tons.

Competition. Our principal competitors in the Dominican Republic are Domicem, a mixed Italian/local cement producer that started cement production in 2005; Cementos Cibao, a local competitor; Cemento Colón, an affiliated grinding operation of Argos; Cementos Santo Domingo, a cement grinding partnership between a local investor and Cementos La Union from Spain; and Cementos Andinos, a Colombian cement producer which has an installed grinding operation and a partially constructed cement kiln.

Description of Properties, Plants and Equipment. As of December 31, 2011, CEMEX Dominicana operated one cement plant in the Dominican Republic, with an installed capacity of 2.6 million tons per year. As of that date, CEMEX Dominicana also owned 10 ready-mix concrete plants, one aggregates quarry, two land distribution centers and two marine terminals.

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Capital Expenditures. We made capital expenditures of approximately U.S.\$6 million in 2009, U.S.\$11 million in 2010 and U.S.\$9 million in 2011 in our operations in the Dominican Republic. We currently expect to make capital expenditures of approximately U.S.\$5 million in our operations in the Dominican Republic during 2012.

Our Operations in Panama

Overview. As of December 31, 2011, we held a 99.5% interest in Cemento Bayano, S.A., or Cemento Bayano, our main subsidiary in Panama and a leading cement producer in the country. As of December 31, 2011, Cemento Bayano operated one cement plant in Panama, with an annual installed capacity of 2.1 million tons. As of that date, Cemento Bayano also owned and operated 15 ready-mix concrete plants, three aggregates quarries and three land distribution centers.

On February 6, 2007, we announced our expansion project to build a new kiln at our Bayano plant in Panama. The project was completed in the fourth quarter of 2009 and reached stable operations in the first quarter of 2010. Additional capital expenditures were required in 2010 and 2011 due to a change in the scope of the project. The new kiln increased our cement installed capacity to 2.1 million tons per year. As of December 31, 2011, we have spent approximately U.S.\$242 million on the new kiln, which includes U.S.\$31 million in 2007, U.S.\$104 million in 2008, U.S.\$83 million in 2009, U.S.\$21 million in 2010 and U.S.\$3.3 million in 2011. We currently expect to make capital expenditures of approximately U.S.\$12.3 million in 2012 related to the new kiln.

The Cement Industry in Panama. Approximately 1.3 million cubic meters of ready-mix concrete were sold in Panama during 2011, according to our estimates. Cement consumption in Panama increased 9.2% in 2011, according to our estimates.

Competition. The cement industry in Panama includes three cement producers: Cemento Bayano, Cemento Panamá, an affiliate of Colombian Cementos Argos, and Cemento Interoceánico.

Capital Expenditures. We made capital expenditures of approximately U.S.\$88 million in 2009, U.S.\$32 million in 2010 and U.S.\$17 million in 2011 in our operations in Panama, which include those related to the expansion of the Bayano plant described above. We currently expect to make capital expenditures of approximately U.S.\$17 million in our operations in Panama during 2012.

Our Operations in Nicaragua

Overview. As of December 31, 2011, we owned 100% of CEMEX Nicaragua, S.A., or CEMEX Nicaragua, our operating subsidiary in Nicaragua. As of that date, CEMEX Nicaragua leased and operated one cement plant with an installed capacity of 0.6 million tons. Since March 2003, CEMEX Nicaragua has also leased a 100,000 ton milling plant in Managua, which has been used exclusively for petcoke milling.

The Cement Industry in Nicaragua. According to our estimates, approximately 0.7 million tons of cement, approximately 123,000 cubic meters of ready-mix concrete and approximately 4.3 million tons of aggregates were sold in Nicaragua during 2011.

Competition. Two market participants compete in the Nicaraguan cement industry: CEMEX Nicaragua and Holcim (Nicaragua) S.A.

Description of Properties, Plants and Equipment. As of December 31, 2011, we operated one fixed ready-mix concrete plant and three mobile plants, two aggregates quarries and one distribution center in Nicaragua.

Capital Expenditures. We made capital expenditures of approximately U.S.\$0.7 million in 2009, U.S.\$5 million in 2010 and U.S.\$4 million in 2011 in our operations in Nicaragua. We currently expect to make capital expenditures of approximately U.S.\$3 million in our operations in Nicaragua during 2012.

Our Operations in Puerto Rico

Overview. As of December 31, 2011, we owned 100% of CEMEX de Puerto Rico, Inc., or CEMEX Puerto Rico, our main subsidiary in Puerto Rico. As of December 31, 2011, CEMEX Puerto Rico operated one cement plant, with an installed cement capacity of approximately 1.2 million tons per year. As of that date, CEMEX Puerto Rico also owned and operated 12 ready-mix concrete plants and two land distribution centers. CEMEX Puerto Rico owns an aggregate quarry, which is currently closed.

The Cement Industry in Puerto Rico. In 2011, cement consumption in Puerto Rico reached 0.8 million tons.

Competition. The cement industry in Puerto Rico in 2011 was comprised of two cement producers: CEMEX Puerto Rico, and San Juan Cement Co., an affiliate of Italcementi, and Antilles Cement Co., an independent importer.

Capital Expenditures. We made capital expenditures of approximately U.S.\$0.9 million in 2009, U.S.\$2 million in 2010 and U.S.\$2 million in 2011 in our operations in Puerto Rico. We currently expect to make capital expenditures of approximately U.S.\$7 million in our operations in Puerto Rico during 2012.

Our Operations in Guatemala

Overview. In January 2006, we acquired a 51% equity interest in a cement grinding mill facility in Guatemala for approximately U.S.\$17 million. As of December 31, 2011, the cement grinding mill had an installed capacity of 500,000 tons per year. In addition, we also owned and operated three land distribution centers and a clinker silo close to a maritime terminal in the City of Guatemala, as well as four owned ready-mix plants.

Capital Expenditures. We made capital expenditures of approximately U.S.\$0.4 million in 2009, U.S.\$2 million in 2010 and U.S.\$1 million in 2011 in Guatemala. We currently expect to make capital expenditures of approximately U.S.\$1 million in our operations in Guatemala during 2012.

Our Operations in Other South American and Caribbean Countries

Overview. As of December 31, 2011, we held 100% of Readymix Argentina, S.A., which operates five ready-mix concrete plants in Argentina.

We believe that the Caribbean region holds considerable strategic importance because of its geographic location. As of December 31, 2011, we operated a network of eight marine terminals in the Caribbean region, which facilitated exports from our operations in several countries, including Mexico, Dominican Republic, Puerto Rico and the United States. Three of our marine terminals are located in the main cities of Haiti, two are in the Bahamas, and one is in Manaus, Brazil. We also have a non-controlling interest in two other terminals, one in Bermuda and another in the Cayman Islands.

As of December 31, 2011, we had non-controlling positions in Trinidad Cement Limited, with cement operations in Trinidad and Tobago, Barbados and Jamaica, as well as a non-controlling position in Caribbean Cement Company Limited in Jamaica, National Cement Ltd. in the Cayman Islands and Maxcem Bermuda Ltd. in Bermuda. As of December 31, 2011, we also held a 100% interest in CEMEX Jamaica Limited, which operates a calcinated lime plant in Jamaica with a capacity of 120,000 tons per year. As of December 31, 2011, we also held a non-controlling position in Societe des Ciments Antillais, a company with cement operations in Guadalupe and Martinique.

Capital Expenditures. We made capital expenditures in our other operations in South America, Central America and the Caribbean of approximately U.S.\$1 million in 2009, U.S.\$2 million in 2010 and U.S.\$1 million in 2011. We currently expect to make capital expenditures of approximately U.S.\$2 million in our Other operations in South America, Central America and the Caribbean during 2012.

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On April 8, 2010, we announced our plans to contribute, as an initial investment, up to U.S.\$100 million for a non-controlling interest in a new investment vehicle that was named Blue Rock Cement Holdings S.A., which would be managed by Blueprint Management Partners, and which intends to invest in heavy building materials and related assets. On April 19, 2011 this vehicle adopted the form of a S.à.r.l. (private limited liability company) and its name changed to TRG Blue Rock HBM Holdings S.à.r.l. (“TRG—Blue Rock”). TRG—Blue Rock is now managed by entities that are part of The Rohatyn Group, LLC (a privately owned firm that invests in the public equity and fixed income markets across the globe, including emerging markets of Latin America, Asia, Africa and Central and Eastern Europe). Initially, a project in Peru, which consisted of the construction of a new cement plant with an initial production capacity of approximately one million metric tons per year, had been identified. As of the date of this annual report, this and/or other projections in Peru are still being considered. Although we do not anticipate being in a control position to affect the decisions of TRG—Blue Rock’s management, given our investment and industry expertise, we are in discussions with TRG—Blue Rock’s management to enter into an operating contract providing for our assistance in the development, building and operation of the invested assets, if any. Depending on the amount raised from third-party investors and the availability of financing, TRG—Blue Rock’s management may also decide to invest in different assets in the cement industry and/or related industries.

Asia

For the year ended December 31, 2011, our business in Asia, which includes our operations in the Philippines and the Rest of Asia segment, as described below, represented approximately 3% of our net sales before eliminations resulting from consolidation. As of December 31, 2011, our business in Asia represented approximately 6% of our total installed capacity and approximately 2% of our total assets.

Our Operations in the Philippines

Overview. As of December 31, 2011, on a consolidated basis through various subsidiaries, we held 100% of the economic benefits of our two operating subsidiaries in the Philippines, Solid Cement Corporation and APO Cement Corporation. For the year ended December 31, 2011, our operations in the Philippines represented approximately 2% of our net sales before eliminations resulting from consolidation and approximately 1% of our total assets.

The Cement Industry in the Philippines. According to the Cement Manufacturers’ Association of the Philippines (CEMAP), cement consumption in the Philippine market, which is primarily retail, totaled 15.8 million tons during 2011. Demand for cement in the Philippines decreased by approximately 2% in 2011 compared to 2010.

As of December 31, 2011, the Philippine cement industry had a total of 17 cement plants. Annual installed clinker capacity is 21 million metric tons, according to CEMAP.

Competition. As of December 31, 2011, our major competitors in the Philippine cement market were Lafarge, Holcim, Taiheiyo, Pacific, Northern, Goodfound and Eagle.

Description of Properties, Plants and Equipment. As of December 31, 2011, our operations in the Philippines included two cement plants with an annual installed capacity of 4.5 million tons, one quarry dedicated to supply raw materials to our cement plants, eleven land distribution centers and four marine distribution terminals. We estimate that, as of December 31, 2011, the limestone and clay permitted proven and probable reserves of our operations in the Philippines had an average remaining life of approximately 51 and 3 years, assuming 2007-2011 average annual cement production levels.

Cement. For the year ended December 31, 2011, our cement operations represented 100% of net sales for our operations in the Philippines before eliminations resulting from consolidation.

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Capital Expenditures. We made capital expenditures of approximately U.S.\$6 million in 2009, U.S.\$14 million in 2010 and U.S.\$36 million in 2011 in our operations in the Philippines. We currently expect to make capital expenditures of approximately U.S.\$37 million in our operations in the Philippines during 2012.

Rest of Asia

Our operations in the Rest of Asia, which as of December 31, 2011, consisted primarily of our operations in Thailand, Bangladesh, China and Malaysia. These operations represented approximately 1% of our 2011 net sales in Peso terms, before eliminations resulting from consolidation, and approximately 1% of our total assets in 2011.

Our Operations in Thailand

Overview. As of December 31, 2011, we held, on a consolidated basis, 100% of the economic benefits of CEMEX (Thailand) Co. Ltd., or CEMEX (Thailand), our operating subsidiary in Thailand. As of December 31, 2011, CEMEX (Thailand) owned one cement plant in Thailand, with an annual installed capacity of approximately 1.2 million tons.

The Cement Industry in Thailand. According to our estimates, at December 31, 2011, the cement industry in Thailand had a total of 17 cement plants, with an aggregate annual installed capacity of approximately 55 million tons, from which the capacity to produce 10 million tons has been temporarily shut down. We estimate that there are six major cement producers in Thailand, four of which represent approximately 98% of installed capacity and 94% of the market.

Competition. Our major competitors in Thailand, which have a significantly larger presence than CEMEX (Thailand), are Siam Cement, Holcim, TPI Polene and Italcementi.

Capital Expenditures. We made no significant capital expenditures in our operations in Thailand during 2009, and we made capital expenditures of approximately U.S.\$1 million in 2010 and approximately U.S.\$1 million in 2011. We currently expect to make capital expenditures of approximately U.S.\$1 million in our operations in Thailand during 2012.

Our Operations in Malaysia

Overview. As of December 31, 2011, we held on a consolidated basis 100% of the economic benefits of our operating subsidiaries in Malaysia. We are a leading ready-mix concrete producer in Malaysia, with a significant share in the country's major urban centers. As of December 31, 2011, we operated 15 ready-mix concrete plants, three asphalt plants and three aggregates quarries in Malaysia.

Competition. Our main competitors in the ready-mix concrete and aggregates markets in Malaysia are YTL, Lafarge and Heidelberg.

Capital Expenditures. We made capital expenditures of approximately U.S.\$1 million in 2009, U.S.\$2 million in 2010 and U.S.\$1 million in 2011 in our operations in Malaysia. We currently expect to make capital expenditures of approximately U.S.\$1 million in our operations in Malaysia during 2012.

Our Operations in Other Asian Countries

Overview. Since April 2001, we have been operating a grinding mill near Dhaka, Bangladesh. As of December 31, 2011, this mill had a production capacity of 520,000 tons per year. A majority of the supply of clinker for the mill is produced by our operations in the region. In addition, since June 2001, we have also operated a cement terminal in the port of Taichung located on the west coast of Taiwan.

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As of December 31, 2011, we also operated four ready-mix concrete plants in China, located in the northern cities of Tianjin and Qingdao.

Capital Expenditures. We made capital expenditures of approximately U.S.\$1 million in 2009, U.S.\$1 million in 2010 and U.S.\$2 million in 2011 in our operations in other Asian countries. We currently expect to make capital expenditures of approximately U.S.\$3 million in our operations in other Asian countries during 2012.

Our Trading Operations

In 2011, we traded approximately 9.1 million tons of cementitious materials, including 8.4 million tons of cement and clinker. Approximately 79% of the cement and clinker trading volume in 2011 consisted of exports from our operations in Spain, Germany, Latvia, Croatia, Mexico, the Dominican Republic, the Philippines, Costa Rica, the United States, Puerto Rico, Poland, Nicaragua, Guatemala and Egypt. The remaining approximately 21% was purchased from third parties in countries, such as South Korea, China, Belgium, Colombia, Vietnam, UAE, Turkey, Slovakia, Greece, Pakistan, Lithuania and Taiwan. As of December 31, 2011, we had trading activities in 102 countries. In 2011, we traded approximately 0.7 million metric tons of granulated blast furnace slag, a non-clinker cementitious material.

Our trading network enables us to maximize the capacity utilization of our facilities worldwide while reducing our exposure to the inherent cyclicality of the cement industry. We are able to distribute excess capacity to regions around the world where there is demand. In addition, our worldwide network of strategically located marine terminals allows us to coordinate maritime logistics on a global basis and minimize transportation expenses. Our trading operations also enable us to explore new markets without significant initial capital expenditure.

Freight rates, which account for a large share of the total import supply cost, have been subject to significant volatility in recent years. Our trading operations, however, have obtained significant savings by contracting maritime transportation in due time and by using our own and chartered fleet, which transported approximately 17% of our cement and clinker import volume during 2011.

In addition, based on our spare fleet capacity, we provide freight service to third parties, thus providing us with valuable shipping market information and generating additional revenues.

Regulatory Matters and Legal Proceedings

A description of material regulatory matter and legal proceedings affecting us is provided below.

Anti-Dumping

Jamaica Anti-dumping Investigation. On September 9, 2010, Jamaica's Anti-Dumping and Subsidies Commission (the "Jamaica Commission") issued a preliminary affirmative anti-dumping determination in its investigation of cement imported from the Dominican Republic. The Jamaica Commission based its determination on a preliminary finding of a threat of material injury to the only domestic cement company, Caribbean Cement Company Limited ("CCCL"). A majority of the Jamaica Commission preliminarily found that the case concerning present material injury was inconclusive. Also, the Jamaica Commission was not persuaded that provisional tariffs were necessary to prevent material injury to CCCL during the period between the preliminary determination and the final determination. Therefore, even though the Jamaica Commission preliminarily calculated an anti-dumping margin of 84.69% against cement imported from the Dominican Republic, no duties were imposed. On December 8, 2010, the Jamaica Commission issued a negative ruling in the case brought by CCCL against imports of cement from the Dominican Republic. The Jamaica Commission found no evidence of material injury to the domestic industry and has closed the investigation. However, on December 10, 2010, CCCL announced it needed to review the statement of reasons provided by the Jamaica

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Commission before deciding on its future actions on this matter. As of April 20, 2012, CCCL had not initiated any legal actions and we had no accrued liabilities for dumping duties related to cement imported from the Dominican Republic to Jamaica, and all liabilities accrued for past anti-dumping duties had been eliminated.

Antitrust Proceedings

Polish Antitrust Investigation. Between May 31, 2006 and June 2, 2006, officers of the Polish Competition and Consumer Protection Office (the “Protection Office”), assisted by police officers, conducted a search of the Warsaw office of CEMEX Polska, one of our indirect subsidiaries in Poland, and of the offices of other cement producers in Poland. These searches took place as a part of the exploratory investigation that the head of the Protection Office had started on April 26, 2006. On January 2, 2007, CEMEX Polska received a notification from the Protection Office informing it of the formal initiation of an antitrust proceeding against all cement producers in Poland, including CEMEX Polska and another of our indirect subsidiaries in Poland. The notification alleged that there was an agreement between all cement producers in Poland regarding prices and other sales conditions for cement, an agreed division of the market with respect to the sale and production of cement, and the exchange of confidential information, all of which limited competition in the Polish market with respect to the production and sale of cement. On December 9, 2009, the Protection Office delivered to CEMEX Polska its decision against Polish cement producers related to an investigation which covered a period from 1998 to 2006. The decision imposes fines on a number of Polish cement producers, including CEMEX Polska. The fine imposed on CEMEX Polska is approximately Polish Zloty 115.56 million (approximately U.S.\$37.05 million as of March 31, 2012, based on an exchange rate of Polish Zloty 3.1183 to U.S.\$1.00), which is approximately 10% of CEMEX Polska’s total revenue in 2008. CEMEX Polska disagrees with the decision, denies that it committed the practices alleged by the Protection Office and filed an appeal before the Polish Court of Competition and Consumer Protection on December 23, 2009. The Polish Court of Competition and Consumer Protection confirmed that CEMEX Polska’s appeal met preliminary formal requirements and that it would conduct the case. On February 7, 2011, CEMEX Polska received a formal response to its appeal from the Protection Office in which the Protection Office made an application to the Polish Court of Competition and Consumer Protection to reject CEMEX Polska’s appeal. The response from the Protection Office argued that CEMEX Polska’s appeal is not justified, and it maintained all of the statements and arguments from the Protection Office’s decision issued on December 9, 2009. On February 21, 2011, CEMEX Polska sent a letter to the Polish Court of Competition and Consumer Protection in which it kept its position and argumentation from the appeal and widely opposed to arguments and statements included in the response of the Protection Office. The decision on the fines will not be enforced until two appeal instances are exhausted. Based on the status of the case as of April 20, 2012 and on Polish court practices, these two appeal proceedings could take at least three and a half years to be resolved. As of March 31, 2012, the accounting provision created in relation with this proceeding was approximately Polish Zloty 72 million (approximately U.S.\$23.09 million as of March 31, 2012, based on an exchange rate of Polish Zloty 3.1183 to U.S.\$1.00).

Antitrust Investigations in Europe by the European Commission. On November 4, 2008, officers of the European Commission, in conjunction with officials of the national competition enforcement authorities, conducted unannounced inspections at our offices in Thorpe, United Kingdom and Ratingen, Germany. Further to these inspections, on September 22 and 23, 2009, CEMEX’s premises at Madrid, Spain, were also subject to an inspection by the European Commission.

In conducting these investigations, the European Commission alleged that we may have participated in anti-competitive agreements and/or concerted practices in breach of Article 101 of the Treaty on the Functioning of the European Union (formerly Article 81 of the EC Treaty) and Article 53 of the European Economic Area (“EEA”) Agreement in the form of restrictions of trade flows in the EEA, including restrictions on imports into the EEA from countries outside the EEA, market sharing, price coordination and connected anticompetitive practices in the cement and related products markets. Since the inspections began, we have received requests for information and documentation from the European Commission during 2009 and 2010 and we have fully cooperated by providing the relevant information and documentation on time.

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On December 8, 2010, the European Commission informed us that it decided to initiate formal proceedings with respect to the investigation of the aforementioned anticompetitive practices. These proceedings would affect Austria, Belgium, the Czech Republic, France, Germany, Italy, Luxembourg, the Netherlands, Spain and the United Kingdom. The European Commission indicated that we, as well as seven other companies, would be included in these proceedings. These proceedings may lead to an infringement decision, or if the objections raised by the European Commission are not substantiated, the case might be closed. This initiation of proceedings relieves the competition authorities of the Member States of the European Union of their competence to apply Article 101 of the Treaty on the Functioning of the European Union to the same case. We intend to defend our position vigorously in this proceeding and are fully cooperating and will continue to cooperate with the European Commission in connection with this matter.

On April 1, 2011, the European Commission notified CEMEX, S.A.B. de C.V. of a decision under Article 18(3) of Council Regulation (EC) No 1/2003 of December 16, 2002 on the implementation of the rules on competition set forth in Article 81 of the EC Treaty (current Articles 101 and 102 of the EC Treaty). The European Commission also requested that CEMEX, S.A.B. de C.V. deliver a material amount of information and documentation, which we effectively delivered on August 2, 2011, after requesting additional time.

CEMEX, S.A.B. de C.V. and several of its affiliates in Europe have filed an appeal before the General Court of the European Union for the annulment of the European Commission's decision for information and documentation on the grounds that such request is contrary to several principles of European Union Law. In addition, on June 17, 2011, CEMEX, S.A.B. de C.V. and several of its affiliates in Europe requested interim measures to the General Court of the European Union, asking for the suspension of the information and document request until the appeal was resolved. The President of the General Court of the European Union rejected the proposal for a suspension without considering the arguments of the main appeal. On December 21, 2011, CEMEX, S.A.B. de C.V. and several of its affiliates in Europe filed their reply to the European Commission's defense. The European Commission filed its rejoinder on March 27, 2012.

On November 29, 2011, the European Commission notified CEMEX, S.A.B. de C.V. of its decision that if, by December 15, 2011, the European Commission did not receive a confirmation that CEMEX, S.A.B. de C.V.'s reply submitted August 2, 2011 was complete, accurate and definitive, or if CEMEX, S.A.B. de C.V. did not submit a new reply with the necessary amendments and clarifications, the European Commission would impose a daily fine of €438,000 (approximately U.S.\$584,545.58 as of March 31, 2012, based on an exchange rate of €0.7493 to U.S.\$1.00). On December 15, 2011, we complied with the terms of this decision and submitted a new reply with the amendments and clarifications identified in the revision and audit process performed since August 2, 2011.

If the alleged infringements investigated by the European Commission are substantiated, significant penalties may be imposed on our subsidiaries operating in such markets. In that case, pursuant to European Union Regulation 1/2003, the European Commission may impose penalties of up to 10% of the total turnover of the relevant companies for the last year preceding the imposition of the fine for which the financial statements have been approved by the shareholders' meeting of the relevant companies. As this stage of the proceedings, the European Commission has not yet formulated a Statement of Objections against us and, as a result, the extent of the charges and the alleged infringements are unknown. Moreover, it is not clear which cement related products total turnover would be used as the basis for the determination of the possible penalties. As a consequence, we are not able to assess the likelihood of an adverse result or the amount of the potential fine, but if adversely resolved it may have a material adverse impact on our financial results.

Antitrust Investigations in Spain by the CNC. On September 22, 2009, the Investigative Department (*Dirección de Investigación*) of the Spanish Competition Commission (*Comisión Nacional de la Competencia* or "CNC"), applying exclusively national antitrust law, carried out another inspection, separate from the investigation conducted by the European Commission, in the context of possible anticompetitive practices in the production and distribution of mortar, ready-mix concrete and aggregates within the Chartered Community of

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Navarre (“Navarre”). We fully cooperated and provided the CNC inspectors all the information requested. On December 15, 2009, the CNC started a procedure against CEMEX España and four other companies with activities in Navarre for alleged practices prohibited under the Spanish competition law. The allegations against CEMEX España relate to several of our ready-mix plants located in Navarre, which we operated from January 2006 (as a result of the RMC acquisition) until September 2008, when we ceased operations for these plants.

On November 3, 2010, the CNC Investigative Department provided CEMEX España with a Statement of Facts (similar to a statement of objections under European Union competition law) that included allegations that could be construed as a possible infringement by CEMEX España of Spanish competition law in Navarre. The Statement of Facts was addressed to CEMEX España, but also indicated that its parent company, New Sunward, could be jointly and severally liable for the investigated behavior.

On December 10, 2010, after receiving CEMEX España’s observations, the CNC Investigative Department notified CEMEX España of a proposed decision, summarizing its findings in the investigation. This proposed decision, which suggests the existence of an infringement, has been submitted to the CNC Council, together with CEMEX España’s opposition to all charges. This body will examine the case and the evidence proposed by all parties and issue a final decision. On May 17, 2011, the CNC Council decided to accept CEMEX España’s request to review the evidence presented by the other parties. On January 12, 2012, the CNC Council notified CEMEX España of its final decision on this matter, imposing a fine of approximately €500,000 (approximately U.S.\$667,289.47 as of March 31, 2012, based on an exchange rate of €0.7493 to U.S.\$1.00) against CEMEX España for price-fixing and market sharing in the concrete market of Navarre from June 2008 through September 2009. Under Spanish law, the maximum fine that could have been imposed in this procedure was up to 10% of the total turnover of CEMEX España for the calendar year preceding the imposition of the fine.

CEMEX España denies any wrongdoing and on March 1, 2012 filed an appeal before the competent court, requesting the interim suspension of the decision from the court until a final judgment is issued. To that effect, it has requested the CNC Council to suspend the implementation of its decision until the court has decided on the requested interim measure.

Investigations in the UK. On January 20, 2012, the United Kingdom Competition Commission, or the UK Commission, commenced a Market Investigation, (“MIR”), into the supply or acquisition of cement, ready-mix concrete and aggregates. This referral to the UK Commission was made by the Office of Fair Trading following an investigation by them of the aggregates sector. Those companies and persons invited to participate in the MIR are required by law to comply with certain requests for information and, if necessary, to attend hearings. The UK Commission is required to report on this investigation by no later than January 17, 2014. Our subsidiaries in the UK have been invited to participate in the MIR and will fully cooperating in this MIR. At this stage of the MIR, we are not able to assess what would be the scope of the recommendations made by the UK Commission, if any, or if such recommendations would have a material adverse impact on our results of operations.

Antitrust Investigations in Mexico. In January and March 2009, we were notified of two findings of presumptive responsibility against CEMEX issued by the Mexican Competition Authority (*Comisión Federal de Competencia* or “CFC”), alleging certain violations of Mexican antitrust laws. We believe these findings contain substantial violations of rights granted by the Mexican Constitution.

In February 2009, we filed a constitutional challenge (*juicio de amparo*) before the Circuit Court in Monterrey, Mexico, as well as a denial of the allegations, with respect to the first case. The Monterrey Circuit Court determined that CEMEX lacked standing since the notice of presumptive responsibility did not affect any of CEMEX’s rights; therefore, CEMEX should wait until the CFC concluded its proceeding and issued a final ruling before raising its constitutional challenge again. However, in July 2010, in light of the possible violations to CEMEX’s constitutional rights, the CFC terminated the existing proceeding and reinitiated a new proceeding against CEMEX to cure such violations. We believe that Mexican law does not entitle the CFC to reinitiate a new proceeding but only to continue with the original one. In August 2010, we filed a separate constitutional

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challenge (*juicio de amparo*) before the District Court in Monterrey, Mexico, to argue against the reinitiated proceeding. The Monterrey District Court determined that the order to reinitiate the proceeding and the notice of presumptive responsibility did not affect any of CEMEX's rights. CEMEX subsequently filed an appeal before the Monterrey District Court and the Monterrey Circuit Court determined that the CFC's termination of the proceedings in July 2010 was illegal and that it notified the CFC to the effect that it complies with the resolution issued. In February 2012, CEMEX was fined for anticompetitive practices approximately Ps10.2 million (approximately U.S.\$795,631.82 as of March 31, 2012, based on an exchange rate of Ps12.82 to U.S.\$1.00) plus ordered to implement certain measures. CEMEX has appealed the resolution and denies any wrongdoing. As of the date of this annual report, a decision on the appeal has not been made.

With respect to the second case, in April 2009, we filed a constitutional challenge (*juicio de amparo*) before the Circuit Court in Monterrey, Mexico, and in May 2009, we filed a denial of the CFC's allegations. In November 2010, the Monterrey Circuit Court ordered the case to be heard by a District Court in Mexico City, Mexico claiming that it lacked appropriate jurisdiction. In December 2010, similar to the first case, the Mexico City District Court determined that CEMEX lacked standing with its constitutional challenge (*juicio de amparo*) since the notice of presumptive responsibility did not affect any of CEMEX's rights; therefore, CEMEX should wait until the CFC concluded its proceeding and issued a final ruling before raising its constitutional challenge again. CEMEX filed an appeal before the Mexico City District Court to argue against such determination. On October 14, 2011, the CFC determined that the case should be closed due to a lack of evidence to impose any sanctions. Third parties subsequently filed an appeal before the CFC to reconsider its ruling. The CFC recently confirmed its resolution to not impose any sanctions due to a lack of evidence.

Antitrust Cartel Litigation in Germany. On August 5, 2005, Cartel Damages Claims, SA (the "CDC"), filed a lawsuit in the District Court in Düsseldorf, Germany against CEMEX Deutschland AG and other German cement companies. CDC originally sought €102 million (approximately U.S.\$136.12 million as of March 31, 2012, based on an exchange rate of €0.7493 to U.S.\$1.00) in respect of damage claims by 28 entities relating to alleged price and quota fixing by German cement companies between 1993 and 2002, which entities had assigned their claims to CDC. CDC is a Belgian company established by two lawyers in the aftermath of the German cement cartel investigation that took place from July 2002 to April 2003 by Germany's Federal Cartel Office, with the express purpose of purchasing potential damages claims from cement consumers and pursuing those claims against the alleged cartel participants. In January 2006, another entity assigned alleged claims to CDC, and the amount of damages being sought by CDC increased to €113.5 million plus interest (approximately U.S.\$151.47 million plus interest as of December 31, 2011, based on an exchange rate of €0.7493 to U.S.\$1.00). On February 21, 2007, the District Court allowed this lawsuit to proceed without going into the merits of this case by issuing an interlocutory judgment. All defendants appealed, but the appeal was dismissed on May 14, 2008. The lawsuit will proceed in a court of first instance.

In the meantime, CDC acquired new claims by assignment and announced an increase in the claim to €131 million (approximately U.S.\$174.83 million as of March 31, 2012, based on an exchange rate of €0.7493 to U.S.\$1.00). As of March 31, 2012, we had accrued liabilities regarding this matter for an amount of approximately €20 million (approximately U.S.\$26.69 million based on an exchange rate of €0.7493 to U.S.\$1.00), plus an additional €7.8 million (approximately U.S.\$10.4 million based on an exchange rate of €0.7493 to U.S.\$1.00) as interest over the principal amount of the claim.

In the first hearing on the merits of this case that was held on March 1, 2012, the District Court in Düsseldorf, Germany revealed several preliminary considerations on relevant legal questions and allowed the parties to submit their plea and reply on May 21, 2012, with a decision expected to be issued on or around July 20, 2012. As of the date of this annual report, we are unable to assess the likelihood of an adverse result or, because of the number of defendants, the potential damages that would be borne by us; however, if the final decision is adverse to us, it could have a material adverse impact on our business results.

Antitrust Cases in Egypt. On July 29, 2009, two Egyptian contractors filed separate lawsuits against four cement producers, including CEMEX Egypt, demanding compensation of 20 million Egyptian Pounds

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(approximately U.S.\$3.31 million as of March 31, 2012, based on an exchange rate of Egyptian Pounds 6.0395 to U.S.\$1.00) from the four cement producers, or approximately 5 million Egyptian Pounds (approximately U.S.\$827,883.10 as of March 31, 2012, based on an exchange rate of Egyptian Pounds 6.0395 to U.S.\$1.00) from each defendant. The plaintiffs are using a 2007 Egyptian court decision convicting all cement producers in Egypt, including CEMEX Egypt, of antitrust activities and price fixing as a precedent and as proof of their allegation.

On December 16, 2009, at the hearing for one of the cases, the plaintiffs requested the court to release CEMEX Egypt from the claim. On May 11, 2010, the court released CEMEX Egypt from the claim, and this case is now closed.

On April 24, 2010, at the hearing for the other case, the court decided to refer the matter back to the prosecutor's office for further investigation and for a report on the investigations to be presented at the next hearing, which was held on January 11, 2011. Thereafter, this case was dismissed and all charges against CEMEX Egypt were dropped. The plaintiffs had 60 days to file their appeals, if any, to this ruling, which they subsequently filed before the Court of Cassation. As of April 20, 2012, the Court of Cassation has not yet scheduled the first hearing of cassation for this case.

These cases are the first of their kind in Egypt due to the recent enactment of the Law on Competition Protection and Prevention of Monopolistic Practices No. 3 in 2005. Even if we prevail in the ongoing case, these claims may have an adverse impact on us if they were to become a precedent and may create a risk of similar claims in the future.

Antitrust Cases in Florida. In October 2009, CEMEX Corp. and other cement and concrete suppliers were named as defendants in several purported class action lawsuits alleging price-fixing in Florida. The purported class action lawsuits are of two distinct types: The first type was filed by entities purporting to have purchased cement or ready-mix concrete directly from one or more of the defendants. The second group of plaintiffs are entities purporting to have purchased cement or ready-mix concrete indirectly from one or more of the defendants. Underlying all proposed suits is the allegation that the defendants conspired to raise the price of cement and concrete and hinder competition in Florida. On January 7, 2010, both groups of plaintiffs independently filed consolidated amended complaints substituting CEMEX, Inc. and some of its subsidiaries for the original defendant, CEMEX Corp. The corresponding CEMEX subsidiaries in the U.S. and the other defendants moved to dismiss the consolidated amended complaints. On October 12, 2010, the court granted in part the defendants' motion, dismissing from the case all claims relating to cement and reducing the applicable time period of the plaintiffs' claims. On October 29, 2010, the plaintiffs filed further amended complaints pursuant to the court's decision. On December 2, 2010, the corresponding CEMEX subsidiaries in the U.S. moved to dismiss the amended complaint filed by the indirect purchaser plaintiffs based on lack of standing. The corresponding CEMEX subsidiaries in the United States also answered the complaint filed by the direct purchaser plaintiffs. On January 4, 2011, both the direct and indirect purchaser plaintiffs filed further amended complaints, which the corresponding CEMEX subsidiaries in the United States answered on January 18, 2011. In March 2011, the direct and indirect purchaser plaintiffs filed motions for certification under Federal Rule of Civil Procedure 54(b), seeking the entry of final judgment pursuant to the court's October 12, 2010 order so they may appeal the dismissals to the Court of Appeals for the 11th Circuit. The court denied those motions on April 15, 2011. On September 21, 2011, both groups of plaintiffs filed motions for class certification. On January 3, 2012, the court denied both motions, ruling that the cases cannot proceed as class actions. On January 5, 2012, the court stayed both cases pending the resolution of any potential appeal of the court's ruling denying the motions for class certification. On January 17, 2012, the plaintiffs in the action involving entities that purchased ready-mix concrete directly from one or more of the defendants filed a petition with the Eleventh Circuit Court of Appeals, requesting that the Eleventh Circuit exercise its discretion to immediately review the trial court's decision denying their class certification motion. In early March 2012, the corresponding CEMEX subsidiaries in the United States and the other remaining defendants effected a settlement of both cases resulting in us having to pay approximately U.S.\$460,000. The corresponding CEMEX subsidiaries in the United States did not admit any wrongdoing as part of the settlements and deny allegations of misconduct.

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On October 26, 2010, CEMEX, Inc. received an Antitrust Civil Investigative Demand from the Office of the Florida Attorney General, which seeks documents and information in connection with an antitrust investigation by the Florida Attorney General into the ready-mix concrete industry in Florida. CEMEX is working with the Office of the Florida Attorney General to comply with the civil investigative demand, and it is unclear at this stage whether any formal proceeding will be initiated by the Office of the Florida Attorney General.

Environmental Matters

We are subject to a broad range of environmental laws and regulations in each of the jurisdictions in which we operate. These laws and regulations impose increasingly stringent environmental protection standards regarding, among other things, air emissions, wastewater discharges, the use and handling of hazardous waste or materials, waste disposal practices and the remediation of environmental damage or contamination. These standards expose us to the risk of substantial environmental costs and liabilities, including liabilities associated with divested assets and past activities, even conducted by prior owners or operators and, in some jurisdictions, without regard to fault or the lawfulness of the original activity.

To prevent, control and remediate environmental problems and maintain compliance with regulatory requirements, we maintain an environmental policy designed to monitor and control environmental matters. Our environmental policy requires each subsidiary to respect local laws and meet our own internal standards to minimize the use of non-renewable resources and the generation of hazardous and other wastes. We use processes that are designed to reduce the impact of our operations on the environment throughout all the production stages in all our operations worldwide. We believe that we are in substantial compliance with all material environmental laws applicable to us.

We regularly incur capital expenditures that have an environmental component or that are impacted by environmental regulations. However, we do not keep separate accounts for such mixed capital and environmental expenditures. Environmental expenditures that extend the life, increase the capacity, improve the safety or efficiency of assets or are incurred to mitigate or prevent future environmental contamination may be capitalized. Other environmental costs are expensed when incurred. For the year ended December 31, 2009, our environmental capital expenditures were not material. For the year ended December 31, 2010 and 2011, our sustainability capital expenditures (including our environmental expenditures and investments in alternative fuels and cementitious materials) were approximately U.S.\$93 million and approximately U.S.\$95 million, respectively. However, our environmental expenditures may increase in the future.

The following is a discussion of environmental regulations and related matters in our major markets.

Mexico. We were one of the first industrial groups in Mexico to sign an agreement with the *Secretaría del Medio Ambiente y Recursos Naturales*, (the “SEMARNAT”), the Mexican government’s environmental ministry, to carry out voluntary environmental audits in our 15 Mexican cement plants under a government-run program. In 2001, the Mexican environmental protection agency in charge of the voluntary environmental auditing program, the *Procuraduría Federal de Protección al Ambiente* (the “PROFEPA”), which is part of SEMARNAT, completed the audit of our cement plants and awarded all our plants a *Certificado de Industria Limpia*, or Clean Industry Certificate, certifying that our plants are in full compliance with environmental laws. The Clean Industry Certificates are subject to renewal every two years. As of April 15, 2012, our operating cement plants have Clean Industry Certificates or are in the process of renewing them. We expect the renewal of all currently expired Clean Industry Certificates.

For over a decade, the technology for recycling used tires into an energy source has been employed in our plants located in Ensenada and Huichapan. By the end of 2006, all our cement plants in Mexico were using tires as an alternative fuel. Municipal collection centers in the cities of Tijuana, Mexicali, Ensenada, Mexico City, Reynosa, Nuevo Laredo and Guadalajara currently enable us to recycle an estimated 10,000 tons of tires per year. Overall, approximately 15.20% of the total fuel used in our operating cement plants in Mexico during 2011 was comprised of alternative fuels.

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Between 1999 and April 15, 2012, our operations in Mexico have invested approximately U.S.\$90.23 million in the acquisition of environmental protection equipment and the implementation of the ISO 14001 environmental management standards of the International Organization for Standardization (“ISO”). The audit to obtain the renewal of the ISO 14001 certification took place during January 2012. All our operating cement plants in Mexico have obtained the renewal of the ISO 14001 certification for environmental management systems.

United States. Our operating subsidiaries in the United States are subject to a wide range of U.S. federal, state and local laws, regulations and ordinances dealing with the protection of human health and the environment. These laws are strictly enforced and can lead to significant monetary penalties for noncompliance. These laws regulate water discharges, noise, and air emissions, including dust, as well as the handling, use and disposal of hazardous and non-hazardous waste materials. These laws also create a shared liability by responsible parties for the cost of cleaning up or correcting releases to the environment of designated hazardous substances. We therefore may have to remove or mitigate the environmental effects of the disposal or release of these substances at our various operating facilities or elsewhere in the United States. We believe that our current procedures and practices for handling and managing materials are generally consistent with industry standards and legal and regulatory requirements, and that we take appropriate precautions to protect employees and others from harmful exposure to hazardous materials. See “Item 3—Key Information—Risk Factors—Our operations are subject to environmental laws and regulations.”

As of March 31, 2012, CEMEX, Inc. and its subsidiaries had accrued liabilities specifically relating to environmental matters in the aggregate amount of approximately U.S.\$19.1 million. The environmental matters relate to (i) the disposal of various materials, in accordance with past industry practice, which might be categorized as hazardous substances or wastes, and (ii) the cleanup of sites used or operated by CEMEX, Inc., including discontinued operations, regarding the disposal of hazardous substances or wastes, either individually or jointly with other parties. Most of the proceedings are in the preliminary stages, and a final resolution might take several years. For purposes of recording the provision, CEMEX, Inc. considers that it is probable that a liability has been incurred and the amount of the liability is reasonably estimable, whether or not claims have been asserted, and without giving effect to any possible future recoveries. Based on information developed to date, CEMEX, Inc. does not believe it will be required to spend significant sums on these matters, in excess of the amounts previously recorded. The ultimate cost that might be incurred to resolve these environmental issues cannot be assured until all environmental studies, investigations, remediation work, and negotiations with, or litigation against, potential sources of recovery have been completed.

In 2007, the EPA launched a CAA enforcement initiative against the U.S. cement industry. The primary goal of the initiative is to assess the industry’s historic compliance with the CAA’s New Source Review program and to reduce emissions from the industry through the installation of add-on controls. CEMEX has actively engaged with the EPA on its investigations, which involve multiple CEMEX facilities, and has entered into two settlements involving a total of \$3.4 million in civil penalties and a commitment to incur certain capital expenditures for pollution control equipment at its Victorville, California and Fairborn, Ohio plants. Although some of these proceedings are still in the initial stages, based on our past experience with such matters and currently available information, we believe, although we cannot assure you, that such cases will not have a material impact on our business or operations.

In 2002, CEMEX Construction Materials Florida, LLC (formerly Rinker Materials of Florida, Inc.) (“CEMEX Florida”), a subsidiary of CEMEX, Inc., was granted a federal quarry permit and was the beneficiary of another federal quarry permit for the Lake Belt area in South Florida. The permit held by CEMEX Florida covered CEMEX Florida’s SCL and FEC quarries. CEMEX Florida’s Kendall Krome quarry is operated under the permit of which it was a beneficiary. The FEC quarry is the largest of CEMEX Florida’s quarries measured by volume of aggregates mined and sold. CEMEX Florida’s Miami cement mill is located at the SCL quarry and is supplied by that quarry, while the FEC and Kendall Krome quarries have supplied aggregates to CEMEX and third party users. In response to litigation brought by environmental groups concerning the manner in which the federal quarry permits were granted, in January 2009, the U.S. District Court for the Southern District of Florida

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ordered the withdrawal of the federal quarry permits of CEMEX Florida's SCL, FEC and Kendall Krome quarries. The judge ruled that there were deficiencies in the procedures and analysis undertaken by the Army Corps of Engineers, or the Corps, in connection with the issuance of the permits. Upon appeal, on January 21, 2010, the Eleventh Circuit Court of Appeals affirmed the district court's ruling withdrawing the federal quarry permits of the three CEMEX Florida quarries as well as other third-party federal quarry permits subject to the litigation. On January 29, 2010, the Corps completed a multi-year review commenced as a result of the above-mentioned litigation and issued a Record of Decision (ROD) supporting the issuance of new federal quarry permits for the FEC and SCL quarries. Excavation of new aggregates was stopped at the FEC and SCL quarries from January 20, 2009 until new permits were issued. The FEC permit was issued on February 3, 2010, and the SCL permit on February 18, 2010. The ROD also indicated that a number of potential environmental impacts must be addressed at the wetlands located at the Kendall Krome site before a new federal quarry permit may be issued for mining at that quarry. It is unclear how long it will take to fully address the Corps' concerns regarding mining in the Kendall Krome wetlands. While no new aggregates will be quarried from wetland areas at Kendall Krome pending the resolution of the potential environmental issues, the FEC and SCL quarries will continue to operate. If CEMEX Florida were unable to maintain the new Lake Belt permits, CEMEX Florida would need to source aggregates, to the extent available, from other locations in Florida or import aggregates. This would likely affect operating income from our Florida operations. Any adverse impacts on the Florida economy arising from the cessation or significant restriction of quarrying operations in the Lake Belt area could also have a material adverse effect on our financial results.

Europe. In Great Britain, future expenditure on closed and current landfill sites has been assessed and quantified over the period in which the sites are considered to have the potential to cause environmental harm, generally consistent with the regulatory view of up to 60 years from the date of closure. The assessed expenditure relates to the costs of monitoring the sites and the installation, repair and renewal of environmental infrastructure. The costs have been quantified on a net present value basis in the amount of approximately £131.3 million (approximately U.S.\$210.96 million as of March 31, 2012, based on an exchange rate of £0.6224 to U.S.\$1.00) as of December 31, 2011, and we made an accounting provision for this amount at December 31, 2011.

In 2003, the European Union adopted a directive in order to help it fulfill its commitments under the Kyoto Protocol on climate change. This directive defines and establishes a GHG emissions allowance trading scheme within the European Union, i.e., it caps carbon dioxide emissions from installations involved in energy activities, the production and processing of ferrous metals, the cement and lime industries and the pulp, paper and board production businesses. Installations in these sectors have to monitor their emissions of CO₂ and surrender every year allowances (the right to emit one metric ton of CO₂) that cover their emissions. Allowances are issued by member states according to their National Allocation Plans, or NAPs. The NAPs not only set the total number of allowances for a given phase, but also define how they are allocated among participating installations. So far, most allowances have been allocated for free, but some member states sell up to 10% of their total allowance volume in auctions or on exchanges. Allowances are tradable so as to enable companies that manage to reduce their emissions to sell their excess allowances to companies that exceed their allocated quota. Failure to meet the emissions caps can subject a company to heavy penalties.

Companies can also use credits issued under the flexible mechanisms of the Kyoto protocol to fulfill their European obligations. Credits for emission reduction projects obtained under these mechanisms are recognized, up to specified levels, under the ETS as allowance substitutes. The main source of those credits are projects registered under the so-called Clean Development Mechanism ("CDM"), but Joint Implementation ("JI") credits are also eligible; the difference between these credits is dependent on which country is hosting the project: CDM projects are implemented in developing countries, JI projects in developed ones.

As required by the directive, each of the member states established a NAP that defines the free allocation to each industrial facility for Phase II (2008 through 2012). Although the overall yearly volume of allowances in Phase II is significantly lower than that during Phase I of the ETS (2005-2007), we do not see any significant risk that CEMEX will be short of allowances in Phase II. This assessment stems from various factors, notably a

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reasonable allocation policy in some countries, our efforts to reduce emissions per unit of clinker produced, reduced demand for our products due to the current economic circumstances, and the use of several risk-free financial instruments. We expect to be a net seller of allowances over Phase II. In addition, we are actively pursuing a strategy aimed at generating additional emission credits through the implementation of CDM projects in Latin America, North Africa and Southeast Asia.

The Spanish NAP has been approved by the Spanish government, reflecting the conditions that were set forth by the European Commission. The allocations made to our installations allow us to foresee a reasonable availability of allowances; nevertheless, there remains the uncertainty regarding the allocations that, against the reserve for new entrants, we intend to request for our new cement plant in Andorra (Teruel), whose construction has been postponed.

In the case of the United Kingdom, Germany, Poland and Latvia, NAPs have been approved by the European Commission, and allowances have been issued to our existing installations.

On January 9, 2009, we received a positive answer from United Kingdom authorities to a request we filed in late 2008 to retain the allocation of allowances for our Barrington plant after this facility was mothballed in November 2008 and its production moved to our South Ferriby plant.

On May 18, 2009, the Environment Ministry of the Republic of Latvia published the amount of allocation of EUAs from the New Entrants Reserve to our Broceni plant expansion project.

On May 29, 2007, the Polish government filed an appeal before the Court of First Instance in Luxembourg regarding the European Commission's rejection of the initial version of the Polish NAP. The Polish government has issued allowances at the level already accepted by the European Commission, which is lower than the Polish government proposal by 76 million EUA per year. However, on September 23, 2009, the same Court annulled the European Commission's decision that reduced the number of EUAs in the Polish NAP. The Court found that such reduction was not justified, arguing that the European Commission should not ignore the historical and forecasted data that Poland used to establish the basis of the NAP allocation. On March 19, 2010, the European Commission and the government of Poland reached an agreement to maintain the originally approved cap for 2010 through 2012 (the remainder of the EU ETS Phase II period). On December 4, 2009, the European Commission appealed the Court of First Instance in Luxembourg's decision to the European Supreme Court, as its resolution could impact similar cases against the European Commission raised by other Eastern European member states. On March 29, 2012, the European Supreme Court issued the final judgement in the case in favor of Poland, dismissing the European Commission's appeal. Taking into account the agreement on an approved cap for 2010 through 2012 reached between the European Commission and the government of Poland on March 19, 2010, the Court of First Instance in Luxembourg's decision has no impact on Poland's CO2 allowances in the EU ETS Phase II period.

Croatia has implemented an emissions trading scheme designed to be compatible with the one in force in the European Union, although no emission allowances can be exchanged between the two schemes. The first period of compliance is 2010-2012, and the final NAP was published in July 2009. We do not expect the commencement of the Croatian emissions trading scheme to substantially affect our overall position, particularly as the allocation to CEMEX Croatia is larger than previously anticipated.

In December 2008, the European Commission, Council and Parliament reached an agreement on a new Directive that will govern emissions trading after 2012. One of the main features of the Directive is that a European-wide benchmark will be used to allocate free allowances among installations in the cement sector, according to their historical clinker production.

On April 27, 2011, the European Commission adopted a Decision that states the rules, including the benchmarks of greenhouse gas emissions performance, to be used by the Member States in calculating the

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number of allowances to be annually allocated for free to industrial sectors (such as cement) that are deemed to be exposed to the risk of “carbon leakage”. Based on the criteria contained in the adopted Decision we expect that the aggregate amount of allowances that will be annually allocated for free to CEMEX in Phase III of the ETS (2013 – 2020) will be sufficient to operate.

Despite having already sold a substantial amount of allowances for Phase II, we believe the overall volume of transactions is justified by our conservative emissions forecast, the stream of offset credits coming from our CDM projects and our expected long position in the initial years of Phase III, meaning that the risk of having to buy allowances in the market in the remainder of Phase II is very low. As of March 31, 2012, the price of carbon dioxide allowances for Phase II on the spot market was approximately €6.93 per ton (approximately U.S.\$9.25 as of March 31, 2012, based on an exchange rate of €0.7493 to U.S.\$1.00). We are taking measures intended to minimize our exposure to this market, while continuing to supply our products to our customers.

Tariffs

The following is a discussion of tariffs on imported cement in our major markets.

Mexico. Mexican tariffs on imported goods vary by product and have historically been as high as 100%. In recent years, import tariffs have been substantially reduced and currently range from none at all for raw materials to over 20% for finished products, with an average weighted tariff of approximately 3.7%. As a result of the North American Free Trade Agreement, or NAFTA, as of January 1, 1998, the tariff on cement imported into Mexico from the United States or Canada was eliminated. However, a tariff in the range of 7% ad valorem will continue to be imposed on cement produced in all other countries unless tariff reduction treaties are implemented or the Mexican government unilaterally reduces that tariff. While the reduction in tariffs could lead to increased competition from imports in our Mexican markets, we anticipate that the cost of transportation from most producers outside Mexico to central Mexico, the region of highest demand, will remain a barrier to entry.

United States. There are no tariffs on cement imported into the United States from any country, except Cuba and North Korea.

Europe. Member countries of the European Union are subject to the uniform European Union commercial policy. There is no tariff on cement imported into a country that is a member of the European Union from another member country or on cement exported from a European Union country to another member country. For cement imported into a member country from a non-member country, the tariff is currently 1.7% of the customs value. Any country with preferential treatment with the European Union is subject to the same tariffs as members of the European Union. Most Eastern European producers exporting cement into European Union countries currently pay no tariff.

Tax Matters

Mexico. Pursuant to amendments to the Mexican Income Tax Law (*Ley del Impuesto sobre la Renta*), which became effective on January 1, 2005, Mexican companies with direct or indirect investments in entities incorporated in foreign countries, whose income tax liability in those countries is less than 75% of the income tax that would be payable in Mexico, were required to pay taxes in Mexico on passive income, such as dividends, royalties, interest, capital gains and rental fees obtained by such foreign entities, except for income derived from entrepreneurial activities in such countries, which is not subject to tax under these amendments. We filed two motions in the Mexican federal courts challenging the constitutionality of the January 1, 2005 amendments to the Mexican Income Tax Law. Although we had obtained a favorable ruling from the lower Mexican federal court, on September 9, 2008, the Mexican Supreme Court, on appeal, ruled against our constitutional challenge of the controlled foreign corporation tax rules in effect in Mexico for tax years 2005 to 2007. Because the Mexican Supreme Court’s decision did not pertain to an amount of taxes due or other tax obligations, we had the right to self-assess any taxes due through the submission of amended tax returns. On March 1, 2012, we self-assessed the

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taxes corresponding to the 2005 tax year for a total amount, inclusive of surcharges and carry-forward charges, of approximately Mexican Ps4.6 billion (approximately U.S.\$358 million as of March 31, 2012, based on an exchange rate of Mexican Ps12.82 to U.S.\$1.00), of which 20%, equivalent to approximately Mexican Ps928 million (approximately U.S.\$72.38 million as of March 31, 2012, based on an exchange rate of Mexican Ps12.82 to U.S.\$1.00), was paid in connection with the submission of amended tax returns, which were filed on March 1, 2012. The remaining 80% of such total amount is due in January 2013, plus additional surcharges and carry-forward charges if we elect to extend the payment date and pay in thirty-six monthly installments, which can be prepaid at our option. We believe we have adequate provisions to cover this self-assessment. The tax authorities in Mexico agreed with our self-assessment and with the procedure to determine the taxes due for the 2005 tax year and, as a result, the tax authorities in Mexico may not assess additional amounts of taxes past due for that year. While we have not determined the final amount of taxes to be paid for the 2006 and 2007 tax years, we expect the final amounts will be materially less than that for the 2005 tax year. The Mexican Income Tax Law was again amended in 2008, as a result of which we do not expect any material adverse effect from the controlled foreign corporation tax rules for years subsequent to 2007.

The Mexican Congress approved several amendments to the Mexican Asset Tax Law (*Ley del Impuesto al Activo*) that came into effect on January 1, 2007. As a result of such amendments, all Mexican corporations, including us, were no longer allowed to deduct liabilities from calculation of the asset tax. We believed that the Asset Tax Law, as amended, was against the Mexican Constitution. We challenged the Asset Tax Law through appropriate constitutional action (*juicio de amparo*), and the Mexican Supreme Court ruled that the reform did not violate the Mexican Constitution. In addition, the Mexican Supreme Court ordered the lower courts to resolve all pending proceedings based upon criteria provided by the Mexican Supreme Court. However, we will not be affected by this resolution since we have already calculated and paid the applicable asset tax in accordance with the Mexican Asset Tax Law.

The asset tax was imposed at a rate of 1.25% on the value of most of the assets of a Mexican corporation. The asset tax was “complementary” to the corporate income tax (*impuesto sobre la renta*) and, therefore, was payable only to the extent it exceeded payable income tax.

In 2008, the Asset Tax Law was abolished and a new applicable to all Mexican corporations was enacted, known as the *Impuesto Empresarial a Tasa Única* (Single Rate Corporate Tax), which is a form of alternative minimum tax.

In November 2009, the Mexican Congress approved a general tax reform, effective as of January 1, 2010. Specifically, the tax reform requires CEMEX to retroactively pay Additional Consolidation Taxes. This tax reform requires CEMEX to pay taxes on certain previously exempt intercompany dividends, certain other special tax items and operating losses generated by members of the consolidated tax group not recovered by the individual company generating such losses within the succeeding 10-year period, which may have a material adverse effect on our cash flow, financial condition and net income. The Additional Consolidation Taxes must be paid over a five-year time period. This tax reform also increased the statutory income tax rate from 28% to 30% for the years 2010 to 2012, then lowered it to 29% for 2013 and 28% for 2014 and future years.

For the 2010 fiscal year, CEMEX was required to pay (at the new, 30% tax rate) 25% of the Additional Consolidation Taxes for the period between 1999 and 2004, with the remaining 75% payable as follows: 25% in 2011, 20% in 2012, 15% in 2013 and 15% in 2014. Additional Consolidation Taxes arising after the 2004 tax year are taken into account in the sixth fiscal year after such year and are payable over the succeeding five years in the same proportions (25%, 25%, 20%, 15% and 15%). Applicable taxes payable as a result of this tax reform are increased by inflation adjustments as required by Mexican Income Tax Law (*Ley del Impuesto Sobre la Renta*). In connection with these changes in the tax consolidation regime in Mexico, as of December 31, 2009, we recognized a liability of approximately Ps10.5 billion (approximately U.S.\$1.22 billion as of March 31, 2012,

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based on an exchange rate of Ps12.82 to U.S.\$1.00), of which approximately Ps8.2 billion (approximately U.S.\$639.6 million as of March 31, 2012, based on an exchange rate of Mexican Ps12.82 to U.S.\$1.00) was recognized under “Other non-current assets” in connection with the net liability recognized under the new tax law and that we expect to realize in connection with the payment of this tax liability, and approximately Ps2.2 billion (approximately U.S.\$171.6 million as of March 31, 2012, based on an exchange rate of Ps12.82 to U.S.\$1.00) was recognized against “Retained earnings” upon adoption of IFRS according to the new law, related to: (a) the difference between the sum of the equity of the controlled entities for tax purposes and the equity for tax purposes of the consolidated entity; (b) dividends from the controlled entities for tax purposes to CEMEX, S.A.B. de C.V.; and (c) other transactions among the companies included in the tax consolidation group that represented the transfer of resources within such group.

On February 15, 2010, we filed a constitutional challenge (*juicio de amparo*) against the January 1, 2010 tax reform described above. As of June 3, 2011, we were notified of a favorable verdict at the first stage of the trial; the Mexican tax authorities subsequently filed an appeal (*recurso de revisión*) before the Mexican Supreme Court, which is pending.

On March 31, 2010, additional tax rules (*miscelanea fiscal*) were published in connection with the general tax reform approved by the Mexican Congress in November 2009. These new rules provide certain taxpayers with benefits arising from the years 1999 to 2004.

On June 30, 2010, CEMEX paid approximately Ps325 million (approximately U.S.\$25.35 million as of March 31, 2012, based on an exchange rate of Ps12.82 to U.S.\$1.00) of Additional Consolidation Taxes. This first payment represented 25% of the Additional Consolidation Taxes for the “1999 to 2004” period. On March 31, 2011, CEMEX made a second payment of approximately Ps506 million (approximately U.S.\$39.46 million as of March 31, 2012, based on an exchange rate of Ps12.82 to U.S.\$1.00). This second payment, together with the first payment, represented 50% of the Additional Consolidation Taxes for the “1999-2004” period, and also included the first payment of 25% of the Additional Consolidation Taxes for the “2005” period. As of December 31, 2011, our estimated payment schedule of taxes payable resulting from changes in the tax consolidation regime was as follows: approximately Ps698 million in 2012 (approximately U.S.\$54.44 million as of March 31, 2012, based on an exchange rate of Ps\$12.82 to U.S.\$1.00), which was paid on March 30, 2012; approximately Ps693 million (approximately U.S.\$54.05 million as of March 31, 2012, based on an exchange rate of Ps\$12.82 to U.S.\$1.00) in 2013; approximately Ps1.9 billion (approximately U.S.\$148.2 million as of March 31, 2012, based on an exchange rate of Ps\$12.82 to U.S.\$1.00) in 2014; and approximately Ps8.9 billion (approximately U.S.\$694.22 million as of March 31, 2012, based on an exchange rate of Ps\$12.82 to U.S.\$1.00) in 2015 and thereafter. As of December 31, 2011, we have paid an aggregate amount of approximately Ps831 million (approximately U.S.\$64.82 million as of March 31, 2012, based on an exchange rate of Ps\$12.82 to U.S.\$1.00) of Additional Consolidation Taxes.

In December 2010, pursuant to certain additional rules, the tax authorities granted the option to defer the calculation and payment of certain items included in the law in connection with the taxable amount for the difference between the sum of the equity of controlled entities for tax purposes and the equity of the consolidated entity for tax purposes. As a result, CEMEX reduced its estimated tax payable by approximately Ps2.9 billion (approximately U.S.\$226.2 million as of March 31, 2012, based on an exchange rate of Ps12.82 to U.S.\$1.00) against a credit to the income statement when the new tax enactment took place. In addition, after accounting for the following that took place in 2010: (a) cash payments of Ps325 million (approximately U.S.\$25.35 million as of March 31, 2012, based on an exchange rate of Ps12.82 to U.S.\$1.00); (b) income tax from subsidiaries paid to the parent company of Ps2.4 billion (approximately U.S.\$187.2 million as of March 31, 2012, based on an exchange rate of Ps12.82 to U.S.\$1.00); and (c) other adjustments of Ps358 million (approximately U.S.\$27.92 million as of March 31, 2012, based on an exchange rate of Ps12.82 to U.S.\$1.00), the estimated tax payable for tax consolidation in Mexico amounted to approximately Ps10.1 billion (approximately U.S.\$787.83 million as of March 31, 2012, based on an exchange rate of Ps12.82 to U.S.\$1.00) as of December 31, 2010. Furthermore, after accounting for the following that took place in 2011: (a) cash payments in the amount of Ps506 million

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(approximately U.S.\$39.47 million as of March 31, 2012, based on an exchange rate of Ps12.82 to U.S.\$1.00); (b) income tax from subsidiaries paid to the parent company of Ps2.3 billion (approximately U.S.\$179.4 million as of March 31, 2012, based on an exchange rate of Ps12.82 to U.S.\$1.00); and (c) other adjustments of Ps485 million (approximately U.S.\$37.83 million as of March 31, 2012, based on an exchange rate of Ps12.82 to U.S.\$1.00), the estimated tax payable for tax consolidation in Mexico increased to approximately Ps12.4 billion (approximately U.S.\$967.72 million as of March 31, 2012, based on an exchange rate of Ps12.82 to U.S.\$1.00) as of December 31, 2011.

On January 21, 2011, the Mexican tax authorities notified CEMEX, S.A.B. de C.V. of a tax assessment for approximately Ps995.6 million (approximately U.S.\$77.65 million as of March 31, 2012 based on an exchange rate of Ps12.82 to U.S.\$1.00) pertaining to the 2005 tax year. The tax assessment is related to the corporate income tax in connection with the tax consolidation regime. As a result of a tax reform in 2005, instead of deducting purchases, the law allowed for the cost of goods sold to be deducted. However, since there were inventories as of December 31, 2004, a transition provision of the law allowed for the inventory to be accumulated as income (thus reversing the deduction via purchases) and then deducted from 2005 onwards as cost of goods sold. In order to compute the income resulting from the inventories in 2004, the law allowed this income to be offset against accumulated tax losses of some subsidiaries. The authorities argued that because of this offset, the right to use such losses at the consolidated level had been lost and, therefore, CEMEX had to increase its consolidated income or decrease its consolidated losses. CEMEX believes that there is no legal support for the conclusion of the authority and, on March 29, 2011, CEMEX challenged the assessment before the tax court.

On November 16, 2011, Mexican tax authorities notified Centro Distribuidor de Cemento, S.A. de C.V. and Mexcement Holdings, S.A. de C.V., both indirect subsidiaries of CEMEX, S.A.B. de C.V., of tax assessments, related to direct and indirect investments in entities considered to be preferential tax regimens, in the amount of approximately Ps1.3 billion (approximately U.S.\$101.4 million as of March 31, 2012, based on an exchange rate of Ps12.82 to U.S.\$1.00) and approximately Ps759 million (approximately U.S.\$59.2 million as of March 31, 2012, based on an exchange rate of Ps12.82 to U.S.\$1.00).

On February 3, 2012, Centro Distribuidor de Cemento, S.A. de C.V. and Mexcement Holdings, S.A. de C.V. filed a claim against the November 16, 2011 assessments.

United States. As of the date of this annual report, our U.S. subsidiaries and the Internal Revenue Service have reached a tentative resolution regarding the audits of years 2005 through 2009 and certain adjustments for post-2009 years. CEMEX expects that the audits for years 2005 through 2009 will be settled within the next twelve months. CEMEX believes it has adequately reserved for such tentative resolution and that the estimated amount of cash to be paid to resolve this matter is not expected to be material to our financial results. However, we can not assure you that the outcome will not require further provisions for taxes.

Colombia. On November 10, 2010, the Colombian Tax Authority (*Dirección de Impuestos*) notified CEMEX Colombia of a proceeding (*requerimiento especial*) in which the Colombian Tax Authority rejected certain tax losses taken by CEMEX Colombia in its 2008 year-end tax return. In addition, the Colombian Tax Authority assessed an increase in taxes to be paid by CEMEX Colombia in the amount of approximately 43 billion Colombian Pesos (approximately U.S.\$24 million as of March 31, 2012, based on an exchange rate of 1,792.07 Colombian Pesos to U.S.\$1.00) and imposed a penalty in the amount of approximately 69 billion Colombian Pesos (approximately U.S.\$38.5 million as of March 31, 2012, based on an exchange rate of 1,792.07 Colombian Pesos to U.S.\$1.00). The Colombian Tax Authority argues that CEMEX Colombia is limited in its use of prior year tax losses to 25% of such losses per subsequent year. We believe that the tax provision that limits the use of prior year tax losses does not apply in the case of CEMEX Colombia because the applicable tax law was repealed in 2006. Furthermore, we believe that the Colombian Tax Authority is no longer able to review the 2008 tax return because the time to review such returns has already expired pursuant to Colombian law. In February 2011, CEMEX Colombia presented its arguments to the Colombian Tax Authority. On July 27, 2011,

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the Colombian Tax Authority issued its final determination, which confirmed the information in the November 10, 2010 proceeding notice (*requerimiento especial*). The official assessment was appealed by CEMEX Colombia on September 27, 2011, and the Colombian Tax Authority has one year to resolve the appeal.

On April 1, 2011, the Colombian Tax Authority notified CEMEX Colombia of a proceeding notice (*requerimiento especial*) in which the Colombian Tax Authority rejected certain deductions taken by CEMEX Colombia in its 2009 year-end tax return. The Colombian Tax Authority assessed an increase in taxes to be paid by CEMEX Colombia in the amount of approximately 90 billion Colombian Pesos (approximately U.S.\$50.22 million as of March 31, 2012, based on an exchange rate of 1,792.07 Colombian Pesos to U.S.\$1.00) and imposed a penalty in the amount of approximately 144 billion Colombian Pesos (approximately U.S.\$80.3 million as of March 31, 2012, based on an exchange rate of 1,792.07 Colombian Pesos to U.S.\$1.00). The Colombian Tax Authority argues that certain expenses are not deductible for fiscal purposes because they are not linked to direct revenues recorded in the same fiscal year, without taking into consideration that future revenue will be taxed with income tax in Colombia. CEMEX Colombia responded to the proceeding notice (*requerimiento especial*) on June 25, 2011. On December 15, 2011, the Colombian Tax Authority issued its final determination, which confirmed the information in the special proceeding. CEMEX Colombia appealed the final determination on February 15, 2012 and the Colombian Tax Authority has one year to resolve the appeal.

At this stage, we are not able to assess the likelihood of an adverse result or potential damages which could be borne by CEMEX Colombia in either of the special proceedings described above, but if adversely resolved, they could have a material adverse impact on our financial results.

Other Legal Proceedings

Expropriation of CEMEX Venezuela and ICSID Arbitration. On August 18, 2008, Venezuelan officials took physical control of the facilities of CEMEX Venezuela, following the issuance of several governmental decrees purporting to authorize the takeover by the government of Venezuela of all of CEMEX Venezuela's assets, shares and business. Around the same time, the Venezuelan government removed the board of directors of CEMEX Venezuela and replaced its senior management. On October 16, 2008, CEMEX Caracas, which held a 75.7% interest in CEMEX Venezuela, filed a request for arbitration against the government of Venezuela before the International Centre for Settlement of Investment Disputes, or ICSID, seeking relief for the expropriation of their interest in CEMEX Venezuela. In the ICSID proceedings against Venezuela, CEMEX Caracas was seeking: (a) a declaration that the government of Venezuela was in breach of its obligations under a bilateral investment treaty between the Netherlands and Venezuela (the "Treaty"), the Venezuelan Foreign Investment Law and customary international law; (b) an order that the government of Venezuela restore to CEMEX Caracas their interest in, and control over, CEMEX Venezuela; (c) in the alternative, an order that the government of Venezuela pay CEMEX Caracas full compensation with respect to its breaches of the Treaty, the Venezuelan Foreign Investment Law and customary international law, in an amount to be determined in the arbitration, together with interest at a rate not less than LIBOR, compounded until the time of payment; and (d) an order that the government of Venezuela pay all costs of and associated with the arbitration, including CEMEX Caracas's legal fees, experts' fees, administrative fees and the fees and expenses of the arbitral tribunal. The ICSID Tribunal was constituted on July 6, 2009. The arbitral tribunal issued its decision in favor of jurisdiction on December 30, 2010.

Separately, the government of Venezuela had claimed that three cement transportation vessels, which the former CEMEX Venezuela transferred to a third party before the expropriation, continue to be the property of the former CEMEX Venezuela and obtained interim measures before Venezuelan courts barring further transfer or disposition of those vessels. The government of Venezuela attempted to enforce these interim measures in the courts of Panama, and on October 13, 2010, the Panamanian Supreme Civil Court confirmed its prior rejection of such attempt to give the Venezuelan interim measures legal effect in Panama. In December of 2010, the Venezuelan Attorney General's office filed a complaint before the Maritime Court of the First Instance, Caracas, again seeking an order for the transfer of the vessels and damages for the allegedly unlawful deprivation of Venezuela's use and enjoyment of the vessels.

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On November 30, 2011, following negotiations with the government of Venezuela and its public entity Corporación Socialista de Cemento, S.A., a settlement agreement was reached between CEMEX Caracas and the government of Venezuela that closed on December 13, 2011. Under this settlement agreement, CEMEX Caracas received compensation for the expropriation of CEMEX Venezuela in the form of (i) a cash payment of approximately U.S.\$240 million and (ii) notes issued by PDVSA which nominal value and interest income to maturity totaled U.S.\$360 million. Additionally, as part of the settlement, claims, including the above referenced claim regarding the three transportation vessels, among all parties and their affiliates were released, and all intercompany payments due (approximately U.S.\$154 million) from or to CEMEX Venezuela to and from CEMEX affiliates, as the case may be, were cancelled. As a result of this settlement agreement, CEMEX Caracas and the government of Venezuela agreed to withdraw its ICSID arbitration.

Colombian Construction Claims. On August 5, 2005, the Urban Development Institute (*Instituto de Desarrollo Urbano*) and an individual filed a lawsuit in the Fourth Anti-Corruption Court of Bogotá (*Fiscalía Cuarta Anticorrupción de Bogotá*) against a subsidiary of CEMEX Colombia, S.A. claiming that it was liable, along with the other members of the *Asociación Colombiana de Productores de Concreto*, or ASOCRETO, a union formed by all the ready-mix concrete producers in Colombia, for the premature distress of the roads built for the mass public transportation system of Bogotá using ready-mix concrete supplied by CEMEX Colombia and other ASOCRETO members. The plaintiffs allege that the base material supplied for the road construction failed to meet the quality standards offered by CEMEX Colombia and the other ASOCRETO members and/or that they provided insufficient or inaccurate information in connection with the product. The plaintiffs seek the repair of the roads in a manner which guarantees their service during the 20-year period for which they were originally designed, and estimate that the cost of such repair will be approximately 100 billion Colombian Pesos (approximately U.S.\$55.8 million as of March 31, 2012, based on an exchange rate of 1,792.07 Colombian Pesos to U.S.\$1.00). The lawsuit was filed within the context of a criminal investigation of two ASOCRETO officers and other individuals, alleging that the ready-mix concrete producers were liable for damages if the ASOCRETO officers were criminally responsible. On January 21, 2008, CEMEX Colombia was subject to a judicial order, issued by the court, sequestering a quarry called El Tunjuelo, as security for a possible future money judgment to be rendered against CEMEX Colombia in these proceedings. The court determined that in order to lift this attachment and prevent further attachments, CEMEX Colombia was required within a period of ten days to deposit with the court in cash 337.8 billion Colombian Pesos (approximately U.S.\$188.5 million as of March 31, 2012, based on an exchange rate of 1,792.07 Colombian Pesos to U.S.\$1.00), instead of being allowed to post an insurance policy to secure such recovery. CEMEX Colombia asked for reconsideration, and the court allowed CEMEX to present an insurance policy. Nevertheless, CEMEX appealed this decision, in order to reduce the amount of the insurance policy, and also requested that the guarantee be covered by all defendants in the case. On March 9, 2009, the Superior Court of Bogotá reversed this decision, allowing CEMEX to offer a security in the amount of 20 billion Colombian Pesos (approximately U.S.\$11.16 million as of March 31, 2012, based on an exchange rate of 1,792.07 Colombian Pesos to U.S.\$1.00). CEMEX gave the aforementioned security, and on July 27, 2009, the Superior Court of Bogotá lifted the attachment on the quarry. One of the plaintiffs appealed this decision, but the Supreme Court of Bogotá confirmed the lifting of the attachment. At this stage, we are not able to assess the likelihood of an adverse result or, because of the number of defendants, the potential damages which could be borne by CEMEX Colombia.

Croatian Concession Litigation. After an extended consultation period, in April 2006, the cities of Kaštela and Solin in Croatia published their respective Master (physical) Plans defining the development zones within their respective municipalities, adversely impacting the mining concession granted to Cemex Hrvatska d.d., or CEMEX Croatia, our subsidiary in Croatia, by the Government of Croatia in September 2005. During the consultation period, CEMEX Croatia submitted comments and suggestions to the Master Plans, but these were not taken into account or incorporated into the Master Plans by Kaštela and Solin. Most of these comments and suggestions were intended to protect and preserve the rights of CEMEX Croatia's mining concession. Immediately after publication of the Master Plans, CEMEX Croatia filed a series of lawsuits and legal actions before the local and federal courts to protect its acquired rights under the mining concessions including: (i) on May 17, 2006, a constitutional appeal before the constitutional court in Zagreb, seeking a declaration by the court concerning CEMEX Croatia's constitutional claim for decrease and obstruction of rights earned by investment,

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and seeking prohibition of implementation of the Master Plans; this appeal is currently under review by the Constitutional Court in Croatia, and we cannot predict when it will be resolved; and (ii) on May 17, 2006, an administrative proceeding seeking a declaration from the Government of Croatia confirming that CEMEX Croatia acquired rights under the mining concessions. The ruling of the Croatian administrative body confirms that CEMEX Croatia acquired rights according to the previous decisions. The Administrative Court in Croatia has ruled in favor of CEMEX Croatia, validating the legality of the mining concession granted to CEMEX Croatia by the Government of Croatia, in September 2005. As of April 20, 2012, we are still waiting for an official declaration from the Constitutional Court regarding an open question that CEMEX Croatia has formally made as to whether the cities of Solin and Kaštela, within the scope of their Master Plans, can unilaterally change the borders of exploited fields. We believe that a declaration of the Constitutional Court will enable us to seek compensation for the losses caused by the proposed border changes.

Florida Litigation Relating to the Brooksville South Project. In November 2008, AMEC/Zachry, the general contractor for the Brooksville South expansion project in Florida, filed a lawsuit against CEMEX Florida in Florida State Court in Orlando (Complex Commercial Litigation Division), alleging delay damages, seeking an equitable adjustment to the Design/Build contract and payment of change orders. AMEC/Zachry seeks U.S.\$60 million as compensation. In February 2009, AMEC/Zachry filed an amended complaint asserting a claim by AMEC E&C Services, Inc. against CEMEX Materials, LLC (“CEMEX Materials”) as the guarantor of the Design/Build contract. CEMEX Florida answered the suit, denying any breach of contract and asserting affirmative defenses and counterclaims against AMEC/Zachry for breach of contract. CEMEX Florida also asserted certain claims against AMEC, plc as the guarantor for the contract and FLSmith, Inc. (“FLS”) as the equipment manufacturer. FLS filed a variety of motions challenging CEMEX Florida’s claims against FLS. Based upon the court rulings on FLS’s motions, on July 16, 2010, CEMEX Florida amended its counterclaim against AMEC/Zachry and its crossclaim against FLS. CEMEX Florida asserted new claims against AMEC/Zachry for negligent misrepresentation, and reasserted its claims for common law indemnity, negligent misrepresentation and breach of contract against FLS. FLS and AMEC/Zachry have filed new motions challenging CEMEX Florida’s amended complaint. FLS also filed an amended answer asserting crossclaims against CEMEX Florida and CEMEX Materials for breach of contract and unjust enrichment. CEMEX filed a motion to dismiss FLS’s crossclaims. On November 18, 2010, the Florida State court denied AMEC/Zachry’s motion to dismiss against CEMEX Florida. The parties have since further amended their pleadings to add new claims and defenses and continue to conduct discovery. Motions seeking dismissal of discreet claims and defenses are pending before the court. Until discovery is substantially complete, we remain unable to assess the likelihood of an adverse result or the potential damages which could be borne by CEMEX Florida or CEMEX Materials.

Panamanian Height Restriction Litigation. On July 30, 2008, the Panamanian *Autoridad de Aeronáutica Civil* denied a request by our subsidiary Cemento Bayano to erect structures above the permitted height restriction applicable to certain areas surrounding Calzada Larga Airport. This height restriction is set according to applicable legal regulations and reaches the construction area of the cement plant’s second line. According to design plans, ten of the planned structures would exceed the permitted height. Cemento Bayano has formally requested the above-mentioned authority to reconsider its denial. On October 14, 2008, The Panamanian *Autoridad de Aeronáutica Civil* granted permission to construct the tallest building of the second line, under the following conditions: (a) Cemento Bayano shall assume any liability arising out of any incident or accident caused by the construction of such building; and (b) there will be no further permissions for additional structures. Cemento Bayano filed an appeal with respect to the second condition and has submitted a request for permission in respect to the rest of the structures. On March 13, 2009, the *Autoridad de Aeronáutica Civil* issued a ruling stating that (a) should an accident occur in the perimeter of the Calzada Larga Airport, an investigation shall be conducted in order to determine the cause and further responsibility; and (b) there will be no further permissions for additional structures of the same height as the tallest structure already granted. Therefore, additional permits may be obtained as long as the structures are lower than the tallest building, on a case-by-case analysis to be conducted by the authority. On June 11, 2009, the Panamanian *Autoridad de Aeronáutica Civil* issued a ruling denying a permit for additional structures above the permitted height restriction applicable to certain areas

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surrounding Calzada Larga Airport. On June 16, 2009, Cemento Bayano, S.A. requested the abovementioned authority to reconsider its denial. As of April 21, 2012, the *Panamanian Autoridad de Aeronáutica Civil* had not yet issued a ruling pursuant to our request for reconsideration. We will continue the negotiations with officials at the *Panamanian Autoridad de Aeronáutica Civil* in hopes of attaining a negotiated settlement that addresses all their concerns.

Texas General Land Office Litigation. The Texas General Land Office (“GLO”) alleged that CEMEX Construction Materials South, LLC failed to pay approximately U.S.\$550 million in royalties related to mining by CEMEX and its predecessors since the 1940s on lands that, when transferred originally by the State of Texas, contained reservation of mineral rights. The petition filed by the GLO also sought injunctive relief, although the State did not pursue such relief. On December 17, 2009, the Texas state district court granted CEMEX’s motion for summary judgment finding that the GLO’s claims had no merit. The GLO filed a Motion for Reconsideration that was denied by the court. The court severed the parties’ ancillary claims, including CEMEX’s counter claims and third-party claims against Texas Land Commissioner Jerry Patterson and the State’s trespass to try title claim against CEMEX, from the case’s central claims of breach of contract, conversion and injunction, holding that these ancillary claims should be held in abeyance until resolution of the GLO’s appeal. The GLO filed its appeal on March 25, 2010. Both parties submitted briefs and the Court of Appeals heard oral arguments on May 3, 2011. On August 31, 2011, the El Paso Court of Appeals reversed the trial court’s judgment and rendered judgment in favor of the State of Texas with respect to the ownership of the materials on the lands mined by CEMEX and its predecessors in interest. On November 16, 2011, CEMEX petitioned the Texas Supreme Court for review of the El Paso Court of Appeals’ decision. On February 23, 2012, the GLO and CEMEX entered into an agreement to settle all claims, including claims for past royalties, without any admission of liability by CEMEX. Pursuant to the settlement, CEMEX will pay U.S.\$750,000 in five equal installments of U.S.\$150,000 per year and will enter into a royalty mining lease at the royalty rate required by the Texas Natural Resources Code on a going forward basis, beginning in September 2012. Further, CEMEX’s pending appeal to the Texas Supreme Court has been withdrawn and all ancillary claims that were held in abeyance have been dismissed.

Strabag Arbitration. Following an auction process, we (through our subsidiary RMC Holding B.V.) entered into a share purchase agreement, dated July 30, 2008 (the “SPA”), to sell our operations in Austria (then consisting of 26 aggregates and 41 ready-mix concrete plants) and Hungary (then consisting of 6 aggregates, 29 ready-mix concrete and 4 paving stone plants) to Strabag SE, one of Europe’s leading construction and building materials groups (“Strabag”), for €310 million (approximately U.S.\$413.71 million as of March 31, 2012, based on an exchange rate of €0.7493 to U.S.\$1.00). On February 10, 2009, the Hungarian Competition Council approved the sale of the Hungarian assets subject to the condition that Strabag sell the ready-mix concrete plant operating in Salgótarján to a third party within the next year. On April 28, 2009, the Austrian Cartel Court (*Kartellgericht*) (the “ACC”) approved the sale of the Austrian assets subject to the condition that Strabag sell to a third party several ready-mix concrete plants, including the Nordbahnhof plant in Vienna. The Nordbahnhof plant had, however, already been dismantled by the time of the approval, so this condition could not be satisfied. Contrary to our recommendation that a supplementary application should have been made to the ACC, Strabag and the Austrian competition authority appealed the decision of the ACC. On July 1, 2009, Strabag gave notice of its purported rescission of the SPA, arguing that the antitrust condition precedent under the SPA had not been satisfied before the contractual cut-off date of June 30, 2009. On the same day, we notified Strabag that we considered their purported rescission invalid. In the face of Strabag’s continued refusal to cooperate in making a supplementary application to the ACC, we rescinded the SPA with effect from September 16, 2009. On October 19, 2009, we (through RMC Holding B.V.) filed a claim against Strabag before the International Arbitration Court of the International Chamber of Commerce, requesting a declaration that Strabag’s rescission of the SPA was invalid, that our rescission was lawful and effective and claiming damages in a substantial amount likely to exceed €150 million (approximately U.S.\$200.19 million as of March 31, 2012, based on an exchange rate of €0.7493 to U.S.\$1.00). On December 23, 2009, Strabag filed its answer to our request for arbitration asking the tribunal to dismiss the claim and also filed a counterclaim for an amount of €800,000 (approximately U.S.\$1.06 million as of March 31, 2012, based on an exchange rate of €0.7493 to U.S.\$1.00) as damages and applied for security for costs in the amount of €1,000,000 (approximately U.S.\$1.33 million as of March 31, 2012, based on an exchange rate of €0.7493 to U.S.\$1.00) in the form of an on-demand bank

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guarantee. The security for costs application was withdrawn by Strabag on March 9, 2010. We consider Strabag's counterclaim to be unfounded, and we will continue to demand that Strabag respond to CEMEX for the damages caused by Strabag's breach of contract. The arbitral tribunal was constituted on February 16, 2010 and a first procedural hearing was held on March 23, 2010 at which the parties agreed on the terms of reference and procedural rules in accordance with Article 18 of the ICC Rules of Arbitration. Pursuant to the procedural rules, on June 30, 2010, we submitted our statement of claim and our list of witnesses. On October 29, 2010, Strabag submitted its statement of defense and counterclaim. On January 14, 2011, we submitted our reply and answer to Strabag's counterclaim. On March 7, 2011, Strabag submitted its rejoinder. Pursuant to Article 21 of the ICC Rules of Arbitration, the evidentiary hearing took place from May 2 to May 9, 2011. The hearing on quantum (attended by the quantum experts) took place on September 20, 2011. A second hearing on quantum was held on November 23 and 24, 2011. Post-hearing briefs were submitted on December 22, 2011, concluding this stage of the proceedings, and we are now awaiting the arbitral tribunal's final award, which is expected to be issued within the first six months of 2012.

Colombian Water Use Litigation. On June 5, 2010, the District of Bogotá's environmental secretary (*Secretaría Distrital de Ambiente de Bogotá*) issued a temporary injunction suspending all mining activities at CEMEX Colombia's El Tunjuelo quarry, located in Bogotá, Colombia. As part of the temporary injunction, Holcim Colombia and Fundación San Antonio (local aggregates producers which also have mining activities located in the same area as the El Tunjuelo quarry) have also been ordered to suspend mining activities in that area. The District of Bogotá's environmental secretary alleges that during the past 60 years, CEMEX Colombia and the other companies have illegally changed the course of the Tunjuelo River, have used the percolating waters without permission and have improperly used the edge of the river for mining activities. In connection with the temporary injunction, on June 5, 2010, CEMEX Colombia received a formal notification from the District of Bogotá's environmental secretary informing it of the initiation of proceedings to impose fines against CEMEX Colombia. CEMEX Colombia has requested that the temporary injunction be revoked, arguing that its mining activities are supported by all authorizations required pursuant to the applicable environmental laws and that all the environmental impact statements submitted by CEMEX Colombia have been reviewed and authorized by the Environmental Ministry (*Ministerio del Medio Ambiente, Vivienda y Desarrollo Territorial*). On June 11, 2010, the local authorities in Bogotá, in compliance with the District of Bogotá's environmental secretary's decision, sealed off the mine to machinery and prohibited the extraction of our aggregates inventory. Although there is not an official quantification of the possible fine, the District of Bogotá's environmental secretary has publicly declared that the fine could be as much as 300 billion Colombian Pesos (approximately U.S.\$167.4 million as of March 31, 2012, based on an exchange rate of 1,792.07 Colombian Pesos to U.S.\$1.00). The temporary injunction does not currently compromise the production and supply of ready-mix concrete to any of our clients in Colombia. CEMEX Colombia is analyzing its legal strategy to defend itself against these proceedings. At this stage, we are not able to assess the likelihood of an adverse result, but if adversely resolved, it could have a material adverse impact on our financial results.

As of the date of this annual report, we are involved in various legal proceedings involving product warranty claims, environmental claims, indemnification claims relating to acquisitions and similar types of claims brought against us that have arisen in the ordinary course of business. We believe we have made adequate provisions to cover both current and contemplated general and specific litigation risks, and we believe these matters will be resolved without any significant effect on our operations, financial position or results of operations. We are sometimes able to make and disclose reasonable estimates of the expected loss or range of possible loss, as well as disclose any provision accrued for such loss. However, for a limited number of ongoing legal proceedings, we may not be able to make a reasonable estimate of the expected loss or range of possible loss or may be able to do so but believe that disclosure of such information on a case-by-case basis would seriously prejudice our position in the ongoing legal proceedings or in any related settlement discussions. Accordingly, in these cases, we have disclosed qualitative information with respect to the nature and characteristics of the contingency, but have not disclosed the estimate of the range of potential loss.

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Item 4A—Unresolved Staff Comments

Not applicable.

Item 5—Operating and Financial Review and Prospects

Cautionary Statement Regarding Forward-Looking Statements

This annual report contains forward-looking statements within the meaning of the U.S. federal securities laws. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in the U.S. federal securities laws. In some cases, these statements can be identified by the use of forward-looking words such as “may,” “should,” “could,” “anticipate,” “estimate,” “expect,” “plan,” “believe,” “predict,” “potential” and “intend” or other similar words. These forward-looking statements reflect our current expectations and projections about future events based on our knowledge of present facts and circumstances and assumptions about future events. These statements necessarily involve risks and uncertainties that could cause actual results to differ materially from our expectations. Some of the risks, uncertainties and other important factors that could cause results to differ, or that otherwise could have an impact on us or our subsidiaries, include:

- the cyclical activity of the construction sector;
- competition;
- general political, economic and business conditions;
- the regulatory environment, including environmental, tax and acquisition-related rules and regulations;
- our ability to satisfy our obligations under the Financing Agreement entered into with our major creditors;
- our ability to consummate contemplated asset sales and to achieve cost-savings from our cost-reduction initiatives;
- weather conditions;
- natural disasters and other unforeseen events; and
- other risks and uncertainties described under “Item 3—Key Information—Risk Factors” and elsewhere in this annual report.

Readers are urged to read this annual report and carefully consider the risks, uncertainties and other factors that affect our business. The information contained in this annual report is subject to change without notice, and we are not obligated to publicly update or revise forward-looking statements. Readers should review future reports filed by us with the SEC.

This annual report also includes statistical data regarding the production, distribution, marketing and sale of cement, ready-mix concrete, clinker and aggregates. We generated some of this data internally, and some was obtained from independent industry publications and reports that we believe to be reliable sources. We have not independently verified this data nor sought the consent of any organizations to refer to their reports in this annual report.

Overview

The following discussion should be read in conjunction with our consolidated financial statements included elsewhere in this annual report. Our financial statements have been prepared in accordance with IFRS.

The regulations of the SEC do not require foreign private issuers that prepare their financial statements on the basis of IFRS (as published by IASB) to reconcile such financial statements to U.S. GAAP. As such, while

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we had in the past reconciled our consolidated financial statements prepared in accordance with MFRS to U.S. GAAP, those reconciliations are no longer presented in our filings with the SEC. Any references to accounting treatments under MFRS or U.S. GAAP relate solely to the application of MFRS or U.S. GAAP to our historical consolidated financial statements.

The percentage changes in cement sales volumes described in this annual report for our operations in a particular country or region include the number of tons of cement and/or the number of cubic meters of ready-mix concrete sold to our operations in other countries and regions. Likewise, unless otherwise indicated, the net sales financial information presented in this annual report for our operations in each country or region includes the Mexican Peso amount of sales derived from sales of cement and ready-mix concrete to our operations in other countries and regions, which have been eliminated in the preparation of our consolidated financial statements included elsewhere in this annual report.

The following table sets forth selected consolidated financial information as of and for each of the two years ended December 31, 2010 and 2011 by principal geographic segment expressed as an approximate percentage of our total consolidated group. We operate in countries and regions with economies in different stages of development and structural reform and with different levels of fluctuation in exchange rates, inflation and interest rates. These economic factors may affect our results of operations and financial condition depending upon the depreciation or appreciation of the exchange rate of each country and region in which we operate compared to the Mexican Peso and the rate of inflation of each of these countries and regions.

	% Mexico	% USA	% UK	% Germany	% France	% Rest of Northern Europe	% Spain	% Egypt	% Rest of the Medi- terranean	% South America and the Caribbean	% Asia	% Others	Com- bined	Elimi- nations	Consoli- dated
Net Sales For the Period															
Ended(1):															
December 31, 2010	23%	17%	8%	7%	7%	6%	4%	5%	4%	11%	4%	4%	183,522	(5,881)	177,641
December 31, 2011	21%	16%	8%	8%	7%	7%	4%	3%	4%	12%	3%	7%	202,260	(12,373)	189,887
Operating Income For the Period															
Ended(2):															
December 31, 2010	111%	(78)%	(7)%	(2)%	5%	(1)%	10%	35%	4%	43%	10%	(30)%	10,736	—	10,736
December 31, 2011	109%	(65)%	(1)%	1%	9%	5%	7%	20%	6%	46%	3%	(40)%	12,064	—	12,064
Total Assets at(2):															
January 1, 2010	14%	42%	6%	3%	3%	4%	9%	2%	2%	5%	2%	8%	555,551	—	555,551
December 31, 2010	15%	42%	6%	2%	3%	4%	8%	1%	2%	6%	2%	9%	504,881	—	504,881
December 31, 2011	14%	44%	6%	3%	3%	3%	9%	1%	2%	7%	2%	6%	541,652	—	541,652

(1) Percentages by reporting segment are determined before eliminations resulting from consolidation.

(2) Percentages by reporting segment are determined after eliminations resulting from consolidation.

Critical Accounting Policies

The preparation of financial statements in accordance with IFRS principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the period. These assumptions are reviewed on an ongoing basis using available information. Actual results could differ from these estimates.

The main items subject to estimates and assumptions by management include, among others, impairment tests of long-lived assets, allowances for doubtful accounts and inventories, recognition of deferred income tax assets, as well as the measurement of financial instruments at fair value, and the assets and liabilities related to employee benefits. Significant judgment by management is required to appropriately assess the amounts of these assets and liabilities.

Identified below are the accounting policies we have applied under IFRS that are critical to understanding our overall financial reporting.

Income Taxes

Our operations are subject to taxation in many different jurisdictions throughout the world. Under IFRS, we recognize deferred tax assets and liabilities using a balance sheet methodology which requires a determination of the temporary differences between the

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financial statements carrying amounts and the tax basis of assets and liabilities. Our worldwide tax position is highly complex and subject to numerous laws that require interpretation and application and that are not consistent among the countries in which we operate. Significant judgment is required to appropriately assess the amounts of tax assets and liabilities. We record tax assets when we believe that the recoverability of the asset is determined to be probable in accordance with established accounting principles. If this determination cannot be made, a valuation allowance is established to reduce the carrying value of the asset.

For the recognition of deferred tax assets derived from net operating losses and their corresponding valuation reserve, we make an assessment of:

- (a) the aggregate amount of self-determined tax loss carryforwards included in our income tax returns in each country where we consider that the tax authorities would not reject such self-determined tax loss carryforwards based on available evidence; and
- (b) the likelihood of the recoverability of such tax loss carryforwards prior to their expiration through an analysis of estimated future taxable income.

If we consider that it is more likely than not that the tax authorities would reject a self-determined deferred tax asset, we would decrease such deferred tax assets. Likewise, if we consider that we would not be able to use a deferred tax carryforward asset before its expiration, we would increase our valuation reserve. Both situations would result in additional income tax expense in the income statement for the period in which such determination is made.

We consider all available positive and negative evidence including factors such as market conditions, industry analysis, our expansion plans, projected taxable income, carryforward periods, current tax structure, potential changes or adjustments in tax structure, tax planning strategies, future reversals of existing temporary differences, etc., in the determination of whether it is probable that such deferred tax assets will ultimately be realized.

Every reporting period, we analyze our actual results versus our estimates and adjust our tax asset valuations as necessary. If actual results vary from our estimates, the deferred tax asset and/or valuations may be affected and necessary adjustments will be made based on relevant information. Any adjustments recorded will affect our net income in such period.

Our overall strategy is to structure our worldwide operations to minimize or defer the payment of income taxes on a consolidated basis. Many of the activities we undertake in pursuing this tax reduction strategy are highly complex and involve interpretations of tax laws and regulations in multiple jurisdictions and are subject to review by the relevant taxing authorities. It is possible that the taxing authorities could challenge our application of these regulations to our operations and transactions. The taxing authorities have in the past challenged interpretations that we have made and have assessed additional taxes. Although we have, from time to time, paid some of these additional assessments, in general, we believe that these assessments have not been material and that we have been successful in sustaining our positions. No assurance can be given, however, that we will continue to be as successful as we have been in the past or that pending appeals of current tax assessments will be judged in our favor.

Derivative financial instruments

In compliance with the guidelines established by our risk management committee and the restrictions in our debt agreements, we use derivative financial instruments such as interest rate and currency swaps, currency and equity forward arrangements, and other instruments, in order to change the risk profile associated with changes in interest rates, the foreign exchange rates of debt agreements, or both, as an alternative source of financing, and as hedges of:

- (i) highly probable forecasted transactions, (ii) purchases of certain commodities, and (iii) our net

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assets in foreign subsidiaries. These instruments have been negotiated with institutions with significant financial capacity; therefore, we consider the risk of non-compliance with the obligations agreed upon by such counterparties to be minimal.

Derivative financial instruments are recognized as assets or liabilities in the balance sheet at their estimated fair values, and the changes in such fair values are recognized in the statements of operations for the period in which they occur, except for changes in the fair value of derivative instruments that are designated and effective as cash flow hedges and hedges of the net investment in foreign subsidiaries. For the years ended December 31, 2010 and 2011, we did not have derivative financing instruments designated as cash flows or fair value hedges. See note 15D to our consolidated financial statements included elsewhere in this annual report.

Interest accruals generated by derivative financial instruments are recognized as financial expense, adjusting the effective interest rate of the related debt.

Pursuant to their recognition at fair value under IFRS, our balance sheets and statements of operations are subject to volatility arising from variations in interest rates, exchange rates, share prices and the counterparties credit risk, among other conditions established in our derivative financial instruments. The estimated fair value under IFRS represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, considering the counterparty's credit risk in the valuation, that is, an exit price or a market-based measurement.

The concept of exit price is premised on the existence of a market and market participants for the specific asset or liability. When there is no market and/or market participants willing to make a market, IFRS establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that we have the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

Significant judgment and estimates by management are required to appropriately identify the corresponding level of fair value applicable to each derivative financing transaction, as well as to assess the amounts of the resulting assets and liabilities, mainly in respect of level 2 and level 3 fair values, in order to account for the effects of derivative financial instruments in the financial statements. See notes 15D to our consolidated financial statements included elsewhere in this annual report.

The estimated fair values of derivative financial instruments fluctuate over time determined by measuring the effect of future relevant economic variables according to the yield curves shown in the market as of the reporting date. These values should be viewed in relation to the fair values of the underlying instruments or transactions, and as part of our overall exposure to fluctuations in foreign exchange rates, interest rates and prices of shares. The notional amounts of derivative financial instruments do not necessarily represent amounts exchanged by the parties and, therefore, are not a direct measure of our exposure through our use of derivatives. The amounts exchanged are determined on the basis of the notional amounts and other variables included in the derivative instruments.

Impairment of long-lived assets

Our balance sheet reflects significant amounts of long-lived assets (mainly fixed assets and goodwill) associated with our operations throughout the world. Many of these amounts have resulted from past

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acquisitions, which have required us to reflect these assets at their fair market values at the dates of acquisition. According to their characteristics and the specific accounting rules related to them, we assess the recoverability of our long-lived assets at least once a year, normally during the fourth quarter, as is the case for goodwill, or whenever events or circumstances arise that we believe trigger a requirement to review such carrying values, as is the case with property, machinery and equipment and intangible assets of definite life.

Goodwill is evaluated for impairment by determining the recoverable amount of the reporting units, which consists of the higher of the reporting units' fair value, less cost to sell such reporting units, and the reporting units' value in use, represented by the discounted amount of estimated future cash flows to be generated by such reporting units to which goodwill relates. A reporting unit refers to a group of one or more cash generating units. Each reporting unit, for purposes of the impairment evaluation, consists of all operations in each country. We determine initially our discounted cash flows over periods of 5 to 10 years, depending on each specific country's economic cycle. If the value in use of a reporting unit is lower than its corresponding carrying amount, we determine the fair value of our reporting units using methodologies generally accepted in the market to determine the value of entities, such as multiples of Operating EBITDA and by reference to other market transactions, among others. An impairment loss under IFRS is recognized if the recoverable amount is lower than the net book value of the reporting unit.

For the years ended December 31, 2010 and 2011, the geographic segments we reported in note 3 to our consolidated financial statements included elsewhere in this annual report, each integrated by multiple cash generating units, also represented our reporting units for purposes of testing goodwill for impairment. Based on our analysis, we concluded that the operating components that integrate the reported segments have similar economic characteristics, by considering: (a) the reported segments are the level used by us to organize and evaluate our activities in the internal information system, (b) the homogenous nature of the items produced and traded in each operative component, which are all used by the construction industry, (c) the vertical integration in the value chain of the products comprising each component, (d) the type of clients, which are substantially similar in all components, (e) the operative integration among operating components, evidenced by the adoption of shared service centers, and (f) the compensation system of any of our country operations is based on the consolidated results of the geographic segment and not on the particular results of the components.

Significant judgment is required to appropriately assess the recoverable amount, represented by the higher of the value in use and the fair value, less costs to sell, of our reporting units. Impairment evaluations are significantly sensitive to, among other factors, the estimation of future prices of our products, the development of operating expenses, local and international economic trends in the construction industry, as well as the long-term growth expectations in the different markets. Likewise, the discount rates and the rates of growth in perpetuity used have an effect on such impairment evaluations. We use specific pre-tax discount rates for each reporting unit, which are applied to pre-tax cash flows. Our specific discount rates consider the weighted average cost of capital of each geographic segment. This determination requires substantial judgment and is highly complex when considering the many countries in which we operate, each of which has its own economic circumstances that have to be monitored. Undiscounted cash flows are significantly sensitive to the growth rates in perpetuity used. Likewise, discounted cash flows are significantly sensitive to the discount rate used. The higher the growth rate in perpetuity applied, the higher the amount obtained of undiscounted future cash flows by reporting unit. Conversely, the higher the discount rate applied, the lower the amount obtained of discounted estimated future cash flows by reporting unit. Additionally, we monitor the lives assigned to these long-lived assets for purposes of depreciation and amortization, when applicable. This determination is subjective and is integral to the determination of whether impairment has occurred.

During the last quarter of 2010 and 2011, we performed our annual goodwill impairment test. Based on our analyses, in 2010, we determined an impairment loss of goodwill for approximately Ps189 million (U.S.\$15 million) associated with the reporting unit in Puerto Rico. In 2011, we determined an impairment loss of goodwill for approximately Ps145 million (U.S.\$12 million) associated with the reporting unit in Latvia. The estimated impairment losses are mainly attributable to market dynamics in these countries and their position in

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their business economic cycle. In both reporting units, their net book value exceeded their respective recoverable amount. See notes 14B to our consolidated financial statements included elsewhere in this annual report.

Discount rates and growth rates in perpetuity used in the reporting units that represent most of the consolidated balance of goodwill under IFRS in 2010 and 2011 are as follows:

Reporting units	Discount rates		Growth rates	
	2010	2011	2010	2011
United States	10.0%	10.7%	2.5%	2.5%
Spain	11.2%	12.0%	2.5%	2.5%
Mexico	11.0%	11.4%	2.5%	2.5%
Colombia	11.1%	11.6%	2.5%	2.5%
France	10.7%	11.5%	2.5%	2.5%
United Arab Emirates	11.7%	13.9%	2.5%	2.5%
United Kingdom	10.7%	11.0%	2.5%	2.5%
Egypt	11.9%	13.0%	2.5%	2.5%
Range of discount rates in other countries	10.5% – 14.9%	11.8% – 14.0%	2.5%	2.5%

In addition, during 2010 and 2011, we recognized impairment losses of property, plant and equipment, mainly in connection with the permanent closing of operating assets for an aggregate amount of approximately Ps1,161 million (U.S.\$94 million) and Ps1,249 million (U.S.\$89 million), respectively. See note 13 to our consolidated financial statements included elsewhere in this annual report.

Valuation reserves on accounts receivable and inventories

On a periodic basis, we analyze the recoverability of our accounts receivable and our inventories (supplies, raw materials, work-in-process and finished goods), in order to determine if due to credit risk or other factors in the case of our receivables and due to weather or other conditions in the case of our inventories, some receivables may not be recovered or certain materials in our inventories may not be utilizable in the production process or for sale purposes. If we determine such a situation exists, book values related to the non-recoverable assets are adjusted and charged to the income statement through an increase in the doubtful accounts reserve or the inventory obsolescence reserve, as appropriate. These determinations require substantial management judgment and are highly complex when considering the various countries in which we have operations, each having its own economic circumstances that require continuous monitoring, and our numerous plants, deposits, warehouses and quarries. As a result, final losses from doubtful accounts or inventory obsolescence could differ from our estimated reserves.

Asset retirement obligations

We recognize unavoidable obligations, legal or constructive, to restore operating sites upon retirement of tangible long-lived assets at the end of their useful lives. These obligations represent the net present value of estimated future cash flows to be incurred in the restoration process, and are initially recognized against the related assets' book value. The additional asset is depreciated during its remaining useful life. The increase of the liability, by the passage of time, is charged to the income statement of the period. Adjustments to the obligation for changes in the estimated cash flows or the estimated disbursement period are made against fixed assets, and depreciation is modified prospectively.

Asset retirement obligations are related mainly to future costs of demolition, cleaning and reforestation, so that at the end of their operation, raw materials extraction sites, maritime terminals and other production sites are left in acceptable condition. Significant judgment is required in assessing the estimated cash outflows that will be disbursed upon retirement of the related assets. See notes 16 and 23 to our consolidated financial statements included elsewhere in this annual report.

Transactions in our own stock

From time to time we have entered into various transactions involving our own stock. These transactions have been designed to achieve various financial goals but were primarily executed to give us a means of satisfying future transactions that may require us to deliver significant numbers of shares of our own stock. These transactions are described in detail in the notes to our consolidated financial statements included elsewhere in this annual report. We have viewed these transactions as hedges against future exposure even though they do not meet the definition of hedges under accounting principles. There is significant judgment necessary to properly account for these transactions, as the obligations underlying the related transactions are required to be reflected at market value, with the changes in such value reflected in our income statement, including the conversion options embedded in our optionally convertible notes. These transactions raise the possibility that we could be required to reflect losses on the transactions in our own shares without having a converse reflection of gains on the transactions under which we would deliver such shares to others. See note 15D to our consolidated financial statements included elsewhere in this annual report.

Emission rights

In some of the countries where we operate, such as in countries of the European Union, governments have established mechanisms aimed at reducing CO₂ by means of which, industries releasing CO₂ must submit to the environmental authorities at the end of a compliance period, emission rights for a volume equivalent to the tons of CO₂ released. Since the mechanism for emissions reduction in the European Union has been in operation, a certain number of emission rights based on historical levels have been granted by the environmental authorities to industries free of cost. Therefore, companies are required to buy additional emission rights to meet any deficit between actual CO₂ emissions during the compliance period and emission rights held. Companies with surplus emission rights can also dispose of such surpluses in the market. In addition, the UNFCCC grants CERs to qualified CO₂ emission reduction projects. CERs may be used in specified proportions to settle emission rights obligations in the European Union. We actively participate in the development of projects aimed to reduce CO₂ emissions. Some of these projects have been awarded with CERs.

In the absence of an IFRS that defines the accounting treatment for these schemes, we account for the effects associated with CO₂ emission reduction mechanisms as follows:

- Emission rights granted by governments are not recognized in the balance sheet considering their cost is zero.
- Revenues from the sale of any surplus of emission rights are recognized decreasing cost of sales; in the case of forward sale transactions, revenues are recognized upon physical delivery of the emission certificates.
- Emission rights and/or CERs acquired to hedge current CO₂ emissions are recognized as intangible assets at cost, and are further amortized to cost of sales during the compliance period. In the case of forward purchases, assets are recognized upon physical reception of the emission certificates.
- We accrue a provision against cost of sales when the estimated annual emissions of CO₂ are expected to exceed the number of emission rights, net of any benefit obtained through swap transactions of emission rights for CERs.
- CERs received from the UNFCCC are recognized as intangible assets at their development cost, which are attributable mainly to legal expenses incurred with authorities in the process of obtaining such CERs.
- We do not maintain emission rights, CERs and/or forward transaction with trading purposes.

The combined effect of the use of alternate fuels that help reduce the emission of CO₂ and the downturn in produced cement volumes in the EU, has generated a surplus of emission rights held over the estimated CO₂

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emissions. From the consolidated surplus of emission rights, during 2010 and 2011, we sold an aggregate amount of approximately 13.4 million certificates, receiving revenues of approximately Ps1,417 million (U.S.\$112 million) and Ps1,518 million (U.S.\$122 million), respectively.

Significant judgment by management is required to appropriately assess estimated CO2 emissions and resulting excesses or deficit of allowances.

Revenue recognition

Our consolidated revenues represent the value, before tax on sales, of products and services sold by consolidated subsidiaries as a result of ordinary activities, after the elimination of related party transactions. Revenues are quantified at the fair value of the consideration received or receivable, decreased by any trade discounts or volume rebates granted to customers.

Revenue from the sale of goods and services is recognized when goods are delivered or services are rendered to customers, there is no condition or uncertainty implying a reversal thereof, and they have assumed the risk of loss. Revenues from trading activities, in which we acquire finished goods from a third party and subsequently we sell the goods to another third party, are recognized on a gross basis, considering that we assume the total risk of property on the goods purchased and we are not acting as agent or commissioner.

Revenues and costs associated with construction contracts are recognized in the period in which the work is performed by reference to the stage of completion of the contract activity at the end of the period, considering that the following have been defined: (a) each party's enforceable rights regarding the asset to be constructed; (b) the consideration to be exchanged; (c) the manner and terms of settlement; (d) actual cost incurred and contract costs required to complete the asset are effectively controlled; and (e) it is probable that the economic benefits associated with the contract will flow to us.

Results of Operations

Consolidation of Our Results of Operations

Our consolidated financial statements, included elsewhere in this annual report, include those subsidiaries in which we hold a controlling interest or which we otherwise control. Control exists when we have the power, directly or indirectly, to govern the administrative, financial and operating policies of an entity in order to obtain benefits from its activities.

Investments in associates are accounted for by the equity method, when we have significant influence, which is generally presumed with a minimum equity interest of 20% unless it is proven that we have significant influence with a lower percentage. Under the equity method, after acquisition, the investment's original cost is adjusted for the proportional interest of the holding company in the associate's equity and earnings, considering the effects of inflation.

All significant balances and transactions between related parties have been eliminated in consolidation.

For the periods ended December 31, 2010 and 2011, our consolidated results reflect the following transactions:

- As a result of Ready Mix USA's exercise of its put option (see note 14A to our consolidated financial statements included elsewhere in this annual report), and after performance of the obligations by both parties under the put option agreement, effective as of August 1, 2011, through the payment of approximately U.S.\$352 million (approximately Ps4,914 million), we acquired our former joint venture partner's interests in CEMEX Southeast, LLC and Ready Mix USA, LLC, including a non-compete and a transition services agreement. In accordance with the joint venture agreements, from the date on

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which Ready Mix USA exercised its put option until the date we acquired Ready Mix USA's interest, Ready Mix USA continued to control and manage Ready Mix USA, LLC. Nonetheless, based on IAS 27, considering the existence of a settlement price that could have been paid any time until September 30, 2011 at our election, Ready Mix USA LLC balance sheet was consolidated as of March 31, 2011 and its operating results beginning April 1, 2011. Upon consolidation, the purchase price was assigned to each joint venture in proportion to our relative contribution interest in CEMEX Southeast, LLC and Ready Mix USA, LLC considering the original fair values as of the dates of the agreements in 2005. We fully consolidated the acquisition of the minority interest in CEMEX Southeast, LLC, as of the acquisition date and Ready Mix USA, LLC, generated an aggregate loss of approximately U.S.\$31 million (or approximately Ps387 million), which, as a transaction between stockholders under IFRS, was recognized within "Other equity reserves." Considering that control was transferred in August 2011, as of December 31, 2012, we were still in the process of completing the allocation of the purchase price of Ready Mix USA, LLC to the fair values of the assets acquired and liabilities assumed, which is expected to be concluded before July 31, 2012. Our consolidated financial statements included elsewhere in this annual report include the balance sheet of Ready Mix USA, LLC as of December 31, 2011, based on the best estimate of its net asset's fair value as of the acquisition date of approximately Ps4,487 million, including cash and cash equivalents for approximately Ps912 million and debt for approximately Ps1,347 million, and its results of operations for the nine-month period ended December 31, 2011.

- On August 27, 2010, we completed the sale of seven aggregate quarries, three aggregate distribution centers and one concrete block manufacturing facility in Kentucky to Bluegrass Materials Company, LLC for U.S.\$88 million in proceeds.

Selected Consolidated Statement of Operations Data

The following table sets forth our selected consolidated statement of operations data for each of the two years ended December 31, 2010 and 2011 expressed as a percentage of net sales.

	Year Ended December 31,	
	2010	2011
Net sales	100.0%	100.0%
Cost of sales	(72.0)	(71.7)
Gross profit	28.0	28.3
Administrative and selling expenses	(14.5)	(13.4)
Distribution expenses	(7.5)	(8.5)
Total operating expenses	(22.0)	(21.9)
Operating income	6.0	6.4
Other expenses, net	(3.5)	(2.9)
Operating income after other expenses, net	2.5	3.5
Financial expense	(8.3)	(8.7)
Other financial income (expense), net	(0.3)	(1.2)
Equity in (loss) of associates	(0.3)	(0.2)
Loss before income tax	(6.4)	(6.6)
Income taxes	(1.2)	(6.4)
Consolidated net income (loss)	(7.6)	(13.0)
Non-controlling interest net income loss	0.0	0.0
Controlling interest net income (loss)	(7.6)	(13.0)

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Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

Summarized in the table below are the percentage (%) increases (+) and decreases (-) for the year ended December 31, 2011 compared to the year ended December 31, 2010 in our domestic cement and ready-mix concrete sales volumes, as well as export sales volumes of cement and domestic cement and ready-mix concrete average prices for each of our geographic segments. The table below and the other volume data presented by geographic segment in this “—Selected Consolidated Statement of Operations Data” section are presented before eliminations resulting from consolidation (including those shown on note 3 to our consolidated financial statements included elsewhere in this annual report).

Geographic Segment	Domestic Sales Volumes		Export Sales Volumes	Average Domestic Prices in Local Currency(1)	
	Cement	Ready-Mix Concrete	Cement	Cement	Ready-Mix Concrete
Mexico	+1%	+6%	+19%	+3%	+6%
United States(2)	-2%	+7%	—	Flat	+3%
Northern Europe					
United Kingdom	+6%	+11%	—	+2%	+2%
Germany	+14%	+13%	—	-1%	Flat
France	N/A	+12%	—	N/A	+1%
Rest of Northern Europe(3)	+16%	+15%	—	+2%	+4%
Mediterranean					
Spain	-19%	-21%	+6%	Flat	-1%
Egypt	-3%	-17%	—	-7%	-9%
Rest of the Mediterranean(4)	-6%	+13%	—	+2%	+5%
South America and the Caribbean					
Colombia	+5%	+29%	—	+10%	+6%
Rest of South America and the Caribbean(5)	+4%	+5%	—	+5%	+7%
Asia					
Philippines	-5%	—	+19%	-8%	—
Rest of Asia(6)	+8%	-8%	—	+2%	+12%

N/A = Not Applicable

- (1) Represents the average change in domestic cement and ready-mix concrete prices in local currency terms. For purposes of a geographic segment consisting of a region, the average prices in local currency terms for each individual country within the region are first translated into Dollar terms (except for the Rest of Northern Europe and the Rest of the Mediterranean regions, which is translated first into Euros) at the exchange rates in effect as of the end of the reporting period. Variations for a region represent the weighted average change of prices in Dollar terms (except for the Rest of Northern Europe and the Rest of the Mediterranean regions, which represent the weighted average change of prices in Euros) based on total sales volumes in the region.
- (2) On August 27, 2010, we sold seven aggregates quarries, three resale aggregate distribution centers and one concrete block manufacturing facility all located in Kentucky.
- (3) Refers primarily to operations in Ireland, the Czech Republic, Austria, Poland, Hungary and Latvia, as well as trading activities in Scandinavia and Finland.
- (4) Includes mainly the operations in Croatia, the UAE and Israel.
- (5) Includes the operations in Costa Rica, Guatemala, Panama, Nicaragua, Puerto Rico, the Dominican Republic, Jamaica and other countries in the Caribbean, and small ready-mix concrete operations Argentina.
- (6) Includes primarily our operations in Malaysia, Thailand, Bangladesh and China.

On a consolidated basis, our cement sales volumes increased approximately 2%, from 65.6 million tons in 2010 to 66.8 million tons in 2011, and our ready-mix concrete sales volumes increased approximately 8%, from

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51.0 million cubic meters in 2010 to 54.9 million cubic meters in 2011. Our net sales increased approximately 7%, from Ps177.6 billion in 2010 to Ps189.9 billion in 2011, and our operating income increased approximately 12%, from Ps10.7 billion in 2010 to Ps12.1 billion in 2011.

The following tables present selected condensed financial information of net sales and operating income for each of our geographic segments for the years ended December 31, 2011 and 2010. The net sales information in the table below is presented before the eliminations resulting from consolidation shown on note 3 to our consolidated financial statements included elsewhere in this annual report. Variations in net sales determined on the basis of Mexican Pesos include the appreciation or depreciation which occurred during the period between the local currencies of the countries in the regions vis-à-vis the Mexican Peso; therefore, such variations differ substantially from those based solely on the countries' local currencies:

Geographic Segment	Variation in Local Currency(1)	Approximate Currency Fluctuations, Net of Inflation Effects	Variations in Mexican Pesos	Net Sales For the Year Ended December 31,	
				2010	2011
				(in millions of Pesos)	
Mexico	+1%	—	+1%	Ps 42,907	Ps 43,361
United States(2)	+1%	+3%	+4%	31,575	32,759
Northern Europe					
United Kingdom	+7%	+3%	+10%	14,320	15,757
Germany	+12%	+6%	+18%	13,524	15,975
France	+12%	+4%	+16%	12,179	14,170
Rest of Northern Europe(3)	+7	+15%	+22%	11,677	14,278
The Mediterranean					
Spain	-14%	+3%	-11%	8,013	7,142
Egypt	-11%	-8%	-19%	8,053	6,516
Rest of the Mediterranean(4)	+8%	-1%	+7%	7,253	7,762
South America and the Caribbean					
Colombia	+21%	+2%	+23%	6,964	8,533
Rest of South America and the Caribbean(5)	+8%	+13%	+21%	12,315	14,852
Asia					
Philippines	-10%	+2%	-8%	4,014	3,701
Rest of Asia(6)	+5%	-2%	+3%	2,512	2,597
Others(7)	+26%	+55%	+81%	8,216	14,857
Net sales before eliminations			+10%	Ps 183,522	Ps 202,260
Eliminations from consolidation				(5,881)	(12,373)
Consolidated net sales			+7%	<u>Ps 177,641</u>	<u>Ps 189,887</u>

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Geographic Segment	Variations in Local Currency(1)	Approximate Currency Fluctuations, Net of Inflation Effects	Variations in Mexican Pesos	Operating Income (Loss) For the Year Ended December 31,	
				2010	2011
				(in millions of Pesos)	
Mexico	+10%	—	+10%	Ps 11,934	Ps 13,145
United States(2)	-4%	+6%	+6%	(8,370)	(7,907)
Northern Europe					
United Kingdom	+80%	—	+80%	(723)	(147)
Germany	>100%	N/A	>100%	(270)	174
France	91%	N/A	>100%	516	1,056
Rest of Northern Europe(3)	>100%	N/A	>100%	(112)	648
The Mediterranean					
Spain	-32%	+17%	-15%	1,047	894
Egypt	-36%	+1%	-35%	3,699	2,422
Rest of the Mediterranean(4)	>100%	N/A	+45%	471	682
South America and the Caribbean					
Colombia	+16%	+2%	+18%	2,179	2,568
Rest of South America and the Caribbean(5)	-3%	+23%	+20%	2,462	2,956
Asia					
Philippines	-58%	-6%	-64%	996	358
Rest of Asia(6)	-10%	-37%	-47%	96	51
Others(7)	+2%	-54%	-52%	(3,189)	(4,836)
Operating income			+12%	Ps 10,736	Ps 12,064

N/A = Not Applicable

- (1) For purposes of a geographic segment consisting of a region, the net sales and operating income data in local currency terms for each individual country within the region are first translated into Dollar terms at the exchange rates in effect as of the end of the reporting period (except for the Rest of Northern Europe and the Rest of the Mediterranean regions, which represents the weighted average change in prices in Euros). Variations for a region represent the weighted average change in Dollar terms based on net sales and operating income for the region.
- (2) On August 27, 2010, we sold seven aggregates quarries, three resale aggregate distribution centers and one concrete block manufacturing facility all located in Kentucky.
- (3) Refers primarily to operations in Ireland, the Czech Republic, Austria, Poland, Hungary and Latvia, as well as trading activities in Scandinavia and Finland.
- (4) Includes mainly the operations in Croatia, the United Arab Emirates and Israel.
- (5) Includes primarily the operations in Costa Rica, Panama, Puerto Rico, the Dominican Republic, Nicaragua, Jamaica and other countries in the Caribbean, Guatemala, and small ready-mix concrete operations in Argentina.
- (6) Includes primarily our operations in Malaysia, Thailand, Bangladesh and China.
- (7) Our Others segment refers to: (i) cement trade maritime operations, (ii) our information technology solutions business (Neoris), (iii) CEMEX, S.A.B. de C.V. and other corporate entities and (iv) other minor subsidiaries with different lines of business.

Net Sales

Our consolidated net sales increased approximately 7%, from approximately Ps178 billion in 2010 to Ps190 billion in 2011. The increase in net sales was primarily attributable to higher volumes and prices in our main markets. The infrastructure and residential sectors continue to be the main drivers of demand in most of our markets. Set forth below is a quantitative and qualitative analysis of the effects of the various factors affecting

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our net sales on a geographic segment basis. The discussion of volume data below is presented before eliminations resulting from consolidation. The discussion of net sales information below is presented before the eliminations resulting from consolidation shown on note 3 of our consolidated financial statements included elsewhere in this annual report.

Mexico

Our domestic cement sales volumes from our operations in Mexico increased approximately 1% in 2011 compared to 2010, and ready-mix concrete sales volumes increased approximately 6% during the same period. Our net sales from our operations in Mexico represented approximately 21% of our total net sales for the year ended December 31, 2011, in Peso terms, before eliminations resulting from consolidation. The increases in domestic cement and ready-mix concrete sales volumes were primarily attributable to a modest growth in the self-construction sector. Our cement export volumes of our operations in Mexico, which represented approximately 3% of our Mexican cement sales volumes in 2011, increased approximately 19% in 2011 compared to 2010, primarily as a result of higher export volumes to the South America region. Of our total cement export volumes during 2011 from operations in Mexico, 22% was shipped to the United States, 36% to Central America and the Caribbean and 42% to South America. Our average domestic sales price of cement for our operations in Mexico increased approximately 3%, in Peso terms, in 2011 compared to 2010, and the average sales price of ready-mix concrete increased approximately 6%, in Peso terms, over the same period. For the year ended December 31, 2011, cement represented approximately 53%, ready-mix concrete approximately 23% and our aggregates and other businesses approximately 24% of our net sales for our operations in Mexico before intra-sector eliminations within the segment and before eliminations from consolidation, as applicable.

As a result of the increases in domestic cement and ready-mix concrete sales volumes and average sales prices, our net sales in Mexico, in Peso terms, increased approximately 1% in 2011 compared to 2010.

United States

Our domestic cement sales volumes from our operations in the United States, which include cement purchased from our other operations, decreased approximately 2% in 2011 compared to 2010, and ready-mix concrete sales volumes increased approximately 7% during the same period. The increases in our ready-mix concrete sales volumes of our operations in the United States resulted primarily from the consolidation of the Ready Mix USA joint venture in August 2011. During the year, construction activity in the residential sector remained relatively stagnant due to excess inventory, tight credit conditions, weak job market and lack of confidence in the economy. In addition, continued weakness in state fiscal conditions and uncertainty over federal funding negatively affected the infrastructure sector. The industrial and commercial sector continued to show improvement. Our net sales from our operations in the United States represented approximately 16% of our total net sales for the year ended December 31, 2011, in Peso terms, before eliminations resulting from consolidation. Our average sales price of domestic cement of our operations in the United States remained flat, in Dollar terms, in 2011 compared to 2010, and the average sales price of ready-mix concrete increased approximately 3%, in Dollar terms, over the same period. For the year ended December 31, 2011, cement represented approximately 29%, ready-mix concrete approximately 29% and our aggregates and other businesses approximately 42% of our net sales for our operations in the United States before intra-sector eliminations within the segment and before eliminations from consolidation, as applicable.

As a result of the increases in ready-mix concrete sales volumes and average sales prices, partially offset by the decrease in domestic cement sales volumes, our net sales in the United States, in Dollar terms, increased approximately 1% in 2011 compared to 2010.

Northern Europe

In 2011, our operations in the Northern Europe region consisted of our operations in the United Kingdom, Germany and France, which represent the most significant operations in this region, in addition to our Rest of Northern Europe segment, which refers primarily to our operations in Ireland, the Czech Republic, Austria, Poland, Hungary and Latvia, as well as trading activities in Scandinavia and Finland. Our net sales from our operations in the Northern Europe region represented approximately 30% of our total net sales for the year ended December 31, 2011, in Peso terms, before eliminations resulting from consolidation. As of December 31, 2011, our operations in the Northern Europe region represented approximately 15% of our total assets. Set forth below is a quantitative and qualitative analysis of the effects of the various factors affecting our net sales for our main operations in the Northern Europe region.

United Kingdom

Our domestic cement sales volumes from our operations in the United Kingdom increased approximately 6% in 2011 compared to 2010, and ready-mix concrete sales volumes increased approximately 11% during the same period. The main driver of construction activity during the year was the infrastructure sector, although a slowdown was apparent during the second half of the year. Similarly, after a positive first half of the year, the residential sector was constrained by weak market fundamentals during the second half of the year, which made it difficult for buyers to obtain mortgages. The industrial and commercial sector was negatively affected by economic instability that accelerated during the second half of 2011. Our net sales from our operations in the United Kingdom represented approximately 8% of our total net sales for the year ended December 31, 2011, in Peso terms, before eliminations resulting from consolidation. Our average domestic sales price of cement from our operations in the United Kingdom increased approximately 2%, in Pound terms, in 2011 compared to 2010, and the average price of ready-mix concrete increased approximately 2%, in Pound terms, over the same period. For the year ended December 31, 2011, cement represented approximately 15%, ready-mix concrete approximately 25% and our aggregates and other businesses approximately 60% of net sales of our operations in the United Kingdom before intra-sector eliminations within the segment and before eliminations from consolidation, as applicable.

As a result of the increases in domestic cement and ready-mix concrete sales volumes and average sales prices, net sales from our operations in the United Kingdom, in Pound terms, increased approximately 7% in 2011 compared to 2010.

Germany

Our domestic cement sales volumes from our operations in Germany increased approximately 14% in 2011 compared to 2010, and ready-mix concrete sales volumes increased approximately 13% during the same period. The increases in domestic cement and ready-mix concrete sales volumes resulted primarily from the positive momentum of the residential sector, resulting from historically low mortgage rates, stable construction prices, shrinking unemployment and higher wages. Performance from the industrial and commercial sector benefited from the strength in the manufacturing sector, as well as high capacity utilization. Construction activity from the infrastructure sector decreased slightly due to cuts in the national budget. Our net sales from our operations in Germany represented approximately 8% of our total net sales for the year ended December 31, 2011, in Peso terms, before eliminations resulting from consolidation. Our average domestic sales price of cement from our operations in Germany decreased approximately 1%, in Euro terms, in 2011 compared to 2010, and the average price of ready-mix concrete remained flat, in Euro terms, over the same period. For the year ended December 31, 2011, cement represented approximately 26%, ready-mix concrete approximately 35% and our aggregates and other businesses represented approximately 39% of net sales of our operations in Germany before intra-sector eliminations within the segment and before eliminations from consolidation, as applicable.

As a result of the increases in domestic cement and ready-mix concrete sales volumes, partially offset by the decrease in domestic cement average sales prices, net sales in Germany, in Euro terms, increased approximately 12% in 2011 compared to 2010.

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France

Our ready-mix concrete sales volumes from our operations in France increased approximately 12% in 2011 compared to 2010. The increase in ready-mix concrete volumes resulted primarily from the residential sector, which benefited from economic stimulus plan measures, such as social housing, tax incentives and zero rate loans, as well as favorable credit conditions. The increase in the number of new project starts and permits, especially from offices and warehouses, positively affected the performance of the industrial and commercial sector. Construction activity from the infrastructure sector remained stable, driven mainly by private investments, which offset the drop in public investments. Our net sales from our operations in France represented approximately 7% of our total net sales for the year ended December 31, 2011, in Peso terms, before eliminations resulting from consolidation. Our average sales price of ready-mix concrete from our operations in France increased approximately 1%, in Euro terms, in 2011 compared to 2010. For the year ended December 31, 2011, ready-mix concrete represented approximately 73% and our aggregates and other businesses represented approximately 27% of our net sales for our operations in France before intra-sector eliminations within the segment and before eliminations from consolidation, as applicable.

As a result of the increases in ready-mix concrete sales volumes and average sales prices, net sales in France, in Euro terms, increased approximately 12% in 2011 compared to 2010.

Rest of Northern Europe

In 2011, our operations in our Rest of Northern Europe segment consisted primarily of our operations in Ireland, the Czech Republic, Austria, Poland, Hungary and Latvia, as well as trading activities in Scandinavia and Finland. Our domestic cement sales volumes of our operations in our Rest of Northern Europe segment increased approximately 16% in 2011 compared to 2010, and ready-mix concrete sales volumes increased approximately 15% during the same period. The increases in domestic cement and ready-mix concrete sales volumes resulted primarily from better weather conditions compared to last year and increased demand from infrastructure projects. Our net sales from our operations in our Rest of Northern Europe segment represented approximately 7% of our total net sales for the year ended December 31, 2011, in Peso terms, before eliminations resulting from consolidation. Our average domestic sales price of cement from our operations in our Rest of Northern Europe segment increased approximately 2%, in Euro, terms in 2011 compared to 2010, and the average price of ready-mix concrete increased approximately 4%, in Euro terms, over the same period. For the year ended December 31, 2011, cement represented approximately 37%, ready-mix concrete approximately 42% and our aggregates and other businesses approximately 21% of net sales from our operations in our Rest of Northern Europe segment before intra-sector eliminations within the segment and before eliminations resulting from consolidation, as applicable.

As a result of the increases in domestic cement and ready-mix concrete sales volumes and average sales prices, net sales in our Rest of Northern Europe segment, in Euro terms, increased approximately 7% in 2011 compared to 2010.

The Mediterranean

In 2011, our operations in the Mediterranean region consisted of our operations in Spain and Egypt, which represent the most significant operations in this region, in addition to our Rest of the Mediterranean segment, which includes mainly our operations in Croatia, the UAE and Israel. Our net sales from our operations in the Mediterranean region represented approximately 11% of our total net sales for the year ended December 31, 2011, in Peso terms, before eliminations resulting from consolidation. As of December 31, 2011, our operations in the Mediterranean region represented approximately 12% of our total assets. Set forth below is a quantitative and qualitative analysis of the effects of the various factors affecting our net sales for our main operations in the Mediterranean region.

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Spain

Our domestic cement sales volumes from our operations in Spain decreased approximately 19% in 2011 compared to 2010, while ready-mix concrete sales volumes decreased approximately 21% during the same period. The decreases in domestic cement and ready-mix concrete sales volumes were the result of lower construction activity across all regions and demand sectors. The residential sector was negatively affected by high inventory levels and lack of financing, with housing permits at all time lows. Large budget cuts and lack of economic resources negatively affected the infrastructure sector activity. Furthermore, activity from the industrial and commercial sector declined, given the lack of visibility, high risk premium, unfavorable macroeconomic conditions and tighter credit. Our net sales from our operations in Spain represented approximately 4% of our total net sales for the year ended December 31, 2011, in Peso terms, before eliminations resulting from consolidation. Our cement export volumes of our operations in Spain, which represented approximately 29% of our cement sales volumes in Spain for the year ended December 31, 2011, increased by approximately 6% in 2011 compared to 2010, primarily as a result of higher export volumes to Europe, partially offset by lower export volumes to Africa. Of such total cement export volumes, 31% was shipped to Europe and the Middle East, and 69% to Africa. Our average domestic sales price of cement of our operations in Spain remained flat, in Euro terms, in 2011 compared to 2010, and the average price of ready-mix concrete decreased approximately 1%, in Euro terms, over the same period. For the year ended December 31, 2011, cement represented approximately 67%, ready-mix concrete approximately 20% and our aggregates and other businesses approximately 13% of net sales for our operations in Spain before intra-sector eliminations within the segment and before eliminations from consolidation, as applicable.

As a result of the decreases in domestic cement and ready-mix concrete sales volumes, partially offset by the increase in the cement export volumes, our net sales in Spain, in Euro terms, decreased approximately 14% in 2011 compared to 2010.

Egypt

Our domestic cement sales volumes from our operations in Egypt decreased approximately 3% in 2011 compared to 2010, while ready-mix concrete sales volumes decreased approximately 17% during the same period. The domestic cement and ready-mix concrete sales volumes were negatively affected by the country's political and social unrest, which slowed Egypt's economy and affected the overall business environment. In the infrastructure sector, most projects were on hold due to a reduction in government expenditures. In addition, spending on other demand segments was stagnant, as a result of heightened uncertainty given the difficult political situation. Our net sales from our operations in Egypt represented approximately 3% of our total net sales for the year ended December 31, 2011, in Peso terms, before eliminations resulting from consolidation. Our average domestic sales price of cement of our operations in Egypt decreased by approximately 7%, in Egyptian pound terms, in 2011 compared to 2010, and the average price of ready-mix concrete decreased approximately 9%, in Egyptian pound terms, over the same period. For the year ended December 31, 2011, cement represented approximately 89%, ready-mix concrete approximately 7% and our aggregates and other businesses approximately 4% of net sales for our operations in Egypt before intra-sector eliminations within the segment and before eliminations from consolidation, as applicable.

As a result of the decreases in domestic cement and ready-mix concrete sales volumes and average domestic sales prices, our net sales in Egypt, in Egyptian pound terms, decreased approximately 11% in 2011 compared to 2010.

Rest of the Mediterranean

In 2011, our operations in our Rest of the Mediterranean segment consisted mainly of our operations in Croatia, the UAE and Israel. Our domestic cement sales volumes of our operations in our Rest of the Mediterranean segment decreased approximately 6% in 2011 compared to 2010, and ready-mix concrete sales

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volumes increased approximately 13% during the same period. The decrease in domestic cement sales volumes resulted primarily from a slowdown in construction activity in our operations in Croatia and the UAE, and the increase in ready-mix concrete sales volumes resulted primarily from an upturn in the housing sector and more infrastructure projects in our operations in Israel. Our net sales from our operations in our Rest of the Mediterranean segment represented approximately 4% of our total net sales for the year ended December 31, 2011, in Peso terms, before eliminations resulting from consolidation. Our average domestic sales price of cement from our operations in our Rest of the Mediterranean increased approximately 2%, in Dollar terms, in 2011 compared to 2010, and the average price of ready-mix concrete increased approximately 5%, in Dollar terms, over the same period. For the year ended December 31, 2011, cement represented approximately 25%, ready-mix concrete approximately 58% and our aggregates and other businesses approximately 17% of our net sales from our operations in our Rest of the Mediterranean segment before intra-sector eliminations within the segment and before eliminations resulting from consolidation, as applicable.

As a result of the increases in ready-mix concrete sales volumes and domestic cement and ready-mix concrete average sales prices, partially offset by the decrease in domestic cement sales volumes, net sales in our Rest of the Mediterranean segment, in Dollar terms, increased approximately 8% in 2011 compared to 2010.

South America and the Caribbean

In 2011, our operations in the South America and the Caribbean region consisted of our operations in Colombia, which represents the most significant operation in this region, in addition to our Rest of South America and the Caribbean segment, which includes our operations in Costa Rica, Guatemala, Panama, Nicaragua, Puerto Rico, the Dominican Republic, Jamaica and other countries in the Caribbean, and small ready-mix concrete operations in Argentina. Most of these trading operations consist of the resale in the Caribbean region of cement produced by our operations in Mexico. Our net sales from our operations in the South America and the Caribbean region represented approximately 12% of our total net sales for the year ended December 31, 2011, in Peso terms, before eliminations resulting from consolidation. As of December 31, 2011, our operations in the South America and the Caribbean region represented approximately 7% of our total assets. Set forth below is a quantitative and qualitative analysis of the effects of the various factors affecting our net sales for our main operations in the South America and the Caribbean region.

Colombia

Our domestic cement volumes from our operations in Colombia increased approximately 5% in 2011 compared to 2010, and ready-mix concrete sales volumes increased approximately 29% during the same period. Construction activity for the year was driven by the residential sector, particularly middle and high income housing development, which benefited from stable interest rates, controlled inflation, low unemployment and favorable macroeconomic conditions. Construction spending in the industrial and commercial sector, primarily on warehouses and commercial buildings, had a positive effect on volumes for the year. In addition, construction spending on infrastructure projects, primarily on road construction and maintenance, contributed to the performance of the sector. Our net sales from our operations in Colombia represented approximately 4% of our total net sales for the year ended December 31, 2011, in Peso terms, before eliminations resulting from consolidation. Our average domestic sales price of cement from our operations in Colombia increased approximately 10%, in Colombian Peso terms, in 2011 compared to 2010, while the average price of ready-mix concrete increased approximately 6%, in Colombian Peso terms, over the same period. For the year ended December 31, 2011, cement represented approximately 62%, ready-mix concrete approximately 26% and our aggregates and other businesses approximately 12% of our net sales for our operations in Colombia before intra-sector eliminations within the segment and before eliminations from consolidation, as applicable.

As a result of the increases in domestic cement and ready-mix concrete sales volumes and average sales prices, net sales of our operations in Colombia, in Colombian Peso terms, increased approximately 21% in 2011 compared to 2010.

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Rest of South America and the Caribbean

In 2011, our operations in our Rest of South America and the Caribbean segment included our operations in Costa Rica, Guatemala, Panama, Nicaragua, Puerto Rico, the Dominican Republic, Jamaica and other countries in the Caribbean, and small ready-mix concrete operations in Argentina. Our domestic cement volumes from our operations in our Rest of South America and the Caribbean segment increased approximately 4% in 2011 compared to 2010, and ready-mix concrete sales volumes increased approximately 5% during the same period. Our net sales from our operations in our Rest of South America and the Caribbean segment represented approximately 8% of our total net sales for the year ended December 31, 2011, in Peso terms, before eliminations resulting from consolidation. Our average domestic sales price of cement for our operations in our Rest of South America and the Caribbean segment increased approximately 5%, in Dollar terms, in 2011 compared to 2010, and the average sales price of ready-mix concrete increased approximately 7%, in Dollar terms, over the same period. For the year ended December 31, 2011, cement represented approximately 72%, ready-mix concrete approximately 20% and our other businesses approximately 8% of net for our operations in our Rest of South America and the Caribbean segment before intra-sector eliminations within the segment and before eliminations from consolidation, as applicable.

As a result of the increases in domestic cement and ready-mix concrete sales volumes and average sales prices, net sales of our operations in our Rest of South America and the Caribbean segment, in Dollar terms, increased approximately 21% in 2011 compared to 2010.

Asia

In 2011, our operations in the Asia region consisted of our operations in the Philippines, which represents the most significant operation in this region, in addition to our Rest of Asia segment, which includes our operations in Thailand, Bangladesh, China and Malaysia. Our net sales from our operations in the Asia region represented approximately 3% of our total net sales for the year ended December 31, 2011, in Peso terms, before eliminations resulting from consolidation. As of December 31, 2011, our operations in the Asia region represented approximately 2% of our total assets. Set forth below is a quantitative and qualitative analysis of the effects of the various factors affecting our net sales for our main operations in the Asia region.

The Philippines

Our domestic cement volumes from our operations in the Philippines decreased approximately 5% in 2011 compared to 2010 primarily as a result of the lower demand for building materials due to the government's suspension of key infrastructure projects in its effort to implement a more rigorous process relating to the bidding and disbursement of funds, as well as by the delay in the implementation of public-private partnership projects. In addition, unfavorable weather conditions in many regions of the country hampered construction activity during the year. Our net sales from our operations in the Philippines represented approximately 2% of our total net sales for the year ended December 31, 2011, in Peso terms, before eliminations resulting from consolidation. Our average domestic sales price of cement from our operations in the Philippines decreased approximately 8%, in Philippine Peso terms, in 2011 compared to 2010. For the year ended December 31, 2011, cement represented approximately 100% of our net sales for our operations in the Philippines before intra-sector eliminations within the segment and before eliminations from consolidation, as applicable.

As a result of the decreases in domestic cement sales volumes and average sales prices, net sales of our operations in the Philippines, in Philippine Peso terms, decreased approximately 10% in 2011 compared to 2010.

Rest of Asia

In 2011, our operations in our Rest of Asia segment included our operations in Thailand, Bangladesh, China and Malaysia. Our domestic cement volumes from our operations in our Rest of Asia segment increased approximately 8% in 2011 compared to 2010, and ready-mix concrete sales volumes decreased approximately

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8% during the same period. Our net sales from our operations in our Rest of Asia segment represented approximately 1% of our total net sales for the year ended December 31, 2011, in Peso terms, before eliminations resulting from consolidation. Our average domestic sales price of cement for our operations in our Rest of Asia segment increased approximately 2%, in Dollar terms, in 2011 compared to 2010, and the average sales price of ready-mix concrete increased approximately 12%, in Dollar terms, over the same period. For the year ended December 31, 2011, cement represented approximately 31%, ready-mix concrete approximately 57% and our other businesses approximately 12% of net sales for our operations in our Rest of Asia segment before intra-sector eliminations within the segment and before eliminations from consolidation, as applicable.

As a result of the increases in domestic cement sales volumes and domestic cement and ready-mix concrete average sales prices, partially offset by the decrease in ready-mix concrete sales volumes, net sales of our operations in our Rest of Asia segment, in Dollar terms, decreased approximately 2% in 2011 compared to 2010.

Others

Our Others segment includes our cement, trade maritime operations, our information technology solutions business and other minor subsidiaries with different lines of business. Net sales of our Others segment increased approximately 26% before eliminations resulting from consolidation in 2011 compared to 2010, in Dollar terms, primarily as a result of an increase of approximately 48% in our worldwide cement, clinker and slag trading operations. For the year ended December 31, 2011, our trading operations' net sales represented approximately 62%, and our information technology solutions company 21%, of our Others segment's net sales.

Cost of Sales

Our cost of sales, including depreciation, amortization and depletion of assets involved in production, increased approximately 7%, from Ps128 billion in 2010 to Ps136 billion in 2011, primarily due to higher sales volumes. As a percentage of net sales, cost of sales decreased from 72% in 2010 to 71.7% in 2011, mainly as a result of higher prices in our most important markets, as well as the results of our cost reduction initiatives, which more than offset the increase in fuel and raw materials costs. Our cost of sales includes freight expenses of raw materials used in our producing plants, storage costs in producing plants as well as delivery expenses of our ready-mix concrete business. However, our costs of sales excludes (i) expenses related to personnel and equipment comprising our selling network and those expenses related to warehousing at the points of sale, which were included as part of our administrative and selling expenses line item in the amount of approximately Ps7.9 billion in 2010 and Ps8.1 billion in 2011; and (ii) freight expenses of finished products from our producing plants to our points of sale and from our points of sale to our customers' locations, which were included as part of our distribution expenses line item, and which, for the years ended December 31, 2010 and 2011, represented Ps13.2 billion and Ps16.2 billion, respectively.

Gross Profit

For the reasons explained above, our gross profit increased approximately 8%, from approximately Ps49.7 billion in 2010 to approximately Ps53.7 billion in 2011. As a percentage of net sales, gross profit increased from approximately 28% in 2010 to 28.3% in 2011. In addition, our gross profit may not be directly comparable to those of other entities that include all their freight expenses in cost of sales. As described above, we include freight expenses of finished products from our producing plants to our points of sale and from our points of sale to our customers' locations within distribution expenses, which in aggregate represented costs of approximately Ps13.2 billion in 2010 and approximately Ps16.2 billion in 2011.

Operating Expenses

Our operating expenses increased approximately 6%, from approximately Ps39.1 billion in 2010 to approximately Ps41.7 billion in 2011, primarily as a result of higher distribution expenses, which were partially offset by savings from our cost-reduction initiatives. As a percentage of net sales, our operating expenses

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represented approximately 22% in 2010 and 2011. Operating expenses include administrative, selling and distribution expenses. See note 2R to our consolidated financial statements included elsewhere in this annual report.

Operating Income

For the reasons mentioned above, our operating income increased approximately 11%, from approximately Ps10.7 billion in 2010 to approximately Ps12.0 billion in 2011. As a percentage of net sales, operating income represented approximately 6% in each of 2010 and 2011. Additionally, set forth below is a quantitative and qualitative analysis of the effects of the various factors affecting our operating income on a geographic segment basis.

Mexico

Our operating income from our operations in Mexico increased approximately 10%, from approximately Ps11.9 billion in 2010 to approximately Ps13.1 billion in 2011, in Peso terms. The increase in operating income was primarily attributable to the increases in domestic cement and ready-mix concrete sales volumes and average sales prices.

United States

Our operating loss from our operations in the U.S. improved approximately 6%, from an operating loss of approximately Ps8.4 billion in 2010 to an operating loss of approximately Ps7.9 billion in 2011, in Peso terms. As mentioned above, the improvement in operating loss resulted primarily from the consolidation of the Ready Mix USA joint venture and increases in ready-mix concrete sales volumes and average sales prices.

Northern Europe

United Kingdom

Our operating loss from our operations in the United Kingdom improved approximately 80%, from an operating loss of approximately Ps723 million in 2010 to an operating loss of approximately Ps147 million in 2011, in Peso terms. The increase in the operating income of our operations in the United Kingdom during 2011 compared to 2010 resulted primarily from higher domestic cement and ready-mix concrete sales volumes and average sales prices.

Germany

Our operating income from our operations in Germany increased significantly, from an operating loss of Ps270 million in 2010 to an operating income of Ps174 million in 2011, in Peso terms. The increase resulted primarily from higher domestic cement and ready-mix concrete sales volumes as a result of the positive momentum of the residential sector.

France

Our operating income from our operations in France improved significantly, from approximately Ps516 million in 2010 to approximately Ps1.1 billion in 2011, in Peso terms. The increase resulted primarily from higher ready-mix concrete and aggregates sales volumes and average sales prices driven by the residential sector.

Rest of Northern Europe

Our operating income from our operations in our Rest of Northern Europe segment increased significantly, from an operating loss of approximately Ps112 million in 2010 to an operating income of approximately Ps648 million in 2011, in Peso terms. The increase in our operating income from our operations in our Rest of Northern Europe segment resulted from higher domestic cement and ready-mix concrete sales volumes and average sales prices.

The Mediterranean

Spain

Our operating income from our operations in Spain decreased approximately 15%, from approximately Ps1 billion in 2010 to Ps894 million in 2011, in Peso terms. The decrease in operating income resulted primarily from decreases in domestic cement and ready-mix concrete sales volumes and ready-mix concrete average sales prices as the result of lower construction activity across all regions and demand sectors.

Egypt

Our operating income from our operations in Egypt decreased approximately 35%, from approximately Ps3.7 billion in 2010 to Ps2.4 billion in 2011, in Peso terms. The decrease in operating income resulted primarily from decreases in domestic cement and ready-mix concrete sales volumes and average sales prices given the country's political and social unrest, which slowed Egypt's economy and affected the overall business environment.

Rest of the Mediterranean

Our operating income from our operations in our Rest of the Mediterranean segment increased approximately 45%, from approximately Ps471 million in 2010 to Ps682 million in 2011, in Peso terms. The increase in operating income resulted primarily from increases in ready-mix concrete sales volumes and average sales prices.

South America and the Caribbean

Colombia

Our operating income from our operations in Colombia increased approximately 18%, from approximately Ps2.2 billion in 2010 to approximately Ps2.6 billion in 2011, in Peso terms. The increase resulted primarily from higher domestic cement and ready-mix concrete sales volumes, which benefited from higher construction spending in the industrial and commercial sector, primarily on warehouses and commercial buildings.

Rest of South America and the Caribbean

Our operating income from our operations in our Rest of South America and the Caribbean segment increased approximately 20%, from approximately Ps2.5 billion in 2010 to Ps2.9 billion in 2011, in Peso terms. The increase in operating income resulted primarily from increases in domestic cement and ready-mix concrete sales volumes and average sales prices in our markets.

Asia

The Philippines

Our operating income from our operations in the Philippines decreased approximately 64%, from approximately Ps996 million in 2010 to approximately Ps358 million in 2011, in Peso terms. The decrease in operating income resulted primarily from a decrease in domestic cement sales volumes and average sales prices.

Rest of Asia

Our operating income from our operations in our Rest of Asia segment decreased approximately 47%, from approximately Ps96 million in 2010 to approximately Ps51 million in 2011, in Peso terms.

Others

Our operating loss from our Others segment increased approximately 52%, from an operating loss of approximately Ps3.2 billion in 2010 to an operating loss of approximately Ps4.8 billion, in 2011 in Peso terms. The increase in operating loss resulted primarily from a substantial increase in our worldwide cement, clinker and slag trading operations.

Other Expenses, Net

Our other expenses, net, decreased approximately 14%, from approximately Ps6.3 billion in 2010 to approximately Ps5.4 billion in 2011, primarily due to results from sales of assets and the net effect of the compensation for the nationalization of our operations in Venezuela, partially offset by the increase in our restructuring cost due to our transformation process.

The most significant items included under this caption in 2010 and 2011 are as follows:

	2010	2011
	(in millions of Pesos)	
Restructuring costs	Ps (897)	Ps(1,959)
Impairment losses	(1,904)	(1,751)
Charitable contributions	(385)	(140)
Results from sales of assets and others, net	(3,149)	(1,599)
	<u>Ps (6,335)</u>	<u>Ps (5,449)</u>

Financial Items

Pursuant to IFRS, financial items include:

- financial or interest expense on borrowed funds;
- financial income on cash and temporary investments;
- changes in the fair value resulting from the valuation of financial instruments, including derivative instruments and marketable securities;
- foreign exchange gains or losses associated with monetary assets and liabilities denominated in foreign currencies; and
- accretion income (expense) from assets and liabilities recognized at amortized cost.

	Year Ended December 31,	
	2010	2011
	(in millions of Pesos)	
Financial items:		
Financial expense	Ps (14,753)	Ps (16,627)
Financial income	483	489
Results from financial instruments	(1,103)	(76)
Foreign exchange result	895	(1,919)
Effects of net present value on assets and liabilities and others, net	(798)	(708)
	<u>Ps (15,276)</u>	<u>Ps (18,841)</u>

Our aggregate financial items in 2011, which comprises interest expense and other financial income (expense), net, as reported in our statements of operations, was a loss of approximately Ps18.8 billion, an increase from the loss of approximately Ps15.3 billion in 2010. The components of the change are shown above.

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Our financial expense increased approximately 13%, from approximately Ps14.7 billion in 2010 to approximately Ps16.6 billion in 2011. The increase was primarily attributable to the issuance of fixed rate instruments to prepay debt under the Financing Agreement, improve our liquidity and for general corporate purposes. Our financial income increased 1%, from Ps483 million in 2010 to Ps489 million in 2011. Our loss from our financial instruments decreased substantially, from a loss of approximately Ps1.0 billion in 2010 to a loss of approximately Ps76 million in 2011. This loss resulted primarily from negative valuations of equity derivatives related to shares of CEMEX, S.A.B. de C.V. and Axtel, S.A.B. de C.V., or Axtel. Our foreign exchange result decreased, from a gain of approximately Ps895 million in 2010 to a loss of approximately Ps1.9 billion in 2011, mainly due to the depreciation of the Mexican Peso against the Dollar during 2011. The accretion expense or income, which represents the effects on our net assets and liabilities recognized at amortized cost due to the passage of time, decreased from an expense of approximately Ps798 million in 2010 to an expense of Ps708 million in 2011.

Derivative Financial Instruments. For the years ended December 31, 2010 and 2011, our derivative financial instruments that had a potential impact on our other financial income (expense) consisted of equity forward contracts, a forward instrument over the Total Return Index of the Mexican Stock Exchange, interest rate derivatives related to energy projects and conversion options embedded in our convertible notes, as discussed in note 15D to our consolidated financial statements included elsewhere in this annual report.

For the year ended December 31, 2011, our “Results from financial instruments” improved to a net loss of approximately Ps76 million under the item compared to a net loss of approximately Ps1,103 million in 2010. This improvement in 2011 was mainly attributable to positive changes in the fair value of the conversion options embedded in our convertible notes, which partially offset losses generated from the changes in fair value of our other derivative instruments related to shares of CEMEX, S.A.B. de C.V. and Axtel. See “—Liquidity and Capital Resources—Our Equity Forward Arrangements.”

Income Taxes. Our income tax effect in the statement of operations, which is primarily comprised of current income taxes plus deferred income taxes, increased from an expense of approximately Ps2 billion in 2010 to an expense of Ps12.2 billion in 2011. This increase is mainly attributable to our current income tax expense, which increased from an expense of approximately Ps4.7 billion in 2010 to an expense of approximately Ps14.3 billion in 2011, mainly as a result of the income tax expense recognized during the period associated to changes in the expected outcome in several of our uncertain tax positions which led to an increase in our unrecognized tax benefits provision. Our deferred tax benefit decreased from a revenue of approximately Ps2.6 billion in 2010 to a revenue of approximately Ps2.1 billion in 2011. The decrease was primarily attributable to the increase in valuation allowances relating to tax loss carryforwards in certain countries. See notes 18 and 18D to our consolidated financial statements included elsewhere in this annual report. For each of the years ended December 31, 2010 and 2011, our statutory income tax rate was 30%. Our effective tax rate in 2010 resulted in a negative tax rate of 18.2%, considering a loss before income tax of approximately Ps11.4 billion, while our effective tax rate in 2011 resulted in a negative tax rate of 97.2%, considering a loss before income tax of approximately Ps12.6 billion. See “Item 3—Key Information—Risk Factors—The Mexican tax consolidation regime may have an adverse effect on cash flow, financial condition and net income.”

Consolidated Net Loss. For the reasons described above, our consolidated net loss (before deducting the portion allocable to non-controlling interest) for 2011 increased 84%, from a consolidated net loss of approximately Ps13.4 billion in 2010 to a consolidated net loss of approximately Ps24.8 billion in 2011.

Non-controlling Interest Net Loss. Changes in non-controlling interest net income (loss) in any period reflect changes in the percentage of the stock of our subsidiaries held by non-associated third parties as of the end of each month during the relevant period and the consolidated net income (loss) attributable to those subsidiaries. Non-controlling interest net income increased approximately 54%, from a gain of Ps21 million in 2010 to a gain of Ps46 million in 2011, mainly as a result of an increase in the net income of the consolidated entities in which others have a non-controlling interest.

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Controlling Interest Net Loss. Controlling interest net loss represents the difference between our consolidated net loss and non-controlling interest net income (loss), which is the portion of our consolidated net income (loss) attributable to those of our subsidiaries in which non-associated third parties hold interests. Controlling interest net loss increased 84%, from a net loss of approximately Ps13.5 billion in 2010 to a controlling interest net loss of approximately Ps24.8 billion in 2011.

Liquidity and Capital Resources

Operating Activities

We have satisfied our operating liquidity needs primarily through operations of our subsidiaries and expect to continue to do so for both the short and long-term. Although cash flow from our operations has historically met our overall liquidity needs for operations, servicing debt and funding capital expenditures and acquisitions, our subsidiaries are exposed to risks from changes in foreign currency exchange rates, price and currency controls, interest rates, inflation, governmental spending, social instability and other political, economic and/or social developments in the countries in which they operate, any one of which may materially reduce our net income and cash from operations. Consequently, in order to meet our liquidity needs, we also rely on cost-cutting and operating improvements to optimize capacity utilization and maximize profitability, as well as borrowing under credit facilities, proceeds of debt and equity offerings, and proceeds from asset sales. Our consolidated net cash flows provided by operating activities before financial expenses, perpetual debentures coupons and income taxes paid in cash were approximately Ps26.0 billion in 2010 and Ps23.6 billion in 2011. See our statement of cash flows included elsewhere in this annual report.

Sources and Uses of Cash

Our review of sources and uses of resources below refers to nominal amounts included in our statement of cash flows for 2010 and 2011.

Our primary sources and uses of cash during the years ended December 31, 2010 and 2011 were as follows:

	2010	2011
	(in millions of Pesos)	
Operating activities		
Consolidated net loss	(13,436)	(24,767)
Non-cash items	40,011	49,110
Changes in working capital, excluding income taxes	(623)	(727)
Net cash flows provided by operations before interest and income taxes	25,952	23,616
Financial expense, perpetual debentures coupons and income taxes paid in cash	(19,278)	(17,130)
Net cash flows provided by operating activities	6,674	6,486
Investing activities		
Property, machinery and equipment, net	(4,726)	(3,198)
Disposal of subsidiaries and associates, net	1,172	1,232
Other investments	1,682	474
Net cash flows used in investing activities	(1,872)	(1,492)
Financing activities		
Issuance of common stock	5	11
Derivative financial instruments	69	(5,464)
Issuance (repayment) of debt, net	(9,615)	5,702
Securitization of trade receivables	121	2,890
Non-current liabilities and others, net	140	1,430
Net cash flows used in financing activities	(9,280)	4,569
Increase (decrease) in cash and investments	(4,478)	9,563
Conversion effects	(1,272)	(1,789)
Cash and investments at beginning of year	14,104	8,354
Cash and investments at end of year	Ps 8,354	Ps 16,128

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2011. During 2011, including the negative foreign currency effect of our initial balances of cash and investments generated during the period of approximately Ps1.8 billion, there was an increase in cash and investments of approximately Ps7.8 billion. This increase was generated by our net cash flows provided by operating activities, which after financial expense, perpetual debentures coupons and income taxes paid in cash of approximately Ps17.1 billion amounted to approximately Ps6.5 billion, and net cash flows provided by financing activities of approximately Ps4.6 billion, partially offset by net cash flows used in investing activities of approximately Ps1.5 billion.

For the year ended December 31, 2011, our net cash flows provided by operating activities included cash flows applied in working capital of approximately Ps727 million, which was primarily composed by cash flows applied to trade accounts receivable, inventories and trade accounts payable for an aggregate amount of approximately Ps3.2 billion, partially offset by cash flows originated by other accounts receivable and other assets and other accounts payable and accrued expenses for an aggregate amount of approximately Ps2.5 billion.

During 2011, our net cash flows provided by operating activities after financial expense, perpetual debentures coupons and income taxes paid in cash of approximately Ps6.5 billion, our net resources provided by financing activities of approximately Ps4.6 billion, which include payments to our financial derivative instruments for an aggregate amount of approximately Ps5.5 billion related primarily to the purchase of a capped call and the settlement of options based on the price of our ADSs, and cash flows provided by the disposal of subsidiaries and associates and other long-term assets for an aggregate amount of approximately Ps1.7 billion, were disbursed mainly in connection with capital expenditures of approximately Ps3.2 billion.

2010. During 2010, including the negative foreign currency effect of our initial balances of cash and investments generated during the period of approximately Ps1.3 billion, there was a decrease in cash and investments of approximately Ps5.8 billion. This decrease was generated by net cash flows used in financing activities of approximately Ps9.3 billion and by net cash flows used in investing activities of approximately Ps1.9 billion, partially offset by our net cash flows provided by operating activities, which after financial expenses, perpetual debentures coupons and income taxes paid in cash of approximately Ps19.3 billion, amounted to approximately Ps6.7 billion.

For the year ended December 31, 2010, our net cash flows provided by operating activities included cash flows applied in working capital of approximately Ps623 million, which was primarily composed by cash flows applied in other accounts receivable and inventories for an aggregate amount of approximately Ps2.6 billion, partially offset by cash flows originated by trade accounts receivable, trade accounts payable and other accounts payable and accrued expenses for an aggregate amount of approximately Ps1.9 billion.

During 2010, our cash flows were disbursed mainly in connection with our net cash flows used in financing activities of approximately Ps9.3 billion, which include net payments of debt of approximately Ps9.6 billion, and with capital expenditures of approximately Ps4.7 billion.

The table below shows the amount of cash and cash equivalents held by our U.S. subsidiaries, the holding company and our other subsidiaries for the years ended December 31, 2010 and 2011.

	<u>2010</u>	<u>2011</u>
	(in millions of Pesos)	
Cash and Cash Equivalents		
Held by the Holding Company	195	4,103
Held by U.S. subsidiaries	4,583	6,278
Held by other subsidiaries	<u>3,576</u>	<u>5,747</u>
	<u>8,354</u>	<u>16,128</u>

We would need to accrue and pay taxes on any funds repatriated to the United States. During the years ended December 31, 2010 and 2011, we did not repatriate any funds to the United States and we do not intend to do so for the foreseeable future.

[Table of Contents](#)**Capital Expenditures**

As of December 31, 2011, in connection with our significant projects, we had contractually committed capital expenditures of approximately U.S.\$594 million, including our capital expenditures estimated to be incurred during 2012. This amount is expected to be incurred over the next 2 years, according to the evolution of the related projects. Our capital expenditures incurred for the years ended December 31, 2010 and 2011, and our expected capital expenditures during 2012, which include an allocation to 2012 of a portion of our total future committed amount, are as follows:

	Actual		Estimated in 2012
	2010	2011	
	(in millions of U.S. Dollars)		
Mexico	87	87	81
United States	75	66	69
Northern Europe			
United Kingdom	53	47	41
Germany	47	26	26
France	23	22	11
Rest of Northern Europe(1)	44	39	49
Mediterranean			
Egypt	25	13	17
Spain	46	39	28
Rest of Mediterranean(2)	18	22	23
South America and the Caribbean			
Colombia	19	20	20
Rest of South America and the Caribbean(3)	63	43	40
Asia			
Philippines	14	36	37
Rest of Asia(4)	5	5	5
Others	36	3	152
Total Consolidated	555	468	600
Of which			
Expansion capital expenditures	126	136	135
Base capital expenditures	429	332	465

- (1) Refers mainly to our operations in Ireland, the Czech Republic, Austria, Poland, Hungary, Latvia as well as trading activities in Scandinavia and Finland.
- (2) Includes our operations in Croatia, the United Arab Emirates and Israel.
- (3) Includes our operations in Costa Rica, the Dominican Republic, Panama, Nicaragua, Puerto Rico, Guatemala and other assets in the Caribbean region.
- (4) Includes our operations mainly in Thailand, Malaysia, Bangladesh and other assets in the Asian region.

For the years ended December 31, 2010 and 2011, we recognized U.S.\$555 million and U.S.\$468 million in capital expenditures, respectively. As of the date of this annual report, plans for 2012 capital expenditures totaled approximately U.S.\$594 million. Pursuant to the Financing Agreement, we are prohibited from making aggregate annual capital expenditures in excess of U.S.\$800 million until the debt under the Financing Agreement has been repaid in full.

Our Indebtedness

As of December 31, 2011, we had approximately Ps249,372 million (U.S.\$17,863 million) of total debt plus other financial obligations, not including approximately Ps13,089 million (U.S.\$938 million) of notes issued in connection with the Debentures. See notes 15A, 15B and 19D to our consolidated financial statements included

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elsewhere in this annual report. Of our total debt plus other financial obligations, approximately 5% were short-term (including current maturities of long-term debt) and 95% were long-term. As of December 31, 2011, approximately 76% of our total debt plus other financial obligations was Dollar-denominated, approximately 5% was Peso-denominated, approximately 19% was Euro-denominated and immaterial amounts were denominated in other currencies.

On August 14, 2009, we entered into the Financing Agreement, which extended the maturities of approximately U.S.\$15 billion in syndicated and bilateral bank facilities and private placement obligations. Since entering into the Financing Agreement, we have successfully completed several capital markets transactions, the proceeds of which were substantially applied to reduce our debt thereunder and to address other debt maturities. As of December 31, 2011, our indebtedness under the Financing Agreement was approximately Ps100,442 million (U.S.\$7,195 million), and our other debt and other financial obligations not subject to the Financing Agreement, which remains payable pursuant to its original maturities, was approximately Ps148,930 million (U.S.\$10,668 million). As of December 31, 2011, we had reduced indebtedness under the Financing Agreement by approximately U.S.\$7.7 billion (thereby satisfying all required amortization payments under the Financing Agreement through December 15, 2013), and we had an aggregate principal amount of outstanding debt under the Financing Agreement of approximately Ps6,812 million (U.S.\$488 million) maturing on December 15, 2013; and approximately Ps93,630 million (U.S.\$6,707 million) maturing on February 14, 2014.

As part of the Financing Agreement, we pledged the Collateral and all proceeds of such Collateral to secure our payment obligations under the Financing Agreement and under a number of other financing arrangements for the benefit of the participating creditors and holders of debt and other obligations that benefit from provisions in their instruments requiring that their obligations be equally and ratably secured. In addition, the guarantors under our existing bank facilities (other than CEMEX, Inc.) have guaranteed the obligations to the participating creditors under the Financing Agreement.

The Financing Agreement requires us to comply with several financial ratios and tests, including a consolidated coverage ratio of EBITDA to consolidated interest expense (including interest expense of the Debentures) of not less than (i) 1.75:1 for each period of four consecutive fiscal quarters (measured semi-annually) up to and including the period ending December 31, 2012 and (ii) 2.00:1 for the remaining periods of four consecutive fiscal quarters (measured semi-annually) to December 31, 2013. In addition, the Financing Agreement allows us a maximum consolidated leverage ratio of total debt (including the Debentures) to EBITDA for each period of four consecutive fiscal quarters (measured semi-annually) not to exceed 7.00:1 for the period that ended December 31, 2011, 6.5:1 for the period ending June 30, 2012, 5.75:1 for the period ending December 31, 2012, 5.00:1 for the period ending June 30, 2013 and 4.25:1 for the period ending December 31, 2013. Based on our current expectations and assuming constant debt levels from December 31, 2011, in order to be in compliance with the June 30, 2012 consolidated leverage ratio test of 6.5:1, EBITDA for the six months ending June 30, 2012 would need to increase by approximately 4% from the prior year period. We currently anticipate that we will be in compliance with our covenants at June 30, 2012 through a combination of improved operating performance and/or debt reduction.

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Some of our subsidiaries and special purpose vehicles have issued or provided guarantees of certain of our indebtedness, as indicated in the table below.

	March 2012 Notes	April 2011 Notes	January 2011 Notes	May 2010 Notes	December 2009 Notes	Financing Agreement	Debentures(2)	CBs(3)	Eurobonds(4)
	U.S.\$0.94 billion (Ps13.1 billion)	U.S.\$0.76 billion (Ps10.6 billion)	U.S.\$1.7 billion (Ps23.0 billion)	U.S.\$1.3 billion (Ps18.6 billion)	U.S.\$2.2 billion (Ps30.8 billion)	U.S.\$7.2 billion (Ps100.4 billion)	U.S.\$0.49 billion (Ps6.8 billion)	U.S.\$0.04 billion (Ps0.59 billion)	U.S.\$0.55 billion (Ps7.7 billion)
Amount outstanding as of December 31, 2011(1)									
CEMEX, S.A.B. de C.V.	✓	✓	✓	✓	✓	✓	✓	✓	
CEMEX Mexico	✓	✓	✓	✓	✓	✓	✓	✓	
New Sunward	✓	✓	✓	✓	✓	✓	✓		
CEMEX España.	✓	✓	✓	✓	✓	✓			✓
CEMEX Corp.					✓	✓			
CEMEX Finance LLC					✓	✓			
CEMEX Concretos, S.A. de C.V.					✓	✓			
Empresas Tolteca de México, S.A. de C.V.					✓	✓		✓	
C5 Capital (SPV) Ltd.							✓		
C8 Capital (SPV) Ltd.							✓		
C10 Capital (SPV) Ltd.							✓		
C10-EUR Capital (SPV) Ltd.							✓		
CEMEX Finance Europe B.V.									✓

- (1) Excludes our indebtedness held by us. Also, after giving *pro forma* effect to the 2012 Exchange Offers and the 2012 CB Payments.
- (2) CEMEX, S.A.B. de C.V., CEMEX Mexico, and New Sunward provide guarantees in connection with approximately U.S.\$0.49 billion (approximately Ps6.8 billion as of December 31, 2011, after giving *pro forma* effect to the 2012 Exchange Offers) in notes issued in connection with the Debentures, which are accounted for as non-controlling interest under IFRS, the Financing Agreement and the indentures governing the Senior Secured Notes.
- (3) Includes long-term secured CBs maturing during 2017.
- (4) Issued by CEMEX Finance Europe B.V., a special purpose vehicle and wholly-owned subsidiary of CEMEX España, the sole guarantor of the Eurobonds. As of December 31, 2011, after giving *pro forma* effect to the 2012 Exchange Offers.

Most of our outstanding indebtedness has been incurred to finance our acquisitions and to finance our capital expenditure programs. CEMEX Mexico, our principal Mexican subsidiary and indirect owner of our international operations, has indebtedness (including other financial obligations) or has provided guarantees of our indebtedness (including other financial obligations), including under the Financing Agreement, the Senior Secured Notes, CBs, and some capital leases, but excluding the Debentures, in the amount of approximately Ps198,217 million (U.S.\$14,199 million) as of December 31, 2011, after giving *pro forma* effect to the 2012 Exchange Offers and the 2012 CB Payments. CEMEX España, a holding company for most of our international operations outside Mexico and our main operating subsidiary in Spain, has indebtedness (including other financial obligations) or has provided guarantees of our indebtedness (including other financial obligations), including under the Financing Agreement, the Senior Secured Notes and the Eurobonds, but excluding the Debentures, in the amount of approximately Ps203,270 million (U.S.\$14,561 million) as of December 31, 2011, after giving *pro forma* effect to the 2012 Exchange Offers.

Historically, we have addressed our liquidity needs (including funds required to make scheduled principal and interest payments, refinance debt, and fund working capital and planned capital expenditures) with operating cash flow, securitizations, borrowings under credit facilities, proceeds of debt and equity offerings and proceeds from asset sales.

The global equity and credit markets in the last few years have experienced significant price volatility, dislocations and liquidity disruptions, which have caused market prices of many stocks to fluctuate substantially and the spreads on prospective and outstanding debt financings to widen considerably. This volatility and illiquidity has materially and adversely affected a broad range of fixed income securities. As a result, the market for fixed income securities has

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experienced decreased liquidity, increased price volatility, credit downgrade events and increased defaults. Global equity markets have also been experiencing heightened volatility and turmoil, with issuers exposed to the credit markets being most seriously affected. The disruptions in the financial and credit markets may continue to adversely affect our credit rating and the market value of our common stock, our CPOs and our ADSs. If the current pressures on credit continue or worsen, and alternative sources of financing continue to be limited, we may be dependent on the issuance of equity as a source to repay our existing indebtedness, including meeting amortization requirements under the Financing Agreement. Although we have been able to raise debt, equity and equity linked capital following our entry into the Financing Agreement in August 2009, as capital markets recovered, previous conditions in the capital markets in 2008 and 2009 were such that traditional sources of capital were not available to us on reasonable terms or at all. As a result, there is no guarantee that we will be able to successfully raise additional debt or equity capital at all or on terms that are favorable.

If the global economic environment deteriorates and our operating results worsen significantly, if we were unable to complete debt or equity offerings or if our planned divestitures and/or our cash flow or capital resources prove inadequate, we could face liquidity problems and may not be able to comply with our upcoming principal payment maturities under our indebtedness or refinance our indebtedness. If we are unable to comply with our upcoming principal maturities under our indebtedness (including the Financing Agreement), or refinance or extend maturities of our indebtedness, our debt could be accelerated. Acceleration of our debt would have a material adverse effect on our business and financial condition. The failure to achieve a refinancing or extension of maturity of the Financing Agreement prior to its maturity in February 2014 would have a material adverse effect on our liquidity and on our ability to meet our other obligations, including our obligations under the Senior Secured Notes and our other indebtedness.

We and our subsidiaries have sought and obtained waivers and amendments to several of our debt instruments relating to a number of financial ratios in the past. Our ability to comply with these ratios may be affected by current global economic conditions and high volatility in foreign exchange rates and the financial and capital markets. We may need to seek waivers or amendments in the future. However, we cannot assure you that any future waivers, if requested, will be obtained. If we or our subsidiaries are unable to comply with the provisions of our debt instruments, and are unable to obtain a waiver or amendment, the indebtedness outstanding under such debt instruments could be accelerated. Acceleration of these debt instruments would have a material adverse effect on our financial condition.

Relevant transactions related to our indebtedness during 2011

As of December 31, 2011, after giving *pro forma* effect to the 2012 Exchange Offers and the 2012 CB Payments, we had approximately Ps249,841 (U.S.\$17,897 million) of total debt plus other financial obligations, not including approximately Ps6,781 (U.S.\$486 million) of notes issued in connection with the Debentures. Our financing activities through December 31, 2010 are described in our 2010 annual report. The following is a description of our most relevant transactions related to our indebtedness in 2011:

- On January 11, 2011, we closed the offering of U.S.\$1 billion aggregate principal amount of the January 2011 Notes, which were issued at 99.364% of face value, are callable beginning on their fourth anniversary, bear a 9% interest and mature in January 2018. The January 2011 Notes were issued by CEMEX, S.A.B. de C.V. and guaranteed by CEMEX Mexico, New Sunward and CEMEX España. The January 2011 Notes share the Collateral.
- On March 4, 2011, we closed a private exchange transaction of approximately €119 million aggregate principal amount of the 6.277% Debentures for approximately U.S.\$125 million (Ps1,491 million) aggregate principal amount of the Additional May 2010 Notes, which bear a 9.25% interest and mature in March 2020. The Additional May 2010 Notes were issued by CEMEX España, Luxembourg branch, and guaranteed by CEMEX, S.A.B. de C.V., CEMEX Mexico and New Sunward. The Additional May 2010 Notes share the Collateral. As a result of the private exchange, approximately €119 million in aggregate principal amount of the 6.277% Debentures were cancelled, generating in 2011 a gain of

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approximately Ps446 million, representing the difference between the notional amount of the reacquired Debentures and the Additional May 2010 Notes issued in exchange, which was recognized within “Other equity reserves.”

- On April 5, 2011, we closed the offering of U.S.\$800 million aggregate principal amount of the April 2011 Notes, which were issued at 99.001% of face value, are floating rate notes and mature in April 2015. The April 2011 Notes were issued by CEMEX, S.A.B. de C.V. and guaranteed by CEMEX Mexico, New Sunward and CEMEX España. The April 2011 Notes share the Collateral.
- On July 11, 2011, we closed the offering of U.S.\$650 million aggregate principal amount of the Additional January 2011 Notes at 97.616% of face value plus any accrued interest. The Additional January 2011 Notes bear 9% interest and mature in January 2018. The Additional January 2011 Notes were issued by CEMEX, S.A.B. de C.V. and guaranteed by CEMEX Mexico, New Sunward and CEMEX España. The Additional January 2011 Notes share the Collateral.

We used a substantial portion of the proceeds from these transactions to repay debt under the Financing Agreement. Through these and prior repayments, we avoided a 0.5% interest rate increase that would have been otherwise applicable beginning in January 2012 pursuant to the Financing Agreement. In addition, we have addressed all maturities under the Financing Agreement until December 15, 2013.

During December 2011, we exchanged a portion of the PDVSA notes received in payment from the Government of Venezuela for perpetual and debt instruments issued by CEMEX. See note 12B to our consolidated financial statements included elsewhere in this annual report. Also in December 2011, we received from a third party, as a settlement of an account receivable, the equity interest of an entity whose assets were mainly comprised by perpetual and debt instruments issued by CEMEX. As a result, as of December 31, 2011, CEMEX, S.A.B. de C.V. netted in its balance sheet a portion of several series of its subsidiaries’ debt instruments, held by the newly acquired entity and its other subsidiaries, for an aggregate notional amount of approximately Ps977 million, including portions of U.S. Dollar denominated notes issued in May 2010, described below, and U.S. Dollar denominated notes issued in April 2011, described below, as well as portions of several series of Debentures for an aggregate notional amount of approximately Ps3,029 million, among others. See note 15A to our consolidated financial statements included elsewhere else in this annual report. Considering the difference between the fair value of the instruments and their notional amount, as part of this cancellation, we recognized gains, net of certain commissions, for approximately Ps1,630 million, of which, approximately Ps239 million associated with our debt instruments, were recognized within “other expenses, net,” and approximately Ps1,391 million, associated with the Debentures, were recognized in stockholders’ equity as part of “other equity reserves.”

Our Other Financial Obligations

Other financial obligations in the consolidated balance sheet as of December 31, 2010 and 2011 are detailed as follows:

	December 31, 2011			December 31, 2010		
	Short-term	Long-term	Total	Short-term	Long-term	Total
I. Convertible subordinated notes due 2018	Ps —	7,451	7,451	Ps —	—	—
I. Convertible subordinated notes due 2016	—	11,236	11,236	—	—	—
II. Convertible subordinated notes due 2015	—	8,829	8,829	—	7,554	7,554
III. Convertible securities due 2019	131	1,703	1,834	113	1,825	1,938
IV. Liabilities secured with accounts receivable	7,052	2,500	9,552	4,462	2,200	6,662
V. Capital leases	528	1,471	1,999	19	52	71
	<u>Ps 7,711</u>	<u>33,190</u>	<u>40,901</u>	<u>Ps 4,594</u>	<u>11,631</u>	<u>16,225</u>

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As mentioned in note 2L to our consolidated financial statements included elsewhere else in this annual report, financial instruments convertible into our CPOs and/or ADSs contain components of both liability and equity, which are recognized differently depending if the instrument is mandatorily convertible, or is optionally convertible by election of the note holders.

2011 Optional Convertible Subordinated Notes

On March 15, 2011, CEMEX, S.A.B. de C.V. closed the offering of U.S.\$978 million (Ps11,632 million) aggregate principal amount of 3.25% convertible subordinated notes due in 2016 (the “2016 Optional Convertible Notes”) and U.S.\$690 million (Ps8,211 million) aggregate principal amount of 3.75% convertible subordinated notes due in 2018 (the “2018 Optional Convertible Notes”). The aggregate principal amounts reflect the full exercise of the U.S.\$177.5 million and U.S.\$90 million over-allotment option granted to the relevant initial purchasers of the 2016 Optional Convertible Notes and the 2018 Optional Convertible Notes, respectively. The notes are subordinated to all of CEMEX’s liabilities and commitments. The initial conversion price was equivalent to an approximate 30% premium to the closing price of our ADSs on March 9, 2011, and the notes are convertible into our ADSs, at any time after June 30, 2011. A portion of the net proceeds from this transaction were used to fund the purchase of capped call transactions (note 15D to our consolidated financial statements included elsewhere else in this annual report), which are generally expected to reduce the potential dilution cost to CEMEX, S.A.B. de C.V. upon future conversion of the 2016 Optional Convertible Notes and the 2018 Optional Convertible Notes. As a result of the issuance, substantially all the new shares approved at CEMEX, S.A.B. de C.V.’s extraordinary shareholders’ meeting on February 24, 2011 (note 19 to our consolidated financial statements included elsewhere else in this annual report) were reserved by CEMEX, S.A.B. de C.V. to satisfy conversion of these notes. After antidilution adjustments, the conversion rate as of December 31, 2011 was 92.1659 ADS per each U.S.\$1,000 principal amount of such notes and as of March 31, 2012 was 95.8525 ADS per each U.S.\$1,000 principal amount of such notes.

2010 Optional Convertible Subordinated Notes

On March 30, 2010, CEMEX, S.A.B. de C.V. issued U.S.\$715 million (Ps8,837 million) aggregate principal amount of 4.875% Optional Convertible Subordinated Notes due 2015 (the “2015 Notes”), including the full exercise of the U.S.\$65 million over-allotment option granted to the initial purchasers of the notes. The 2015 Notes are subordinated to all of CEMEX’s liabilities and commitments. The holders of the 2015 Notes have the option to convert their notes for our ADSs at a conversion price per ADS 30% higher than the ADS price at the pricing of the transaction. In connection with the offering, CEMEX, S.A.B. de C.V. entered into a capped call transaction expected to generally reduce the potential dilution cost to CEMEX, S.A.B. de C.V. upon future conversion of the 2015 Notes (note 15D to our consolidated financial statements included elsewhere in this annual report). After antidilution adjustments, the conversion rate as of December 31, 2011 was 79.5411 ADS per each U.S.\$1,000 principal amount of such notes and as of March 31, 2012 was 82.7227 ADS per each U.S.\$1,000 principal amount of such notes.

Mandatory Convertible Notes

In December 2009, CEMEX, S.A.B. de C.V. completed its offer to exchange CBs issued in Mexico with maturities between 2010 and 2012, into Mandatorily Convertible Notes for approximately Ps4,126 million (U.S.\$315 million). Reflecting antidilution adjustments, at their scheduled conversion in ten years or earlier if the price of the CPO reaches approximately \$34.50, the securities will be mandatorily convertible into approximately 179.4 million CPOs at a conversion price of approximately \$23.00 per CPO. During their tenure, the securities yield a 10% interest payable quarterly. Holders have an option to voluntarily convert their securities, after the first anniversary of their issuance, on any interest payment date into CPOs. The equity component for Ps1,971 million was recognized within “Other equity reserves.” See note 15B to our consolidated financial statements included elsewhere else in this annual report.

Our Receivables Financing Arrangements

Our subsidiaries in Spain, the United States, Mexico, France and United Kingdom are parties to sales of trade accounts receivable programs with financial institutions, referred to as securitization programs. As of December 31, 2011 and 2010 and January 1, 2010, trade accounts receivable include receivables of Ps12,733 million (U.S.\$912 million), Ps9,968 million (U.S.\$807 million) and Ps9,624 million (U.S.\$735 million), respectively, that were sold under securitization programs for the sale of trade accounts receivable established in Mexico, the United States, Spain, France and the United Kingdom; the later forms part of the program in France and was initiated in 2011. Under these programs, our subsidiaries effectively surrender control associated with the trade accounts receivable sold and there is no guarantee or obligation to reacquire the assets. However, we retain certain residual interest in the programs and/or maintain continuing involvement with the accounts receivable; therefore, the amounts received are recognized within "Other financial obligations." Trade accounts receivable qualifying for sale exclude amounts over certain days past due or concentrations over certain limits to any one customer, according to the terms of the programs. The portion of the accounts receivable sold maintained as reserves amounted to Ps3,181 million as of December 31, 2011, Ps3,306 million as of December 31, 2010 and Ps3,083 million as of January 1, 2010. Therefore, the funded amount to us was Ps9,552 million (U.S.\$684 million) as of December 31, 2011, including approximately Ps656 million (U.S.\$47 million) of accounts receivable in France sold through factoring programs with recourse, Ps6,662 million (U.S.\$539 million) as of December 31, 2010 and Ps6,541 million (U.S.\$500 million) as of January 1, 2010. The discount granted to the acquirers of the trade accounts receivable is recorded as financial expense and amounted to approximately Ps390 million (U.S.\$31 million) in 2011 and Ps368 million (U.S.\$29 million) in 2010. Our securitization programs are negotiated for specific periods and should be renewed at their maturity. The securitization programs outstanding as of December 31, 2011 in Mexico, the United States, Spain, France and the United Kingdom, were initiated or renewed during 2011 and mature in October 2015, May 2013, May 2016, March 2013 and March 2013, respectively.

Capital leases

As of December 31, 2010 and 2011, we held several operating assets, mainly mobile equipment, under capital lease contracts for a total of approximately U.S.\$6 million (Ps71 million) and U.S.\$143 million (Ps1,999 million) respectively. Future payments associated with these contracts are presented in note 22E to our consolidated financial statements included elsewhere else in this annual report.

Our Equity Forward Arrangements

In connection with the sale of CPOs of Axtel (note 15D to our consolidated financial statements included elsewhere in this annual report) and in order to maintain exposure to changes in the price of such entity, in March 2008, we entered into a forward contract to be settled in cash over the price of 119 million CPOs of Axtel (59.5 million CPOs with each counterparty), which was originally set to mature in April 2011. During 2009, in order to reset the exercise price included in the contract, we instructed the counterparties to definitively dispose of the deposits in margin accounts for approximately Ps207 million, and each of the counterparties exercised an option to maintain the contract over their respective 59.5 million CPOs of Axtel until October 2011. During 2010, one of the counterparties further extended the maturity of 50% of the notional amount of this forward contract to April 2012. Changes in the fair value of this instrument generated losses of approximately U.S.\$43 million (Ps545 million) in 2010, and approximately U.S.\$34 million (Ps424 million) in 2011.

Our Debentures

As of December 31, 2010 and 2011, non-controlling interest stockholders' equity included approximately U.S.\$1,320 million (Ps16,310 million) and U.S.\$938 million (Ps13,089 million), respectively, representing the principal amount of the Debentures. The Debentures have no fixed maturity date and do not represent a contractual payment obligation for us. Based on their characteristics, the Debentures, issued through special purpose vehicles, or SPVs, qualify as equity instruments under IFRS and are classified within non-controlling interest as they were issued by consolidated entities, considering that there is no contractual obligation to deliver cash or any other financial asset, the Debentures do not have any maturity date, meaning that they were issued to

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perpetuity, and, if the conditions to interest deferred are satisfied, we have the unilateral right to defer indefinitely the payment of interest due on the Debentures. Issuance costs, as well as the interest expense, which is accrued based on the principal amount of the Debentures, are included within "Other equity reserves" and represented expenses of approximately Ps1,624 million in 2010 and Ps1,010 million in 2011. The different SPVs were established solely for purposes of issuing the Debentures and are included in our consolidated financial statements. As of December 31, 2011, the Debentures were as follows:

<u>Issuer</u>	<u>Issuance Date</u>	<u>Nominal Amount (in millions)</u>	<u>Nominal Amount Outstanding as of December 31, 2011 (in millions)(2)(3)</u>	<u>Repurchase Option</u>	<u>Interest Rate</u>
C5 Capital (SPV) Ltd.(1).	December 2006	U.S.\$ 350	U.S.\$ 68	Fifth anniversary	6.196%
C8 Capital (SPV) Ltd.	February 2007	U.S.\$ 750	U.S.\$ 140	Eighth anniversary	6.640%
C10 Capital (SPV) Ltd.	December 2006	U.S.\$ 900	U.S.\$ 189	Tenth anniversary	6.722%
C10-EUR Capital (SPV) Ltd.	May 2007	€ 730	€ 70	Tenth anniversary	6.277%

- (1) Because we did not exercise our repurchase option by December 31, 2011, the annual interest rate of this series changed to 3-month LIBOR plus 4.277%, which will be reset quarterly. Interest payments on this series will be made quarterly instead of semi-annually. We are not permitted to call these Debentures under the Financing Agreement. As of December 31, 2011, 3-month LIBOR was approximately 0.581%.
- (2) Excludes the notional amount of Debentures held by subsidiaries, acquired in December 2011 through a series of asset swaps. See notes 15A and 19D to our consolidated financial statements included elsewhere in this annual report.
- (3) After giving *pro forma* effect to the 2012 Exchange Offers.

As described below and in note 15D to our consolidated financial statements included elsewhere in this annual report, on July 15, 2009, in connection with the derivative financial instruments associated with the Debentures, by means of which we changed the risk profile of the interest rates and the currencies of the Debentures from the U.S. Dollar and the Euro to the Yen, and in order to eliminate our exposure to the Yen and the Yen interest rate, we settled our Yen cross currency swap derivatives, as well as the forward contracts for U.S.\$196 million as of December 2008, negotiated to eliminate the variability of cash flows in Yen to be incurred through the cross currency swap until 2010, in which CEMEX received cash flows in Yen and paid U.S. Dollars. As a result, a total amount of approximately U.S.\$94 million was deposited with trustees for the benefit of the Debenture holders. This amount is being used to pay CEMEX's coupons on the Debentures. As a result of this settlement, during 2009, we recognized a loss from changes in the fair value of the instruments of approximately U.S.\$162 million (Ps2,203 million).

Stock Repurchase Program

Under Mexican law, our shareholders may authorize a stock repurchase program at our annual shareholders' meeting. Unless otherwise instructed by our shareholders, we are not required to purchase any minimum number of shares pursuant to such program.

In connection with CEMEX, S.A.B. de C.V.'s 2009, 2010 and 2011 annual shareholders' meetings held on April 29, 2010, February 24, 2011 and February 23, 2012, respectively, no stock repurchase program was proposed between April 2010 and April 2011, between February 2011 and February 2012 and between February 2012 and February 2013, respectively. Subject to certain exceptions, we are not permitted to repurchase shares of our capital stock under the Financing Agreement.

Research and Development, Patents and Licenses, etc.

Our research and development, or R&D, efforts help us in achieving our goal of increasing market share in the markets in which we operate. The department of the Vice President of Technology is responsible for

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developing new products for our cement and ready-mix concrete businesses that respond to our clients' needs. The department of the Vice President of Energy has the responsibility for developing new processes, equipment and methods to optimize operational efficiencies and reduce our costs. For example, we have developed processes and products that allow us to reduce heat consumption in our kilns, which in turn reduces energy costs. Other products have also been developed to provide our customers a better and broader offering of products in a sustainable manner. We believe this has helped us to keep or increase our market share in many of the markets in which we operate.

We have 10 laboratories dedicated to our R&D efforts. Nine of these laboratories are strategically located in close proximity to our plants to assist our operating subsidiaries with troubleshooting, optimization techniques and quality assurance methods. One of our laboratories is located in Switzerland, where we are continually improving and consolidating our research and development efforts in the areas of cement, concrete, aggregates, admixtures, mortar and asphalt technology, as well as in business processes, information technology and energy management. We have several patent registrations and pending applications in many of the countries in which we operate. These patent registrations and applications relate primarily to different materials used in the construction industry and the production processes related to them, as well as processes to improve our use of alternative fuels and raw materials.

Our Information Technology divisions have developed information management systems and software relating to cement and ready-mix concrete operational practices, automation and maintenance. These systems have helped us to better serve our clients with respect to purchasing, delivery and payment.

R&D activities comprise part of the daily routine of the departments and divisions mentioned above; therefore, the costs associated with such activities are expensed as incurred. However, the costs incurred in the development of software for internal use are capitalized and amortized in operating results over the estimated useful life of the software, which is approximately five years.

In 2010 and 2011, the combined total expense of the departments of the Vice President of Energy and the Vice President of Technology, which includes R&D activities, amounted to approximately Ps519 million (U.S.\$41 million) and Ps487 million (U.S.\$39 million), respectively.

Summary of Material Contractual Obligations and Commercial Commitments

The Financing Agreement

On August 14, 2009, we entered into the Financing Agreement. The Financing Agreement extended the maturities of approximately U.S.\$15 billion in syndicated and bilateral bank facilities and private placement obligations, providing for a semi-annual amortization schedule, with a final amortization payment of approximately U.S.\$6.7 billion on February 14, 2014, based on prevailing exchange rates as of December 31, 2011. The Financing Agreement is secured by a first-priority security interest over the Collateral and all proceeds of such Collateral.

The Financing Agreement requires us to comply with several financial ratios and tests, including a consolidated coverage ratio of EBITDA to consolidated interest expense (including interest expense of the Debentures) of not less than (i) 1.75:1 for each period of four consecutive fiscal quarters (measured semi-annually) up to and including the period ending December 31, 2012 and (ii) 2.00:1 for the remaining periods of four consecutive fiscal quarters (measured semi-annually) to December 31, 2013. In addition, the Financing Agreement allows us a maximum consolidated leverage ratio of total debt (including the Debentures) to EBITDA for each period of four consecutive fiscal quarters (measured semi-annually) not to exceed 7.00:1 for the period that ended December 31, 2011, 6.5:1 for the period ending June 30, 2012, 5.75:1 for the period ending December 31, 2012, 5.00:1 for the period ending June 30, 2013 and 4.25:1 for the period ending December 31, 2013. Our ability to comply with these ratios may be affected by current economic conditions and high volatility in foreign exchange rates and the financial and capital markets. For the period ended December 31, 2011, we

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expect to report to the lenders under the Financing Agreement a consolidated coverage ratio of approximately 1.88:1 and a consolidated leverage ratio of approximately 6.64:1, each as calculated pursuant to the Financing Agreement. Pursuant to the Financing Agreement, we are prohibited from making aggregate annual capital expenditures in excess of U.S.\$800 million. In addition, we have addressed all maturities under the Financing Agreement until December 15, 2013.

On April 13, 2011, the Financing Agreement was amended so that we can retain funds in the CBs reserve from disposal proceeds, permitted fundraisings and cash in hand, to pay for CBs maturing in April and September 2012.

For a discussion of restrictions and covenants under the Financing Agreement, see “Item 3—Key Information—Risk Factors—The Financing Agreement contains several restrictions and covenants. Our failure to comply with such restrictions and covenants could have a material adverse effect on us.”

Mandatory Convertible Notes

On December 10, 2009, CEMEX, S.A.B. de C.V. issued approximately Ps4.1 billion (approximately U.S.\$315 million) in Mandatory Convertible Notes, in exchange for CBs maturing on or before December 31, 2012, pursuant to an exchange offer conducted in Mexico, in transactions exempt from registration pursuant to Regulation S under the Securities Act. The Mandatory Convertible Notes are mandatorily convertible into newly issued CPOs at a conversion price per CPO (calculated as the volume-weighted average price of the CPO for the ten trading days prior to the closing of the exchange offer multiplied by a conversion premium of approximately 1.65), accrue interest, payable in cash, at 10% per annum, provide for the payment of a cash penalty fee, equal to approximately one year of interest, upon the occurrence of certain anticipated conversion events, and mature on November 28, 2019. After giving effect to any dilution adjustments in respect of the recapitalization of earnings approved by shareholders at the 2011 shareholders’ meeting held on February 23, 2012, the conversion ratio for the Mandatory Convertible Notes as of the date of this annual report is 418.4494 CPOs per each obligation, equivalent to a conversion price of approximately Ps21.27 per CPO.

December 2009 Notes

On December 14, 2009, our subsidiary, CEMEX Finance LLC, issued U.S.\$1,250,000,000 aggregate principal amount and €350,000,000 aggregate principal amount of the December 2009 Notes in transactions exempt from registration pursuant to Rule 144A and Regulation S under the Securities Act. On January 19, 2010, CEMEX Finance LLC issued an additional U.S.\$500,000,000 aggregate principal amount of the December 2009 Notes. CEMEX, S.A.B. de C.V., CEMEX Mexico, CEMEX España, CEMEX Corp., CEMEX Concretos, S.A. de C.V., Empresas Tolteca de México, S.A. de C.V. and New Sunward have fully and unconditionally guaranteed the performance of all obligations of CEMEX Finance LLC under the December 2009 Notes on a senior basis. The payment of principal, interest and premium, if any, on such notes is secured by a first-priority security interest over the Collateral and all proceeds of such Collateral.

2010 Optional Convertible Subordinated Notes

On March 30, 2010, CEMEX, S.A.B. de C.V. issued U.S.\$715,000,000 aggregate principal amount of the 2010 Optional Convertible Subordinated Notes, including the initial purchasers’ exercise in full of their over-allotment option, in transactions exempt from registration pursuant to Rule 144A under the Securities Act. The conversion rate has been adjusted to 82.7227 ADSs per U.S.\$1,000 principal amount of 2010 Optional Convertible Subordinated Notes, reflecting the issuance of CPOs in connection with the recapitalization of earnings approved by shareholders at the 2011 annual shareholders’ meeting held on February 23, 2012. We used a portion of the net proceeds from the offering of the 2010 Optional Convertible Subordinated Notes to fund the purchase of a capped call transaction, which are expected generally to reduce the potential cost to CEMEX upon future conversion of the 2010 Optional Convertible Subordinated Notes.

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May 2010 Notes

On May 12, 2010, CEMEX España, acting through its Luxembourg branch, issued U.S.\$1,067,665,000 aggregate principal amount and €115,346,000 aggregate principal amount of the May 2010 Notes, in exchange for a majority in principal amount of the then outstanding Debentures pursuant to exchange offers, in private transactions exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation S under the Securities Act. In addition, on March 4, 2011, CEMEX España, acting through its Luxembourg branch, issued an additional U.S.\$125,331,000 aggregate principal amount of the Additional May 2010 Notes, in exchange for €119,350,000 aggregate principal amount of the 6.277% Debentures, pursuant to an exchange offer, in a private transaction exempt from registration pursuant to Regulation S under the Securities Act. CEMEX, S.A.B. de C.V., CEMEX Mexico and New Sunward have fully and unconditionally guaranteed the performance of all obligations of CEMEX España under the May 2010 Notes, including the Additional May 2010 Notes, on a senior basis. The payment of principal, interest and premium, if any, on such notes is secured by a first-priority security interest over the Collateral and all proceeds of such Collateral.

January 2011 Notes

On January 11, 2011, CEMEX, S.A.B. de C.V. issued U.S.\$1,000,000,000 aggregate principal amount of the January 2011 Notes in transactions exempt from registration pursuant to Rule 144A and Regulation S under the Securities Act. On July 11, 2011, CEMEX, S.A.B. de C.V. issued an additional U.S.\$650,000,000 aggregate principal amount of the Additional January 2011 Notes. CEMEX Mexico, New Sunward and CEMEX España have fully and unconditionally guaranteed the performance of all obligations of CEMEX, S.A.B. de C.V. under the January 2011 Notes, including the Additional January 2011 Notes, on a senior basis. The payment of principal, interest and premium, if any, on such notes is secured by a first-priority security interest over the Collateral and all proceeds of such Collateral.

2011 Optional Convertible Subordinated Notes

On March 15, 2011, CEMEX, S.A.B. de C.V. issued U.S.\$1,667,500,000 aggregate principal amount of the 2011 Optional Convertible Subordinated Notes, including the initial purchasers' exercise in full of their over-allotment options, in transactions exempt from registration pursuant to Rule 144A and Regulation S under the Securities Act. The 2011 Optional Convertible Subordinated Notes are convertible into ADSs, at any time after June 30, 2011. The initial conversion price for the 2011 Optional Convertible Subordinated Notes was equivalent to approximately U.S.\$11.28 per ADS, a 30% premium to the closing price of ADSs on March 9, 2011. The conversion rate has been adjusted to 95.8525 ADSs per U.S.\$1,000 principal amount of 2011 Optional Convertible Subordinated Notes, reflecting the issuance of CPOs in connection with the recapitalization of earnings approved by shareholders at the 2011 annual shareholders' meeting held on February 23, 2012. We used a portion of the net proceeds from the offering of the 2011 Optional Convertible Subordinated Notes to fund the purchase of capped call transactions, which are expected generally to reduce the potential cost to CEMEX upon future conversion of the 2011 Optional Convertible Subordinated Notes.

April 2011 Notes

On April 5, 2011, CEMEX, S.A.B. de C.V. issued U.S.\$800,000,000 aggregate principal amount of the April 2011 Notes in transactions exempt from registration pursuant to Rule 144A and Regulation S under the Securities Act. CEMEX Mexico, New Sunward and CEMEX España have fully and unconditionally guaranteed the performance of all obligations of CEMEX, S.A.B. de C.V. under the April 2011 Notes. The payment of principal, interest and premium, if any, on such notes is secured by a first-priority security interest over the Collateral and all proceeds of such Collateral.

March 2012 Notes

On March 28, 2012, CEMEX España, acting through its Luxembourg branch, issued U.S.\$703,861,000 aggregate principal amount and €179,219,000 aggregate principal amount of the March 2012 Notes in exchange

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for Debentures and Eurobonds pursuant to separate private placement exchange offers directed to the holders of Debentures and Eurobonds, in transactions exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, as amended, or the Securities Act. Such exchange offers were made within the United States only to “qualified institutional buyers” (as defined in Rule 144A under the Securities Act), and outside the United States to persons that are not “U.S. persons,” as such term is defined in Rule 902(k) of Regulation S under the Securities Act and who participated in the transactions in accordance with Regulation S. The payment of principal, interest and premium, if any, on such notes is secured by a first-priority security interest over the Collateral and all proceeds of such Collateral.

Senior Secured Notes—General

The indentures governing the Senior Secured Notes impose significant operating and financial restrictions on us. These restrictions will limit our ability, among other things, to: (i) incur debt; (ii) pay dividends on stock; (iii) redeem stock or redeem subordinated debt; (iv) make investments; (v) sell assets, including capital stock of subsidiaries; (vi) guarantee indebtedness; (vii) enter into agreements that restrict dividends or other distributions from restricted subsidiaries; (viii) enter into transactions with affiliates; (ix) create or assume liens; (x) engage in mergers or consolidations; and (xi) enter into a sale of all or substantially all of our assets.

Commercial Commitments

As of December 31, 2010 and 2011, we had commitments for the purchase of raw materials for an approximate amount of U.S.\$288 million and U.S.\$184 million, respectively.

In 2006, in order to take advantage of the high wind potential in the “Tehuantepec Isthmus,” CEMEX and ACCIONA formed an alliance to develop a wind farm project for the generation of 250 Megawatts (MW) in the Mexican state of Oaxaca. We acted as promoter of the project, which was named EURUS. ACCIONA provided the required financing, constructed the facility and currently operates the wind farm. The installation of 167 wind turbines in the farm was finished on November 15, 2009. The agreements between CEMEX and ACCIONA established that CEMEX’s plants in Mexico will acquire a portion of the energy generated by the wind farm for a period of at least 20 years, which began in February 2010, when EURUS reached the committed limit capacity. For the years ended December 31, 2010 and 2011, EURUS supplied approximately 20% and 23.7%, respectively, of CEMEX’s overall electricity needs in Mexico during such year. This agreement is for CEMEX’s own use and there is no intention of trading in energy by CEMEX.

In 1999, CEMEX entered into an agreement with an international partnership, which built and operated an electrical energy generating plant in Mexico called “Termoeléctrica del Golfo,” or TEG. In 2007, another international company replaced the original operator. The agreement established that CEMEX would purchase the energy generated for a term of not less than 20 years, which started in April 2004. In addition, CEMEX committed to supply TEG all fuel necessary for its operations, a commitment that has been hedged through a 20-year agreement entered with PEMEX which terminates in 2024. With the change of the operator in 2007, CEMEX extended the term of its agreement with TEG until 2027. Consequently, for the last 3 years of the agreement, CEMEX intends to purchase the required fuel in the market. For the years ended December 31, 2009, 2010 and 2011, the power plant has supplied approximately 74%, 73% and 69%, respectively, of CEMEX’s overall electricity needs during such years for its cement plants in Mexico.

In March 1998, we entered into a 20-year contract with PEMEX providing that PEMEX’s refinery in Cadereyta would supply us with 0.9 million tons of petcoke per year, commencing in 2003. In July 1999, we entered into a second 20-year contract with PEMEX providing that PEMEX’s refinery in Madero would supply us with 0.85 million tons of petcoke per year, commencing in 2002. We expect the PEMEX petcoke contracts to reduce the volatility of our fuel costs and provide us with a consistent source of petcoke throughout their 20-year terms (which expire in July 2023 for the Cadereyta refinery contract and October 2022 for the Madero refinery contract).

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Contractual Obligations

As of December 31, 2011 and 2010, CEMEX had the following contractual obligations:

(U.S. dollars millions)	2011					2010	
	Less than 1 year	1-3 Years	3-5 Years	More than 5 Years	Total	Total	
Obligations							
Long-term debt	U.S.\$ 325	8,499	2,500	3,600	14,924	15,641	
Capital lease obligations(1)	47	85	12	38	182	6	
Convertible notes(2)	9	24	1,469	600	2,102	768	
Total debt and other financial obligations(3)	381	8,608	3,981	4,238	17,208	16,415	
Operating leases(4)	166	219	97	83	565	731	
Interest payments on debt(5)	984	1,764	931	432	4,111	4,183	
Pension plans and other benefits(6)	150	300	306	1,089	1,845	1,523	
Total contractual obligations	U.S.\$ 1,681	10,891	5,315	5,842	23,729	22,852	
	Ps 23,467	152,038	74,197	81,554	331,256	282,451	

- (1) The amounts of payments under capital leases have been determined on the basis of nominal cash flows. As of December 31, 2011, the net present value of future payments under such leases is approximately U.S.\$143 million (Ps1,999 million), of which, approximately U.S.\$44 million (Ps613 million) refers to cash flows from 1 to 3 years, and approximately U.S.\$73 million (Ps1,023 million) refer to cash flows from 3 to 5 years.
- (2) Refers to the convertible notes described in note 15B to our consolidated financial statements included elsewhere in this annual report and assumes repayment at maturity and no conversion of the notes.
- (3) The schedule of debt payments, which includes current maturities, does not consider the effect of any refinancing of debt that may occur during the following years. In the past, CEMEX has replaced its long-term obligations for others of a similar nature.
- (4) The amounts for operating leases have been determined on the basis of nominal cash flows. CEMEX has operating leases, primarily for operating facilities, cement storage and distribution facilities and certain transportation and other equipment, under which annual rental payments are required plus the payment of certain operating expenses. Rental expense was U.S.\$256 million (Ps3,195 million) in 2011 and U.S.\$199 million (Ps2,521 million) in 2010.
- (5) For the determination of the future estimated interest payments on floating rate denominated debt, CEMEX used the floating interest rates in effect as of December 31, 2011 and 2010.
- (6) Represents estimated annual payments under these benefits for the next 10 years (See note 17 to our consolidated financial statements included elsewhere in this annual report). Future payments include the estimate of new retirees during such future years.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that are reasonably likely to have a material effect on our financial condition, operating results, liquidity or capital resources.

CEMEX Venezuela

On August 18, 2008, the Government of Venezuela expropriated all business, assets and shares of CEMEX in Venezuela and took control of its facilities. CEMEX controlled and operated CEMEX Venezuela until August 17, 2008. In October 2008, CEMEX submitted a request to the ICSID, seeking international arbitration claiming that the nationalization and seizure of the facilities located in Venezuela and owned by CEMEX Venezuela did not comply with the terms of the treaty for the protection of investments signed by the Government of Venezuela and the Netherlands and with international law because CEMEX had not received any compensation and no public purpose was proven. On November 30, 2011, following negotiations with the Government of Venezuela and its public entity Corporación Socialista de Cemento, S.A., a settlement agreement

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was reached between CEMEX and the Government of Venezuela that closed on December 13, 2011. Under this settlement agreement, CEMEX received compensation for the expropriation of CEMEX Venezuela and administrative services provided after the expropriation in the form of: (i) a cash payment of U.S.\$240 million; and (ii) notes issued by Petróleos de Venezuela, S.A. (“PDVSA”), with nominal value and interest income to maturity totaling approximately U.S.\$360 million. Additionally, as part of the settlement, claims among all parties and their affiliates were released and all intercompany payments due from or to CEMEX Venezuela to and from CEMEX were cancelled, resulting in the cancellation for CEMEX of accounts payable, net of approximately U.S.\$154 million. Pursuant to this settlement agreement, CEMEX and the government of Venezuela agreed to withdraw the ICSID arbitration. As a result of this settlement, CEMEX cancelled the book value of its net assets in Venezuela of approximately U.S.\$503 million and recognized a settlement gain in the statement of operations of approximately U.S.\$25 million, which includes the write-off of the currency translation effects accrued in equity.

As of December 31, 2011, CEMEX maintained PDVSA notes as available-for-sale investments with a notional amount of approximately U.S.\$203 million (Ps2,834 million) and a fair value of approximately U.S.\$180 million (Ps2,513 million). During 2011, changes in valuation of these investments generated a loss of approximately Ps58 million recognized as part of other comprehensive loss within other equity reserves. See note 12B to our consolidated financial statements included in this annual report.

See “Item 4—Information on the Company—Regulatory Matters and Legal Proceedings—Other Legal Proceedings—Expropriation of CEMEX Venezuela and ICSID Arbitration.”

Qualitative and Quantitative Market Disclosure

Our Derivative Financial Instruments

For the years ended December 31, 2010 and 2011, we had a net loss related to the recognition of changes in fair values of derivative financial instruments during the applicable period for approximately Ps849 (U.S.\$67 million) and Ps3,994 million (U.S.\$320 million), respectively.

Since the beginning of 2009, with the exception of our capped call transactions entered into in March 2010 and March 2011, we have been reducing the aggregate notional amount of our derivatives, thereby reducing the risk of cash margin calls. This initiative has included closing substantially all notional amounts of derivative instruments related to our debt (currency and interest rate derivatives) and the settlement of our inactive derivative financial instruments (see note 15D to our consolidated financial statements included elsewhere in this annual report), which we finalized during April 2009. The Financing Agreement significantly restricts our ability to enter into derivative transactions.

We use derivative financial instruments in order to change the risk profile associated with changes in interest rates, the exchange rates of debt, or both; as an alternative source of financing and as hedges of: (i) highly probable forecasted transactions and (ii) our net investments in foreign subsidiaries. Before entering into any transaction, we evaluate, by reviewing credit ratings and our business relationship according to our policies, the creditworthiness of the financial institutions and corporations that are prospective counterparties to our derivative financial instruments. We select our counterparties to the extent we believe that they have the financial capacity to meet their obligations in relation to these instruments. Under current financial conditions and volatility, we cannot make assurances that the risk of non-compliance with the obligations agreed to with such counterparties is minimal.

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The fair value of derivative financial instruments is based on estimated settlement costs or quoted market prices and supported by confirmations of these values received from the counterparties to these financial instruments. The notional amounts of derivative financial instrument agreements are used to measure interest to be paid or received and do not represent the amount of exposure to credit loss.

	<u>At December 31, 2010</u>		<u>At December 31, 2011</u>		<u>Maturity Date</u>
	<u>Notional amount</u>	<u>Estimated fair value</u>	<u>Notional amount</u>	<u>Estimated fair value</u>	
		(in millions of Dollars)			
Interest rate swaps	196	34	189	46	April 2015
Equity forwards on third party shares	53	15	46	1	April 2012
Forward instruments over indexes	16	1	5	—	October 2010
Options on our own shares	1,575	(169)	2,743	11	September 2022

Our Interest Rate Swaps. As of December 31, 2010 and 2011, we had an interest rate swap maturing in September 2022 with notional amounts of U.S.\$196 million and U.S.\$189 million, respectively, negotiated to exchange floating for fixed rates in connection with agreements we entered into for the acquisition of electric energy in Mexico. See note 19C to our consolidated financial statements included elsewhere in this annual report. As of December 31, 2010 and 2011, the fair value of the swap represented assets of approximately U.S.\$35 million and U.S.\$52 million, respectively. Pursuant to this instrument, during the tenure of the swap and based on its notional amount, we will receive a fixed rate of 5.4% and will pay a LIBOR, which is the international reference for debt denominated in U.S. Dollars. As of December 31, 2010 and 2011, LIBOR was 0.46% and 0.81%, respectively. Changes in the fair value of interest rate swaps, including those settled in April 2009, generated gains of approximately U.S.\$8 million (Ps99 million) in 2010 and U.S.\$12 million (Ps150 million) in 2011, which were recognized in the statement of operations for each year.

Our Equity Forwards on Third Party Shares. As of December 31, 2010 and 2011, we had forward contracts to be settled in cash over the price of 119 million CPOs of Axtel (59.5 million CPOs with each counterparty) with an aggregate notional amount of U.S.\$53 million and U.S.\$46 million, respectively. Both tranches are due in April 2012. These transactions were intended to maintain exposure to changes in the price of such entity after our sale of 119 million CPOs of Axtel in March 2008. The sale represented approximately 9.5% of the equity capital of Axtel as of the sale date and nearly 90% of our position in Axtel, which had been part of our investments in associates. Changes in the fair value of this instrument generated losses of approximately U.S.\$43 million (Ps526 million) in 2010 and U.S.\$35 million (Ps437 million) in 2011, which were recognized in the statement of operations for each year.

Our Forward Instruments Over Indexes. As of December 31, 2010 and 2011, we held forward derivative instruments over the TRI (Total Return Index) of the Mexican Stock Exchange, which matured in October 2011 and were extended until October 2012, through a payment of approximately U.S.\$1 million (Ps12 million). By means of these instruments, we maintained exposure to increases or decreases of such index. TRI expresses the market return on stocks based on market capitalization of the issuers comprising the index. Changes in the fair value of these instruments generated a gain of approximately U.S.\$5 million (Ps67 million) in 2010 and a loss of approximately U.S.\$1 million (Ps13 million) in 2011, which were recognized in the statement of operations for each year.

Our Options on Our Own Shares. In August 2011, upon their maturity, we settled through a payment of approximately U.S.\$188 million (Ps2,346 million), options based on the price of our ADS for a notional amount of U.S.\$500 million, structured within a debt transaction of U.S.\$500 million (Ps6,870 million) issued in June 2008. By means of these options, considering that the price per ADS remained below approximately U.S.\$21, as adjusted as of December 31, 2010, we paid the maximum net interest rate of 12% on the related debt transaction. We could have gradually obtained a net interest rate of zero on this debt had the ADS price exceeded approximately U.S.\$30, as adjusted as of December 31, 2010. As of December 31, 2010, the fair value represented a liability of approximately U.S.\$71 million (Ps872 million), which included deposits in margin

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accounts of approximately U.S.\$105 million (Ps1,298 million). Changes in the fair value were recognized in the statements of operations for each year within "Results from financial instruments," representing losses of approximately U.S.\$27 million (Ps346 million) in 2010 and U.S.\$2 million (Ps29 million) in 2011.

On March 15, 2011, in connection with the offering of the 2016 Optional Convertible Notes and the 2018 Optional Convertible Notes and to effectively increase the conversion price for our CPOs under such notes, CEMEX, S.A.B. de C.V. entered into capped call transactions over approximately 148 million ADSs (87 million ADSs maturing in March 2016 and 61 million ADSs maturing in March 2018), by means of which, for the 2016 Optional Convertible Notes, at maturity of the notes in March 2016, if the price per ADS is above U.S.\$11.284, we will receive in cash the difference between the market price of the ADS and U.S.\$11.284, with a maximum appreciation per ADS of U.S.\$5.21. Likewise, for the 2018 Notes, at maturity of the notes in March 2018, if the price per ADS is above U.S.\$11.284, we will receive in cash the difference between the market price of the ADS and U.S.\$11.284, with a maximum appreciation per ADS of U.S.\$6.94. We paid a total premium of approximately U.S.\$222 million. As of December 31, 2011, the fair value of such options represented an asset of approximately U.S.\$71 million (Ps984 million). During 2011, changes in the fair value of these instruments generated a loss of approximately U.S.\$153 million (Ps1,906 million), which was recognized within the statements of operations for 2011.

On March 30, 2010, in connection with the offering of the 2010 Optional Convertible Subordinated Notes and to effectively increase the conversion price for our CPOs under such notes, CEMEX, S.A.B. de C.V. entered into a capped call transaction over approximately 52.6 million ADSs maturing in March 2015, by means of which, at maturity of the notes, if the price per ADS is above U.S.\$13.60, we will receive in cash the difference between the market price of the ADS and U.S.\$13.60, with a maximum appreciation per ADS of U.S.\$5.23. We paid a premium of approximately U.S.\$105 million. As of December 31, 2010 and 2011, the fair value of such options represented an asset of approximately U.S.\$90 million (Ps1,114 million) and U.S.\$11 million (Ps157 million) respectively. During 2010 and 2011, changes in the fair value of this contract generated losses of approximately U.S.\$16 million (Ps201 million) and U.S.\$79 million (Ps984 million) respectively, which were recognized in the statements of operations for each year. In addition, considering that the currency in which the notes are denominated and the functional currency of the issuer differ, we separated the conversion option embedded in the 2015 Notes and recognizes it at fair value, which as of December 31, 2010 and 2011, resulted in liabilities of approximately U.S.\$106 million (Ps1,305 million) and U.S.\$8 million (Ps120 million), respectively. Changes in fair value of the conversion option generated a gain in 2010 and a loss 2011 for approximately U.S.\$5 million (Ps67 million) and U.S.\$97million (Ps1,211 million), respectively.

As of December 31, 2010 and 2011, we had granted a guarantee for a notional amount of approximately U.S.\$360 in both years, in connection with put option transactions on our CPOs entered into by Citibank with a Mexican trust that we established on behalf of its Mexican pension fund and certain of our directors and current and former employees in April 2008, as described in note 19C to our consolidated financial statements included elsewhere in this annual report. The fair value of such guarantee, net of deposits in margin accounts, represented liabilities of approximately U.S.\$82 million (Ps1,019 million) in 2010 and U.S.\$4 million (Ps58 million) in 2011. Changes in the fair value were recognized in the statements of operations for each year, representing a gain of approximately U.S.\$5 million (Ps69 million) in 2010 and a loss of U.S.\$92 million (Ps1,145 million) in 2011. As of December 31, 2010 and 2011, cash deposits in margin accounts were approximately U.S.\$55 million (Ps680 million) and U.S.\$225 million (Ps3,141 million), respectively.

Interest Rate Risk, Foreign Currency Risk and Equity Risk

Interest Rate Risk. The table below presents tabular information of our fixed and floating rate long-term foreign currency-denominated debt as of December- 31, 2011. See note 15A to our consolidated financial statements included elsewhere in this annual report. Average floating interest rates are calculated based on forward rates in the yield curve as of December 31, 2011. Future cash flows represent contractual principal

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payments. The fair value of our floating rate long-term debt is determined by discounting future cash flows using borrowing rates available to us as of December 31, 2011 and is summarized as follows:

Long-Term Debt(1)	Expected maturity dates as of December 31, 2011					Total	Fair Value
	2012	2013	2014	2015	After 2016		
Variable rate	U.S.\$ 213	498	6,399	755	9	U.S.\$ 7,874	U.S.\$ 7,678
Average interest rate	5.02%	5.48%	5.96%	6.90%	4.68%		
Fixed rate	U.S.\$ 111	44	1,559	4	5,331	U.S.\$ 7,049	U.S.\$ 5,858
Average interest rate	8.40%	8.35%	8.36%	9.19%	9.07%		

- (1) The information above includes the current maturities of the long-term debt. Total long-term debt as of December 31, 2011 does not include our other financial obligations and the Debentures for an aggregate amount of U.S.\$2,225 million (Ps31,062 million) and U.S.\$938 million (approximately Ps13,089 million), issued by consolidated entities. See notes 15B and 19B to our consolidated financial statements included elsewhere in this annual report.

As of December 31, 2011, we were subject to the volatility of floating interest rates, which, if such rates were to increase, may adversely affect our financing cost and our net income. As of December 31, 2011, 50% of our foreign currency-denominated long-term debt bears floating rates at a weighted average interest rate of LIBOR plus 454 basis points.

Foreign Currency Risk. Due to our geographic diversification, our revenues are generated in various countries and settled in different currencies. However, some of our production costs, including fuel and energy, and some of our cement prices, are periodically adjusted to take into account fluctuations in the Dollar/Peso exchange rate. For the year ended December 31, 2011, approximately 21% of our net sales, before eliminations resulting from consolidation, were generated in Mexico, 16% in the United States, 8% in the United Kingdom, 8% in Germany, 7% in France, 7% in our Rest of Northern Europe geographic segment, 4% in Spain, 3% in Egypt, 4% in our Rest of the Mediterranean segment, 12% in South America and the Caribbean, 3% in Asia and 7% from our other operations.

As of December 31, 2011, approximately 76% of our total debt plus other financial obligations was Dollar-denominated, approximately 19% was Euro-denominated, approximately 5% was Peso-denominated and immaterial amounts were denominated in other currencies, not including approximately Ps13,089 million (U.S.\$938 million) of notes issued in connection with the Debentures; therefore, we had a foreign currency exposure arising from the debt plus other financial obligations denominated in U.S. Dollars, and the debt and other financial obligations denominated in Euros, versus the currencies in which our revenues are settled in most countries in which we operate. We cannot guarantee that we will generate sufficient revenues in Euros from our operations in Spain, Germany, France and the Rest of Northern Europe to service these obligations. As of December 31, 2010 and 2011, all cross-currency swaps had been settled.

Equity Risk. As described above, we have entered into equity forward contracts on Axtel CPOs. Upon liquidation, the equity forward contracts provide for cash settlement and the effects are recognized in the statement of operations. At maturity, if these forward contracts are not settled or replaced, or if we default on these agreements, our counterparties may sell the shares of the underlying contracts. Under these equity forward contracts, there is a direct relationship in the change in the fair value of the derivative with the change in value of the underlying asset.

As of December 31, 2011, the potential change in the fair value of these contracts that would result from a hypothetical, instantaneous decrease of 10% in the market price of Axtel CPOs would be a loss of approximately U.S.\$1 million (Ps14 million).

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In addition, we have entered into forward contracts on the TRI of the Mexican Stock Exchange through which we maintain exposure to changes of such index, until maturity in October 2012. Upon liquidation, these forward contracts provide for cash settlement of the estimated fair value and the effects are recognized in the statement of operations. Under these equity forward contracts, there is a direct relationship in the change in the fair value of the derivative with the change in value of the TRI of the Mexican Stock Exchange.

As of December 31, 2011, the potential change in the fair value of these contracts that would result from a hypothetical, instantaneous decrease of 10% in the aforementioned index would be a loss of approximately U.S.\$1 million (Ps14 million).

As of December 31, 2011, we were subject to the volatility of the market price of our CPOs in relation to our options over our CPO price and our put option transactions on our CPOs, as described in “—Qualitative and Quantitative Market Disclosure—Our Derivative Financial Instruments—Our Options on Our Own Shares.” A decrease in the market price of our CPOs may adversely affect our result from financial instruments and our net income.

As of December 31, 2011, the potential change in the fair value of these contracts that would result from a hypothetical, instantaneous decrease of 10% in the market price of our CPOs would be a loss of approximately U.S.\$24 million (Ps332 million).

In connection with the offering of the 2010 Optional Convertible Subordinated Notes and the 2011 Optional Convertible Subordinated Notes issued in March 2010 and March 2011, respectively, we entered into capped call transactions with the financial institutions involved on those transactions or their affiliates. See “—Qualitative and Quantitative Market Disclosure—Our Derivative Financial Instruments—Our Options on Our Own Shares.”

Investments, Acquisitions and Divestitures

The transactions described below represent our principal investments, acquisitions and divestitures completed during 2009, 2010 and 2011.

Investments and Acquisitions

Pursuant to the terms of the limited liability company agreements, Ready Mix USA had a put option right, which, upon exercise, required us to acquire Ready Mix USA's interest in CEMEX Southeast, LLC and Ready Mix USA LLC. As a result of Ready Mix USA's exercise of its put option (see note 14A to our consolidated financial statements included elsewhere in this annual report), and after performance of the obligations by both parties under the put option agreement, effective as of August 1, 2011, through the payment of approximately U.S.\$352 million (approximately Ps4,914 million), we acquired our former joint venture partner's interests in CEMEX Southeast, LLC and Ready Mix USA, LLC, including a non-compete and a transition services agreement. In accordance with the joint venture agreements, from the date on which Ready Mix USA exercised its put option until the date we acquired Ready Mix USA's interest, Ready Mix USA continued to control and manage Ready Mix USA, LLC. Nonetheless, based on IAS 27, considering the existence of a settlement price that could have been paid any time until September 30, 2011 at our election, Ready Mix USA LLC was consolidated beginning March 31, 2011. Upon consolidation, the purchase price was assigned to each joint venture in proportion to our relative contribution interest in CEMEX Southeast, LLC and Ready Mix USA, LLC considering the original fair values as of the dates of the agreements in 2005. We fully consolidated the acquisition of the minority interest in CEMEX Southeast, LLC, as of the acquisition date and Ready Mix USA, LLC, generated an aggregate loss of approximately U.S.\$31 million (or approximately Ps387 million), which, as a transaction between stockholders under IFRS, was recognized within “Other equity reserves.” Considering that control was transferred in August 2011, as of December 31, 2012, we were still in the process of completing the allocation of the purchase price of Ready Mix USA, LLC to the fair values of the assets acquired and liabilities assumed, which is expected to be concluded before July 31, 2012. Our consolidated financial statements included elsewhere in this annual report include the balance sheet of Ready Mix USA, LLC as of December 31, 2011, based on the best estimate of its net asset's fair value as of the acquisition date of approximately Ps4,487, including cash and cash equivalents for approximately Ps912 and debt for approximately Ps1,347, and its results of operations for the nine-month period ended December 31, 2011.

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According to CEMEX's best estimate of the fair value of Ready Mix USA, LLC's net assets as of December 31, 2011, CEMEX consolidated net assets of approximately Ps4,487 million, including cash and cash equivalents for approximately Ps912 million and debt for approximately Ps1,347 million.

Our total additions in property, machinery and equipment, as reflected in our consolidated financial statements (see note 13 to our consolidated financial statements included elsewhere in this annual report), excluding acquisitions of equity interests in subsidiaries and associates and including capital leases, was approximately U.S.\$636 million in 2009, U.S.\$555 million in 2010 and U.S.\$468 million in 2011. This capital expenditure in property, machinery and equipment has been applied to the construction and upgrade of plants and equipment and the maintenance of plants and equipment, including environmental controls and technology updates.

As of the date of this annual report, we have allocated over U.S.\$600 million in our 2012 budget to continue with this effort.

Divestitures

During 2011 we sold assets for approximately U.S.\$225 million comprised in part by real estate non-core business and equipment.

On August 27, 2010, we completed the sale of seven aggregate quarries, three resale aggregate distribution centers and one concrete block manufacturing facility in Kentucky to Bluegrass Materials Company, LLC for U.S.\$88 million in proceeds.

On October 1, 2009, CEMEX sold its Australian operations to Holcim Ltd. for 2,020 million Australian dollars (U.S.\$1,700 million). The assets divested consisted of 249 ready-mix concrete plants, 83 aggregate quarries, 16 concrete pipe plants, as well as CEMEX's 25% interest in Cement Australia Pty Limited, with an aggregate cement production capacity of 5.1 million tons. As a result of this significant divestiture, the Australian operations for 2009 were reclassified to the single line item of "Discontinued operations," which includes a loss on sale of approximately Ps5,901 million (U.S.\$446 million), net of an income tax benefit of approximately Ps2,528 million (U.S.\$191 million) and an expense of approximately Ps1,310 million (U.S.\$99 million) from the reclassification of foreign currency translation effects accrued in equity until the moment of sale. See note 3B to our consolidated financial statements included elsewhere in this annual report.

On June 15, 2009, we sold three quarries (located in Nebraska, Wyoming and Utah) and our 49% joint venture interest in the operations of a quarry located in Granite Canyon, Wyoming, to Martin Marietta Materials, Inc. for U.S.\$65 million.

Recent Developments

2012 Exchange Offer. On March 28, 2012, CEMEX España, acting through its Luxembourg branch, issued U.S.\$703,861,000 aggregate principal amount and €179,219,000 aggregate principal amount of the March 2012 Notes in exchange for Debentures and Eurobonds pursuant to separate private placement exchange offers directed to the holders of Debentures and Eurobonds, in transactions exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, as amended, or the Securities Act. Such exchange offers were made within the United States only to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act), and outside the United States to persons that are not "U.S. persons," as such term is defined in Rule 902(k) of Regulation S under the Securities Act and who participated in the transactions in accordance with Regulation S. The payment of principal, interest and premium, if any, on such notes is secured by a first-priority security interest over the Collateral and all proceeds of such Collateral. U.S.\$350,456,000 in aggregate principal amount of U.S. Dollar-denominated Debentures were exchanged for U.S.\$255,456,000 in aggregate principal amount of the 9.875% U.S. Dollar-denominated Senior Secured Notes Due 2019 and €76,874,000 in aggregate principal amount of Euro-denominated Debentures were exchanged for €28,243,000 in aggregate principal amount of 9.875% Euro-denominated Senior

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Secured Notes Due 2019 and U.S.\$28,243,000 in aggregate principal amount of the 9.875% U.S. Dollar-denominated Senior Secured Notes Due 2019. Additionally, €469,619,000 in aggregate principal amount of the Eurobonds were exchanged for €150,976,000 in aggregate principal amount of 9.875% Euro-denominated Senior Secured Notes Due 2019 and U.S.\$420,271,000 in aggregate principal amount of the 9.875% U.S. Dollar-denominated Senior Secured Notes Due 2019. The payment of principal, interest and premium, if any, on the March 2012 Notes is fully and unconditionally guaranteed by CEMEX, S.A.B. de C.V., CEMEX Mexico, and New Sunward. The March 2012 Notes are secured by a first-priority security interest over the Collateral and all proceeds of the Collateral. After the 2012 Exchange Offers expired and the March 2012 Notes were issued, U.S.\$68,452,000 in aggregate principal amount of the 6.196% Perpetual Debentures, U.S.\$139,785,000 in aggregate principal amount of the 6.640% Perpetual Debentures, U.S.\$188,704,000 in aggregate principal amount of the 6.722% Perpetual Debentures, €69,826,000 in aggregate principal amount of the 6.277% Perpetual Debentures and €414,981,000 in aggregate principal amount of the Eurobonds remained outstanding.

2012 CB Payments. On April 9, 2012, we (i) repaid Ps1,480,000,000 (approximately U.S.\$106 million) aggregate principal amount of CBs maturing on such date, and (ii) prepaid Ps2,621,000,000 (approximately U.S.\$188 million) aggregate principal amount of CBs that were scheduled to mature in September 2012, with cash reserves outstanding as of December 31, 2011.

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Item 6—Directors, Senior Management and Employees

Senior Management and Directors

Senior Management

Set forth below is the name and position of each member of our senior management team as of the date of this annual report. The terms of office of the senior managers are indefinite.

<u>Name, Position (Age)</u>	<u>Experience</u>
Lorenzo H. Zambrano Treviño, Chief Executive Officer (68)	<p>Joined CEMEX in 1968. During his career with CEMEX, Mr. Zambrano has been involved in all operational aspects of our business. He held several positions in CEMEX prior to his appointment as Director of Operations in 1981. In 1985, Mr. Zambrano was appointed chief executive officer, and in 1995 he was elected chairman of the board of directors. Mr. Zambrano is a graduate of Instituto Tecnológico y de Estudios Superiores de Monterrey, A.C., or ITESM, with a degree in mechanical engineering and administration and has an M.B.A. from Stanford University.</p> <p>Mr. Zambrano has been a member of our board of directors since 1979 and chairman of our board of directors since 1995. He is a member of the board of directors of Cementos Chihuahua, IBM, Enseñanza e Investigación Superior, A.C. and Museo de Arte Contemporáneo de Monterrey A.C. (MARCO). Mr. Zambrano participated in the chairman's Council of Daimler Chrysler AG until July 2005, was a member of the Stanford University's Graduate School of Business Advisory Council until 2006, of the board of directors of Vitro, S.A.B. de C.V. until 2007, of the board of directors of Alfa, S.A.B. de C.V. until 2008, of the board of directors of Grupo Televisa, S.A.B. and Banamex until April 2009 and of the board of directors of Fomento Económico Mexicano S.A.B. de C.V., or FEMSA and the international advisory board of Citigroup until 2011 and served as chairman of the board of directors of Enseñanza e Investigación Superior, A.C., which manages ITESM, until February 2012.</p> <p>In recognition of his business and philanthropic record, Mr. Zambrano has received several awards and recognitions, including the Woodrow Wilson Center's Woodrow Wilson Award for Corporate Citizenship, the America's Society Gold Medal Distinguished Service Award, and Stanford University's Graduate School of Business Alumni Association's Ernest C. Arbuckle Award.</p> <p>Mr. Zambrano is a first cousin of Rogelio Zambrano Lozano, a member of our board of directors, he is also a second cousin of Roberto Luis Zambrano Villarreal and second uncle of Tomas Milmo Santos, both members of our board of directors.</p>
Juan Romero Torres, President CEMEX Mexico (55)	<p>Joined CEMEX in 1989 and has occupied several senior management positions, including president of CEMEX Colombia, president of our operations in Mexico, president of the South America and the Caribbean region and president of our former Europe, Middle East, Africa and Asia region. He is currently president of our operations in Mexico and is also in charge of our global technology area. Mr. Romero graduated from Universidad de Comillas in Spain, where he studied law and economic and enterprise sciences.</p>

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<u>Name, Position (Age)</u>	<u>Experience</u>
Jaime Gerardo Elizondo Chapa, President CEMEX South America and the Caribbean (48)	<p>Mr. Romero was appointed vice-president and representative of the board of directors of Cement National Chamber (<i>Cámara Nacional del Cemento</i>) in June 2011 and member of the board of directors of Cementos Chihuahua in April 2011.</p> <p>Joined CEMEX in 1985 and since then he has headed several operations, including Panama, Colombia, Venezuela, and, more recently, Mexico. He is the current president of CEMEX South America (including Central America) and the Caribbean, and is also in charge of the company's global procurement area. Mr. Elizondo has served as a member of the board of directors of Cementos Chihuahua, president and vice-president of the Cement National Chamber (<i>Cámara Nacional del Cemento</i>) and president of the Transformation Industry of Nuevo León Chamber (<i>Cámara de la Industria de la Transformación de Nuevo León</i>). He graduated with a BS and an MBA from ITESM.</p>
Ignacio Madridejos Fernández, President CEMEX Northern Europe (46)	<p>Joined CEMEX in 1996 and, after holding management positions in the strategic planning area, he headed CEMEX's operations in Egypt, Spain, and Western Europe. He is currently president of CEMEX Northern Europe, and is also responsible for our global energy and sustainability area. He has served as a member of the board of directors of COMAC (<i>Comercial de Mateiales de Construcción S.L.</i>), member of the board and president of OFICEMEN (Agrupación de Fabricantes de Cemento de España), member of the board of IECA (<i>Instituto Español del Cemento y sus Aplicaciones</i>), president of CEMA, and patron of the Junior Achievement Foundation. In June 2010, he was appointed vice-president and, in June 2011, chairman of CEMBUREAU (European Cement Association). He graduated with a degree in civil engineering from the Polytechnic University of Madrid and holds an M.B.A. from Stanford University.</p>
Jaime Muguero Domínguez, President CEMEX Mediterranean (43)	<p>Joined CEMEX in 1996, and held several executive positions in the areas of strategic planning, business development, ready-mix concrete, aggregates, and human resources. More recently, he headed CEMEX's operations in Egypt. He is currently president of CEMEX Mediterranean, which includes operations in Spain, Egypt, Croatia and the Middle East. He graduated with a management degree from San Pablo CEU University, and holds a law degree from the Complutense University of Madrid and an M.B.A. from the Massachusetts Institute of Technology.</p>
Karl H. Watson Jr., President CEMEX USA (47)	<p>Joined CEMEX in 2007, after a successful career of more than 19 years in the building materials industry. Since then, he has held several senior positions in our operations in Florida and the Eastern region of the United States. Before joining CEMEX, he headed the ready-mix concrete and concrete products divisions of Rinker in the United States and Australia. He is currently president of CEMEX USA. Mr. Watson served as chairman of the Florida Concrete and Products Association from 2008 to 2009 and was appointed chairman of the NRMCA from 2010 to 2011 and member of the executive committee of the Portland Cement Association from 2011 to 2013. He holds a B.S. from the Palm Beach Atlantic University and an M.B.A. from the University of Nova Southeastern, both in Florida.</p>

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<u>Name, Position (Age)</u>	<u>Experience</u>
Joaquín Miguel Estrada Suarez, President CEMEX Asia (48)	Joined CEMEX in 1992 and has held several executive positions, including head of operations in Egypt and Spain, as well as head of trading for Europe, the Middle East and Asia. He is currently president of CEMEX Asia and is also responsible for our global trading activities. From 2008 to 2011, he served as a member of the board of directors of COMAC (Comercial de Materiales de la Construcción S.L.), president and member of the board of OFICEMEN (<i>Agrupación de Fabricantes de Cemento de España</i>), and member of the board of IECA (Instituto Español del Cemento y sus Aplicaciones), he was also the president of CEMA (<i>Fundación Laboral del Cemento y el Medioambiente</i>) from 2010 to 2011. He graduated with a degree in economics from the University of Zaragoza and holds an M.B.A. from the Instituto de Empresa.
Fernando A. González Olivieri, Executive Vice President of Finance and Administration and Chief Financial Officer (57)	Joined CEMEX in 1989, and has served as corporate vice-president of strategic planning from 1994 to 1998, president of CEMEX Venezuela from 1998 to 2000, president of CEMEX Asia from 2000 to May 2003, and president of the South American and the Caribbean region from May 2003 to February 2005. In March 2005, he was appointed president of the expanded European Region, in February 2007, president of our former Europe, Middle East, Africa, Asia and Australia Region, and, in May 2009, executive vice president of planning and development. In February 2010, Mr. Gonzalez was appointed executive vice president of planning and finance and in 2011 he was appointed chief financial officer. He is a member of the board of directors of Cementos Chihuahua. Mr. González earned his B.A. and M.B.A. degrees from ITESM.
Juan Pablo San Agustín Rubio, Executive Vice President of Strategic Planning and New Business Development (43)	Joined CEMEX in 1994 and has held executive positions in the strategic planning, continuous improvement, e-business, and marketing areas. He is currently executive vice president of strategic planning and new business development. He graduated with a B.S. from the Universidad Metropolitana and holds an International M.B.A. from the Instituto de Empresa.
Luis Hernández Echávez, Executive Vice President of Organization and Human Resources (48)	Joined CEMEX in 1996, and has held senior management positions in the strategic planning and human resources areas. He is currently executive vice president of organization and human resources. He graduated with a degree in civil engineering from ITESM, and holds a master's degree in civil engineering and an M.B.A. from the University of Texas at Austin. Mr. Hernández is also a member of the board of directors of Universidad Regiomontana, A.C. and an alternate director of Cementos Chihuahua.
Francisco Garza, Vice Chairman of the Board of CEMEX Mexico, Chairman of CEMEX Latin America Advisory Board and Advisor to the CEO on Institutional Relations (56)	Joined CEMEX in 1988 and has served as director of trading from 1988 to 1992, president of CEMEX USA from 1992 to 1994, president of CEMEX Venezuela from 1994 to 1996 and Cemento Bayano from 1995 to 1996, president of CEMEX Mexico and CEMEX USA from 1996 to 1998, president of the our former North American region and trading from 1998 to 2009 and, in 2009, he was appointed president of our former Americas region. In 2011, he was appointed vice chairman of the board of CEMEX Mexico, chairman of CEMEX Latin America Advisory Board and advisor to the CEO on Institutional Relations.

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Name, Position (Age)

Experience

Víctor M. Romo,
Executive Advisor to the Chairman and CEO (54)

He is a member of the board of directors of Universidad Regiomontana, A.C. and Cementos Chihuahua. He is a graduate in business administration from ITESM and has an M.B.A. from the Johnson School of Management at Cornell University in 1982.

Joined CEMEX in 1985 and has served as director of administration of CEMEX España from 1992 to 1994, general director of administration and finance of CEMEX España from 1994 to 1996, president of CEMEX Venezuela from 1996 to 1998, president of our former South American and the Caribbean region from 1998 to May 2003, and executive vice president of administration from May 2003 to April 2011. In April 2011, he was appointed executive advisor to the chairman and chief executive officer. He is a member of the board of directors of Universidad Regiomontana, A.C. and Cementos Chihuahua. Mr. Romo is a certified public accountant and received a master's degree in administration and finance from ITESM. Previously, he worked for Grupo Industrial Alfa, S.A. de C.V. from 1979 to 1985.

Rafael Garza Lozano,
Chief Accounting Officer (48)

Joined CEMEX in 1985 and has served as chief accounting officer since 1999. Mr. Garza is a certified public accountant and received a master's degree in administration and finance from ITESM. He also attended executive programs at ITAM, IPADE and Harvard University. He is currently a member of the board of directors of Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera, or CINIF, of Universidad Regiomontana, A.C., and an alternate director of Cementos Chihuahua.

Ramiro G. Villarreal Morales,
General Counsel (64)

Joined CEMEX in 1987 and has served as general counsel since then, and also has served as secretary of our board of directors since 1995. He is a member of the board of directors of Universidad Regiomontana, A.C. He is a graduate of the Universidad Autónoma de Nuevo León with a degree in law. He also received a master of science degree in finance from the University of Wisconsin. Prior to joining CEMEX, he served as assistant general director of Grupo Financiero Banpais from 1985 to 1987.

Mr. Villarreal is a member of the board of directors of VINTE Viviendas Integrales, S.A., both real estate development companies, and an alternate member of the boards of directors of Cementos Chihuahua and Axtel. Mr. Villarreal is also a member of the board of directors of Universidad Regiomontana, A.C. and, until February 2012, he was the secretary of the board of directors of Enseñanza e Investigación Superior, A.C., that administered ITESM.

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Board of Directors

Set forth below are the names of the current members of CEMEX, S.A.B. de C.V.'s board of directors, elected at CEMEX, S.A.B. de C.V.'s 2011 annual shareholders' meeting held on February 23, 2012. At this shareholders' meeting, no alternate directors were elected. Members of CEMEX, S.A.B. de C.V.'s board of directors serve for one-year terms.

<u>Name (Age)</u>	<u>Experience</u>
Lorenzo H. Zambrano Treviño, Chairman (68)	See "—Senior Management."
Armando J. García Segovia (60)	<p>Mr. García has been a member of CEMEX, S.A.B. de C.V.'s board of directors since 1983. He initially joined CEMEX in 1975 and rejoined CEMEX in 1985. He served as director of operational and strategic planning from 1985 to 1988, director of operations from 1988 to 1991, director of corporate services and affiliate companies from 1991 to 1994, director of development from 1994 to 1996, general director of development from 1996 to 2000, executive vice president of development from 2000 to May 2009, and executive vice president for technology, energy and sustainability from May 2009 to March 2010. He is a graduate of ITESM with a degree in mechanical engineering and administration and received an M.B.A. from the University of Texas. He was employed at Cydsa, S.A. from 1979 to 1981 and at Conek, S.A. de C.V. from 1981 to 1985.</p> <p>He also serves as a member of the board of directors of Cementos Chihuahua and GCC Cemento, S.A. de C.V. He was also vice president of COPARMEX, member of the board and former chairman of the Private Sector Center for Sustainable Development Studies (<i>Centro de Estudios del Sector Privado para el Desarrollo Sustentable</i>), former chairman of Centro Patronal de Nuevo León (now COPARMEX NL), he was chairman and member of the board of Gas Industrial de Monterrey, S.A. de C.V. and member of the board of the World Environmental Center. Presently, he is a member of the board of directors of Hoteles City Express, S.A.P.I. de C.V. and Grupo Chapa, S.A. de C.V., and the chairman of the board of the Engineering School of the Instituto Tecnológico de Estudios Superiores de Monterrey. He is also a member of the board of Universidad Regiomontana, A.C., Universidad de Monterrey, A.C., Unidos para la Conservación, Pronatura Noreste, A.C., Consejo Consultivo de Flora y Fauna del Estado de N.L., and Parques y Vida Silvestre de N.L. He is also founder and chairman of the board of Comenzar de Nuevo, A.C. He is a first cousin of Rodolfo García Muriel, a member of our board of directors.</p>
Rodolfo García Muriel (66)	<p>Has been a member of CEMEX, S.A.B. de C.V.'s board of directors since 1985 and member of CEMEX, S.A.B. de C.V.'s finance committee since 2009. He is the chief executive officer of Compañía Industrial de Parras, S.A. de C.V. He is a member of the board of directors of Inmobiliaria Romacarel, S.A.P.I. de C.V., Comfort Jet, S.A. de C.V., and member of the regional board of Banamex. Mr. García Muriel is also vice president of the Textile Industry National Chamber (<i>Cámara Nacional de la Industria Textil</i>). Mr. García Muriel holds a degree in electric mechanical engineering from the Universidad Iberoamericana. He is a first cousin of Armando J. García Segovia, a member of CEMEX, S.A.B. de C.V.'s board of directors.</p>

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<u>Name (Age)</u>	<u>Experience</u>
Rogelio Zambrano Lozano (55)	Has been a member of CEMEX, S.A.B. de C.V.'s board of directors since 1987 and president of CEMEX, S.A.B. de C.V.'s finance committee since 2009. He is also a member of the advisory board of Banamex, Zona Norte, and member of the boards of directors of Carza, S.A. de C.V., Plaza Sesamo, S.A. de C.V., Hospital San José, and ITESM. He is a graduate in industrial engineering from ITESM and holds an M.B.A. from the Wharton Business School of Pennsylvania University. He is a first cousin of Lorenzo H. Zambrano, chairman of CEMEX, S.A.B. de C.V.'s board of directors and our chief executive officer and uncle of Tomás Milmo Santos, a member of CEMEX, S.A.B. de C.V.'s board of directors.
Roberto Luis Zambrano Villarreal (66)	Has been a member of CEMEX, S.A.B. de C.V.'s board of directors since 1987. He was president of CEMEX, S.A.B. de C.V.'s audit committee from 2002 to 2006, president of CEMEX, S.A.B. de C.V.'s corporate practices and audit committee from 2006 to 2009, and president of CEMEX, S.A.B. de C.V.'s new audit committee since 2009. He is also a member of the board of directors of CEMEX Mexico. He is chairman of the board of directors of Desarrollo Integrado, S.A. de C.V., Administración Ficap, S.A. de C.V., Aero Zano, S.A. de C.V., Ciudad Villamonte, S.A. de C.V., Focos, S.A. de C.V., C & I Capital, S.A. de C.V., Industrias Diza, S.A. de C.V., Inmobiliaria Sanni, S.A. de C.V., Inmuebles Trevisa, S.A. de C.V., Servicios Técnicos Hidráulicos, S.A. de C.V., Mantenimiento Integrado, S.A. de C.V., Pilatus PC-12 Center de México, S.A. de C.V., and Pronatura, A.C. He is a member of the board of directors of S.L.I. de México, S.A. de C.V., and Compañía de Vidrio Industrial, S.A. de C.V. Mr. Zambrano Villarreal is a graduate in mechanical engineering and administration from the ITESM. He is the second cousin of Lorenzo H. Zambrano, chief executive officer and chairman of CEMEX, S.A.B. de C.V.'s board of directors.
Bernardo Quintana Isaac (70)	Has been a member of CEMEX, S.A.B. de C.V.'s board of directors since 1990 and of CEMEX, S.A.B. de C.V.'s corporate practices committee since 2009. He is chairman of the board of directors of Empresas ICA, S.A.B. de C.V., where he was also chief executive officer until December 2006. Mr. Quintana Isaac was a member of Patronato UNAM until May 2009. Mr. Quintana Isaac is president of Grupo Aeroportuario del Centro Norte, S.A.B. de C.V., Fundación ICA and of the Foundation for Mexican Letters (<i>Fundación para las Letras Mexicanas</i>), and member of the board of GRUMA, S.A.B. de C.V., Banamex, and Banco Nacional de México, S.A. He is also a member of the Mexican Council of Businessmen (<i>Consejo Mexicano de Hombres de Negocios</i>) and Fundación UNAM. Mr. Quintana Isaac holds a degree in civil engineering from the Universidad Nacional Autónoma de México and an M.B.A. from the University of California at Los Angeles.
Dionisio Garza Medina (58)	Has been a member of CEMEX, S.A.B. de C.V.'s board of directors since 1995 and president of CEMEX, S.A.B. de C.V.'s corporate practices committee since 2009. He is honorary chairman and member of the board of Alfa, S.A.B. de C.V. where he was chairman and chief executive officer until March 2010. Mr. Garza Medina is a member of the advisory board of the Mexican Ministry of Economy, the advisory committee of the David Rockefeller Center for Latin American Studies at Harvard. He is chairman of the Harvard Business School Latin American advisory board, the Advisory Council of Stanford's Engineering School and the Trilateral Commission.

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<u>Name (Age)</u>	<u>Experience</u>
	<p>Additionally, Mr. Garza Medina was the chairman of the board of the Universidad de Monterrey, A.C. until April 2012. Mr. Garza Medina holds an industrial engineering degree and a master degree in industrial engineering from Stanford University and an M.B.A. from Harvard University.</p>
Tomás Milmo Santos (47)	<p>Has been a member of CEMEX, S.A.B. de C.V.'s board of directors since 2006 and member of CEMEX, S.A.B. de C.V.'s finance committee since 2009. Mr. Milmo Santos served as an alternate member of CEMEX, S.A.B. de C.V.'s board of directors from 2001 to 2006. He is chief executive officer and chairman of the board of directors of Axtel, a telecommunications company that operates in the local, long distance and data transfer market. He is also a member of the board of directors of CEMEX Mexico, Promotora Ambiental, S.A., ITESM and chairman of the board of directors of Tec Salud and Alianza Educativa por Nuevo León. He graduated with a degree in economics from Stanford University. Mr. Milmo Santos is the second nephew of Lorenzo H. Zambrano, chief executive officer and chairman of CEMEX, S.A.B. de C.V.'s board of directors.</p>
José Manuel Rincón Gallardo Purón (69)	<p>Has been a member of CEMEX, S.A.B. de C.V.'s board of directors since 2003. He is also a member of CEMEX, S.A.B. de C.V.'s audit committee, where he qualifies as a "financial expert" for purposes of the Sarbanes-Oxley Act of 2002. He is president of the board of directors of Sonoco de México S.A. de C.V., member of the board of directors and audit committees of Banamex, Grupo Herdez, S.A. de C.V., General de Seguros, S.A.B., Kansas City Southern and Grupo Aeroportuario del Pacífico, S.A. de C.V., and member of the board of directors of Laboratorios Sanfer-Hormona. Mr. Rincón Gallardo is a member of the Instituto Mexicano de Contadores Públicos, A.C., he was managing partner of KPMG Mexico, and was member of the board of directors of KPMG United States and KPMG International. He is also a member of the corporate practices committee of Consejo Coordinador Empresarial. He is a certified public accountant from the Universidad Nacional Autónoma de México.</p>
Francisco Javier Fernández Carbajal (57)	<p>Has been a member of CEMEX, S.A.B. de C.V.'s board of directors and member of CEMEX, S.A.B. de C.V.'s finance committee since February 2012. Mr. Fernández is currently the chairman of the board of directors of Primero Finanzas, S.A. de C.V. He is also chief executive officer of Servicios Administrativos Contry, S.A. de C.V. and a proprietary investing advisor and consultant in investment banking operations since January 2002. He has served as chief executive officer of Corporate Development at Grupo Financiero BBVA Bancomer, S.A. de C.V., after holding several positions in BBVA Bancomer since 1991. Furthermore, Mr. Fernández is a member of the board of directors of FEMSA, Visa Inc., Fresnillo PLC and Alfa, S.A.B. de C.V. He graduated with a degree in electric mechanical engineering from ITESM and also holds an M.B.A. from Harvard Business School.</p>
Rafael Rangel Sostmann (70)	<p>Has been a member of CEMEX, S.A.B. de C.V.'s board of directors and member of CEMEX, S.A.B. de C.V.'s corporate practices</p>

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<u>Name (Age)</u>	<u>Experience</u>
	committee since 2009 and member of CEMEX, S.A.B. de C.V.'s audit committee since 2010. Mr. Rangel Sostmann was president of ITESM from 1985 to 2011. He is also a member of the board of directors of Fundación Santos y de la Garza Evia, I.B.P., which owns Hospital San José de Monterrey. Mr. Sostmann is also a member of the following boards: UNIVERSIA (Consortio de Universidades Iberoamericanas) SACS (Southern Association of Colleges and Schools) and Thunderbird Board of Fellows. He also served as president and chief executive officer of the Monterrey Tech Foundation from October 2011 to March 2012. He graduated with a degree in electric mechanical engineering from ITESM and also holds a masters degree in mechanical engineering from University of Wisconsin.

Board Practices

In compliance with the Mexican securities market law, which was enacted on December 28, 2005 and became effective on June 28, 2006, CEMEX, S.A.B. de C.V.'s shareholders approved, at a general extraordinary meeting of shareholders held on April 27, 2006, a proposal to amend various articles of CEMEX, S.A.B. de C.V.'s by-laws, or *estatutos sociales*, in order to improve our standards of corporate governance and transparency, among other matters. The amendments include outlining the fiduciary duties of the members of CEMEX, S.A.B. de C.V.'s board of directors, who are now required:

- to perform their duties in a value-creating manner for the benefit of CEMEX without favoring a specific shareholder or group of shareholders;
- to act diligently and in good faith by adopting informed decisions; and
- to comply with their duty of care and loyalty, abstaining from engaging in illicit acts or activities.

The Mexican securities market law also eliminated the position of statutory examiner, whose duties of surveillance are now the responsibility of the board of directors, fulfilled through the corporate practices and the audit committees, as well as through the external auditor who audits the entity's financial statements, each within its professional role. With its surveillance duties, CEMEX, S.A.B. de C.V.'s board of directors is no longer in charge of managing CEMEX; instead, this is the responsibility of CEMEX, S.A.B. de C.V.'s chief executive officer.

Pursuant to the Mexican securities market law and CEMEX, S.A.B. de C.V.'s by-laws, at least 25% of its directors must qualify as independent directors.

CEMEX, S.A.B. de C.V. has not entered into any service contracts with its directors that provide for benefits upon termination of employment.

The Audit Committee, the Corporate Practices Committee and the Finance Committee

The Mexican securities market law required CEMEX, S.A.B. de C.V. to create a corporate practices committee comprised entirely of independent directors, in addition to its then existing audit committee. In compliance with such requirement, in 2006 CEMEX, S.A.B. de C.V. increased the responsibilities of its audit committee and changed its name to "corporate practices and audit committee." To further enhance the effectiveness of its corporate governance, at CEMEX, S.A.B. de C.V.'s annual shareholders meeting of April 23, 2009, CEMEX, S.A.B. de C.V.'s shareholders approved the division of this committee into two committees with different members and responsibilities, the audit committee and the corporate practices committee. In addition, at a meeting held on May 28, 2009, CEMEX, S.A.B. de C.V.'s board of directors approved the creation of the finance committee.

CEMEX, S.A.B. de C.V.'s audit committee is responsible for:

- evaluating our internal controls and procedures, and identifying deficiencies;
- following up with corrective and preventive measures in response to any non-compliance with our operation and accounting guidelines and policies;

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- evaluating the performance of our external auditors;
- describing and valuing non-audit services performed by our external auditor;
- reviewing CEMEX, S.A.B. de C.V.'s financial statements;
- assessing the effects of any modifications to the accounting policies approved during any fiscal year;
- overseeing measures adopted as a result of any observations made by CEMEX, S.A.B. de C.V.'s shareholders, directors, executive officers, employees or any third parties with respect to accounting, internal controls and internal and external audit, as well as any complaints regarding management irregularities, including anonymous and confidential methods for addressing concerns raised by employees; and
- analyzing the risks identified by CEMEX, S.A.B. de C.V.'s independent auditors, accounting, internal control and process assessment areas.

CEMEX, S.A.B. de C.V.'s corporate practices committee is responsible for:

- evaluating the hiring, firing and compensation of CEMEX, S.A.B. de C.V.'s chief executive officer;
- reviewing the hiring and compensation policies for CEMEX, S.A.B. de C.V.'s executive officers;
- reviewing related party transactions;
- reviewing policies regarding use of corporate assets;
- reviewing unusual or material transactions;
- evaluating waivers granted to our directors or executive officers regarding seizure of corporate opportunities; and
- identifying, evaluating and following up on the operating risks affecting the company and its subsidiaries.

CEMEX, S.A.B. de C.V.'s finance committee is responsible for:

- evaluating the company's financial plans; and
- reviewing the company's financial strategy and its implementation.

Under CEMEX, S.A.B. de C.V.'s bylaws and the Mexican securities market law, all members of the corporate practices committee and the audit committee, including their presidents, are required to be independent directors. The president of the audit committee, the corporate practices committee and the finance committee shall be appointed and removed from his or her position only by the general shareholders meeting, and the rest of the members may only be removed by a resolution of the general shareholders meeting or of the board of directors.

Set forth below are the names of the members of CEMEX, S.A.B. de C.V.'s current audit committee, corporate practices committee and finance committee. The terms of the members of the committees are indefinite. José Manuel Rincón Gallardo qualifies as an "audit committee financial expert" for purposes of the Sarbanes Oxley Act of 2002. See "Item 16A—Audit Committee Financial Expert."

Audit Committee:

Roberto Zambrano Villarreal, President
José Manuel Rincón Gallardo Purón
Rafael Rangel Sostmann

See "—Board of Directors."
See "—Board of Directors."
See "—Board of Directors."

Corporate Practices Committee:

Dionisio Garza Medina, President
Bernardo Quintana Isaac
Rafael Rangel Sostmann

See "—Board of Directors."
See "—Board of Directors."
See "—Board of Directors."

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Finance Committee:

Rogelio Zambrano Lozano, President	See “—Board of Directors.”
Rodolfo García Muriel	See “—Board of Directors.”
Francisco Javier Fernández Carbajal	See “—Board of Directors.”
Tomás Milmo Santos	See “—Board of Directors.”

Compensation of CEMEX, S.A.B. de C.V.’s Directors and Members of Our Senior Management

For the year ended December 31, 2011, the aggregate amount of compensation we paid, or our subsidiaries paid, to all members of our board of directors, alternate members of our board of directors and senior managers, as a group, was approximately U.S.\$24.2 million. Approximately U.S.\$18.3 million of this amount was paid as base compensation and approximately U.S.\$5.9 million of this amount corresponds to the compensation expense of 6.6 million CPOs issued to this group during 2011 pursuant to the Restricted Stock Incentive Plan, or RSIP, described below under “—Restricted Stock Incentive Plan (RSIP).” In addition, for the year ended December 31, 2011, we set aside or accrued approximately U.S.\$1.5 million to provide pension, retirement or similar benefits for all members of our board of directors, alternate members of our board of directors and senior managers, as a group.

In addition, our key executives, including our senior management, participate in a bonus plan that distributes a bonus pool based on our operating performance. This bonus is calculated and paid annually, with a portion paid in cash and another portion paid in restricted CPOs under the RSIP, according to responsibility level. During 2011, the performance bonus was approximately U.S.\$14.0 million, of which approximately U.S.\$7.0 million was paid in cash and approximately U.S.\$7.0 million was paid in the form CPOs allocated under the RSIP.

CEMEX, Inc. ESOP

As a result of the acquisition of CEMEX, Inc. (formerly Southdown, Inc.) in November 2000, we established a stock option program for CEMEX, Inc.’s executives to purchase our ADSs. The options granted under the program have a fixed exercise price in Dollars equivalent to the average market price of one ADS during a six-month period before the grant date and have a 10-year term. Twenty-five percent of the options vested annually during the first four years after their grant date. The options are covered using shares currently owned by our subsidiaries, thus potentially increasing stockholders’ equity and the number of shares outstanding. As of December 31, 2011, options to acquire 1,265,584 ADSs remained outstanding under this program. These options have a weighted average exercise price of approximately U.S.\$1.39 per CPO, or U.S.\$13.90 per ADS.

The November 2001 Voluntary Exchange Program

In November 2001, we implemented a voluntary exchange program to offer participants in our then existing stock option program new options in exchange for their existing options. The new options have an escalating strike price in Dollars increasing at a 7% annual rate. As of December 31, 2011, options to acquire 2,950,479 CPOs remained outstanding under this program, with a weighted average exercise price of approximately U.S.\$1.55 per CPO. As of December 31, 2011, the outstanding options under this program had a remaining tenure of approximately 1.1 years. Exercise prices and the number of underlying CPOs are technically adjusted for the dilutive effect of stock dividends and recapitalization of retained earnings.

The 2004 Voluntary Early Exercise Program

In December 2004, we offered participants in our then existing stock options programs new options, conditioned on the participants exercising and receiving the intrinsic value of their existing options. As a result of this program, we granted a total of 139,151,236 new options. The new options had an initial strike price of U.S.\$7.4661 per CPO, which was U.S.\$0.50 above the closing CPO market price on the date on which the old options were exercised, and which increased at a rate of 5.5% per annum. All gains from the exercise of these new options would be paid in restricted CPOs. The restrictions would be removed gradually within a period of between two and four years, depending on the exercise date.

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Of the 139,151,236 new options, 120,827,370 would be automatically exercised if the closing CPO market price reached U.S.\$8.50, while the remaining 18,323,866 options did not have an automatic exercise threshold. Holders of these options were entitled to receive an annual payment of U.S.\$0.10 net of taxes per option outstanding as of the payment date until exercise or maturity of the options or until the closing CPO market price reached U.S.\$8.50, which payment was scheduled to grow annually at a 10% rate.

On June 17, 2005, the closing CPO market price reached U.S.\$8.50, and, as a result, all outstanding options subject to automatic exercise were automatically exercised and the annual payment to which holders of the remaining options were entitled was terminated. As of December 31, 2011, options to acquire 76,233,524 CPOs remained outstanding under this program, with an exercise price of approximately U.S.\$2.00 per CPO and a remaining tenure of approximately 0.5 years.

For accounting purposes under IFRS, as of December 31, 2011, we accounted for the options granted under the February 2004 voluntary exchange program by means of the fair value method through earnings. See notes 2S and 20 to our consolidated financial statements included elsewhere in this annual report.

Consolidated Employee Stock Option Information

Stock options activity during 2010 and 2011, the balance of options outstanding as of December 31, 2010 and 2011 and other general information regarding our stock option programs, is presented in note 17 to our consolidated financial statements included elsewhere in this annual report.

As of December 31, 2011, the following employee stock options to purchase our securities were outstanding:

<u>Title of security underlying options</u>	<u>Number of CPOs or CPO equivalents underlying options</u>	<u>Expiration Date</u>	<u>Range of exercise prices per CPO or CPO equivalent</u>
CPOs (Dollars) (may be instantly cash-settled)	2,950,479	2012-2013	U.S.\$1.3-1.8
CPOs (Dollars) (receive restricted CPOs)	76,233,524	2012	U.S.\$ 2.0
CEMEX, Inc. ESOP	12,655,840	2012-2015	U.S.\$ 1.0-1.9

As of December 31, 2011, our senior management and directors held the following employee stock options to acquire our securities:

<u>Title of security underlying options</u>	<u>Number of CPOs or CPO equivalents underlying options</u>	<u>Expiration Date</u>	<u>Range of exercise prices per CPO or CPO equivalent</u>
CPOs (Dollars) (receive restricted CPOs)	38,921,822	2012	U.S.\$ 2.0

As of December 31, 2011, our employees and former employees, other than senior management and directors, held the following employee stock options to acquire our securities:

<u>Title of security underlying options</u>	<u>Number of CPOs or CPO equivalents underlying options</u>	<u>Expiration Date</u>	<u>Range of exercise prices per CPO or CPO equivalent</u>
CPOs (Dollars) (may be instantly cash-settled)	2,950,479	2012-2013	U.S.\$1.3-1.8
CPOs (Dollars) (receive restricted CPOs)	37,311,432	2012	U.S.\$ 2.0
CEMEX, Inc. ESOP	12,655,840	2012-2015	U.S.\$ 1.0-1.9

[Table of Contents](#)**Restricted Stock Incentive Plan (RSIP)**

Since January 2005, we have been changing our long-term variable compensation programs from stock option grants to restricted stock awards under a RSIP. Under the terms of the RSIP, eligible employees are allocated a specific number of restricted CPOs as variable compensation to be vested over a four-year period. Before 2006, we distributed annually to a trust an amount in cash sufficient to purchase in the market, on behalf of each eligible employee, 25% of such employee's allocated number of CPOs. During 2006, in order to reduce the volatility of our RSIP, we began to distribute annually an amount in cash sufficient to purchase 100% of the allocated CPOs for each eligible employee. Although the vesting period of the restricted CPOs and other features of the RSIP did not change as a result of this new policy, the nominal amount of annual compensation received by eligible employees increased in proportion to the additional number of CPOs received as a result of the new policy. The CPOs purchased by the trust were held in a restricted account by the trust on behalf of each employee for four years. At the end of each year during such four-year period, the restrictions lapsed with respect to 25% of the allocated CPOs and such CPOs became freely transferable and subject to withdrawal from the trust.

Starting in 2009, we made additional changes to the mechanism for granting the RSIP, but the benefits remained the same as in previous years. First, CPOs are no longer purchased in the open market, but instead CEMEX issues new CPOs to cover the RSIP. Second, CEMEX now issues the RSIP in four blocks of 25% per year. The total number of CEMEX CPOs granted during 2011 was approximately 48.9 million, of which approximately 9.6 million were related to senior management and the board of directors. In 2011, approximately 43.4 million CPOs were issued, representing the first 25% of the 2011 program, the second 25% of the 2010 program and the third 25% of the 2009 program. Of these 43.4 CPOs, approximately 6.6 million corresponded to senior management and the board of directors. See note 20 to our consolidated financial statements included elsewhere in this annual report.

Employees

As of December 31, 2011, we had approximately 44,104 employees worldwide, which represented a decrease of approximately 5% from December 31, 2010. We reduced our headcount by approximately 28% as a result of the implementation of our global cost-reduction program since 2007, as part of our ongoing efforts to align our company with new market conditions, lower costs and increase our efficiency.

The following table sets forth the number of our full-time employees and a breakdown of their geographic location as of December 31, 2010 and December 31, 2011:

<u>Location</u>	<u>2010</u>	<u>2011</u>
North America		
Mexico	13,082	12,036
United States	8,910	8,391
Europe		
Spain	2,595	2,228
United Kingdom	3,580	3,259
Rest of Northern Europe	9,387	9,087
South America, Central America and the Caribbean	5,318	5,681
Africa and the Middle East	2,211	2,103
Asia	1,450	1,319

Employees in Mexico have collective bargaining agreements on a plant-by-plant basis, which are renewable on an annual basis with respect to salaries and on a biannual basis with respect to benefits. During 2011, more than 122 contracts with different labor unions were renewed.

Approximately 27% of our employees in the United States are represented by unions, with the largest number being members of the International Brotherhood of Teamsters, the Laborers' Union of North America,

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the International Brotherhood of Boilermakers, and the International Union of Operating Engineers. Collective bargaining agreements are in effect at many of our U.S. plants and have various expiration dates from January 14, 2012 through November 14, 2016.

Our Spanish union employees have collective bargaining agreements that are renewable every two to three years on a company-by-company basis. Employees in the ready-mix concrete, mortar, aggregates and transport sectors have collective bargaining agreements by sector. Executive compensation in Spain is subject to our institutional policies and influenced by the local labor market.

In the United Kingdom, our cement manufacturing and cement logistics operations have collective bargaining agreements with the Unite union. The rest of our operations in the United Kingdom are not part of collective bargaining agreements; however, there are local agreements for consultation and employee representation with Unite union, and the GMB union.

In Germany, most of our employees work under collective bargaining agreements with the Industriegewerkschaft Bauen Agrar Umwelt—IG B.A.U. union. In addition to the collective bargaining agreements, there are internal company agreements, negotiated between the workers council and the company itself.

In France, less than 5% of our employees are members of one of the five main unions. Each union is represented in our French subsidiary, mainly in Normandy, Paris, Lyon and in Southern France. All agreements are negotiated with unions and non-union representatives elected in the local workers council (*Comité d'Entreprise*) for periods of four years. The last elections took place in April 2010.

In Colombia, a single union represents our employees in Bucaramanga and Cúcuta. There are also collective agreements with non-union workers at the Caracolito/Ibagué cement plant, all ready-mix concrete plants and all logistics operations in Colombia. Overall, we consider our relationships with labor unions representing our employees to be satisfactory.

Share Ownership

As of March 31, 2012, our senior management and directors and their immediate families owned, collectively, approximately 2.47% of CEMEX, S.A.B. de C.V.'s outstanding shares, including shares underlying stock options and restricted CPOs under our ESOPs. This percentage does not include shares held by the extended families of members of our senior management and directors, since, to the best of our knowledge, no voting arrangements or other agreements exist with respect to those shares. As of March 31, 2012, no individual director or member of our senior management beneficially owned one percent or more of any class of CEMEX, S.A.B. de C.V.'s outstanding capital stock.

Item 7—Major Shareholders and Related Party Transactions

Major Shareholders

Based upon information contained in a statement on Schedule 13G filed with the SEC on February 14, 2012, as of December 31, 2011, Citigroup Inc., beneficially owned 25,237,889 ADSs and 301,114,524 CPOs, representing a total 553,493,417 CPOs or approximately 5.3% of CEMEX, S.A.B. de C.V.'s then outstanding capital stock. Citigroup Inc. does not have voting rights different from our other non-Mexican holders of CPOs.

Based upon information contained in a statement on Schedule 13G filed with the SEC on February 9, 2012, as of January 31, 2012, Southeastern Asset Management, Inc., an investment adviser registered under the U.S. Investment Advisers Act of 1940, as amended, beneficially owned 192,563,248 ADSs and 43,014,887 CPOs, representing a total of 1,968,647,367 CPOs or approximately 18.2% of CEMEX, S.A.B. de C.V.'s then outstanding capital stock. According to SEC filings, Southeastern Asset Management, Inc. decreased its shareholding from 11.9 % of CEMEX, S.A.B. de C.V.'s then outstanding capital stock as of December 31, 2008 to 11.2 % as of December 31, 2009, increased its shareholding to 13.7 % as of December 31, 2010, and increased

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its shareholding to 18.4 % as of December 31, 2011. Southeastern Asset Management, Inc. does not have voting rights different from our other non-Mexican holders of CPOs.

Based upon information contained in a statement on Schedule 13G filed with the SEC on February 12, 2012, as of December 31, 2011, Dodge & Cox, an investment adviser registered under the U.S. Investment Advisers Act of 1940, as amended, beneficially owned 71,084,092 ADSs, representing 710,840,920 CPOs or approximately 6.8% of CEMEX, S.A.B. de C.V.'s then outstanding capital stock. Dodge & Cox does not have voting rights different from our other non-Mexican holders of CPOs.

Other than Citigroup Inc., Southeastern Asset Management, Inc., Dodge & Cox and the CPO trust, we are not aware of any person that is the beneficial owner of five percent or more of any class of CEMEX, S.A.B. de C.V.'s voting securities.

As of March 31, 2012, CEMEX, S.A.B. de C.V.'s outstanding capital stock consisted of 21,778,052,236 Series A shares and 10,889,026,118 Series B shares, in each case including shares held by our subsidiaries.

As of March 31, 2012, a total of 21,317,202,482 Series A shares and 10,658,601,241 Series B shares were held by the CPO trust. Each CPO represents two Series A shares and one Series B share. A portion of the CPOs is represented by ADSs. Under the terms of the CPO trust agreement, non-Mexican holders of CPOs and ADSs have no voting rights with respect to the A shares underlying those CPOs and ADSs. All ADSs are deemed to be held by non-Mexican nationals. At every shareholders' meeting, the A shares held in the CPO trust are voted as expressed by the shareholders representing the majority of the capital stock entitled to vote.

As of March 31, 2012, through CEMEX, S.A.B. de C.V.'s subsidiaries, we owned approximately 18,028,276 CPOs, representing approximately 0.2% of CEMEX, S.A.B. de C.V.'s outstanding CPOs and approximately 0.2% of CEMEX, S.A.B. de C.V.'s outstanding voting stock. These CPOs are voted at the direction of our management. CEMEX, S.A.B. de C.V.'s voting rights over those CPOs are the same as those of any other CPO holder. As of the same date, we did not hold any CPOs in derivative instruments hedging expected cash flows of stock options exercises.

CEMEX, S.A.B. de C.V.'s provide that its board of directors must authorize in advance any transfer of voting shares of its capital stock that would result in any person's, or group's acting in concert, becoming a holder of 2% or more of CEMEX, S.A.B. de C.V.'s voting shares.

Mexican securities regulations provide that our majority-owned subsidiaries may neither directly or indirectly invest in CEMEX, S.A.B. de C.V.'s CPOs nor other securities representing CEMEX, S.A.B. de C.V.'s capital stock. The Mexican securities authority could require any disposition of the CPOs or of other securities representing our capital stock so owned and/or impose fines on us if it were to determine that the ownership of our CPOs or of other securities representing CEMEX, S.A.B. de C.V.'s capital stock by CEMEX, S.A.B. de C.V.'s subsidiaries, in most cases, negatively affects the interests of CEMEX, S.A.B. de C.V.'s shareholders. Notwithstanding the foregoing, the exercise of all rights pertaining to our CPOs or to other securities representing our capital stock in accordance with the instructions of CEMEX, S.A.B. de C.V.'s subsidiaries does not violate any provisions of CEMEX, S.A.B. de C.V.'s bylaws or the bylaws of its subsidiaries. The holders of these CPOs or of other securities representing CEMEX, S.A.B. de C.V.'s capital stock are entitled to exercise the same rights relating to their CPOs or their other securities representing CEMEX, S.A.B. de C.V.'s capital stock, including all voting rights, as any other holder of the same series.

As of March 31, 2012, we had 79,017 ADS holders of record in the United States, holding approximately 50.41% of CEMEX, S.A.B. de C.V.'s outstanding CPOs as of such date.

On April 27, 2006, CEMEX, S.A.B. de C.V.'s shareholders approved a stock split, which occurred on July 17, 2006. In connection with the stock split, each of CEMEX, S.A.B. de C.V. existing series A shares was

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surrendered in exchange for two new series A shares, and each of CEMEX, S.A.B. de C.V.'s existing series B shares was surrendered in exchange for two new series B shares. Concurrent with this stock split, we authorized the amendment of the CPO trust agreement pursuant to which our CPOs are issued to provide for the substitution of two new CPOs for each of CEMEX, S.A.B. de C.V.'s existing CPOs, with each new CPO representing two new series A shares and one new series B share. In connection with the stock split and at our request, Citibank, N.A., as depository for the ADSs, distributed one additional ADS for each ADS outstanding as of the record date for the stock split. The ratio of CPOs to ADSs did not change as a result of the stock split; each ADS represents ten new CPOs following the stock split and the CPO trust amendment. The proportional equity interest participation of existing shareholders did not change as a result of the stock split. The financial data set forth in this annual report have been adjusted to give effect to the stock split.

Related Party Transactions

Bernardo Quintana Isaac, a member of CEMEX, S.A.B. de C.V.'s board of directors, is also chairman of the board of directors of Grupo ICA, S.A.B. de C.V., or Grupo ICA, a large Mexican construction company. In the ordinary course of business, we extend financing to Grupo ICA for varying amounts at market rates, as we do for our other customers.

Francisco Javier Fernández Carbajal, a member of CEMEX, S.A.B. de C.V.'s board of directors, is also a member of the board of directors of FEMSA, a large multinational beverage company. In addition, José Antonio Fernández Carbajal, the brother of Francisco Javier Fernández Carbajal, is the president and chief executive officer of FEMSA. In the ordinary course of business, we pay and receive various amounts to and from FEMSA for products and services for varying amounts on market terms.

On April 12, 2011, Juan Pablo San Agustín Rubio was appointed to the role of executive vice president for strategic planning and business development, which is part of our senior management. In 2007, in compliance with our then applicable policies, we extended a loan to Mr. San Agustín Rubio for the construction of a house. As of the date of this annual report the loan has been repaid in full. The loan bore interest at an annual rate of 1.2% and the largest amount outstanding from January 1, 2011 until it was repaid was approximately €275,000.

Except as disclosed in the preceding paragraph, during 2011 and as of April 1, 2012, we did not have any other outstanding loans to any of our directors or members of senior management.

Item 8—Financial Information

Consolidated Financial Statements and Other Financial Information

See “Item 18—Financial Statements” and “Index to Consolidated Financial Statements.”

Legal Proceedings

See “Item 4—Information on the Company—Regulatory Matters and Legal Proceedings.”

Dividends

A declaration of any dividend is made by CEMEX, S.A.B. de C.V.'s shareholders at a general ordinary meeting. Any dividend declaration is usually based upon the recommendation of CEMEX, S.A.B. de C.V.'s board of directors. However, CEMEX, S.A.B. de C.V.'s shareholders are not obligated to approve the board's recommendation. CEMEX, S.A.B. de C.V. may only pay dividends from retained earnings included in financial statements that have been approved by CEMEX, S.A.B. de C.V.'s shareholders and after all losses have been paid for, a legal reserve equal to 5% of its paid-in capital has been created and CEMEX, S.A.B. de C.V.'s shareholders have approved the relevant dividend payment. According to Mexican tax laws, all shareholders, excluding Mexican corporations, that receive a dividend in cash or in any other form are subject to a withholding

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tax. See “Item 10—Additional Information—Taxation—Mexican Tax Considerations.” Since CEMEX, S.A.B. de C.V. conducts its operations through its subsidiaries, it has no significant assets of its own except for its investments in those subsidiaries. Consequently, CEMEX, S.A.B. de C.V.’s ability to pay dividends to its shareholders is dependent upon its ability to receive funds from its subsidiaries in the form of dividends, management fees, or otherwise. The Financing Agreement effectively prohibits CEMEX, S.A.B. de C.V. from declaring and paying cash dividends or making other cash distributions to its shareholders. See “Item 3—Key Information—Risk Factors—CEMEX, S.A.B. de C.V.’s ability to repay debt and pay dividends depends on our subsidiaries’ ability to transfer income and dividends to us.”

The recommendation of CEMEX, S.A.B. de C.V.’s board of directors as to whether to pay and the amount of any annual dividends has been and will continue to be, in absence of contractual restrictions to pay or declare dividends, based upon, among other things, earnings, cash flow, capital requirements, contractual restrictions, and our financial condition and other relevant factors.

Owners of ADSs on the applicable record date will be entitled to receive any dividends payable in respect of the A shares and the B shares underlying the CPOs represented by those ADSs; however, as permitted by the deposit agreement pursuant to which CEMEX, S.A.B. de C.V.’s ADSs are issued, CEMEX, S.A.B. de C.V. may instruct the ADS depository not to extend the option to elect to receive cash in lieu of the stock dividend to the holders of ADSs, as it did in connection with the dividend for the 2007 fiscal year, as described below. The ADS depository will fix a record date for the holders of ADSs in respect of each dividend distribution. Unless otherwise stated, the ADS depository has agreed to convert cash dividends received by it in respect of the A shares and the B shares underlying the CPOs represented by ADSs from Pesos into Dollars and, after deduction or after payment of expenses of the ADS depository, to pay those dividends to holders of ADSs in Dollars. CEMEX, S.A.B. de C.V. cannot assure holders of its ADSs that the ADS depository will be able to convert dividends received in Pesos into Dollars.

The following table sets forth the amounts of annual cash dividends paid in Pesos, on a per and per CPO share basis, and a convenience translation of those amounts into Dollars based on the CEMEX accounting rate as of December 31, 2011:

<u>Fiscal Year</u>	<u>Dividends Per Share</u>	
	<u>Constant Pesos</u>	<u>Dollars</u>
2007	0.29	0.30
2008	N/A	N/A
2009	N/A	N/A
2010	N/A	N/A
2011	N/A	N/A

Dividends declared at each year’s annual shareholders’ meeting are in respect of dividends for the preceding year. In 2008, CEMEX, S.A.B. de C.V.’s board of directors proposed, and CEMEX, S.A.B. de C.V.’s shareholders approved, a dividend proposal, whereby CEMEX, S.A.B. de C.V.’s shareholders had a choice between stock dividends or cash dividends declared in respect of the 2007 fiscal year, with the stock issuable to shareholders who receive the stock dividend being issued at a 20% discount from then current market prices. As a result of the dividend elections made by shareholders in 2008, with respect to the 2007 fiscal year, Ps214 million was paid in cash and approximately 284 million additional CPOs were issued.

CEMEX, S.A.B. de C.V. did not declare a dividend for fiscal year 2008. At CEMEX, S.A.B. de C.V.’s 2008 annual shareholders’ meeting, held on April 23, 2009, CEMEX, S.A.B. de C.V.’s shareholders approved a recapitalization of retained earnings. New CPOs issued pursuant to the recapitalization were allocated to shareholders on a pro-rata basis. As a result, shares equivalent to approximately 334 million CPOs were issued and paid. CPO holders received one new CPO for each 25 CPOs held and ADS holders received one new ADS for each 25 ADSs held. There was no cash distribution and no entitlement to fractional shares.

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CEMEX, S.A.B. de C.V. did not declare a dividend for fiscal year 2009. At CEMEX, S.A.B. de C.V.'s 2009 annual shareholders' meeting, held on April 29, 2010, CEMEX, S.A.B. de C.V.'s shareholders approved a recapitalization of retained earnings. New CPOs issued pursuant to the recapitalization were allocated to shareholders on a pro-rata basis. As a result, shares equivalent to approximately 384 million CPOs were issued and paid. CPO holders received one new CPO for each 25 CPOs held and ADS holders received one new ADS for each 25 ADS held. There was no cash distribution and no entitlement to fractional shares.

CEMEX, S.A.B. de C.V. did not declare a dividend for fiscal year 2010. At CEMEX, S.A.B. de C.V.'s 2010 annual shareholders' meeting, held on February 24, 2011, CEMEX, S.A.B. de C.V.'s shareholders approved a recapitalization of retained earnings. New CPOs issued pursuant to the recapitalization were allocated to shareholders on a pro-rata basis. As a result, shares equivalent to approximately 401 million CPOs were issued and paid. CPO holders received one new CPO for each 25 CPOs held, and ADS holders received one new ADS for each 25 ADSs held. There was no cash distribution and no entitlement to fractional shares.

CEMEX, S.A.B. de C.V. did not declare a dividend for fiscal year 2011. At CEMEX, S.A.B. de C.V.'s 2011 annual shareholders' meeting, held on February 23, 2012, CEMEX, S.A.B. de C.V.'s shareholders approved a recapitalization of retained earnings. New CPOs issued pursuant to the recapitalization were allocated to shareholders on a pro-rata basis. As a result, shares equivalent to approximately 418.7 million CPOs were issued and paid. CPO holders received one new CPO for each 25 CPOs held, and ADS holders received one new ADS for each 25 ADSs held. There was no cash distribution and no entitlement to fractional shares.

Significant Changes

Except as described herein, no significant change has occurred since the date of our consolidated financial statements included elsewhere in this annual report.

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Item 9—Offer and Listing

Market Price Information

CEMEX, S.A.B. de C.V.'s CPOs are listed on the Mexican Stock Exchange and trade under the symbol "CEMEX.CPO." CEMEX, S.A.B. de C.V.'s ADSs, each of which currently represents ten CPOs, are listed on the New York Stock Exchange ("NYSE") and trade under the symbol "CX." The following table sets forth, for the periods indicated, the reported highest and lowest market quotations in nominal Pesos for CPOs on the Mexican Stock Exchange and the high and low sales prices in Dollars for ADSs on the NYSE.

Calendar Period	CPOs(1)		ADSs	
	High	Low	High	Low
Yearly				
2007	44.50	27.23	41.34	24.81
2008	33.80	5.55	32.61	4.01
2009	19.19	6.16	14.58	3.94
2010	16.16	9.59	12.60	7.46
2011	13.60	3.25	11.15	2.27
Quarterly				
2010				
First quarter	16.16	11.72	12.58	8.83
Second quarter	15.30	12.45	12.60	9.61
Third quarter	12.82	9.83	10.10	7.46
Fourth quarter	13.49	9.59	10.94	7.65
2011				
First quarter	13.60	10.13	11.15	8.35
Second quarter	10.96	8.99	9.28	7.55
Third quarter	10.14	4.36	8.70	3.33
Fourth quarter	7.70	3.25	5.61	2.27
2012				
First quarter	11.05	7.25	8.67	5.30
Monthly				
2011-2012				
October	6.05	3.25	4.65	2.27
November	6.55	4.90	4.93	3.45
December	7.70	6.20	5.61	4.50
January	9.31	7.25	6.96	5.30
February	11.05	8.83	8.67	6.84
March	10.36	9.43	8.21	7.38
April(2)	9.99	8.70	7.88	6.52

Source: Based on data of the Mexican Stock Exchange and the NYSE.

- (1) As of December 31, 2011, approximately 99.8% of CEMEX, S.A.B. de C.V.'s outstanding share capital was represented by CPOs.
(2) CPO and ADS prices are through April 26, 2012.

On April 26, 2012, the last reported closing price for CPOs on the Mexican Stock Exchange was Ps9.44 per CPO, and the last reported closing price for ADSs on the NYSE was U.S.\$7.16 per ADS.

Item 10—Additional Information

Articles of Association and By-laws

General

Pursuant to the requirements of Mexican corporations law, CEMEX, S.A.B. de C.V.'s articles of association and by-laws (*estatutos sociales*), have been registered with the Mercantile Section of the Public Registry of Property and Commerce in Monterrey, N.L., Mexico, under entry number 21, since June 11, 1920.

CEMEX, S.A.B. de C.V. is a holding company engaged, through its operating subsidiaries, primarily in the production, distribution, marketing and sale of cement, ready-mix concrete and clinker. CEMEX, S.A.B. de C.V.'s objectives and purposes can be found in article 2 of CEMEX, S.A.B. de C.V.'s by-laws.

CEMEX, S.A.B. de C.V. has two series of common stock, the Series A common stock, with no par value, or A shares, which can only be owned by Mexican nationals, and the Series B common stock, with no par value, or B shares, which can be owned by both Mexican and non-Mexican nationals. CEMEX, S.A.B. de C.V.'s by-laws state that the A shares may not be held by non-Mexican individuals, corporations, groups, units, trusts, associations or governments that are foreign or have participation by foreign governments or their agencies. CEMEX, S.A.B. de C.V.'s by-laws also state that the A shares shall at all times account for a minimum of 64% of CEMEX, S.A.B. de C.V.'s total outstanding voting stock and that the B shares shall at all times account for a minimum of 36% of CEMEX, S.A.B. de C.V.'s total outstanding voting stock. Other than as described herein, holders of the A shares and the B shares have the same rights and obligations.

In 1994, CEMEX, S.A.B. de C.V. changed from a fixed capital corporation to a variable capital corporation in accordance with Mexican corporation law. As a result, CEMEX, S.A.B. de C.V. established a fixed capital account and a variable capital account and issued one share of variable capital stock of the same series for each eight shares of fixed capital stock held by any shareholder. Each of our fixed and variable capital accounts is comprised of A shares and B shares. Under the Mexican securities market law and CEMEX, S.A.B. de C.V.'s by-laws, holders of shares representing variable capital are not entitled to withdraw those shares.

Shareholder authorization is required to increase or decrease either the fixed capital account or the variable capital account. Shareholder authorization to increase or decrease the fixed capital account must be obtained at an extraordinary meeting of shareholders. Shareholder authorization to increase or decrease the variable capital account must be obtained at an ordinary general meeting of shareholders.

On September 15, 1999, CEMEX, S.A.B. de C.V.'s shareholders approved a stock split, and for every one of CEMEX, S.A.B. de C.V.'s shares of any series CEMEX, S.A.B. de C.V. issued two Series A shares and one Series B share. Concurrently with this stock split, CEMEX, S.A.B. de C.V. also consummated an exchange offer to exchange new CPOs and new ADSs representing the new CPOs for CEMEX, S.A.B. de C.V.'s then existing A shares, B shares and ADSs, and converted CEMEX, S.A.B. de C.V.'s then existing CPOs into the new CPOs.

On June 1, 2001, the Mexican securities market law was amended, among other, to increase the protection granted to minority shareholders of Mexican listed companies and to commence bringing corporate governance procedures of Mexican listed companies in line with international standards.

On February 6, 2002, the Mexican securities authority (*Comisión Nacional Bancaria y de Valores*) issued an official communication authorizing the amendment of CEMEX, S.A.B. de C.V.'s by-laws to incorporate additional provisions to comply with the then new provisions of the Mexican securities market law. Following approval from CEMEX, S.A.B. de C.V.'s shareholders at the 2002 annual shareholders' meeting, CEMEX, S.A.B. de C.V. amended and restated its by-laws to incorporate these additional provisions, which consist of, among other things, protective measures to prevent share acquisitions, hostile takeovers, and direct or indirect changes of control. As a result of the amendment and restatement of CEMEX, S.A.B. de C.V.'s by-laws, the expiration of CEMEX, S.A.B. de C.V.'s corporate term of existence was extended from 2019 to 2100.

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On March 19, 2003, the Mexican securities authority issued new regulations designed to (i) further implement minority rights granted to shareholders by the Mexican securities market law and (ii) simplify and consolidate in a single document provisions relating to securities offerings and periodic reports by Mexican-listed companies.

On April 24, 2003, CEMEX, S.A.B. de C.V.'s shareholders approved changes to its by-laws, incorporating additional provisions and removing some restrictions. The changes that are still in force are as follows:

- The limitation on CEMEX, S.A.B. de C.V.'s variable capital was removed. Formerly, CEMEX, S.A.B. de C.V.'s variable capital was limited to ten times CEMEX, S.A.B. de C.V.'s minimum fixed capital.
- Increases and decreases in CEMEX, S.A.B. de C.V.'s variable capital now require the notarization of the minutes of the ordinary general shareholders' meeting that authorize such increase or decrease, as well as the filing of these minutes with the Mexican National Securities Registry (*Registro Nacional de Valores*), except when such increase or decrease results from (i) shareholders exercising their redemption rights or (ii) stock repurchases.
- The cancellation of registration of our shares in the Securities Section of the Mexican National Securities Registry now involves an amended procedure, which is described below under "—Repurchase Obligation." In addition, any amendments to the article containing these provisions no longer require the consent of the Mexican securities authority and 95% approval by shareholders entitled to vote.

On December 30, 2005, a Mexican securities market law was published to continue bringing corporate governance requirements of Mexican listed companies in line with international standards. This new law includes provisions increasing disclosure information requirements, improving minority shareholder rights, and strengthening corporate governance standards including the introduction of new requirements and fiduciary duties (duties of care and loyalty), applicable to each director, officer, external auditor and major shareholder of publicly traded companies. The law also provides that each member of the audit committee must be an independent director, and requires the creation of corporate governance committees integrated by independent directors as well. In addition, the law clarifies directors' duties, specifies safe harbors for directors' actions, clarifies what is deemed as a conflict of interest and clarifies what are the confidentiality obligations for directors.

Under the new Mexican securities market law, CEMEX, S.A.B. de C.V. was required to adopt specific amendments to its by-laws within 180 days of the effective date of the new law. Following approval from CEMEX, S.A.B. de C.V.'s shareholders at its 2005 annual shareholders' meeting held on April 27, 2006, CEMEX, S.A.B. de C.V. amended and restated its by-laws to incorporate these amendments. The amendments to CEMEX, S.A.B. de C.V.'s by-laws became effective on July 3, 2006. The most significant of these amendments were as follows:

- The change of its corporate name from CEMEX, S.A. de C.V. to CEMEX, S.A.B. de C.V., which means that it is now called a publicly traded company (*sociedad anónima bursátil* or S.A.B.).
- The creation of a corporate practices committee, which is a new committee of CEMEX, S.A.B. de C.V.'s board of directors and which is comprised exclusively of independent directors.
- The elimination of the position of statutory examiner (*c omisario*) and the assumption of its responsibilities by the board of directors through the audit committee and the new corporate practices committee, as well as through the external auditor who audits CEMEX, S.A.B. de C.V.'s financial statements, each within its professional role.
- The express attribution of certain duties (such as the duty of loyalty and the duty of care) and liabilities on members of the board of directors as well as on certain senior executive officers.
- The implementation of a mechanism for claims of a breach of a director's or officer's duties, to be brought by us or by holders of 5% or more of CEMEX, S.A.B. de C.V.'s shares.

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- The chief executive officer is now the person in charge of managing the company; previously, this was the duty of the board of directors. The board of directors now supervises the chief executive officer.
- Shareholders are given the right to enter into certain agreements with other shareholders.

At a general extraordinary meeting of shareholders held on April 28, 2005, CEMEX, S.A.B. de C.V.'s shareholders approved a two-for-one stock split, which became effective on July 1, 2005. In connection with this stock split, each of CEMEX, S.A.B. de C.V.'s existing Series A shares was surrendered in exchange for two new Series A shares, and each of CEMEX, S.A.B. de C.V.'s existing Series B shares was surrendered in exchange for two new Series B shares. Concurrent with this stock split, we authorized the amendment of the CPO trust agreement pursuant to which CEMEX, S.A.B. de C.V.'s CPOs are issued to provide for the substitution of two new CPOs for each of CEMEX, S.A.B. de C.V.'s existing CPOs, with each new CPO representing two new Series A shares and one new Series B share. The number of CEMEX, S.A.B. de C.V.'s existing ADSs did not change as a result of the stock split. Instead, the ratio of CPOs to ADSs was modified so that each existing ADS represented ten new CPOs following the stock split and the CPO trust amendment.

At the 2005 annual shareholders' meeting held on April 27, 2006, CEMEX, S.A.B. de C.V.'s shareholders approved a new stock split, which became effective on July 17, 2006. In connection with this new two-for-one stock split, each of its existing Series A shares was surrendered in exchange for two new Series A shares, and each of its existing Series B shares was surrendered in exchange for two new Series B shares. Concurrent with this stock split, we authorized the amendment of the CPO trust agreement pursuant to which CEMEX, S.A.B. de C.V.'s CPOs are issued to provide for the substitution of two new CPOs for each of its existing CPOs, with each new CPO representing two new Series A shares and one new Series B share. In connection with the stock split and at our request, Citibank, N.A., as depository for the ADSs, distributed one additional ADS for each ADS outstanding as of the record date for the stock split. The ratio of CPOs to ADSs did not change as a result of the stock split; each ADS continued to represent ten CPOs following the stock split and the CPO trust amendment. The proportional equity interest participation of existing shareholders did not change as a result of this stock split.

On September 4, 2009, CEMEX, S.A.B. de C.V. held an extraordinary shareholders' meeting in which its shareholders approved an increase in the variable portion of its capital stock of up to 4.8 billion shares (equivalent to 1.6 billion CPOs or 160 million ADSs). Pursuant to the resolution approved by CEMEX, S.A.B. de C.V.'s shareholders, the subscription and payment of the new shares represented by CPOs may occur through a public offer of CPOs and/or issuance of convertible bonds within a period of 24 months. On September 28, 2009, CEMEX, S.A.B. de C.V. sold a total of 1,495,000,000 CPOs, directly or in the form of ADSs, in a global offering for approximately U.S.\$1,782 billion in net proceeds. On November 11, 2009, CEMEX, S.A.B. de C.V. launched an exchange offer in México, in transactions exempt from registration pursuant to Regulation S under the Securities Act, directed to holders of CBs, in order to exchange such CBs for the Mandatory Convertible Notes. Pursuant to the exchange offer, on December 10, 2009, CEMEX, S.A.B. de C.V. issued approximately Ps4.1 billion (approximately U.S.\$334 million at the Peso/Dollar CX accounting rate on December 31, 2010) in Mandatory Convertible Notes in exchange for CBs. On March 30, 2010, CEMEX, S.A.B. de C.V.'s closed the offering of U.S.\$715 million of its 4.875% Convertible Subordinated Notes due 2015.

On February 24, 2011, CEMEX, S.A.B. de C.V. held an extraordinary shareholders' meeting in which its shareholders approved an increase in the variable portion of its capital stock of up to 6 billion shares (equivalent to 2 billion CPOs or 200 million ADSs). Pursuant to the resolution approved by CEMEX, S.A.B. de C.V.'s shareholders, the subscription and payment of the new shares represented by CPOs may occur through a public offer of CPOs and/or issuance of convertible bonds and, until then, these shares will be kept in our treasury. In addition, on February 24, 2011, CEMEX, S.A.B. de C.V. held its annual shareholders' meeting in which its shareholders approved an increase in the variable portion of its capital stock of up to 60 million shares (equivalent to 20 million CPOs or 2 million ADSs). These shares will be kept in CEMEX, S.A.B. de C.V.'s treasury and will be used to preserve the rights of note holders pursuant to the issuance of convertible notes.

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As of December 31, 2011, CEMEX, S.A.B. de C.V.'s common stock was represented as follows:

Shares(1)	2011	
	Series A(2)	Series B(3)
Subscribed and paid shares	20,939,727,526	10,469,863,763
Unissued shares authorized for stock compensation programs	250,782,926	125,391,463
Shares that guarantee the issuance of convertible securities(4)	5,932,438,520	2,966,219,260
Shares authorized for the issuance of stock or convertible securities(5)	7,561,480	3,780,740
	27,130,510,452	13,565,255,226

- (1) As of December 31, 2011, 13,068,000,000 shares correspond to the fixed portion, and 27,627,765,678 shares correspond to the variable portion.
- (2) Series "A" or Mexican shares must represent at least 64% of CEMEX's capital stock.
- (3) Series "B" or free subscription shares must represent at most 36% of CEMEX's capital stock.
- (4) Shares that guarantee the conversion of the Mandatory Convertible Notes and the 2010 and 2011 Optional Convertible Subordinated Notes.
- (5) Shares authorized for the issuance of stock through a public offer or through the issuance of convertible securities.

On February 23, 2012, CEMEX, S.A.B. de C.V. held its annual shareholders' meeting in which its shareholders approved, among other items, (i) an increase in the variable portion of CEMEX, S.A.B. de C.V.'s capital stock of up to 1,256,383,653 shares (equivalent to approximately 418.7 million CPOs or 41,879,455 ADSs) paid with a charge to retained earnings, (ii) an increase in the variable portion of our capital stock through the issuance of up to 345,000,000 shares (equivalent to 115 million CPOs or 1,150,000 ADSs), such shares to be kept in CEMEX, S.A.B. de C.V.'s treasury and to be used to preserve the rights of note holders pursuant to our outstanding Mandatory Convertible Notes and the 2010 and 2011 Optional Convertible Subordinated Notes., (iii) the cancellation of 5,122,614 treasury shares, which were not subject to public offer or convertible notes issuance in the 24 months period authorized by the extraordinary shareholders meeting dated September 4, 2009, and (iv) another increase in the variable portion of our capital stock through the issuance of up to 1,500,000,000 shares (equivalent to 500 million CPOs or 50 million ADSs) to be kept in CEMEX, S.A.B. de C.V.'s treasury and used to be subscribed and paid pursuant to the terms and conditions of the CEMEX, S.A.B. de C.V.'s variable compensation stock programs, without entailing the preemptive right for shareholders.

CEMEX, S.A.B. de C.V. did not declare a cash dividend for fiscal year 2008. At CEMEX, S.A.B. de C.V.'s 2008 annual shareholders' meeting, held on April 23, 2009, CEMEX, S.A.B. de C.V.'s shareholders approved a recapitalization of retained earnings. New CPOs issued pursuant to the recapitalization were allocated to shareholders on a pro-rata basis. As a result, shares equivalent to approximately 334 million CPOs were issued and paid. CPO holders received one new CPO for each 25 CPOs held and ADS holders received one new ADS for each 25 ADSs held. There was no cash distribution and no entitlement to fractional shares.

CEMEX, S.A.B. de C.V. did not declare a dividend for fiscal year 2009. At CEMEX, S.A.B. de C.V.'s 2009 annual shareholders' meeting, held on April 29, 2010, CEMEX, S.A.B. de C.V.'s shareholders approved a recapitalization of retained earnings. New CPOs issued pursuant to the recapitalization were allocated to shareholders on a pro-rata basis. As a result, shares equivalent to approximately 384 million CPOs were issued and paid. CPO holders received one new CPO for each 25 CPOs held and ADS holders received one new ADS for each 25 ADS held. There was no cash distribution and no entitlement to fractional shares.

CEMEX, S.A.B. de C.V. did not declare a dividend for fiscal year 2010. At CEMEX, S.A.B. de C.V.'s 2010 annual shareholders' meeting, held on February 24, 2011, CEMEX, S.A.B. de C.V.'s shareholders approved a recapitalization of retained earnings. New CPOs issued pursuant to the recapitalization were allocated to shareholders on a pro-rata basis. As a result, shares equivalent to approximately 401 million CPOs were issued and paid. CPO holders received one new CPO for each 25 CPOs held, and ADS holders received one new ADS for each 25 ADSs held. There was no cash distribution and no entitlement to fractional shares.

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CEMEX, S.A.B. de C.V. did not declare a dividend for fiscal year 2011. At CEMEX, S.A.B. de C.V.'s 2011 annual shareholders' meeting, held on February 23, 2012, CEMEX, S.A.B. de C.V. shareholders approved a recapitalization of retained earnings. New CPOs issued pursuant to the recapitalization were allocated to shareholders on a pro-rata basis. As a result, shares equivalent to approximately 418.7 million CPOs were issued and paid. CPO holders received one new CPO for each 25 CPOs held, and ADS holders received one new ADS for each 25 ADSs held. There was no cash distribution and no entitlement to fractional shares.

Changes in Capital Stock and Preemptive Rights

Subject to certain exceptions referred below, CEMEX, S.A.B. de C.V.'s by-laws allow for a decrease or increase in its capital stock if it is approved by its shareholders at a shareholders' meeting. Additional shares of CEMEX, S.A.B. de C.V.'s capital stock, having no voting rights or limited voting rights, are authorized by its by-laws and may be issued upon the approval of its shareholders at a shareholders' meeting, with the prior approval of the Mexican securities authority.

CEMEX, S.A.B. de C.V.'s by-laws provide that, subject to certain exceptions, shareholders have preemptive rights with respect to the class and in proportion to the number of shares of our capital stock they hold, in connection with any capital increase in the number of outstanding A shares, B shares, or any other existing series of shares, as the case may be. Subject to certain requirements: (i) under article 53 of the Mexican securities market law, this preemptive right to subscribe is not applicable to increases of CEMEX, S.A.B. de C.V.'s capital through public offers; and (ii) under article 210 bis of the General Law of Negotiable Instruments and Credit Operations (*Ley General de Títulos y Operaciones de Crédito*), this preemptive right to subscribe is not applicable when issuing shares under convertible notes. Preemptive rights give shareholders the right, upon any issuance of shares by us, to purchase a sufficient number of shares to maintain their existing ownership percentages. Preemptive rights must be exercised within the period and under the conditions established for that purpose by the shareholders, and CEMEX, S.A.B. de C.V.'s by-laws and applicable law provide that this period must be 15 days following the publication of the notice of the capital increase in the Official Gazette of the State of Nuevo León (*Periódico Oficial del Estado de Nuevo León*) or any major newspaper published and distributed in the City of Monterrey, Nuevo León, México.

Holders of ADSs that are U.S. persons or are located in the United States may be restricted in their ability to participate in the exercise of such preemptive rights. See "Item 3—Key Information—Risk Factors—Preemptive rights may be unavailable to ADS holders."

Pursuant to the CEMEX, S.A.B. de C.V. by-laws, significant acquisitions of shares of CEMEX, S.A.B. de C.V.'s capital stock and changes of control of CEMEX, S.A.B. de C.V. require prior approval from CEMEX, S.A.B. de C.V.'s board of directors. CEMEX, S.A.B. de C.V.'s board of directors must authorize in advance any transfer of, or creation of any encumbrance or lien on, voting shares of CEMEX, S.A.B. de C.V.'s capital stock that would result in any person or group becoming a holder of 2% or more of CEMEX, S.A.B. de C.V.'s shares. The CEMEX, S.A.B. de C.V. board of directors shall consider the following when determining whether to authorize such transfer of voting shares: a) the type of investors involved; b) whether the acquisition would result in the potential acquirer exercising a significant influence or being able to obtain control; c) whether all applicable rules and CEMEX, S.A.B. de C.V.'s by-laws have been observed by the potential acquirer; d) whether the potential acquirers are our competitors and whether there is a risk of affecting market competition, or the potential acquirers could have access to confidential and privileged information; e) the morality and economic solvency of the potential acquirers; f) the protection of minority rights and the rights of our employees; and g) whether an adequate base of investors would be maintained. If the CEMEX, S.A.B. de C.V. board of directors denies the authorization, or the requirements established in CEMEX, S.A.B. de C.V.'s by-laws are not complied with, the persons involved in the transfer shall not be entitled to exercise the voting rights corresponding to the transferred shares, and such shares shall not be taken into account for the determination of the quorums of attendance and voting at shareholders' meetings, nor shall the transfers be recorded in our share registry and the registry undertaken by S.D. Indeval, Institucion para el Deposito de Valores, S.A. de C.V., or Indeval, the Mexican securities depository, shall not have any effect.

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Any acquisition of shares of CEMEX, S.A.B. de C.V.'s capital stock representing 30% or more of its capital stock by a person or group of persons requires prior approval from CEMEX, S.A.B. de C.V.'s board of directors and, in the event approval is granted, the acquirer has an obligation to make a public offer to purchase all of the outstanding shares of CEMEX, S.A.B. de C.V.'s capital stock. In the event the requirements for significant acquisitions of shares of CEMEX, S.A.B. de C.V.'s capital stock are not met, the persons acquiring such shares will not be entitled to any corporate rights with respect to such shares, such shares will not be taken into account for purposes of determining a quorum for shareholders' meetings, CEMEX, S.A.B. de C.V. will not record such persons as holders of such shares in its share registry, and the registry undertaken by the Indeval shall not have any effect.

CEMEX, S.A.B. de C.V.'s by-laws require the stock certificates representing shares of its capital stock to make reference to the provisions in its by-laws relating to the prior approval of the CEMEX, S.A.B. de C.V. board of directors for significant share transfers and the requirements for recording share transfers in its share registry. In addition, shareholders are responsible for informing CEMEX, S.A.B. de C.V. within five business days whenever their shareholdings exceed 5%, 10%, 15%, 20%, 25% and 30% of CEMEX, S.A.B. de C.V.'s capital stock. If a person acquires beneficial ownership (within the meaning of Rule 13d-3 promulgated by the SEC under the Securities Exchange Act of 1934, as amended) of 20% or more in voting power of the outstanding voting stock of CEMEX, S.A.B. de C.V., a change of control will be deemed to have occurred under the Financing Agreement and other debt agreements of CEMEX; provided that the acquisition of beneficial ownership of capital stock of CEMEX, S.A.B. de C.V. by Lorenzo H. Zambrano or any member of his immediate family shall not constitute a change of control as described herein.

CEMEX, S.A.B. de C.V. is required to maintain a share registry that records the names, nationalities and domiciles of all significant shareholders, and any shareholder that meets or exceeds these thresholds must be recorded in this registry if such shareholder is to be recognized or represented at any shareholders' meeting. If a shareholder fails to inform CEMEX, S.A.B. de C.V. of its shareholdings reaching a threshold as described above, we will not record the transactions that cause such threshold to be met or exceeded in CEMEX, S.A.B. de C.V.'s share registry, and such transaction will have no legal effect and will not be binding on us.

CEMEX, S.A.B. de C.V.'s by-laws also require that its shareholders comply with legal provisions regarding acquisitions of securities and certain shareholders' agreements that require disclosure to the public.

Repurchase Obligation

In accordance with Mexican securities regulations, CEMEX, S.A.B. de C.V. is obligated to make a public offer for the purchase of stock to its shareholders if CEMEX, S.A.B. de C.V.'s registration with the Mexican securities registry is canceled, either by resolution of its shareholders or by an order of the Mexican securities authority. The minimum price at which we must purchase the stock is the higher of:

- the weighted average price per share based on the weighted average trading price of CEMEX, S.A.B. de C.V.'s CPOs on the Mexican Stock Exchange during the latest period of 30 trading days preceding the date of the offer, for a period not to exceed six months; or
- the book value per share, as reflected in the last quarterly report filed with the Mexican securities authority and the Mexican Stock Exchange before the date of the offer.

CEMEX, S.A.B. de C.V.'s board of directors shall prepare and disclose to the public through the Mexican Stock Exchange, within ten business days after the day the public offer begins, and after consulting the corporate practices committee, its opinion regarding the price of the offer and any conflicts of interests that each of its members may have regarding such offer. This opinion may be accompanied by an additional opinion issued by an independent expert that we may hire.

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Following the cancellation of CEMEX, S.A.B. de C.V.'s registration with the Mexican securities registry, it must place in a trust set up for that purpose for a six-month period an amount equal to that required to purchase the remaining shares held by investors who did not participate in the offer.

Shareholders' Meetings and Voting Rights

Shareholders' meetings may be called by:

- CEMEX, S.A.B. de C.V.'s board of directors or the corporate practices committee or the audit committee;
- shareholders representing at least 10% of outstanding and fully paid shares, by requesting that it to the chairman of CEMEX, S.A.B. de C.V.'s board of directors or CEMEX, S.A.B. de C.V.'s corporate practices committee and audit committee;
- any shareholder (i) if no meeting has been held for two consecutive years or when the matters referred to in Article 181 of the Mexican corporations law have not been dealt with, or (ii) when, for any reason, the required quorum for valid sessions of the corporate practices committee and audit committee was not reached and the board of directors failed to make the appropriate provisional appointments; or
- a Mexican court of competent jurisdiction, in the event CEMEX, S.A.B. de C.V.'s board of directors or the corporate practices committee and audit committee do not comply with the valid shareholders' request described above.

Notice of shareholders' meetings must be published in the official gazette for the State of Nuevo León, Mexico or any major newspaper published and distributed in the City of Monterrey, Nuevo León, Mexico. The notice must be published at least 15 days prior to the date of any shareholders' meeting. Consistent with Mexican law, CEMEX, S.A.B. de C.V.'s by-laws further require that all information and documents relating to the shareholders' meeting be available to shareholders from the date the notice of the meeting is published.

General shareholders' meetings can be ordinary or extraordinary. At every general shareholders' meeting, each qualified holder of A shares and B shares is entitled to one vote per share. Shareholders may vote by proxy duly appointed in writing. Under the CPO trust agreement, holders of CPOs who are not Mexican nationals cannot exercise voting rights corresponding to the A shares represented by their CPOs, in which case, the CPO trustee will vote the underlying A shares in the same manner as the holders of the majority of the voting shares.

An annual general ordinary shareholders' meeting must be held during the first four months after the end of each of CEMEX, S.A.B. de C.V.'s fiscal year to consider the approval of a report of its board of directors regarding CEMEX, S.A.B. de C.V.'s performance and its financial statements for the preceding fiscal year and to determine the allocation of profits from the preceding year. In addition, CEMEX, S.A.B. de C.V.'s annual general ordinary shareholders' meeting must:

- review the annual reports of CEMEX, S.A.B. de C.V.' corporate practices committee and audit committee, its chief executive officer, and its board of directors;
- elect, remove, or substitute the members of CEMEX, S.A.B. de C.V.'s board of directors;
- determine the level of independence of the members of CEMEX, S.A.B. de C.V.'s board of directors;
- elect or remove the chairman of CEMEX, S.A.B. de C.V.'s audit and corporate practices committees;
- approve any transaction that represents 20% or more of CEMEX, S.A.B. de C.V. consolidated assets; and
- resolve any issues not reserved for extraordinary shareholders' meetings.

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A general extraordinary shareholders' meeting may be called at any time to deal with any of the matters specified by Article 182 of the Mexican corporations law, which include, among other things:

- extending CEMEX, S.A.B. de C.V.'s corporate existence;
- CEMEX, S.A.B. de C.V.'s voluntary dissolution;
- increasing or reducing CEMEX, S.A.B. de C.V.'s fixed capital stock;
- changing CEMEX, S.A.B. de C.V.'s corporate purpose;
- changing CEMEX, S.A.B. de C.V.'s country of incorporation;
- changing CEMEX, S.A.B. de C.V.'s form of organization;
- a proposed merger;
- issuing preferred shares;
- redeeming CEMEX, S.A.B. de C.V.'s own shares;
- any amendment to CEMEX, S.A.B. de C.V.'s by-laws; and
- any other matter for which a special quorum is required by law or by CEMEX, S.A.B. de C.V.'s by-laws.

In order to vote at a meeting of shareholders, shareholders must (i) appear on the list that Indeval and the Indeval participants holding shares on behalf of the shareholders prepare prior to the meeting or must deposit prior to that meeting, or (ii) prior to the meeting, deposit the certificates representing their shares at CEMEX, S.A.B. de C.V.'s offices or in a Mexican credit institution or brokerage house that operates in accordance with applicable laws in Mexico. The certificate of deposit with respect to the share certificates must be presented to CEMEX, S.A.B. de C.V.'s company secretary at least 48 hours before a meeting of shareholders. CEMEX, S.A.B. de C.V.'s company secretary verifies that the person in whose favor any certificate of deposit was issued is named in CEMEX, S.A.B. de C.V.'s share registry and issues an admission pass authorizing that person's attendance at the meeting of shareholders.

CEMEX, S.A.B. de C.V.'s by-laws provide that a shareholder may only be represented by proxy in a shareholders' meeting with a duly completed form provided by CEMEX, S.A.B. de C.V. authorizing the proxy's presence. In addition, CEMEX, S.A.B. de C.V.'s by-laws require that the secretary acting at the shareholders' meeting publicly affirm the compliance by all proxies with this requirement. A shareholders' resolution is required to take action on any matter presented at a shareholders' meeting.

At an ordinary meeting of shareholders, the affirmative vote of the holders of a majority of the shares present at the meeting is required to adopt a shareholders' resolution. At an extraordinary meeting of shareholders, the affirmative vote of at least 50% of the capital stock is required to adopt a shareholders' resolution, except that when amending Article 7 (with respect to measures limiting shareholding ownership), Article 10 (relating to the register of shares and significant participations) or Article 22 (specifying the impediments to being appointed a member of CEMEX, S.A.B. de C.V.'s board of directors) of CEMEX, S.A.B. de C.V.'s by-laws, the affirmative vote of at least 75% of the voting stock is needed.

The attendance quorum for a general ordinary meeting of shareholders upon the first call, is 50% of CEMEX, S.A.B. de C.V.'s outstanding and fully paid shares, and for the second call is any number of CEMEX, S.A.B. de C.V.'s outstanding and fully paid shares. If the quorum is not met upon the first call, a subsequent meeting may be called and the quorum for the second ordinary meeting is any number of CEMEX, S.A.B. de C.V.'s outstanding and fully paid shares represented at the meeting. The attendance quorum for the extraordinary shareholders' meeting upon the first call, is 75% of CEMEX, S.A.B. de C.V.'s outstanding and fully paid shares, upon the second and subsequent calls is 50% of CEMEX, S.A.B. de C.V.'s outstanding and fully paid shares.

Rights of Minority Shareholders

At CEMEX, S.A.B. de C.V.'s annual general shareholders' meeting, any shareholder or group of shareholders representing 10% or more of its voting stock has the right to appoint or remove one member of CEMEX, S.A.B. de C.V.'s board of directors, in addition to the directors appointed by the majority. Such appointment may only be revoked by other shareholders when the appointment of all other directors is also revoked.

CEMEX, S.A.B. de C.V.'s by-laws provide that holders of at least 10% of its capital stock are entitled to demand the postponement of the voting on any resolution of which they deem they have not been sufficiently informed.

Under Mexican law, holders of at least 20% of CEMEX, S.A.B. de C.V.'s outstanding capital stock entitled to vote on a particular matter may oppose any resolution at a shareholders' meeting, by filing a petition for a court order to suspend the resolution temporarily with a court of law within 15 days after the adjournment of the meeting at which that action was taken and showing that the challenged action violates Mexican law or CEMEX, S.A.B. de C.V.'s by-laws and provided the opposing shareholders deliver a bond to the court to secure payment of any damages that we suffer as a result of suspending the resolution in the event that the court ultimately rules against the opposing shareholders. Relief under these provisions is only available to holders who were entitled to vote on, or whose rights as shareholders were adversely affected by, the challenged shareholder action and whose shares were not represented when the action was taken or, if represented, voted against it.

Under Mexican law, an action for civil liabilities against directors may be initiated by a shareholders' resolution for violation of their duty of loyalty to shareholders. In the event shareholders decide to bring an action of this type, the persons against whom that action is brought will immediately cease to be directors. Additionally, shareholders representing not less than 33% of the outstanding shares may directly exercise that action against the directors; provided that:

- those shareholders shall not have voted against exercising such action at the relevant shareholders' meeting; and
- the claim covers all of the damage alleged to have been caused to us and not merely the damage suffered by the plaintiffs.

Under CEMEX, S.A.B. de C.V.'s by-laws, shareholders representing 5% or more of its outstanding capital stock may initiate actions exclusively on behalf of CEMEX, S.A.B. de C.V. against members of its board of directors, its corporate practices committee and audit committee, its chief executive officer, or any relevant executives, for breach of their duty of care or duty of loyalty to shareholders or for committing illicit acts or activities. The only requirement is that the claim covers all of the damage alleged to have been caused to us and not merely the damage suffered by the plaintiffs. Actions initiated on these grounds have a five-year statute of limitations.

Any recovery of damages with respect to these actions will be for our benefit and not that of the shareholders bringing the action.

Registration and Transfer

CEMEX, S.A.B. de C.V.'s common stock is evidenced by share certificates in registered form with registered dividend coupons attached. Shareholders who have not deposited their shares into the CPO trust may hold their shares in the form of physical certificates or through institutions that have accounts with Indeval. Accounts may be maintained at Indeval by brokers, banks and other entities approved by the Mexican securities authority. CEMEX, S.A.B. de C.V. maintains a stock registry, and, in accordance with Mexican law, only those holders listed in CEMEX, S.A.B. de C.V.'s stock registry and those holding certificates issued by Indeval and by Indeval participants indicating ownership are recognized as CEMEX, S.A.B. de C.V. shareholders.

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Pursuant to Mexican law, any transfer of shares must be registered in CEMEX, S.A.B. de C.V.'s stock registry, if effected physically, or through book entries that may be tracked back from CEMEX, S.A.B. de C.V.'s stock registry to the records of Indeval.

Redemption

CEMEX, S.A.B. de C.V.'s capital stock is subject to redemption upon approval of our shareholders at an extraordinary shareholders' meeting.

Share Repurchases

If approved by CEMEX, S.A.B. de C.V.'s shareholders at a general shareholders' meeting, we may purchase CEMEX, S.A.B. de C.V.'s outstanding shares. The economic and voting rights corresponding to repurchased shares cannot be exercised during the period the shares are owned by us and the shares will be deemed outstanding for purposes of calculating any quorum or vote at any shareholders' meeting. We may also repurchase our equity securities on the Mexican Stock Exchange at the then prevailing market prices in accordance with Mexican securities law. If we intend to repurchase shares representing more than 1% of CEMEX, S.A.B. de C.V.'s outstanding shares at a single trading session, we must inform the public of such intention at least ten minutes before submitting our bid. If we intend to repurchase shares representing 3% or more of CEMEX, S.A.B. de C.V.'s outstanding shares during a period of 20 trading days, we are required to conduct a public tender offer for such shares. We must conduct share repurchases through the person or persons approved by CEMEX, S.A.B. de C.V.'s board of directors, through a single broker dealer during the relevant trading session, and without submitting bids during the first and the last 30 minutes of each trading session. We must inform the Mexican Stock Exchange of the results of any share repurchase no later than the business day following any such share repurchase.

Directors' and Shareholders' Conflict of Interest

Under Mexican law, any shareholder who has a conflict of interest with CEMEX, S.A.B. de C.V. with respect to any transaction is obligated to disclose such conflict and is prohibited from voting on that transaction. A shareholder who violates this prohibition may be liable for damages if the relevant transaction would not have been approved without that shareholder's vote.

Under Mexican law, any director who has a conflict of interest with CEMEX, S.A.B. de C.V. in any transaction must disclose that fact to the other directors and is prohibited from participating and being present during the deliberations and voting on that transaction. A director who violates this prohibition will be liable for damages and lost profits. Additionally, CEMEX, S.A.B. de C.V.'s directors may not represent shareholders in our shareholders' meetings.

Withdrawal Rights

Whenever CEMEX, S.A.B. de C.V.'s shareholders approve a change of corporate purpose, change of nationality or transformation from one form of corporate organization to another, Mexican law provides that any shareholder entitled to vote on that change who has voted against it may withdraw from CEMEX, S.A.B. de C.V. and receive an amount equal to the book value (in accordance with the latest balance sheet approved by the annual ordinary general shareholders' meeting) attributable to such shareholder's shares, provided that such shareholder exercises that right within 15 days following the meeting at which the change was approved.

Dividends

At the annual ordinary general shareholders' meeting, CEMEX, S.A.B. de C.V.'s board of directors submits, for approval by its shareholders, its financial statements together with a report on them prepared by its

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board of directors and the statutory auditors. CEMEX, S.A.B. de C.V.'s shareholders, once they have approved the financial statements, determine the allocation of our net income, after provision for income taxes, legal reserve and statutory employee profit sharing payments, for the preceding year. All shares of CEMEX, S.A.B. de C.V.'s capital stock outstanding at the time a dividend or other distribution is declared are entitled to share equally in that dividend or other distribution.

Liquidation Rights

In the event CEMEX, S.A.B. de C.V. is liquidated, the surplus assets remaining after payment of all its creditors will be divided among CEMEX, S.A.B. de C.V.'s shareholders in proportion to the respective shares held by them. The liquidator may, with the approval of CEMEX, S.A.B. de C.V.'s shareholders, distribute the surplus assets in kind among CEMEX, S.A.B. de C.V.'s shareholders, sell the surplus assets and divide the proceeds among CEMEX, S.A.B. de C.V.'s shareholders or put the surplus assets to any other uses agreed to by a majority of CEMEX, S.A.B. de C.V.'s shareholders voting at an extraordinary shareholders' meeting.

Differences Between Our Corporate Governance Practices and NYSE Standards for Domestic Companies

For a description of significant ways in which CEMEX, S.A.B. de C.V.'s corporate governance practices differ from those required of domestic companies under NYSE standards, please visit our website at www.cemex.com (under the heading "Investor Center/Corporate Governance").

Material Contracts

On March 17, 2006, CEMEX, S.A.B. de C.V. registered a Ps5 billion revolving promissory note program (*programa dual revolvente de certificados burstátiles*) with the Mexican securities authority. CEMEX, S.A.B. de C.V. has subsequently increased the authorized amount under this program. On March 31, 2010, we received authorization from the Mexican securities authority for a Ps10 billion revolving promissory note program.

On December 6, 2006, CEMEX España entered into a U.S.\$9 billion committed facilities agreement, to partially fund the acquisition of Rinker. The first facility was a U.S.\$3 billion 364-day multicurrency revolving loan denominated in Dollars or Euros with two optional 6-month extensions. The second facility is a multicurrency three-year U.S.\$3 billion term loan denominated in Dollars or Euros. The third facility is a multicurrency five-year U.S.\$3 billion term loan denominated in Dollars or Euros. On December 21, 2006, the facilities agreement was amended to include new lenders. The first facility was canceled on June 19, 2007, effective as of June 22, 2007. The facilities agreement was amended and restated on December 19, 2008, to incorporate, among other things, amendments to the leverage ratios and other technical amendments as well as to extend part of the maturities under the second facility; the facilities agreement was further amended and restated on January 27, 2009, to extend, re-tranche and re-denominate commitments under the second facility. On August 14, 2009, the facilities agreement was overridden by the Financing Agreement.

On December 18, 2006, CEMEX, through two special purpose vehicles, issued two tranches of fixed-to-floating rate callable Debentures. C5 Capital (SPV) Limited issued U.S.\$350 million in Debentures under the first tranche, with the issuer having the option to redeem such Debentures on December 31, 2011 and on each interest payment date thereafter. C10 Capital (SPV) Limited issued U.S.\$900 million in original principal amount of Debentures under the second tranche, with the issuer having the option to redeem such Debentures on December 31, 2016 and on each interest payment date thereafter. Both tranches pay coupons denominated in Dollars at a fixed rate until the call date and at a floating rate thereafter. On February 12, 2007, CEMEX, through a special purpose vehicle, issued a third tranche of fixed-to-floating rate callable Debentures. C8 Capital (SPV) Limited issued U.S.\$750 million in original principal amount of Debentures under this third tranche, with the issuer having the option to redeem such Debentures on December 31, 2014 and on each interest payment date thereafter. This third tranche also pays coupons denominated in Dollars at a fixed rate until the call date and at a floating rate thereafter. On May 9, 2007, CEMEX, through a special purpose vehicle, issued a

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fourth tranche of fixed-to-floating rate callable Debentures. C10-EUR Capital (SPV) Limited issued €730 million in original principal amount of Debentures under this fourth tranche, with the issuer having the option to redeem such Debentures on June 30, 2017 and on each interest payment date thereafter. This fourth tranche pays coupons denominated in Euros at a fixed rate until the call date and at a floating rate thereafter. Due to their perpetual nature and optional deferral of coupons, these transactions, in accordance with IFRS, qualify as equity.

On March 5, 2007, CEMEX Finance Europe B.V., issued €900 million in notes paying a fixed coupon of 4.75% and maturing in 2014. The notes have been listed for trading on the London Stock Exchange's Professional Securities Market. The notes are guaranteed by CEMEX España.

On June 2, 2008, CEMEX, through one of its subsidiaries, closed two identical U.S.\$525 million facilities with a group of relationship banks. The amounts outstanding under the facilities, because of the interest deferral provision and the option of CEMEX to extend the maturity of the principal amounts indefinitely, had been treated as equity for accounting purposes in accordance with IFRS, in the same manner as CEMEX's outstanding Debentures. Within the first three years that each facility is in place, CEMEX, subject to the satisfaction of specified conditions, had options to convert all (and not part) of the respective amounts outstanding under the respective facilities into maturity loans, each with a fixed maturity date of June 30, 2011. CEMEX exercised its conversion options under both facilities on December 31, 2008. The two facilities were amended on January 22, 2009. On August 14, 2009, the two facilities were overridden by the Financing Agreement.

In June 2008, CEMEX entered into a structured transaction comprised of: (i) a U.S.\$500 million Credit Agreement, dated June 25, 2008 and amended on December 18, 2008 and January 22, 2009, among CEMEX, S.A.B. de C.V., as borrower, CEMEX Mexico, as guarantor, and Banco Bilbao Vizcaya Argentaria, S.A. New York Branch, as lender; (ii) a U.S.\$500 million aggregate notional amount of Put Spread Option Confirmations, dated June 3, 2008 and June 5, 2008, between Centro Distribuidor de Cemento, S.A. de C.V. and Banco Santander, S.A., Institución de Banca Múltiple, Grupo Financiero Santander; and (iii) a Framework Agreement, dated June 25, 2008, by and among CEMEX, S.A.B. de C.V., CEMEX Mexico, Banco Santander (Mexico), S.A., Institución de Banca Múltiple, Grupo Financiero Santander and Banco Bilbao Vizcaya Argentaria, S.A. New York Branch. On August 14, 2009, the structured transaction was overridden by the Financing Agreement.

On January 27, 2009, CEMEX entered into a U.S.\$437.50 million and Ps4.77 billion joint bilateral facility. The credit agreement is guaranteed by CEMEX Mexico and CEMEX Concretos, S.A. de C.V. On August 14, 2009, the joint bilateral facility was overridden by the Financing Agreement.

On January 27, 2009, CEMEX España, entered into a U.S.\$617.5 million and €587.5 million joint bilateral facility. The joint bilateral facility is guaranteed by CEMEX, Inc. The joint bilateral facility was amended on January 30, 2009 to incorporate a number of minor technical modifications. On August 14, 2009, the joint bilateral facility was overridden by the Financing Agreement.

On August 14, 2009, we entered into the Financing Agreement. The Financing Agreement extended the maturities of approximately U.S.\$15 billion in syndicated and bilateral bank facilities and private placement obligations, providing for a semi-annual amortization schedule, with a final amortization payment of approximately U.S.\$6.7 billion on February 14, 2014, based on prevailing exchange rates as of December 31, 2011. For a description of recent activity with respect to the Financing Agreement see "Item 5—Operating and Financial Review and Prospects—Summary of Material Contractual Obligations and Commercial Commitments."

On September 28, 2009, we sold a total of 1,495 million CPOs, directly or in the form of ADSs, in a global offering for approximately U.S.\$1.8 billion in net proceeds pursuant to two underwriting agreements dated September 22, 2009: (i) the first by and among CEMEX, S.A.B. de C.V. and J.P. Morgan Securities Inc, Citigroup Global Markets Inc., and Santander Investment Securities, as Representatives of the several Underwriters listed in Schedule 1 thereto and (ii) the second by and among Acciones y Valores Banamex, S.A.

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de C.V., Casa de Bolsa, a company of Banamex, J.P. Morgan Casa de Bolsa, S.A. de C.V., J.P. Morgan Grupo Financiero, Casa de Bolsa Santander, S.A. de C.V., Grupo Financiero Santander, Casa de Bolsa BBVA Bancomer, S.A. de C.V., Grupo Financiero BBVA Bancomer, and HSBC Casa de Bolsa, S.A. de C.V., Grupo Financiero HSBC, CEMEX, S.A.B. de C.V., Centro Distribuidor de Cemento, S.A. de C.V., Empresas Tolteca de Mexico, S.A. de C.V. and Petrocemex, S.A. de C.V.

On November 11, 2009, we launched an exchange offer in Mexico, in transactions exempt from registration pursuant to Regulation S under the Securities Act, directed to holders of CBs maturing on or before December 31, 2012, in order to exchange such CBs for the Mandatory Convertible Securities. Pursuant to the exchange offer, on December 10, 2009, we issued approximately Ps4.1 billion (approximately U.S.\$315 million) in Mandatory Convertible Securities in exchange for CBs with original maturities of approximately Ps325 million, Ps1.7 billion and Ps2.1 billion in 2010, 2011 and 2012, respectively, that were canceled. The Mandatory Convertible Securities are mandatorily convertible into newly issued CPOs at an initial conversion price of Ps23.92 per CPO (calculated as the volume-weighted average price of the CPO for the ten trading days prior to the closing of the exchange offer multiplied by a conversion premium of approximately 1.65), accrue interest, payable in cash, at 10% per annum, provide for the payment of a cash penalty fee, equal to approximately one year of interest, upon the occurrence of certain anticipated conversion events, and mature on November 28, 2019. After giving effect to any dilution adjustments in respect of the recapitalization of earnings approved by shareholders at the 2010 shareholders' meeting, the conversion price for the Mandatory Convertible Securities is approximately Ps22.12 (402.3552 CPOs per Ps8,900 of principal amount of Mandatory Convertible Securities), as of the date hereof. Under IFRS, the Mandatory Convertible Securities represent a combined instrument with liability and equity components. The liability component, approximately Ps1,994 million as of December 31, 2010, corresponds to the net present value of interest payments due under the Mandatory Convertible Securities, assuming no early conversion, and was recognized under "Other Financial Obligations" in our balance sheet. The equity component, approximately Ps1,971 million as of December 31, 2010, represents the difference between principal amount and the liability component and was recognized within "Other equity reserves" net of commissions in our balance sheet. See notes 12A and 16B in our consolidated financial statements included elsewhere in this annual report.

On December 14, 2009, our subsidiary, CEMEX Finance LLC, issued U.S.\$1,250 million aggregate principal amount and €350 million aggregate principal amount of December 2009 Notes, in transactions exempt from registration pursuant to Rule 144A and Regulation S under the Securities Act. On January 19, 2010, our subsidiary, CEMEX Finance LLC, issued U.S.\$500 million additional aggregate principal amount of December 2009 Notes. The payment of principal, interest and premium, if any, on the December 2009 Notes are fully and unconditionally guaranteed by CEMEX, S.A.B. de C.V., CEMEX Mexico, CEMEX España, CEMEX Corp., CEMEX Concretos, S.A. de C.V., Empresas Tolteca de México, S.A. de C.V. and New Sunward. The December 2009 Notes are secured by a first-priority security interest over the Collateral and all proceeds of such Collateral, unless and until the Collateral shall have been released as provided for in the December 2009 Notes Indentures and under the Intercreditor Agreement. We used the net proceeds from the offerings of the December 2009 Notes to repay indebtedness under the Financing Agreement and for general corporate purposes.

On March 30, 2010, we closed the offering of U.S.\$715 million of the 2010 Optional Convertible Subordinated Notes, including the initial purchasers' exercise in full of their over-allotment option, in transactions exempt from registration pursuant to Rule 144A under the Securities Act. The conversion rate at issuance was 73.5402 ADSs per U.S.\$1,000 principal amount of 2010 Optional Convertible Subordinated Notes and has been adjusted to 76.4818 ADSs per U.S.\$1,000 principal amount of 2010 Optional Convertible Subordinated Notes, reflecting the issuance of CPOs in connection with the recapitalization of earnings approved by shareholders at the 2010 annual shareholders meeting.

On May 12, 2010, our subsidiary CEMEX España, acting through its Luxembourg branch, issued U.S.\$1,067,665,000 aggregate principal amount and €115,346,000 aggregate principal amount of May 2010 Notes, in exchange for a majority in principal amount of the then outstanding Debentures pursuant to exchange

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offers, in private transactions exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation S under the Securities Act. CEMEX, S.A.B. de C.V., CEMEX Mexico and New Sunward have fully and unconditionally guaranteed the performance of all obligations of CEMEX España under the May 2010 Notes on a senior basis. The payment of principal, interest and premium, if any, on the May 2010 Notes is secured by a first-priority security interest over the Collateral and all proceeds of such Collateral.

On January 11, 2011, we closed the offering of U.S.\$1.0 billion aggregate principal amount of January 2011 Notes, in a transaction exempt from registration pursuant to Rule 144A and Regulation S under the Securities Act. The payment of principal, interest and premium, if any, on the January 2011 Notes are fully and unconditionally guaranteed by CEMEX Mexico, New Sunward and CEMEX España. The January 2011 Notes are secured by a first-priority security interest over the Collateral and all proceeds of such Collateral. The 9.000% Senior Secured Notes were issued at a price of U.S.\$99.364 per U.S.\$100 principal amount plus accrued interest from January 11, 2011. The net proceeds from the offering, approximately U.S.\$981 million were used for general corporate purposes including repayment of indebtedness, including indebtedness under the Financing Agreement.

On March 15, 2011, CEMEX, S.A.B. de C.V. issued U.S.\$1,667,500,000 aggregate principal amount of the 2011 Optional Convertible Subordinated Notes, including the initial purchasers' exercise in full of their over-allotment options, in transactions exempt from registration pursuant to Rule 144A and Regulation S under the Securities Act. The 2011 Optional Convertible Subordinated Notes are convertible into ADSs, at any time after June 30, 2011. The initial conversion price for the 2011 Optional Convertible Subordinated Notes was equivalent to approximately U.S.\$11.28 per ADS, a 30% premium to the closing price of ADSs on March 9, 2011. The conversion rate has been adjusted to 95.8525 ADSs per U.S.\$1,000 principal amount of 2011 Optional Convertible Subordinated Notes, reflecting the issuance of CPOs in connection with the recapitalization of earnings approved by shareholders at the 2011 annual shareholders' meeting held on February 23, 2012. We used a portion of the net proceeds from the offering of the 2011 Optional Convertible Subordinated Notes to fund the purchase of capped call transactions, which are expected generally to reduce the potential cost to CEMEX upon future conversion of the 2011 Optional Convertible Subordinated Notes.

On April 5, 2011, we closed the offering of U.S.\$800 million aggregate principal amount of the April 2011 Notes in a transaction exempt from registration pursuant to Rule 144A and Regulation S under the Securities Act. The payment of principal, interest and premium, if any, on the April 2011 Notes is fully and unconditionally guaranteed by CEMEX Mexico, New Sunward and CEMEX España. The April 2011 Notes are secured by a first-priority security interest over the Collateral and all proceeds of such Collateral. The April 2011 Notes were issued at a price of U.S.\$99.001 per U.S.\$100 principal amount. The net proceeds from the offering, approximately U.S.\$788 million, were used to repay indebtedness under the Financing Agreement.

In July 2011, we closed the offering of U.S.\$650,000,000 aggregate principal amount of the Additional January 2011 Notes.

On March 28, 2012, CEMEX España, acting through its Luxembourg branch, issued U.S.\$703,861,000 aggregate principal amount and €179,219,000 aggregate principal amount of the March 2012 Notes in exchange for Debentures and Eurobonds pursuant to separate private placement exchange offers directed to the holders of Debentures and Eurobonds, in transactions exempt from registration pursuant to Section 4(2) of the Securities Act. Such exchange offers were made within the United States only to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act), and outside the United States to persons that are not "U.S. persons," as such term is defined in Rule 902(k) of Regulation S under the Securities Act and who participated in the transactions in accordance with Regulation S. The payment of principal, interest and premium, if any, on such notes is secured by a first-priority security interest over the Collateral and all proceeds of such Collateral.

See "Item 5—Operating and Financial Review and Prospects—Summary of Material Contractual Obligations and Commercial Commitments" for a description of additional material contracts.

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Exchange Controls

See “Item 3—Key Information—Mexican Peso Exchange Rates.”

Taxation

Mexican Tax Considerations

General

The following is a summary of certain Mexican federal income tax considerations relating to the ownership and disposition of our CPOs or ADSs.

This summary is based on Mexican income tax law that is in effect on the date of this annual report, which is subject to change. This summary is limited to non-residents of Mexico, as defined below, who own our CPOs or ADSs. This summary does not address all aspects of Mexican income tax law. Holders are urged to consult their tax counsel as to the tax consequences that the purchase, ownership and disposition of our CPOs or ADSs, may have.

For purposes of Mexican taxation, an individual is a resident of Mexico if he or she has established his or her home in Mexico. If the individual also has a home in another country, he or she will be considered a resident of Mexico if his or her center of vital interests is in Mexico. Under Mexican law, an individual’s center of vital interests is in Mexico if, among other things:

- more than 50% of the individual’s total income in the relevant year comes from Mexican sources; or
- the individual’s main center of professional activities is in Mexico.

Mexican nationals that are employed by the Mexican government are deemed residents of Mexico, even if his or her center of vital interests is located outside of Mexico. Unless otherwise proven, Mexican nationals are deemed residents of Mexico for tax purposes.

A legal entity is a resident of Mexico if it is organized under the laws of Mexico or if it maintains the principal administration of its business or the effective location of its management in Mexico.

A Mexican citizen is presumed to be a resident of Mexico for tax purposes unless such person or entity can demonstrate otherwise. If a legal entity or an individual is deemed to have a permanent establishment in Mexico for tax purposes, all income attributable to such permanent establishment will be subject to Mexican taxes, in accordance with relevant tax provisions.

Individuals or legal entities that cease to be residents of Mexico must notify the tax authorities within 15 business days before their change of residency.

A non-resident of Mexico is a legal entity or individual that does not satisfy the requirements to be considered a resident of Mexico for Mexican federal income tax purposes.

Taxation of Dividends

Dividends, either in cash or in any other form, paid to non-residents of Mexico with respect to A shares or B shares represented by the CPOs (or in the case of holders who hold CPOs represented by ADSs), will not be subject to withholding tax in Mexico.

Disposition of CPOs or ADSs

Gains on the sale or disposition of ADSs by a holder who is a non-resident of Mexico will not be subject to Mexican tax.

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Gains on the sale or disposition of CPOs by a holder who is a non-resident of Mexico will not be subject to any Mexican tax if the sale is carried out through the Mexican Stock Exchange or other recognized securities market, as determined by Mexican tax authorities. Gains realized on sales or other dispositions of CPOs by non-residents of Mexico made in other circumstances would be subject to Mexican income tax.

Under the terms of the Convention Between the United States and Mexico for Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Income Taxes, and a Protocol thereto, the Tax Treaty, gains obtained by a U.S. Shareholder eligible for benefits under the Tax Treaty on the disposition of CPOs will not generally be subject to Mexican tax, provided that such gains are not attributable to a permanent establishment of such U.S. Shareholder in Mexico and that the eligible U.S. Shareholder did not own, directly or indirectly, 25% or more of our outstanding stock during the 12-month period preceding the disposition. In the case of non-residents of Mexico eligible for the benefits of a tax treaty, gains derived from the disposition of ADSs or CPOs may also be exempt, in whole or in part, from Mexican taxation under a treaty to which Mexico is a party.

Deposits and withdrawals of ADSs will not give rise to any Mexican tax or transfer duties.

The term U.S. Shareholder shall have the same meaning ascribed below under the section “— U.S. Federal Income Tax Considerations.”

Estate and Gift Taxes

There are no Mexican inheritance or succession taxes applicable to the ownership, transfer or disposition of ADSs or CPOs by holders that are non-residents of Mexico, although gratuitous transfers of CPOs may, in some circumstances, cause a Mexican federal tax to be imposed upon a recipient. There are no Mexican stamp, issue, registration or similar taxes or duties payable by holders of ADSs or CPOs.

U.S. Federal Income Tax Considerations

General

The following is a summary of the material U.S. federal income tax consequences relating to the ownership and disposition of our CPOs and ADSs.

This summary is based on provisions of the U.S. Internal Revenue Code, or the Code, of 1986, as amended, U.S. Treasury regulations promulgated under the Code, and administrative rulings, and judicial interpretations of the Code, all as in effect on the date of this annual report and all of which are subject to change, possibly retroactively. This summary is limited to U.S. Shareholders (as defined below) who hold our ADSs or CPOs, as the case may be, as capital assets. This summary does not discuss all aspects of U.S. federal income taxation which may be important to an investor in light of its individual circumstances, for example, an investor subject to special tax rules (e.g., banks, thrifts, real estate investment trusts, regulated investment companies, insurance companies, dealers in securities or currencies, expatriates, tax-exempt investors, persons who own 10% or more of our voting stock, or holders whose functional currency is not the Dollar or U.S. Shareholders who hold a CPO or an ADS as a position in a “straddle,” as part of a “synthetic security” or “hedge,” as part of a “conversion transaction” or other integrated investment, or as other than a capital asset). In addition, this summary does not address any aspect of state, local or foreign taxation.

For purposes of this summary, a “U.S. Shareholder” means a beneficial owner of CPOs or ADSs, who is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States for U.S. federal income tax purposes;
- a corporation or other entity taxable as a corporation that is created or organized in the United States or under the laws of the United States or any political subdivision thereof;

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- an estate the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (i) is subject to the primary supervision of a court within the United States and with respect to which one or more U.S. persons are authorized to control all substantial decisions or (ii) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person.

If a partnership (including any entity treated as a partnership for U.S. federal income tax purposes) is the beneficial owner of CPOs or ADSs, the U.S. federal income tax treatment of a partner in such partnership will generally depend upon the status of the partner and the activities of the partnership. A partner in a partnership that is the beneficial owner of CPOs or ADSs is urged to consult its own tax advisor regarding the associated tax consequences.

U.S. Shareholders should consult their own tax advisors as to the particular tax consequences to them under United States federal, state and local, and foreign laws relating to the ownership and disposition of our CPOs and ADSs.

Ownership of CPOs or ADSs in general

In general, for U.S. federal income tax purposes, U.S. Shareholders who own ADSs will be treated as the beneficial owners of the CPOs represented by those ADSs, and each CPO will represent a beneficial interest in two A shares and one B share.

Taxation of distributions with respect to CPOs and ADSs

A distribution of cash or property with respect to the A shares or B shares represented by CPOs, including CPOs represented by ADSs, generally will be treated as a dividend to the extent paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, and will be includible in the gross income of a U.S. Shareholder as foreign source “passive” income on the date the distribution is received by the CPO trustee or successor thereof. Any such dividend will not be eligible for the dividends-received deduction allowed to corporate U.S. Shareholders. To the extent, if any, that the amount of any distribution by us exceeds our current and accumulated earnings and profits as determined under U.S. federal income tax principles, it will be treated first as a tax-free return of the U.S. Shareholder’s adjusted tax basis in the CPOs or ADSs, as applicable, and thereafter as capital gain.

The gross amount of any dividends paid in Pesos will be includible in the income of a U.S. Shareholder in a Dollar amount calculated by reference to the exchange rate in effect the day the Pesos are received by the CPO trustee or successor thereof whether or not the Pesos are converted into Dollars on that day. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend payment is includible in income to the date such payment is converted into Dollars will be treated as ordinary income or loss. Such gain or loss will generally be income from sources within the United States for foreign tax credit limitation purposes.

Dividend income is generally taxed as ordinary income. However, a maximum United States federal income tax rate of 15 percent will apply to “qualified dividend income” received by U.S. Shareholders that are individuals (as well as certain trusts and estates) in taxable years beginning before January 1, 2011, provided that certain holding period requirements are met. “Qualified dividend income” includes dividends paid on shares of “qualified foreign corporations” if, among other things: (i) the shares of the foreign corporation are readily tradable on an established securities market in the United States, or (ii) the foreign corporation is eligible with respect to substantially all of its income for the benefits of a comprehensive income tax treaty with the United States which contains an exchange of information program.

We believe that we are a “qualified foreign corporation” because (i) the ADSs trade on the New York Stock Exchange and (ii) we are eligible for the benefits of the comprehensive income tax treaty between Mexico and

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the United States which includes an exchange of information program. Accordingly, we believe that any dividends we pay should constitute “qualified dividend income” for United States federal income tax purposes. We cannot assure you, however, that we will continue to be considered a “qualified foreign corporation” and that our dividends will continue to be “qualified dividend income.”

Taxation of capital gains on disposition of CPOs or ADSs

The sale, exchange, redemption, or other disposition of CPOs or ADSs will result in the recognition of gain or loss by a U.S. Shareholder for U.S. federal income tax purposes in an amount equal to the difference between the amount realized on the disposition and the U.S. Shareholder’s tax basis in the CPOs or ADSs, as applicable. Such gain or loss will be long-term capital gain or loss if the U.S. Shareholder’s holding period for the CPOs or ADSs exceeds one year at the time of disposition. Long-term capital gain recognized by a U.S. Shareholder that is an individual (as well as certain trusts and estates) upon the sale or exchange of CPOs or ADSs in a taxable year which begins before January 1, 2011 generally will be subject to a maximum United States federal income tax rate of 15 percent. The deduction of capital losses is subject to limitations. Gain from the disposition of CPOs or ADSs generally will be treated as a U.S. source for foreign tax credit purposes; losses generally will be allocated against U.S. source income. Deposits and withdrawals of CPOs by U.S. Shareholders in exchange for ADSs will not result in the realization of gain or loss for U.S. federal income tax purposes.

United States backup withholding and information reporting

A U.S. Shareholder may, under certain circumstances, be subject to information reporting with respect to some payments to that U.S. Shareholder such as dividends or the proceeds of a sale or other disposition of the CPOs or ADSs. Backup withholding at a rate of 28 percent also may apply to amounts paid to such holder unless such holder (i) is a corporation or comes within certain exempt categories and demonstrates this fact when so required, or (ii) provides a correct taxpayer identification number and otherwise complies with applicable requirements of the backup withholding rules. Backup withholding is not an additional tax. Amounts withheld as backup withholding may be creditable against the U.S. Shareholder’s federal income tax liability, and the U.S. Shareholder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the Internal Revenue Service (“IRS”) and timely furnishing any required information.

Pursuant to the Hiring Incentives to Restore Employment Act enacted on March 18, 2010, an individual U.S. Shareholder may be required to submit to the IRS certain information with respect to his or her beneficial ownership of CPOs or ADSs, unless such CPOs or ADSs are held on his or her behalf by a U.S. financial institution. The new law also imposes penalties if an individual U.S. Shareholder is required to submit such information to the IRS and fails to do so. U.S. Shareholders should consult their tax advisors regarding the application of the new law in their particular circumstances.

Documents on Display

We are subject to the informational requirements of the Securities Exchange Act of 1934 and, in accordance with these requirements, file reports and information statements and other information with the SEC. These reports and information statements and other information filed by us with the SEC can be inspected and copied at the public reference room of the SEC at 100 F Street, N.E., Washington, D.C. 20549.

In reviewing the agreements included as exhibits to this annual report, please remember they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about us or the other parties to the agreements.

The agreements may contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

- should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;

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- have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;
- may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and
- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time.

Item 11—Qualitative and Quantitative Disclosures About Market Risk

See “Item 5 — Operating and Financial Review and Prospects—Qualitative and Quantitative Market Disclosure—Our Derivative Financial Instruments.”

Item 12—Description of Securities Other than Equity Securities

Item 12A—Debt Securities

Not applicable.

Item 12B—Warrants and Rights

Not applicable.

Item 12C—Other Securities

Not applicable.

Item 12D—American Depositary Shares

Depository Fees and Charges

Under the terms of the Deposit Agreement for CEMEX, S.A.B. de C.V.’s ADSs, an ADS holder may have to pay the following service fees to the depository:

<u>Services</u>	<u>Fees</u>
Issuance of ADSs upon deposit of eligible securities	Up to 5¢ per ADS issued.
Surrender of ADSs for cancellation and withdrawal of deposited securities	Up to 5¢ per ADS surrendered.
Exercise of rights to purchase additional ADSs	Up to 5¢ per ADS issued.
Distribution of cash (i.e., upon sale of rights and other entitlements)	Up to 2¢ per ADS held.

An ADS holder also is responsible to pay fees and expenses incurred by the ADS depository and taxes and governmental charges including, but not limited to:

- transfer and registration fees charged by the registrar and transfer agent for eligible and deposited securities, such as upon deposit of eligible securities and withdrawal of deposited securities;
- expenses incurred for converting foreign currency into Dollars;
- expenses for cable, telex and fax transmissions and for delivery of securities;

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- expenses incurred in connection with compliance with exchange control regulations and other applicable regulatory requirements;
- fees and expenses incurred in connection with the delivery of deposited securities; and
- taxes and duties upon the transfer of securities, such as when eligible securities are deposited or withdrawn from deposit.

We have agreed to pay some of the other charges and expenses of the ADS depository. Note that the fees and charges that a holder of ADSs is required to pay may vary over time and may be changed by us and by the ADS depository. ADS holders will receive notice of the changes. The fees described above may be amended from time to time.

Depository Payments for the Year Ended December 31, 2011

In 2011, we received approximately U.S.\$2,355,116.34 (after applicable U.S. taxes) from our Depository Bank, Citibank, N.A., to reimburse us for contributions towards our investor relations activities (including but not limited to investor meetings, conferences, and fees to investor relations service vendors), and other miscellaneous expenses related to the listing of our ADSs on the NYSE.

PART II

Item 13—Defaults, Dividend Arrearages and Delinquencies

None.

Item 14—Material Modifications to the Rights of Security Holders and Use of Proceeds

None.

Item 15—Controls and Procedures

Disclosure Controls and Procedures

Our management has evaluated, with the participation of our Chief Executive Officer and Executive Vice President of Finance and Administration, the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report, and has concluded that our disclosure controls and procedures were effective as of December 31, 2011.

Management’s Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934). Under the supervision and with the participation of our management, including our Chief Executive Officer and principal financial and accounting officers, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in “Internal Control—Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management has concluded that internal control over financial reporting was effective as of December 31, 2011.

KPMG Cárdenas Dosal, S.C., the registered public accounting firm that audited our financial statements included elsewhere in this annual report, has issued an attestation report on our internal control over financial reporting, which is included in page F-3 of this report.

Attestation Report of the Registered Public Accounting Firm

KPMG Cárdenas Dosal, S.C.’s report on our internal control over financial reporting appears on page F-3 of this report, and is incorporated herein by reference.

Changes in Internal Control Over Financial Reporting

During 2011, we continued with the implementation of our Enterprise Resource Planning (“ERP”) system in Mexico, Spain, Central America and United Arab Emirates, in order to support our business model. We plan to continue with the implementation of this platform over the course of 2012 for the rest of our operations. Our management believes this business model improves the efficiency of our operations and financial information process.

In addition, our financial reporting framework changed from MFRS to IFRS as described in this annual report. The adoption of IFRS impacts our presentation of financial results and accompanying disclosures. We have evaluated the impact on our processes, controls and financial reporting systems and has made modifications to our control environment accordingly.

We have not identified other changes in our internal control over financial reporting during 2011 that could have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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Item 16—[RESERVED]

Item 16A—Audit Committee Financial Expert

Our board of directors has determined that it has at least one “audit committee financial expert” (as defined in Item 16A of Form 20-F) serving on its audit committee. Mr. José Manuel Rincón Gallardo meets the requisite qualifications.

Item 16B—Code of Ethics

We have adopted a written code of ethics that applies to all our senior executives, including our principal executive officer, principal financial officer and principal accounting officer.

You may view our code of ethics in the corporate governance section of our website (www.cemex.com), or you may request a copy of our code of ethics, at no cost, by writing to or telephoning us as follows:

CEMEX, S.A.B. de C.V.
Avenida Ricardo Margáin Zozaya #325
Colonia Valle del Campestre
Garza García, Nuevo León, México 66265.
Attn: Luis Hernández
Telephone: (011-5281) 8888-8888

Item 16C—Principal Accountant Fees and Services

Audit Fees: KPMG Cárdenas Dosal, S.C. in Mexico and KPMG firms worldwide charged us approximately Ps177 million in fiscal year 2011 in connection with the professional services rendered for the audit of our annual financial statements and services normally provided by them relating to statutory and regulatory filings or engagements. In fiscal year 2010, KPMG Cárdenas Dosal, S.C. in Mexico and KPMG firms worldwide billed us approximately Ps228 million for these services.

Audit-Related Fees: KPMG Cárdenas Dosal, S.C. in Mexico and KPMG firms worldwide billed us approximately Ps15 million in fiscal year 2011 for assurance and related services reasonably related to the performance of our audit. In fiscal year 2010, KPMG Cárdenas Dosal, S.C. in Mexico and KPMG firms worldwide charged us approximately Ps33 million for audit-related services.

Tax Fees: KPMG Cárdenas Dosal, S.C. in Mexico and KPMG firms worldwide charged us approximately Ps13 million in fiscal year 2011 for tax compliance, tax advice and tax planning. KPMG Cárdenas Dosal, S.C. in Mexico and KPMG firms worldwide billed us approximately Ps24 million for tax-related services in fiscal year 2010.

All Other Fees: KPMG Cárdenas Dosal, S.C. in Mexico and KPMG firms worldwide billed us Ps15 million in fiscal year 2011 for products and services other than those comprising audit fees, audit-related fees and tax fees. In fiscal year 2010, KPMG Cárdenas Dosal, S.C. in Mexico and KPMG firms worldwide charged us approximately Ps21 million for products and services in this category. These fees relate mainly to services provided by KPMG to us with respect to our due diligence activities around the world.

Audit Committee Pre-Approval Policies and Procedures

Our audit committee is responsible, among other things, for the appointment, compensation and oversight of our external auditors. To assure the independence of our independent auditors, our audit committee pre-approves annually a catalog of specific audit and non-audit services in the categories Audit Services, Audit-Related Services, Tax-Related Services, and Other Services that may be performed by our auditors, as well as the

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budgeted fee levels for each of these categories. All other permitted services must receive a specific approval from our audit committee. Our external auditor periodically provides a report to our audit committee in order for our audit committee to review the services that our external auditor is providing, as well as the status and cost of those services.

During 2011, there were no services provided to us by our external auditors that were performed pursuant to the *de minimis* exception.

Item 16D—Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16E—Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Not applicable.

Item 16F—Change in Registrant’s Certifying Accountant

Not applicable.

Item 16G—Corporate Governance

Section 303A.11 of the NYSE Listed Company Manual (“LCM”), requires that listed foreign private issuers, such as CEMEX, disclose any significant ways in which their corporate governance practices differ from those followed by U.S. companies under NYSE listing standards.

CEMEX’s corporate governance practices are governed by its bylaws, by the corporate governance provisions set forth in the *Ley del Mercado de Valores* (the “Mexican Securities Market Law”), the *Circular de Emisoras* (the “Mexican Regulation for Issuers”) issued by the *Comisión Nacional Bancaria y de Valores* (the “Mexican Banking and Securities Commission”) and the *Reglamento Interior de la Bolsa Mexicana de Valores* (the “Mexican Stock Exchange Rules”) (the Mexican Securities Market Law, the Mexican Regulation for Issuers and the Mexican Stock Exchange Rules, collectively the “Mexican Laws and Regulations”), and by applicable U.S. securities laws. CEMEX is also subject to the rules of the NYSE to the extent they apply to foreign private issuers. Except for those specific rules, foreign private issuers are permitted to follow home country practice in lieu of the provisions of Section 303A of the LCM.

CEMEX, on a voluntary basis, also complies with the *Código de Mejores Prácticas Corporativas* (the “Mexican Code of Best Corporate Practices”) as indicated below, which was promulgated by a committee established by the *Consejo Coordinador Empresarial* (“Mexican Corporate Coordination Board”). The Mexican Corporate Coordination Board provides recommendations for better corporate governance practices for listed companies in Mexico, and the Mexican Code of Best Corporate Practices has been endorsed by the Mexican Banking and Securities Commission.

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The following is a summary of significant ways in which our corporate governance practices differ from those required to be followed by U.S. domestic companies under the NYSE's listing standards.

NYSE LISTING STANDARDS

CEMEX CORPORATE GOVERNANCE PRACTICE

303A.01

Listed companies must have a majority of independent directors.

Pursuant to the Mexican securities market law, CEMEX, S.A.B. de C.V. is required to have a board of directors with a maximum of 21 members, 25% of whom must be independent. Determination as to the independence of CEMEX, S.A.B. de C.V.'s directors is made upon their election by CEMEX, S.A.B. de C.V.'s shareholders at the corresponding meeting. Currently, CEMEX, S.A.B. de C.V.'s Board of Directors has 12 members and 3 alternate members, of which more than 25% are independent under the Mexican Securities Market Law.

The Mexican Securities Market Law sets forth, in article 26, the definition of "independence," which differs from the one set forth in Section 303A.02 of the LCM. Generally, under the Mexican Securities Market Law, a director is not independent if such director is an employee or officer of the company or its subsidiaries; an individual that has significant influence over the company or its subsidiaries; a shareholder that is part of a group that controls the company; or, if there exist certain relationships between a company and a director, entities with which the director is associated or family members of the director.

303A.03

Non-management directors must meet at regularly executive sessions without management.

Under CEMEX, S.A.B. de C.V.'s bylaws and the Mexican Laws and Regulations, our non-management and independent directors are not required to meet in executive sessions. Our Board of Directors must meet at least once every three months.

303A.04

Listed companies must have a nominating/corporate governance committee composed of independent directors.

Under CEMEX, S.A.B. de C.V.'s bylaws and the Mexican Laws and Regulations, we are not required to have a nominating committee. We do not have such a committee.

Our Corporate Practices Committee operates pursuant to the provisions of the Mexican securities market law and CEMEX, S.A.B. de C.V.'s bylaws. Our Corporate Practices Committee is composed of 3 independent directors.

Our Corporate Practices Committee is responsible for evaluating the performance of our executive officers; reviewing related party transactions; reviewing the compensation paid to executive officers; evaluating any waivers granted to directors or executive officers for their taking of corporate opportunities; and carrying out the activities described under Mexican law.

Our Corporate Practices Committee meets as required by CEMEX, S.A.B. de C.V.'s bylaws and by the Mexican Laws and Regulations.

303A.05

Listed companies must have a compensation committee composed of independent directors.

Under CEMEX, S.A.B. de C.V.'s bylaws and the Mexican Laws and Regulations, we are not required to have a compensation committee. We do not have such committee.

303A.06

Listed companies must have an audit committee that satisfies the requirements of Rule 10A-3 under the Exchange Act.

CEMEX, S.A.B. de C.V.'s Audit Committee operates pursuant to the provisions of the Mexican Securities Market Law and CEMEX, S.A.B. de C.V.'s bylaws.

CEMEX, S.A.B. de C.V.'s Audit Committee is composed of 3 members. According to CEMEX, S.A.B. de C.V.'s by-laws, all of the members must be independent.

CEMEX, S.A.B. de C.V.'s Audit Committee is responsible for evaluating the company's internal controls and procedures, identifying any material deficiencies it finds; following up with any corrective or preventive measures adopted with respect to the non-compliance with the operation and accounting guidelines and policies; evaluating the performance of the external auditors; describing and valuating those non-audit services rendered by the external auditor; reviewing the company's financial statements; assessing the effects of any modifications to the accounting policies approved during a fiscal year; overseeing measures adopted as result of any observations made by shareholders, directors, executive officers, employees or any third parties with respect to accounting, internal controls and internal and external audit, as well as any complaints regarding irregularities on management, including anonymous and confidential methods for addressing concerns raised by employees; assuring the execution of resolutions adopted at shareholders' or board of directors' meetings.

CEMEX, S.A.B. de C.V.'s Board of Directors has determined that it has an "audit committee financial expert," for purposes of the Sarbanes-Oxley Act of 2002, serving on its Audit Committee.

CEMEX, S.A.B. de C.V.'s Audit Committee meets as required by CEMEX, S.A.B. de C.V.'s bylaws and by the Mexican Laws and Regulations.

303A.09

Listed companies must adopt and disclose corporate governance guidelines.

Under CEMEX, S.A.B. de C.V.'s bylaws and the Mexican Laws and Regulations, we are not required to adopt corporate governance guidelines, but, on an annual basis, we file a report with the Mexican Stock Exchange regarding our compliance with the Mexican Code of Best Corporate Practices.

303A.10

Listed companies must adopt and disclose a code of business conduct and ethics for directors, officers and employees, and promptly disclose any waivers of the code for directors or executive officers.

CEMEX, S.A.B. de C.V. has adopted a written code of ethics that applies to all of our employees, including our principal executive officer, principal financial officer and principal accounting officer.

Equity compensation plans

Equity compensation plans require shareholder approval, subject to limited exemptions.

Shareholder approval is not expressly required under CEMEX, S.A.B. de C.V.'s bylaws for the adoption and amendment of an equity compensation plan. No equity compensation plans have been submitted for approval by our shareholders.

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Item 16H—Mine Safety Disclosure

The information concerning mine safety violations and other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act is included in Exhibit 15.1 to this annual report on Form 20-F.

PART III

Item 17—Financial Statements

Not applicable.

Item 18—Financial Statements

See pages F-1 through F-102, incorporated herein by reference.

Item 19—Exhibits

- 1.1 Amended and Restated By-laws of CEMEX, S.A.B. de C.V.(a)
- 2.1 Form of Trust Agreement between CEMEX, S.A.B. de C.V., as founder of the trust, and Banco Nacional de México, S.A. regarding the CPOs.(b)
- 2.2 Amendment Agreement to the Trust Agreement dated November 21, 2002, between CEMEX, S.A.B. de C.V., as founder of the trust, and Banco Nacional de México, S.A. regarding the CPOs.(c)
- 2.3 Form of CPO Certificate.(b)
- 2.4 Form of Second Amended and Restated Deposit Agreement (A and B share CPOs), dated August 10, 1999, among CEMEX, S.A.B. de C.V., Citibank, N.A. and holders and beneficial owners of American Depositary Shares.(b)
- 2.4.1 Amendment No. 1 to the Second Amended and Restated Deposit Agreement, dated as of July 1, 2005, by and among CEMEX, S.A.B. de C.V., Citibank, N.A., as Depositary, and all holders and beneficial owners from time to time of American Depositary Shares evidenced by American Depositary Receipts issued thereunder, including the form of ADR attached thereto.(j)
- 2.4.2 Letter Agreement, dated October 12, 2007, by and between CEMEX, S.A.B. de C.V. and Citibank, N.A., as Depositary, supplementing the Second Amended and Restated Deposit Agreement, as amended, to enable the Depositary to establish a direct registration system for the ADSs.(j)
- 2.4.3 Letter Agreement, dated March 30, 2010 by and between CEMEX, S.A.B. de C.V. and Citibank, N.A., as Depositary, supplementing the Second Amended and Restated Deposit Agreement, as amended, to set forth the terms upon which CEMEX, S.A.B. de C.V. is to deposit CPOs upon conversion of the 4.875% Subordinated Convertible Notes due 2015, and the Depositary is to issue ADSs upon deposit of such CPOs.(l)
- 2.4.4 Letter Agreement, dated March 30, 2010 by and between CEMEX, S.A.B. de C.V. and Citibank, N.A., as Depositary, supplementing the Second Amended and Restated Deposit Agreement, as amended, to set forth the terms upon which CEMEX, S.A.B. de C.V. is to establish a restricted ADS series.(l)
- 2.4.5 Letter Agreement, dated March 15, 2011 by and between CEMEX, S.A.B. de C.V. and Citibank, N.A., as Depositary, supplementing the Second Amended and Restated Deposit Agreement, as amended, to set forth the terms upon which CEMEX, S.A.B. de C.V. is to deposit CPOs upon conversion of the 3.25% Subordinated Convertible Notes due 2016 and 3.75% Subordinated Convertible Notes due 2018, and the Depositary is to issue ADSs upon deposit of such CPOs.(l)
- 2.4.6 Letter Agreement, dated March 15, 2011 by and between CEMEX, S.A.B. de C.V. and Citibank, N.A., as Depositary, supplementing the Second Amended and Restated Deposit Agreement, as amended, to set forth the terms upon which CEMEX, S.A.B. de C.V. is to establish a restricted ADS series.(l)
- 2.5 Form of American Depositary Receipt (included in Exhibit 2.3) evidencing American Depositary Shares.(b)
- 2.6 Form of Certificate for shares of Series A Common Stock of CEMEX, S.A.B. de C.V.(b)

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- 2.7 Form of Certificate for shares of Series B Common Stock of CEMEX, S.A.B. de C.V.(b)
- 4.1 €250,000,000 and ¥19,308,000,000 Amended and Restated Term and Revolving Facilities Agreement, originally dated March 30, 2004, amended on October 10, 2006 and April 7, 2009, among CEMEX España, as borrower, Banco Bilbao Vizcaya Argentaria, S.A. and Société Générale, as mandated lead arrangers, and the several banks and other financial institutions named therein, as lenders.(i)
- 4.2 U.S.\$700,000,000 Amended and Restated Credit Agreement, dated June 6, 2005, among CEMEX, S.A.B. de C.V., as borrower and CEMEX Mexico, S.A. de C.V. and Empresas Tolteca de México, S.A. de C.V., as guarantors, Barclays Bank PLC, as issuing bank and documentation agent, ING Bank N.V., as issuing bank, Barclays Capital, as joint bookrunner, and ING Capital LLC, as joint bookrunner and administrative agent.(g)
 - 4.2.1 Amendment No. 1 to U.S.\$700,000,000 Amended and Restated Credit Agreement, dated June 21, 2006.(g)
 - 4.2.2 Amendment and Waiver Agreement to U.S.\$700,000,000 Amended and Restated Credit Agreement, dated December 1, 2006.(g)
 - 4.2.3 Amendment No. 3 to U.S.\$700,000,000 Amended and Restated Credit Agreement, dated May 9, 2007.(g)
 - 4.2.4 Amendment No. 4 to U.S.\$700,000,000 Amended and Restated Credit Agreement, dated December 19, 2008.(i)
 - 4.2.5 Amendment No. 5 to U.S.\$700,000,000 Amended and Restated Credit Agreement, dated January 22, 2009.(i)
- 4.3 U.S.\$2,300,000,000 Amended and Restated Term and Revolving Facilities Agreement, originally dated September 24, 2004, amended on November 8, 2004, February 25, 2005, July 7, 2005, June 30, 2006, December 18, 2008, for CEMEX España, S.A., as borrower, arranged by Citigroup Global Markets Limited and Goldman Sachs International with Citibank International PLC, as agent.(i)
- 4.7 U.S.\$1,200,000,000 Term Credit Agreement, dated May 31, 2005, among CEMEX, S.A.B. de C.V., as borrower, CEMEX Mexico, S.A. de C.V. and Empresas Tolteca de México, S.A. de C.V., as guarantor, Barclays Bank PLC, as administrative agent, Barclays Capital, as joint lead arranger and joint bookrunner, and Citigroup Global Markets Inc., as documentation agent, joint lead arranger and joint bookrunner.(f)
 - 4.7.1 Amendment No. 1 to U.S.\$1,200,000,000 Term Credit Agreement, dated June 19, 2006.(g)
 - 4.7.2 Amendment and Waiver Agreement to U.S.\$1,200,000,000 Term Credit Agreement, dated November 30, 2006.(g)
 - 4.7.3 Amendment No. 3 to U.S.\$1,200,000,000 Term Credit Agreement, dated May 9, 2007.(g)
 - 4.7.4 Amendment No. 4 to U.S.\$1,200,000,000 Term Credit Agreement, dated December 19, 2008.(i)
 - 4.7.5 Amendment No. 5 to U.S.\$1,200,000,000 Term Credit Agreement, dated January 22, 2009.(i)
- 4.8 U.S.\$700,000,000 Amended and Restated Term and Revolving Facilities Agreement, originally dated June 27, 2005, amended on June 22, 2006, November 30, 2006, December 19, 2008 and January 23, 2009, for New Sunward Holding B.V., as borrower, CEMEX, S.A.B. de C.V., CEMEX Mexico, S.A. de C.V. and Empresas Tolteca De México, S.A. de C.V., as guarantors, arranged by Banco Bilbao Vizcaya Argentaria, S.A., BNP Paribas and Citigroup Global Markets Limited, as mandated lead arrangers and joint bookrunners, the several financial institutions named therein, as Lenders, and Citibank, N.A., as agent.(i)

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- 4.9 U.S.\$1,200,000,000 Acquisition Facility Agreement, dated October 24, 2006, between CEMEX S.A.B. de C.V., as borrower, CEMEX Mexico, S.A. de C.V. and Empresas Tolteca de México, S.A. de C.V., as guarantors, and BBVA Bancomer, S.A. Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer, as agent.(g)
- 4.10 U.S.\$6,000,000,000 Amended and Restated Acquisition Facilities Agreement, originally dated December 6, 2006, amended on January 27, 2007, December 19, 2008 and January 27, 2009, between CEMEX España, S.A., as borrower, Citigroup Global Markets Limited, The Royal Bank of Scotland PLC, and Banco Bilbao Vizcaya Argentaria, S.A. as mandated lead arrangers and joint bookrunners, as amended on December 21, 2006.(i)
- 4.11 Note Indenture, Dated as of December 18, 2006, by and among New Sunward Holding Financial Ventures B.V., as issuer, and CEMEX, S.A.B. de C.V., CEMEX Mexico, S.A. de C.V., and New Sunward Holding B.V., as guarantors and the Bank of New York, as trustee, relating to New Sunward Holding Financial Ventures B.V.'s U.S. \$350,000,000 Callable Perpetual Dual-Currency Notes.(j)
- 4.11.1 First Supplemental Note Indenture, dated as of August 10, 2009, by and among New Sunward Holding Financial Ventures B.V., as issuer, and CEMEX, S.A.B. de C.V., CEMEX Mexico, S.A. de C.V., and New Sunward Holding B.V., as guarantors and the Bank of New York, as trustee, supplementing the Note Indenture, dated as of December 18, 2006, among New Sunward Holding Financial Ventures B.V., as issuer, CEMEX, S.A.B. de C.V., CEMEX Mexico, S.A. de C.V. and New Sunward Holding B.V., as guarantors, and The Bank of New York Mellon, as trustee, relating to New Sunward Holding Financial Ventures B.V.'s U.S.\$350,000,000 Callable Perpetual Dual-Currency Notes.(j)
- 4.11.2 Second Supplemental Note Indenture, dated as of May 12, 2010, by and among New Sunward Holding Financial Ventures B.V., as issuer, CEMEX, S.A.B. de C.V., CEMEX Mexico, S.A. de C.V. and New Sunward Holding B.V., as guarantors, The Bank of New York Mellon, as trustee, Swap 5 Capital (SPV) Limited and C5 Capital (SPV) Limited., supplementing the Note Indenture, dated as of December 18, 2006, among New Sunward Holding Financial Ventures B.V., as issuer, CEMEX, S.A.B. de C.V., CEMEX Mexico, S.A. de C.V. and New Sunward Holding B.V., as guarantors, and The Bank of New York Mellon, as trustee, relating to New Sunward Holding Financial Ventures B.V.'s U.S. \$350,000,000 Callable Perpetual Dual-Currency Notes.(j)
- 4.12 Note Indenture, dated as of December 18, 2006, by and among New Sunward Holding Financial Ventures B.V., as issuer, and CEMEX, S.A.B. de C.V., CEMEX Mexico, S.A. de C.V., and New Sunward Holding B.V., as guarantors and the Bank of New York, as trustee, relating to New Sunward Holding Financial Ventures B.V.'s U.S.\$900,000,000 Callable Perpetual Dual-Currency Notes.(j)
- 4.12.1 First Supplemental Note Indenture, dated as of August 10, 2009, by and among New Sunward Holding Financial Ventures B.V., as issuer, and CEMEX, S.A.B. de C.V., CEMEX Mexico, S.A. de C.V., and New Sunward Holding B.V., as guarantors and the Bank of New York, as trustee, supplementing the Note Indenture, dated as of December 18, 2006, among New Sunward Holding Financial Ventures B.V., as issuer, CEMEX, S.A.B. de C.V., CEMEX Mexico, S.A. de C.V. and New Sunward Holding B.V., as guarantors, and The Bank of New York Mellon, as trustee, relating to New Sunward Holding Financial Ventures B.V.'s U.S. \$900,000,000 Callable Perpetual Dual-Currency Notes.(j)
- 4.12.2 Second Supplemental Note Indenture, dated as of May 12, 2010, by and among New Sunward Holding Financial Ventures B.V., as issuer, CEMEX, S.A.B. de C.V., CEMEX Mexico, S.A. de C.V. and New Sunward Holding B.V., as guarantors, The Bank of New York Mellon, as trustee, Swap 10 Capital (SPV) Limited and C10 Capital (SPV) Limited., supplementing the Note Indenture, dated as of December 18, 2006, among New Sunward Holding Financial Ventures B.V., as issuer, CEMEX, S.A.B. de C.V., CEMEX Mexico, S.A. de C.V. and New Sunward Holding B.V., as guarantors, and The Bank of New York Mellon, as trustee, relating to New Sunward Holding Financial Ventures B.V.'s U.S.\$900,000,000 Callable Perpetual Dual-Currency Notes.(j)

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- 4.13 Note Indenture, dated as of February 12, 2007, by and among New Sunward Holding Financial Ventures B.V., as issuer, and CEMEX, S.A.B. de C.V., CEMEX Mexico, S.A. de C.V., and New Sunward Holding B.V., as guarantors and the Bank of New York, as trustee, relating to New Sunward Holding Financial Ventures B.V.'s U.S.\$750,000,000 Callable Perpetual Dual-Currency Notes.(j)
- 4.13.1 First Supplemental Note Indenture, dated as of August 10, 2009, by and among New Sunward Holding Financial Ventures B.V., as issuer, and CEMEX, S.A.B. de C.V., CEMEX Mexico, S.A. de C.V., and New Sunward Holding B.V., as guarantors and the Bank of New York, as trustee, supplementing the Note Indenture, dated as of February 12, 2007, among New Sunward Holding Financial Ventures B.V., as issuer, CEMEX, S.A.B. de C.V., CEMEX Mexico, S.A. de C.V. and New Sunward Holding B.V., as guarantors, and The Bank of New York Mellon, as trustee, relating to New Sunward Holding Financial Ventures B.V.'s U.S. \$750,000,000 Callable Perpetual Dual-Currency Notes.(j)
- 4.13.2 Second Supplemental Note Indenture, dated as of May 12, 2010, by and among New Sunward Holding Financial Ventures B.V., as issuer, CEMEX, S.A.B. de C.V., CEMEX Mexico, S.A. de C.V. and New Sunward Holding B.V., as guarantors, The Bank of New York Mellon, as trustee, Swap 8 Capital (SPV) Limited and 8 Capital (SPV) Limited., supplementing the Note Indenture, dated as of February 12, 2007, among New Sunward Holding Financial Ventures B.V., as issuer, CEMEX, S.A.B. de C.V., CEMEX Mexico, S.A. de C.V. and New Sunward Holding B.V., as guarantors, and The Bank of New York Mellon, as trustee, relating to New Sunward Holding Financial Ventures B.V.'s U.S.\$750,000,000 Callable Perpetual Dual-Currency Notes.(j)
- 4.14 Trust Deed, dated February 28, 2007, among CEMEX Finance Europe B.V., as issuer, and several initial purchasers, relating to the issuance by CEMEX Finance Europe B.V. of €900,000,000 aggregate principal amount of 4.75% Notes due 2014.(g)
- 4.15 Note Indenture, dated as of May 9, 2007, by and among New Sunward Holding Financial Ventures B.V., as issuer, and CEMEX, S.A.B. de C.V., CEMEX Mexico, S.A. de C.V., and New Sunward Holding B.V., as guarantors and the Bank of New York, as trustee, relating to New Sunward Holding Financial Ventures B.V.'s U.S. €730,000,000 Callable Perpetual Dual-Currency Notes.(j)
- 4.15.1 First Supplemental Note Indenture, dated as of August 10, 2009, by and among New Sunward Holding Financial Ventures B.V., as issuer, and CEMEX, S.A.B. de C.V., CEMEX Mexico, S.A. de C.V., and New Sunward Holding B.V., as guarantors and the Bank of New York, as trustee, supplementing the Note Indenture, dated as of May 9, 2007, among New Sunward Holding Financial Ventures B.V., as issuer, CEMEX, S.A.B. de C.V., CEMEX Mexico, S.A. de C.V. and New Sunward Holding B.V., as guarantors, and The Bank of New York Mellon, as trustee, relating to New Sunward Holding Financial Ventures B.V.'s U.S. €730,000,000 Callable Perpetual Dual-Currency Notes.(j)
- 4.15.2 Second Supplemental Note Indenture, dated as of May 12, 2010, by and among New Sunward Holding Financial Ventures B.V., as issuer, CEMEX, S.A.B. de C.V., CEMEX Mexico, S.A. de C.V. and New Sunward Holding B.V., as guarantors, The Bank of New York Mellon, as trustee, Swap C10-EUR Capital (SPV) Limited and C10-EUR Capital (SPV) Limited., supplementing the Note Indenture, dated as of February 12, 2007, among New Sunward Holding Financial Ventures B.V., as issuer, CEMEX, S.A.B. de C.V., CEMEX Mexico, S.A. de C.V. and New Sunward Holding B.V., as guarantors, and The Bank of New York Mellon, as trustee, relating to New Sunward Holding Financial Ventures B.V.'s U.S. €730,000,000 Callable Perpetual Dual-Currency Notes.(j)
- 4.16 U.S.\$525,000,000 Senior Unsecured Maturity Loan "A" Agreement, dated December 31, 2008, among New Sunward Holding B.V. as borrower, CEMEX S.A.B. de C.V. and CEMEX Mexico, S.A. de C.V., as guarantors, and a group of banks as lenders, HSBC Securities (USA) Inc., Banco Santander S.A. and The Royal Bank of Scotland Plc, as joint lead arrangers and Joint Bookrunners, and ING Capital LLC, as administrative agent.(i)
- 4.16.1 Amendment No. 1 to U.S.\$525,000,000 Senior Unsecured Maturity Loan "A" Agreement, dated January 22, 2009.(i)

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- 4.17 U.S.\$525,000,000 Senior Unsecured Maturity Loan “B” Agreement, dated December 31, 2008, among New Sunward Holding B.V. as borrower, CEMEX S.A.B. de C.V. and CEMEX Mexico, S.A. de C.V., as guarantors, and a group of banks as lenders, HSBC Securities (USA) Inc., Banco Santander S.A. and The Royal Bank of Scotland Plc, as joint lead arrangers and Joint Bookrunners, and ING Capital LLC, as administrative agent.(i)
- 4.17.1 Amendment No. 1 to U.S.\$525,000,000 Senior Unsecured Maturity Loan “B” Agreement, dated January 22, 2009.(i)
- 4.18 Forward Transaction (CEMEX Shares) Confirmation, Forward Transaction (NAFTRAC Shares) and Put Option Transaction Confirmation, with Credit Support Annex, each dated April 23, 2008, between Citibank, N.A. and a Mexican trust established by CEMEX on behalf of CEMEX’s Mexican pension fund and certain of CEMEX’s directors and current and former employees.(h)
- 4.19 Structured Transaction, dated June 2008, comprised of: (i) U.S.\$500 million Credit Agreement, dated June 25, 2008, among CEMEX, S.A.B. de C.V., as borrower, CEMEX Mexico S.A. de C.V., as guarantor, and Banco Bilbao Vizcaya Argentaria, S.A. New York Branch, as lender; (ii) U.S.\$500 million aggregate notional amount of Put Spread Option Confirmations, dated June 3, 2008 and June 5, 2008, between Centro Distribuidor de Cemento, S.A. de C.V. and Banco Santander, S.A., Institución de Banca Múltiple, Grupo Financiero Santander; and (iii) Framework Agreement, dated June 25, 2008, by and among CEMEX, S.A.B. de C.V., CEMEX Mexico S.A. de C.V., Banco Santander (Mexico), S.A., Institución de Banca Múltiple, Grupo Financiero Santander and Banco Bilbao Vizcaya Argentaria, S.A. New York Branch.(h)
- 4.20.1 Amendment No. 1 to U.S.\$500 million Credit Agreement, dated December 18, 2008.(i)
- 4.20.2 Amendment No. 2 to U.S.\$500 million Credit Agreement, dated January 22, 2009.(i)
- 4.21 U.S.\$437,500,000.00 and Ps4,773,282,950.00 Credit Agreement, dated January 27, 2009 among CEMEX, S.A.B. de C.V., as borrower, CEMEX Mexico, S.A. de C.V. and CEMEX Concretos, S.A. de C.V., as guarantors, and a group of banks, as lenders, BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer, as administrative agent, and BBVA Bancomer, S.A., Institución De Banca Múltiple, Grupo Financiero BBVA Bancomer, Citigroup Global Markets Inc., HSBC Securities (USA) Inc., Santander Investment Securities Inc., and The Royal Bank of Scotland PLC, each a joint arranger and joint bookrunner.(i)
- 4.22 U.S.\$617,500,000 and €587,500,000 Facilities Agreement dated January 27, 2009, and among CEMEX España, S.A., as the obligors and original guarantors; Banco Santander, S.A. and The Royal Bank of Scotland PLC, as coordinators, financial institutions, as lenders; and The Royal Bank of Scotland PLC, as agent.(i)
- 4.23 Financing Agreement for CEMEX, S.A.B. de C.V., dated August 14, 2009, with the financial institutions and noteholders named therein as Participating Creditors and Citibank International plc acting as Administrative Agent and Wilmington Trust (London) Limited acting as Security Agent.(j)
- 4.23.1 Amendment Agreement, dated December 1, 2009, between CEMEX, S.A.B. de C.V. acting for itself and as agent on behalf of each Obligor and Citibank International plc acting for itself and as Administrative Agent on behalf of the Financing Parties, related to the Financing Agreement, dated August 14, 2009.(j)
- 4.23.2 Amendment Agreement, dated March 18, 2010, between CEMEX, S.A.B. de C.V. acting for itself and as agent on behalf of each Obligor and Citibank International plc acting for itself and as Administrative Agent on behalf of the Financing Parties, related to the Financing Agreement, dated August 14, 2009.(j)
- 4.23.3 Amendment Agreement, dated October 25, 2010, between CEMEX, S.A.B. de C.V. acting for itself and as agent on behalf of each Obligor and Citibank International plc acting for itself and as Administrative Agent on behalf of the Financing Parties, related to the Financing Agreement, dated August 14, 2009.(k)

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- 4.23.4 Amendment Agreement, dated April 13, 2011, between CEMEX, S.A.B. de C.V. acting for itself and as agent on behalf of each Obligor and Citibank International plc acting for itself and as Administrative Agent on behalf of the Financing Parties, related to the Financing Agreement, dated August 14, 2009.(k)
- 4.23.5 Amended and Restated Financing Agreement for CEMEX, S.A.B. de C.V., dated August 14, 2009, with the financial institutions and noteholders named therein as Participating Creditors and Citibank International plc acting as Administrative Agent and Wilmington Trust (London) Limited acting as Security Agent.(k)
- 4.24 Omnibus Amendment and Waiver Agreement, dated August 14, 2009, by and among CEMEX, S.A.B. de C.V., New Sunward Holding B.V. CEMEX Materials, LLC, as borrowers, CEMEX Mexico, S.A. de C.V., Empresas Tolteca de México, S.A. de C.V., CEMEX Concretos, S.A. de C.V., CEMEX España, S.A. as guarantors, the financial institutions listed therein in their capacities as lenders under certain Existing Agreements (as defined therein) and the financial institutions listed in therein in their capacity as administrative agents under certain Existing Agreements.(j)
- 4.25 Intercreditor Agreement, dated August 14, 2009, by and among Citibank International plc as Administrative Agent, The Participating Creditors (as named therein), CEMEX, S.A.B. de C.V. and certain of its subsidiaries as Original Borrowers, Original Guarantors and Original Security Providers, and Wilmington Trust (London) Limited acting as Security Agent and others.(j)
- 4.25.1 Conformed copy of the Intercreditor Agreement dated August 14, 2009 incorporating amendments agreed on December 1, 2009 between CEMEX S.A.B. de C.V. acting for itself and as agent for each Obligor, and Citibank International plc acting for itself and as Administrative Agent on behalf of the Financing Parties, and Wilmington Trust (London) Limited acting as Security Agent.(j)
- 4.25.2 Conformed copy of the Intercreditor Agreement dated August 14, 2009 incorporating amendments agreed on December 1, 2009 and October 25, 2010 between CEMEX S.A.B. de C.V. acting for itself and as agent for each Obligor, and Citibank International plc acting for itself and as Administrative Agent on behalf of the Financing Parties, and Wilmington Trust (London) Limited acting as Security Agent.(k)
- 4.26 Consolidated Amended and Restated Note Purchase Agreement, dated August 14, 2009, relating to CEMEX España Finance LLC's U.S.\$882,407,495.57 8.91% Senior Notes, Series A, due 2014 and ¥1,185,389,696.06 6.625% Senior Notes, Series B, due 2014.(j)
- 4.27 Amended and Restated Consolidated Note Guarantee, dated August 14, 2009, relating to CEMEX España Finance LLC's U.S.\$882,407,495.57 8.91% Senior Notes, Series A, due 2014 and ¥1,185,389,696.06 6.625% Senior Notes, Series B, due 2014.(j)
- 4.28 Deed of Pledge of Registered Shares, dated August 14, 2009, by and among CEMEX Dutch Holdings B.V., Sunward Holdings B.V., Sunward Acquisitions N.V., CEMEX International Finance Company, Corporación Gouda S.A. de C.V., Mexcement Holdings S.A. de C.V., New Sunward Holding B.V. and Wilmington Trust (London) Limited as Security Agent concerning the she shares of New Sunward Holding B.V.(j)
- 4.28.1 Deed of Supplemental Pledge of Registered Shares, dated October 23, 2009, by and among CEMEX Dutch Holdings B.V., Sunward Holdings B.V., Sunward Acquisitions N.V., CEMEX International Finance Company, Corporación Gouda S.A. de C.V., Mexcement Holdings S.A. de C.V., New Sunward Holding B.V. and Wilmington Trust (London) Limited as Security Agent concerning the she shares of New Sunward Holding B.V.(j)
- 4.29 Share Pledge Agreement, dated August 14, 2009, by and among CEMEX S.A.B. de C.V., CEMEX Mexico, S.A. de C.V., Interamerican Investments Inc., Empresas Tolteca de México, S.A. de C.V. as Pledgors and Wilmington Trust (London) Limited as Security Agent concerning 99.57% of the shares of CEMEX Trademarks Holding Ltd.(j)

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- 4.30 Deed of Pledge of Registered Shares, dated September 4, 2009, by and among CEMEX S.A.B. de C.V., CEMEX Mexico, S.A. de C.V., Interamerican Investments Inc., Empresas Tolteca de México, S.A. de C.V. as Pledgors and Wilmington Trust (London) Limited as Security Agent concerning 99.57% of the shares of CEMEX Trademarks Holding Ltd.(j)
- 4.31 Irrevocable Mexican Security Trust Agreement, dated September 3, 2009, CEMEX, S.A.B. de C.V., Empresas Tolteca de México, S.A. de C.V., Impra Café, S.A. de C.V., Interamerican Investments, Inc., CEMEX Mexico, S.A. de C.V., and Centro Distribuidor de Cemento, S.A. de C.V., as settlors; CEMEX Mexico, S.A. de C.V., Centro Distribuidor de Cemento, S.A. de C.V., Mexcement Holdings, S.A. de C.V. and Corporación Gouda, S.A. de C.V., as issuers; Banco Nacional de México, S.A., Integrante del Grupo Financiero Banamex, División Fiduciaria, in its capacity as trustee; and Wilmington Trust (London) Limited, on its own behalf and in its capacity as Security Agent.(j)
- 4.31.1 Accession Letter, dated December 14, 2009, among CEMEX, S.A.B. de C.V., Empresas Tolteca de México, S.A. de C.V., Impra Café, S.A. de C.V., Interamerican Investments, Inc., CEMEX Mexico, S.A. de C.V., and Centro Distribuidor de Cemento, S.A. de C.V., Banco Nacional de México, S.A., Integrante del Grupo Financiero Banamex, División Fiduciaria, and Wilmington Trust (London) Limited, relating to CEMEX Finance LLC's U.S.\$1,250,000,000 of 9.50% senior secured notes due December 14, 2016, and €350,000,000 of 9.625% senior secured notes due December 14, 2017, guaranteed by CEMEX SAB, CEMEX Mexico, Tolteca, CEMEX Concretos, S.A. de C.V., CEMEX España, S.A., CEMEX Corp. and New Sunward Holding B.V.(j)
- 4.31.2 Accession Letter, dated January 19, 2010, among CEMEX, S.A.B. de C.V., Empresas Tolteca de México, S.A. de C.V., Impra Café, S.A. de C.V., Interamerican Investments, Inc., CEMEX Mexico, S.A. de C.V., and Centro Distribuidor de Cemento, S.A. de C.V., Banco Nacional de México, S.A., Integrante del Grupo Financiero Banamex, División Fiduciaria, and Wilmington Trust (London) Limited, relating to CEMEX Finance LLC's U.S.\$500,000,000 of 9.50% senior secured notes due December 14, 2016, guaranteed by CEMEX SAB, CEMEX Mexico, Tolteca, CEMEX Concretos, S.A. de C.V., CEMEX España, S.A., CEMEX Corp. and New Sunward Holding B.V.(j)
- 4.31.3 Accession Letter, dated May 12, 2010, among CEMEX, S.A.B. de C.V., Empresas Tolteca de México, S.A. de C.V., Impra Café, S.A. de C.V., Interamerican Investments, Inc., CEMEX Mexico, S.A. de C.V., and Centro Distribuidor de Cemento, S.A. de C.V., Banco Nacional de México, S.A., Integrante del Grupo Financiero Banamex, División Fiduciaria, and Wilmington Trust (London) Limited, relating to CEMEX España, S.A., acting through its Luxembourg Branch's, U.S.\$1,067,665,000 of 9.25% senior secured notes due 2020, and €115,346,000 of 8.875% senior secured notes due 2017.(j)
- 4.31.4 Accession Letter, dated January 11, 2011, among CEMEX, S.A.B. de C.V., Empresas Tolteca de México, S.A. de C.V., Impra Café, S.A. de C.V., Interamerican Investments, Inc., CEMEX Mexico, S.A. de C.V., and Centro Distribuidor de Cemento, S.A. de C.V., Banco Nacional de México, S.A., Integrante del Grupo Financiero Banamex, División Fiduciaria, and Wilmington Trust (London) Limited, relating to the issuance by CEMEX of U.S.\$1,000,000,000 9.000% Senior Secured Notes due 2018.(k)
- 4.31.5 Accession Letter, dated March 4, 2011, among CEMEX, S.A.B. de C.V., Empresas Tolteca de México, S.A. de C.V., Impra Café, S.A. de C.V., Interamerican Investments, Inc., CEMEX Mexico, S.A. de C.V., and Centro Distribuidor de Cemento, S.A. de C.V., Banco Nacional de México, S.A., Integrante del Grupo Financiero Banamex, División Fiduciaria, and Wilmington Trust (London) Limited relating to the private placement offer to exchange €119,350,000 aggregate principal amount of 6.277% Fixed-to-Floating Rate Callable Perpetual Debentures issued by C-10 EUR Capital (SPV) Limited for an additional U.S.\$125,331,000 aggregate principal amount of the Company's 9.25% U.S. Dollar-Denominated Senior Secured Notes due 2020 to be issued under the Indenture, dated as of May 12, 2010.(k)

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- 4.31.6 Accession Letter, dated April 5, 2011, among CEMEX, S.A.B. de C.V., Empresas Tolteca de México, S.A. de C.V., Impra Café, S.A. de C.V., Interamerican Investments, Inc., CEMEX Mexico, S.A. de C.V., and Centro Distribuidor de Cemento, S.A. de C.V., Banco Nacional de México, S.A., Integrante del Grupo Financiero Banamex, División Fiduciaria, and Wilmington Trust (London) Limited relating to the issuance by CEMEX of U.S.\$800,000,000 Floating Rate Senior Secured Notes due 2015.(k)
- 4.31.7 Accession Letter, dated March 28, 2012, among CEMEX, S.A.B. de C.V., Empresas Tolteca de México, S.A. de C.V., Impra Café, S.A. de C.V., Interamerican Investments, Inc., CEMEX Mexico, S.A. de C.V., and Centro Distribuidor de Cemento, S.A. de C.V., Banco Nacional de México, S.A., Integrante del Grupo Financiero Banamex, División Fiduciaria, and Wilmington Trust (London) Limited relating to the issuance by CEMEX España, S.A., through its Luxembourg Branch, of U.S.\$703,861,000 aggregate principal amount of 9.875% U.S. Dollar-denominated Senior Secured Notes due 2019 and €179,219,000 aggregate principal amount of 9.875% Euro-denominated Senior Secured Notes due 2019.(m)
- 4.31.8 Accession Letter, dated July 11, 2011, among CEMEX, S.A.B. de C.V., Empresas Tolteca de México, S.A. de C.V., Impra Café, S.A. de C.V., Interamerican Investments, Inc., CEMEX Mexico, S.A. de C.V., and Centro Distribuidor de Cemento, S.A. de C.V., Banco Nacional de México, S.A., Integrante del Grupo Financiero Banamex, División Fiduciaria, and Wilmington Trust (London) Limited relating to the issuance by CEMEX of U.S.\$650,000,000 9.000% Senior Secured Notes due 2018.(m)
- 4.32 Share Pledge Agreement, dated September 29, 2009, by and among New Sunward Holding B.V., CEMEX, S.A.B. de C.V., Sunward Acquisitions N.V. as Pledgors, Wilmington Trust (London) Limited, as Security Agent and the Secured Parties concerning the shares of CEMEX España, S.A.(j)
- 4.32.1 Accession Deed, dated December 2, 2009, issued by The Bank of New York Mellon, as Trustee, and CEMEX España, S.A., concerning the shares of CEMEX España, S.A. relating to the issuance by CEMEX Finance LLC of U.S.\$1,250,000,000 9.5% Senior Secured Notes due 2016.(j)
- 4.32.2 Accession Deed, dated December 14, 2009, issued by The Bank of New York Mellon, as Trustee, and CEMEX España, S.A., concerning the shares of CEMEX España, S.A. relating to the issuance by CEMEX Finance LLC of €350,000,000 9.625% Senior Secured Notes due 2017.(j)
- 4.32.3 Accession Deed, dated January 19, 2010, issued by The Bank of New York Mellon, as Trustee, and CEMEX España, S.A., concerning the shares of CEMEX España, S.A. relating to the issuance by CEMEX Finance LLC of U.S.\$500,000,000 9.50% Senior Secured Notes due 2016.(j)
- 4.32.4 Accession Deed, dated May 12, 2010, concerning the shares of CEMEX España, S.A., issued by The Bank of New York Mellon, as Trustee, and CEMEX España, S.A., relating to the issuance of U.S.\$1,067,665,000 aggregate principal amount of 9.25% U.S. Dollar-Denominated Senior Secured Notes Due 2020 and €115,346,000 aggregate principal amount of the 8.875% Euro-Denominated Senior Secured Notes due 2017.(j)
- 4.32.5 Extension and Creation of Share Pledge Agreement, dated December 23, 2010 by among New Sunward Holding B.V., CEMEX, S.A.B. de C.V., Sunward Acquisitions N.V. as Pledgors, Wilmington Trust (London) Limited, as Security Agent and the Secured Parties concerning the shares of CEMEX España, S.A.(k)
- 4.32.6 Accession Deed, dated January 11, 2011, issued by The Bank of New York Mellon, as Trustee, and CEMEX España, S.A., concerning the shares of CEMEX España, S.A. relating to the issuance by CEMEX of U.S.\$1,000,000,000 9.000% Senior Secured Notes due 2018.(k)
- 4.32.7 Accession Deed, dated March 4, 2011, issued by The Bank of New York Mellon, as Trustee, and CEMEX España, S.A., concerning the shares of CEMEX España, S.A. relating to the private placement offer to exchange €119,350,000 aggregate principal amount of 6.277% Fixed-to-Floating Rate Callable Perpetual Debentures issued by C-10 EUR Capital (SPV) Limited for an additional U.S.\$125,331,000 aggregate principal amount of the Company's 9.25% U.S. Dollar-Denominated Senior Secured Notes due 2020 to be issued under the Indenture, dated as of May 12, 2010.(k)

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- 4.32.8 Accession Deed, dated April 5, 2011, issued by The Bank of New York Mellon, as Trustee, and CEMEX España, S.A., concerning the shares of CEMEX España, S.A. relating to the issuance by CEMEX of U.S.\$800,000,000 Floating Rate Senior Secured Notes due 2015.(k)
- 4.32.9 Accession Deed, dated July 11, 2011, issued by The Bank of New York Mellon, as Trustee, and CEMEX España, S.A., concerning the shares of CEMEX España, S.A. relating to the issuance by CEMEX of U.S.\$650,000,000 9.000% Senior Secured Notes due 2018.(m)
- 4.32.10 Accession deed, dated March 28, 2012, issued by the Bank of New York Mellon, as Trustee, and CEMEX España, S.A., concerning the shares of CEMEX España, S.A. relating to the issuance by CEMEX España, S.A., through its Luxembourg Branch, of U.S.\$703,861,000 aggregate principal amount of 9.875% U.S. Dollar-denominated Senior Secured Notes due 2019 and €179,219,000 aggregate principal amount of 9.875% Euro-denominated Senior Secured Notes due 2019.(m)
- 4.33 Indenture, dated December 10, 2009, by and among CEMEX, S.A.B. de C.V., as issuer, Banco Mercantil de Norte Sociedad Anonima, Institución de Banca Múltiple, Grupo Financiero Banorte, as common representative and calculation agent, in connection with the issuance of Mandatory Convertible Bonds.(j)
- 4.34 Indenture, dated December 14, 2009, among CEMEX Finance LLC, as issuer, the Note Guarantors party thereto and The Bank of New York Mellon, as trustee, in connection with the issuance of €350,000,000 9.625% Senior Secured Notes Due 2017.(j)
- 4.35 Indenture, dated December 14, 2009, among CEMEX Finance LLC, as issuer, the Note Guarantors party thereto and The Bank of New York Mellon, as trustee, in connection with the issuance of U.S.\$1,250,000,000 9.50% Senior Secured Notes due 2016.(j)
- 4.35.1 Supplemental Indenture No. 1, dated January 19, 2010, among CEMEX Finance LLC, as issuer, the Note Guarantors party thereto and The Bank of New York Mellon, as trustee, in connection with the issuance of U.S.\$500,000,000 9.50% Senior Secured Notes due 2016.(j)
- 4.36 Master Terms and Conditions Agreement, dated March 24, 2010, by and between Citibank, N.A. and CEMEX, S.A.B. de C.V., relating to the capped call transaction entered into in connection with issuance by CEMEX, S.A.B. de C.V. of U.S.\$715,000,000 aggregate principal amount of 4.875% Convertible Subordinated Notes due 2015.(j)
- 4.37 Security Agreement, dated March 30, 2010, by and between Citibank, N.A. and CEMEX, S.A.B. de C.V. relating to the capped call transaction entered into in connection with issuance by CEMEX, S.A.B. de C.V. of U.S.\$715,000,000 aggregate principal amount of 4.875% Convertible Subordinated Notes due 2015.(j)
- 4.38 Collateral Agreement, dated March 30, 2010, among Citibank, N.A., CEMEX, S.A.B. de C.V. and Banco Nacional de México, S.A., Integrante del Grupo Financiero Banamex, División Fiduciaria relating to the capped call transaction entered into in connection with issuance by CEMEX, S.A.B. de C.V. of U.S.\$715,000,000 aggregate principal amount of 4.875% Convertible Subordinated Notes due 2015.(j)
- 4.39 Amended and Restated Dealer Manager Agreement, dated May 6, 2010, among CEMEX, S.A.B. de C.V., CEMEX Mexico, New Sunward, New Sunward Holding Financial Ventures, B.V., CEMEX España, acting through its Luxembourg branch, J.P. Morgan Securities Inc., J.P. Morgan Securities Ltd., Citigroup Global Markets Inc, Citigroup Global Markets Ltd., C5 Capital (SPV) Limited, C8 Capital (SPV) Limited, C10 Capital (SPV) Limited, and C-10 Capital (SPV) Limited, in connection with the offers to exchange Debentures for 9.25% U.S. Dollar-denominated Senior Secured Notes due 2020 and 8.875% Euro-denominated Senior Secured Notes due 2017, as applicable.(j)

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- 4.40 Indenture, dated May 12, 2010, among CEMEX España, acting through its Luxembourg branch, as issuer, the Note Guarantors party thereto and The Bank of New York Mellon, as trustee, in connection with the issuance of U.S.\$1,067,665,000 aggregate principal amount of 9.25% U.S. Dollar-Denominated Senior Secured Notes Due 2020 and €115,346,000 aggregate principal amount of the 8.875% Euro-Denominated Senior Secured Notes Due 2017.(j)
- 4.41 Purchase Agreement, dated January 4, 2011, among CEMEX, S.A.B de C.V., as issuer, the Note Guarantors party thereto and several initial purchasers named therein, in connection with the issuance of U.S.\$1,000,000,000 9.000% Senior Secured Notes due 2018.(k)
- 4.42 Indenture, dated January 11, 2011, among CEMEX, S.A.B. de C.V., as issuer, the Note Guarantors party thereto and The Bank of New York Mellon, as trustee, in connection with the issuance of U.S.\$1,000,000,000 9.000% Senior Secured Notes due 2018.(k)
- 4.42.1 Supplemental Indenture No. 1, dated July 11, 2011, among CEMEX, S.A.B de C.V., as issuer, the Note Guarantors party thereto and The Bank of New York Mellon, as trustee, in connection with the issuance of U.S.\$650,000,000 9.000% Senior Secured Notes due 2018.(m)
- 4.43 Purchase Agreement, dated March 9, 2011, among CEMEX, S.A.B. de C.V. as issuer, and several initial purchasers named therein, in connection with the issuance of U.S.\$800,000,000 3.25% Convertible Subordinated Notes due 2016.(k)
- 4.44 Purchase Agreement, dated March 9, 2011, among CEMEX, S.A.B. de C.V. as issuer, and several initial purchasers named therein, in connection with the issuance of U.S.\$600,000,000 3.75% Convertible Subordinated Notes due 2018.(k)
- 4.45 Master Terms and Conditions Agreement, dated March 9, 2011, by and between Citibank, N.A. and CEMEX, S.A.B. de C.V., relating to the capped call transaction entered into in connection with issuance by CEMEX, S.A.B. de C.V. of U.S.\$800,000,000 3.25% Convertible Subordinated Notes due 2016.(k)
- 4.46 Master Terms and Conditions Agreement, dated March 9, 2011, by and between JPMorgan Chase Bank, National Association, London Branch and CEMEX, S.A.B. de C.V., relating to the capped call transaction entered into in connection with issuance by CEMEX, S.A.B. de C.V. of U.S.\$800,000,000 3.25% Convertible Subordinated Notes due 2016.(k)
- 4.47 Master Terms and Conditions Agreement, dated March 9, 2011, by and between BNP Paribas and CEMEX, S.A.B. de C.V., relating to the capped call transaction entered into in connection with issuance by CEMEX, S.A.B. de C.V. of U.S.\$600,000,000 3.75% Convertible Subordinated Notes due 2018.(k)
- 4.48 Master Terms and Conditions Agreement, dated March 9, 2011, by and between Bank of America, N.A. and CEMEX, S.A.B. de C.V., relating to the capped call transaction entered into in connection with issuance by CEMEX, S.A.B. de C.V. of U.S.\$800,000,000 3.25% Convertible Subordinated Notes due 2016 and U.S.\$600,000,000 3.75% Convertible Subordinated Notes due 2018.(k)
- 4.49 Master Terms and Conditions Agreement, dated March 9, 2011, by and between The Royal Bank of Scotland plc and CEMEX, S.A.B. de C.V., relating to the capped call transaction entered into in connection with issuance by CEMEX, S.A.B. de C.V. of U.S.\$800,000,000 3.25% Convertible Subordinated Notes due 2016.(k)
- 4.50 Master Terms and Conditions Agreement, dated March 9, 2011, by and between HSBC Bank USA, National Association and CEMEX, S.A.B. de C.V., relating to the capped call transaction entered into in connection with issuance by CEMEX, S.A.B. de C.V. of U.S.\$800,000,000 3.25% Convertible Subordinated Notes due 2016.(k)

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- 4.51 Master Terms and Conditions Agreement, dated March 9, 2011, by and between Banco Santander, S.A. and CEMEX, S.A.B. de C.V., relating to the capped call transaction entered into in connection with issuance by CEMEX, S.A.B. de C.V. of U.S.\$800,000,000 3.25% Convertible Subordinated Notes due 2016 and U.S.\$600,000,000 3.75% Convertible Subordinated Notes due 2018.(k)
- 4.52 Purchase Agreement, dated March 29, 2011, among CEMEX, S.A.B de C.V., as issuer, the Note Guarantors party thereto and several initial purchasers named therein, in connection with the issuance of U.S.\$800,000,000 Floating Rate Senior Secured Notes due 2015.(k)
- 4.53 Indenture, dated April 5, 2011, among CEMEX, S.A.B. de C.V., as issuer, the Note Guarantors party thereto and The Bank of New York Mellon, as trustee, in connection with the issuance of U.S.\$800,000,000 Floating Rate Senior Secured Notes due 2015.(k)
- 4.54 Purchase Agreement, dated July 6, 2011, among CEMEX, S.A.B de C.V., as issuer, the Note Guarantors party thereto and several initial purchasers named therein, in connection with the issuance of U.S.\$650,000,000 9.000% Senior Secured Notes due 2018.(m)
- 4.55 Dealer Manager Agreement, dated February 27, 2012, among CEMEX, S.A.B. de C.V., CEMEX Mexico, New Sunward, New Sunward Holding Financial Ventures, B.V., CEMEX España, acting through its Luxembourg branch, J.P. Morgan Securities LLC, J.P. Morgan Securities Ltd., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Merrill Lynch International, C5 Capital (SPV) Limited, C8 Capital (SPV) Limited, C10 Capital (SPV) Limited, and C-10 Capital (SPV) Limited, in connection with the offers to exchange Debentures and Eurobonds for 9.875% U.S. Dollar-denominated Senior Secured Notes due 2019 and 9.875% Euro-denominated Senior Secured Notes due 2019, as applicable.(m)
- 4.56 Amendment to the Dealer Manager Agreement, dated March 12, 2012, among CEMEX, S.A.B. de C.V., CEMEX Mexico, New Sunward, New Sunward Holding Financial Ventures, B.V., CEMEX España, acting through its Luxembourg branch, J.P. Morgan Securities LLC, J.P. Morgan Securities Ltd., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Merrill Lynch International, C5 Capital (SPV) Limited, C8 Capital (SPV) Limited, C10 Capital (SPV) Limited, and C-10 Capital (SPV) Limited.(m)
- 4.57 Indenture, dated March 28, 2012, among CEMEX España, acting through its Luxembourg branch, as issuer, the Note Guarantors party thereto and The Bank of New York Mellon, as trustee, in connection with the issuance of U.S.\$703,861,000 aggregate principal amount of 9.875% U.S. Dollar-denominated Senior Secured Notes due 2019 and €179,219,000 aggregate principal amount of 9.875% Euro-denominated Senior Secured Notes due 2019.(m)
- 8.1 List of subsidiaries of CEMEX, S.A.B. de C.V.(m)
- 12.1 Certification of the Principal Executive Officer of CEMEX, S.A.B. de C.V. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.(m)
- 12.2 Certification of the Principal Financial Officer of CEMEX, S.A.B. de C.V. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.(m)
- 13.1 Certification of the Principal Executive and Financial Officers of CEMEX, S.A.B. de C.V. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.(m)
- 14.1 Consent of KPMG Cárdenas Dosal, S.C. to the incorporation by reference into the effective registration statements of CEMEX, S.A.B. de C.V. under the Securities Act of their report with respect to the consolidated financial statements of CEMEX, S.A.B. de C.V., which appears in this Annual Report on Form 20-F.(m)
- 15.1 Mine safety and health administration safety data.(m)
- (a) Incorporated by reference to Form 6-K of CEMEX, S.A.B. de C.V., filed with the SEC on March 3, 2011.

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- (b) Incorporated by reference to the Registration Statement on Form F-4 of CEMEX, S.A.B. de C.V. (Registration No. 333-10682), filed with the SEC on August 10, 1999.
- (c) Incorporated by reference to the 2002 annual report on Form 20-F of CEMEX, S.A.B. de C.V. filed with the SEC on April 8, 2003.
- (d) Incorporated by reference to the 2003 annual report on Form 20-F of CEMEX, S.A.B. de C.V. filed with the SEC on May 11, 2004.
- (e) Incorporated by reference to the 2004 annual report on Form 20-F of CEMEX, S.A.B. de C.V. filed with the SEC on May 27, 2005.
- (f) Incorporated by reference to the 2005 annual report on Form 20-F of CEMEX, S.A.B. de C.V. filed with the SEC on June 8, 2006.
- (g) Incorporated by reference to the 2006 annual report on Form 20-F of CEMEX, S.A.B. de C.V. filed with the SEC on June 27, 2007.
- (h) Incorporated by reference to the 2007 annual report on Form 20-F of CEMEX, S.A.B. de C.V. filed with the SEC on June 30, 2008.
- (i) Incorporated by reference to the 2008 annual report on Form 20-F of CEMEX, S.A.B. de C.V. filed with the SEC on June 30, 2009.
- (j) Incorporated by reference to the 2009 annual report on Form 20-F of CEMEX, S.A.B. de C.V. filed with the SEC on June 30, 2010.
- (k) Incorporated by reference to the 2010 annual report on Form 20-F of CEMEX, S.A.B. de C.V. filed with the SEC on June 16, 2011.
- (l) Incorporated by reference to the Registration Statement on Form F-6 of CEMEX, S.A.B. de C.V. (Registration No. 333-174743), filed with the SEC on June 6, 2011.
- (m) Filed herewith.

In reviewing the agreements included as exhibits to this annual report, please remember they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about us or the other parties to the agreements.

The agreements may contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

- should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;
- have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;
- may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and
- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
CEMEX, S.A.B. de C.V.:

We have audited the accompanying consolidated balance sheets of CEMEX, S.A.B. de C.V. and subsidiaries (the Company) as of December 31, 2011 and 2010 and January 1, 2010, and the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows for the years ended December 31, 2011 and 2010. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CEMEX, S.A.B. de C.V. and subsidiaries as of December 31, 2011 and 2010 and January 1, 2010, and the results of their operations, the changes in their stockholders' equity, and their cash flows for the years ended December 31, 2011 and 2010, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), CEMEX, S.A.B. de C.V. and subsidiaries' internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated April 27, 2012 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

KPMG Cárdenas Dosal, S.C.

/s/ Celin Zorrilla Rizo

Monterrey, N.L., Mexico
April 27, 2012

INTERNAL CONTROL REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
CEMEX, S.A.B. de C.V.:

We have audited CEMEX, S.A.B. de C.V. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). CEMEX, S.A.B. de C.V. and subsidiaries' management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, CEMEX, S.A.B. de C.V. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of CEMEX, S.A.B. de C.V. and subsidiaries as of December 31, 2011 and 2010 and January 1, 2010, and the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows for the years ended December 31, 2011 and 2010, and our report dated April 27, 2012 expressed an unqualified opinion on those consolidated financial statements.

KPMG Cárdenas Dosal, S.C.

/s/ Celin Zorrilla Rizo

Monterrey, N.L. Mexico
April 27, 2012

CEMEX, S.A.B. DE C.V. AND SUBSIDIARIES
Consolidated Statements of Operations
(Millions of Mexican pesos, except for loss per share)

		<u>Years ended December 31,</u>	
	<u>Note</u>	<u>2011</u>	<u>2010</u>
Net sales	2Q	Ps 189,887	177,641
Cost of sales	2R	(136,167)	(127,845)
Gross profit		53,720	49,796
Administrative and selling expenses		(25,486)	(25,818)
Distribution expenses		(16,170)	(13,242)
Total operating expenses	2R	(41,656)	(39,060)
Operating income		12,064	10,736
Other expenses, net	5	(5,449)	(6,335)
Operating income after other expenses, net		6,615	4,401
Financial expense	15	(16,627)	(14,753)
Other financial (expense) income, net	6	(2,214)	(523)
Equity in loss of associates	12	(334)	(487)
Loss before income tax		(12,560)	(11,362)
Income tax	18	(12,207)	(2,074)
CONSOLIDATED NET LOSS		(24,767)	(13,436)
Non-controlling interest net income		21	46
CONTROLLING INTEREST NET LOSS		Ps (24,788)	(13,482)
BASIC LOSS PER SHARE	21	Ps (0.74)	(0.39)
DILUTED LOSS PER SHARE	21	Ps (0.74)	(0.39)

The accompanying notes are part of these consolidated financial statements.

CEMEX, S.A.B. DE C.V. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Loss
(Millions of Mexican pesos)

	Notes	Years ended December 31,	
		2011	2010
CONSOLIDATED NET LOSS		Ps (24,767)	(13,436)
Effects from available-for-sale investments	12B	(58)	—
Actuarial gains (losses)	17	(1,042)	(1,192)
Currency translation of foreign subsidiaries	19B	11,325	(7,029)
Income tax recognized directly in other comprehensive income	18	4,974	6,350
Other comprehensive income (loss) for the period		15,199	(1,871)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(9,568)	(15,307)
Non-controlling interest comprehensive income (loss) for the period		21	46
CONTROLLING INTEREST COMPREHENSIVE LOSS FOR THE PERIOD		Ps (9,589)	(15,353)

The accompanying notes are part of these consolidated financial statements.

CEMEX, S.A.B. DE C.V. AND SUBSIDIARIES
Consolidated Balance Sheets
(Millions of Mexican pesos)

	Notes	December 31,		January 1,
		2011	2010	2010
ASSETS				
CURRENT ASSETS				
Cash and investments	7	Ps 16,128	8,354	14,104
Trade receivables less allowance for doubtful accounts	8	26,205	22,161	23,007
Other accounts receivable	9	5,258	12,763	7,582
Inventories, net	10	17,654	15,217	16,173
Other current assets	11	3,953	3,080	3,192
Total current assets		<u>69,198</u>	<u>61,575</u>	<u>64,058</u>
NON-CURRENT ASSETS				
Investments in associates	12A	8,533	8,365	11,068
Other investments and non-current accounts receivable	12B	10,595	14,974	21,995
Property, machinery and equipment, net	13	233,709	221,271	246,123
Goodwill and intangible assets, net	14	189,062	170,528	185,528
Deferred income taxes	18B	30,555	28,168	26,779
Total non-current assets		<u>472,454</u>	<u>443,306</u>	<u>491,493</u>
TOTAL ASSETS		<u>Ps 541,652</u>	<u>504,881</u>	<u>555,551</u>
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Short-term debt including current maturities of long-term debt	15A	Ps 4,673	5,618	7,274
Other financial obligations	15B	7,711	4,594	4,597
Trade payables		20,169	18,686	18,194
Income tax payable		11,301	6,908	7,699
Other accounts payable and accrued expenses	16	20,680	24,063	15,547
Total current liabilities		<u>64,534</u>	<u>59,869</u>	<u>53,311</u>
NON-CURRENT LIABILITIES				
Long-term debt	15A	203,798	188,776	203,172
Other financial obligations	15B	33,190	11,631	4,170
Employee benefits	17	15,325	13,693	13,286
Deferred income taxes	18B	17,560	16,660	17,735
Other non-current liabilities	16	35,542	31,065	45,273
Total non-current liabilities		<u>305,415</u>	<u>261,825</u>	<u>283,636</u>
TOTAL LIABILITIES		<u>369,949</u>	<u>321,694</u>	<u>336,947</u>
STOCKHOLDERS' EQUITY				
Controlling interest:				
Common stock and additional paid-in capital	19A	113,444	108,722	102,924
Other equity reserves	19B	14,797	(842)	(2,748)
Retained earnings	19C	51,648	69,346	74,827
Net loss		(24,788)	(13,482)	—
Total controlling interest		<u>155,101</u>	<u>163,744</u>	<u>175,003</u>
Non-controlling interest and perpetual debentures	19D	16,602	19,443	43,601
TOTAL STOCKHOLDERS' EQUITY		<u>171,703</u>	<u>183,187</u>	<u>218,604</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		<u>Ps 541,652</u>	<u>504,881</u>	<u>555,551</u>

The accompanying notes are part of these consolidated financial statements.

CEMEX, S.A.B. DE C.V. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Millions of Mexican pesos)

	Notes	Years ended December 31,	
		2011	2010
OPERATING ACTIVITIES			
Consolidated net loss		Ps (24,767)	(13,436)
Non-cash items:			
Depreciation and amortization of assets	4	17,536	19,108
Impairment losses	5	1,751	1,904
Equity in loss of associates	12A	334	487
Other expenses (income), net		(1,559)	1,162
Comprehensive financing result		18,841	15,276
Income taxes	18	12,207	2,074
Changes in working capital, excluding income taxes		(727)	(623)
Net cash flow provided by operating activities before interest and income taxes		23,616	25,952
Financial expense paid in cash including coupons on perpetual debentures	19D	(13,352)	(14,968)
Income taxes paid in cash		(3,778)	(4,310)
Net cash flows provided by operating activities		6,486	6,674
INVESTING ACTIVITIES			
Property, machinery and equipment, net	13	(3,198)	(4,726)
Disposal of subsidiaries and associates, net	12, 14	1,232	1,172
Intangible assets and other deferred charges	14	(932)	117
Long term assets and others, net		1,406	1,565
Net cash flows used in investing activities		(1,492)	(1,872)
FINANCING ACTIVITIES			
Issuance of common stock	19A	11	5
Derivative instruments		(5,464)	69
Issuance (repayment) of debt, net	15A	5,702	(9,615)
Securitization of trade receivables		2,890	121
Non-current liabilities, net		1,430	140
Net cash flows provided by (used in) financing activities		4,569	(9,280)
Increase (decrease) in cash and investments		9,563	(4,478)
Cash conversion effect, net		(1,789)	(1,272)
Cash and investments at beginning of year		8,354	14,104
CASH AND INVESTMENTS AT END OF YEAR	7	Ps 16,128	8,354
Changes in working capital, excluding income taxes:			
Trade receivables, net		Ps (2,211)	133
Other accounts receivable and other assets		1,306	(2,484)
Inventories		(575)	(146)
Trade payables		(454)	1,599
Other accounts payable and accrued expenses		1,207	275
Changes in working capital, excluding income taxes		Ps (727)	(623)

The accompanying notes are part of these consolidated financial statements.

CEMEX, S.A.B. DE C.V. AND SUBSIDIARIES
Statements of Changes in Stockholders' Equity
(Millions of Mexican pesos)

	<u>Note</u>	<u>Common stock</u>	<u>Additional paid-in capital</u>	<u>Other equity reserves</u>	<u>Retained earnings</u>	<u>Total controlling interest</u>	<u>Non- controlling interest</u>	<u>Total stockholders ' equity</u>
Balance at January 1, 2010		Ps4,127	98,797	(2,748)	74,827	175,003	43,601	218,604
Net loss for the period		—	—	—	(13,482)	(13,482)	46	(13,436)
Total other items of comprehensive income for the period		—	—	(1,871)	—	(1,871)	—	(1,871)
Capitalization of retained earnings	19A	5	5,476	—	(5,481)	—	—	—
Issuance of common stock	19A	—	317	—	—	317	—	317
Effects of perpetual debentures	19D	—	—	3,777	—	3,777	(23,549)	(19,772)
Changes in non-controlling interest	19D	—	—	—	—	—	(655)	(655)
Balance at December 31, 2010		4,132	104,590	(842)	55,864	163,744	19,443	183,187
Net loss for the period		—	—	—	(24,788)	(24,788)	21	(24,767)
Total other items of comprehensive income for the period		—	—	15,199	—	15,199	—	15,199
Capitalization of retained earnings	19A	3	4,213	—	(4,216)	—	—	—
Issuance of common stock	19A	—	506	—	—	506	—	506
Effects of perpetual debentures	19D	—	—	827	—	827	(3,221)	(2,394)
Changes in non-controlling interest	19D	—	—	(387)	—	(387)	359	(28)
Balance at December 31, 2011		Ps4,135	109,309	14,797	26,860	155,101	16,602	171,703

The accompanying notes are part of these consolidated financial statements.

CEMEX, S.A.B. DE C.V. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
As of December 31, 2011, 2010 and January 1, 2010
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1. DESCRIPTION OF BUSINESS

CEMEX, S.A.B. de C.V., a public stock corporation with variable capital (S.A.B. de C.V.) organized under the laws of the United Mexican States, or Mexico, is a holding company (parent) of entities whose main activities are oriented to the construction industry, through the production, marketing, distribution and sale of cement, ready-mix concrete, aggregates and other construction materials.

CEMEX, S.A.B. de C.V. was founded in 1906 and was registered with the Mercantile Section of the Public Register of Property and Commerce in Monterrey, N.L., Mexico in 1920 for a period of 99 years. In 2002, this period was extended to the year 2100. The shares of CEMEX, S.A.B. de C.V. are listed on the Mexican Stock Exchange (“MSE”) as Ordinary Participation Certificates (“CPOs”). Each CPO represents two series “A” shares and one series “B” share of common stock of CEMEX, S.A.B. de C.V. In addition, CEMEX, S.A.B. de C.V.’s shares are listed on the New York Stock Exchange (“NYSE”) as American Depositary Shares (“ADSs”) under the symbol “CX.” Each ADS represents ten CPOs.

The terms “CEMEX, S.A.B. de C.V.” or the “Parent Company” used in these accompanying notes to the financial statements refer to CEMEX, S.A.B. de C.V. without its consolidated subsidiaries. The terms the “Company” or “CEMEX” refer to CEMEX, S.A.B. de C.V. together with its consolidated subsidiaries. The issuance of these consolidated financial statements was authorized by the Company’s management and its Board of Directors on April 27, 2012, for their inclusion in CEMEX’s 2011 annual report in accordance with the *Circular Única de Emisoras* to the Mexican National Banking and Securities Commission (“CNBV” for its abbreviation in Spanish) and the MSE, as well as for their inclusion in CEMEX’s 2011 annual report on Form 20-F to the U.S. Securities and Exchange Commission (“SEC”).

2. SIGNIFICANT ACCOUNTING POLICIES

A) BASIS OF PRESENTATION AND DISCLOSURE

In November 2008, the CNBV issued regulations requiring registrants whose shares are listed on the MSE, to begin preparing their consolidated financial statements using International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), no later than January 1, 2012 and to stop the use of Mexican Financial Reporting Standards (“MFRS”). In connection with this requirement, the consolidated financial statements as of December 31, 2011 and 2010 and January 1, 2010 and for the years ended December 31, 2011 and 2010, represent CEMEX’s first consolidated financial statements prepared in accordance with IFRS, as these standards were effective on December 31, 2011.

Prior to the issuance of these consolidated financial statements, CEMEX issued its consolidated financial statements under MFRS on January 26, 2012, covering the same periods, which were the last consolidated financial statements of CEMEX prepared in accordance with MFRS, and were used by CEMEX to comply with its financial information obligations from December 31, 2011 until the issuance of these IFRS financial statements.

CEMEX determined its opening balance sheet under IFRS as of January 1, 2010, following the guidance set forth by IFRS 1, *First time adoption* (“IFRS 1”). The options elected by CEMEX in the migration to IFRS and the effects on its opening balance sheet as of January 1, 2010, according to IFRS 1, as well as the effects on CEMEX’s balance sheets as of December 31, 2011 and 2010, and its statements of operations, statements of comprehensive loss and statements of cash flows for the years ended December 31, 2011 and 2010, as compared to CEMEX’s previously reported amounts under MFRS, are described in note 27.

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In order to be in position to adopt IFRS, as issued by the IASB, CEMEX gathered the necessary material and human resources required for the identification and quantification of the differences between MFRS and IFRS, as well as for the conversion to IFRS of its financial information systems. As of the issuance date of these financial statements, the migration process to IFRS has been completed.

Definition of terms

When reference is made to pesos or “Ps,” it means Mexican pesos. Except when specific references are made to “earnings per share” and “prices per share,” the amounts in the financial statements and the accompanying notes are stated in millions of pesos. When reference is made to “US\$” or dollars, it means millions of dollars of the United States of America (“United States”). When reference is made to “£” or pounds, it means millions of British pounds sterling. When reference is made to “€” or Euros, it means millions of the currency in circulation in a significant number of European Union countries.

When it is deemed relevant, certain amounts presented in the notes to the financial statements include between parentheses a convenience translation into dollars, into pesos, or both, as applicable. These translations should not be construed as representations that the amounts in pesos or dollars, as applicable, actually represent those peso or dollar amounts or could be converted into pesos or dollars at the rate indicated. As of December 31, 2011 and 2010 and January 1, 2010, translations of pesos into dollars and dollars into pesos, were determined for balance sheet amounts using the closing exchange rates of Ps13.96, Ps12.36 and Ps13.09 pesos per dollar, respectively, and for statements of operations amounts, using the average exchange rates of Ps12.48 and Ps12.67 pesos per dollar for 2011 and 2010, respectively. When the amounts between parentheses are the peso and the dollar, the amounts were determined by translating the foreign currency amount into dollars using the closing exchange rates at year-end, and then translating the dollars into pesos as previously described.

Statements of operations

The line item “Other expenses, net” in the statements of operations consists primarily of revenues and expenses not directly related to CEMEX’s main activity, or which are of an unusual and/or non-recurring nature, including results on disposal of assets and restructuring costs, among others.

Statements of cash flows

The statements of cash flows present cash inflows and outflows, excluding unrealized foreign exchange effects, as well as the following transactions that did not represent sources or uses of cash:

- In 2011, the decrease in debt and in perpetual debentures within non-controlling interest for approximately Ps239 and Ps1,391, respectively, in connection with the gains resulting from the difference between the notional amount and the fair value of CEMEX’s debt and perpetual instruments held by subsidiaries (note 15A);
- In 2011, the increases in property, plant and equipment for approximately Ps1,519 and in debt for approximately Ps1,558, associated with the negotiation of capital leases during the year (note 15B);
- In 2011, the increase in debt for Ps1,352 related mainly to the acquisition of Ready Mix USA LLC (note 14A);
- In 2011, the exchange of a portion of CEMEX’s perpetual debentures for new notes for US\$125, and in 2010, the exchange of a portion of CEMEX’s perpetual debentures for new notes for US\$1,067 and €115

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(note 15A), which represented a net increase in debt of Ps1,486 in 2011 and Ps15,361 in 2010, a reduction in equity's non controlling interest of Ps1,937 in 2011 and Ps20,838 in 2010 and an increase in equity's controlling interest of Ps446 in 2011 and Ps5,401 in 2010; and

- In 2011 and 2010, the increases in stockholders' equity associated with: (i) the capitalization of retained earnings for Ps4,216 and Ps5,481, respectively (note 19A); and (ii) CPOs issued as part of the executive stock-based compensation for Ps495 and Ps312, respectively (note 19A).

B) PRINCIPLES OF CONSOLIDATION

According to IAS 27, *Consolidated and separate financial statements* ("IAS 27"), the consolidated financial statements include those of CEMEX, S.A.B. de C.V. and the entities in which the Parent Company holds, directly or through subsidiaries, more than 50% of their common stock and/or has control. Control exists when CEMEX, S.A.B. de C.V. has the power, directly or indirectly, to govern the administrative, financial and operating policies of an entity in order to obtain benefits from its activities. The financial statements of Special Purpose Entities ("SPEs") are consolidated if, based on an evaluation of the substance of the agreements and the SPE's risks and rewards, CEMEX concludes that it controls the SPE. Balances and operations between related parties are eliminated in consolidation.

Pursuant to IAS 28, *Investments in associates and joint ventures* ("IAS 28"), investments in associates are accounted for by the equity method when CEMEX has significant influence, which is generally presumed with a minimum equity interest of 20%, unless it is proven in unusual cases that CEMEX has significant influence with a lower percentage. The equity method reflects in the financial statements the investment's original cost and the proportional interest of the holding company in the associate's equity and earnings after acquisition, considering, if applicable, the effects of inflation. The financial statements of joint ventures, which are those entities in which CEMEX and other third-party investors have agreed to exercise joint control, are also recognized under the equity method. The equity method is discontinued when the carrying amount of the investment, including any long-term interest in the associate or joint venture, reaches zero, unless CEMEX has incurred or guaranteed additional obligations of the associate or joint venture.

Other investments of a permanent nature where CEMEX holds equity interests of less than 20% and/or there is no significant influence are carried at their historical cost.

C) USE OF ESTIMATES AND CRITICAL ASSUMPTIONS

The preparation of financial statements in accordance with IFRS principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the period. These assumptions are reviewed on an ongoing basis using available information. Actual results could differ from these estimates.

The main items subject to estimates and assumptions by management include, among others, impairment tests of long-lived assets, allowances for doubtful accounts and inventories, recognition of deferred income tax assets, as well as the measurement of financial instruments at fair value, and the assets and liabilities related to employee benefits. Significant judgment by management is required to appropriately assess the amounts of these assets and liabilities.

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D) FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION OF FOREIGN CURRENCY FINANCIAL STATEMENTS

According to IAS 21, *The effects of changes in foreign exchange rates* ("IAS 21"), transactions denominated in foreign currencies are recorded in the functional currency at the exchange rates prevailing on the dates of their execution. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the balance sheet date, and the resulting foreign exchange fluctuations are recognized in earnings, except for exchange fluctuations arising from: 1) foreign currency indebtedness directly related to the acquisition of foreign entities; and 2) fluctuations associated with related parties' balances denominated in foreign currency, which settlement is neither planned nor likely to occur in the foreseeable future; and as a result, such balances are of a permanent investment nature. These fluctuations are recorded against "Other equity reserves", as part of the foreign currency translation adjustment (note 19B) until the disposal of the foreign net investment, at which time, the accumulated amount is recycled through the statement of operations as part of the gain or loss on disposal.

The financial statements of foreign subsidiaries, which are determined using the functional currency applicable in each country, are translated to pesos at the closing exchange rate for balance sheet accounts and at the closing exchange rates of each month within the period for income statements accounts. The corresponding translation adjustment is included within "Other equity reserves" as part of the foreign currency translation adjustment (note 19B) until the disposal of the net investment in the foreign subsidiary. As permitted by IFRS 1, in its opening balance sheet under IFRS, CEMEX elected to reset to zero all cumulative foreign currency translation adjustments determined under MFRS. Consequently, upon disposal of the foreign operations, those effects determined before the migration to IFRS will not be considered in the determination of disposal gains or losses.

During the reported periods, there were no subsidiaries whose functional currency was the currency of a hyperinflationary economy, which is generally considered to exist when the cumulative inflation rate over the last three years is approaching, or exceeds, 100%. In a hyperinflationary economy, the accounts of the subsidiary's statements of operations should be restated to constant amounts as of the reporting date, in which case, both the balance sheet accounts and the statements of operations accounts would be translated to pesos at the closing exchange rates of the year.

The most significant closing exchange rates and the approximate average exchange rates for balance sheet accounts and income statement accounts, respectively, as of December 31 2011 and 2010, as well as for the opening balance sheet accounts under IFRS as of January 1, 2010, were as follows:

Currency	2011		2010		January 1, 2010
	Closing	Average	Closing	Average	
United States Dollar	13.9600	12.4800	12.3600	12.6700	13.0900
Euro	18.1017	17.4204	16.4822	16.7106	18.7402
British Pound Sterling	21.6939	20.0321	19.2854	19.5404	21.1436
Colombian Peso	0.0072	0.0067	0.0065	0.0067	0.0064
Egyptian Pound	2.3151	2.0952	2.1285	2.2410	2.3823
Philippine Peso	0.3184	0.2886	0.2819	0.2813	0.2833

The financial statements of foreign subsidiaries are initially translated from their functional currencies into dollars and subsequently into pesos. Therefore, the foreign exchange rates presented in the table above between the functional currency and the peso represent the exchange rates resulting from this methodology. The peso to

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U.S. dollar exchange rate used by CEMEX is an average of free market rates available to settle its foreign currency transactions. No significant differences exist, in any case, between the foreign exchange rates used by CEMEX and those exchange rates published by the Mexican Central Bank.

E) CASH AND INVESTMENTS (note 7)

The balance in this caption is comprised of available amounts of cash and cash equivalents, mainly represented by highly-liquid short-term investments, which are easily convertible into cash, and which are not subject to significant risks of changes in their values, including overnight investments, which yield fixed returns and have maturities of less than three months from the investment date. These fixed-income investments are recorded at cost plus accrued interest. Other investments which are easily convertible into cash are recorded at their market value. Gains or losses resulting from changes in market values and accrued interest are included in the statements of operations as part of other financial income (expense), net.

The amount of cash and investments in the balance sheet includes restricted cash and investments, comprised of deposits in margin accounts that guarantee several of CEMEX's obligations, to the extent that the restriction will be lifted in less than three months from the balance sheet date. When the restriction period is greater than three months, such restricted cash and investments are not considered cash equivalents and are included within short-term or long-term "Other accounts receivable," as appropriate. When contracts contain provisions for net settlement, these restricted amounts of cash and investments are offset against the liabilities that CEMEX has with its counterparties.

F) TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ACCOUNTS RECEIVABLE (notes 8, 9)

According to IAS 39, *Financial instruments: recognition and measurement* ("IAS 39"), items under this caption are classified as "loans and receivables", which are recorded at their amortized cost, which is represented by the net present value of the consideration receivable or payable as of the transaction date. Due to their short-term nature, CEMEX initially recognizes these receivables at the original invoiced amount less an estimate of doubtful accounts. Allowances for doubtful accounts as well as impairment of other current accounts receivable are recognized against administrative and selling expenses.

Trade receivables sold under securitization programs, in which CEMEX maintains a residual interest in the trade accounts receivable sold in case of recovery failure, as well as continued involvement in such assets, do not qualify for derecognition and are maintained on the balance sheet.

G) INVENTORIES (note 10)

Inventories are valued using the lower of cost and net realizable value. The cost of inventories includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. CEMEX analyzes its inventory balances to determine if, as a result of internal events, such as physical damage, or external events, such as technological changes or market conditions, certain portions of such balances have become obsolete or impaired. When an impairment situation arises, the inventory balance is adjusted to its net realizable value, whereas, if an obsolescence situation occurs, the inventory obsolescence reserve is increased. In both cases, these adjustments are recognized against the results for the period. Advances to suppliers of inventory are presented as part of other short-term accounts receivable.

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H) OTHER INVESTMENTS AND NON-CURRENT RECEIVABLES (note 12B)

As part of the category of “loans and receivables” under IAS 39, non-current accounts receivable, as well as investments classified as held to maturity are initially recognized at their amortized cost. Subsequent changes in net present value are recognized in the statements of operations as part of other financial income (expenses), net.

Investments in financial instruments held for trading, as well as those investments available for sale, classified under IAS 39, are recognized at their estimated fair value, in the first case through the statements of operations as part of other financial income (expenses), net, and in the second case, changes in valuation are recognized as part of other comprehensive income (loss) of the period within other equity reserves until their time of disposition, when all valuation effects accrued in equity are reclassified to other financial income (expenses), net in the statements of operations. These investments are tested for impairment upon the occurrence of a significant adverse change or at least once a year during the last quarter.

I) PROPERTY, MACHINERY AND EQUIPMENT (note 13)

Property, machinery and equipment are recognized at their acquisition or construction cost, as applicable, less accumulated depreciation and accumulated impairment losses. As described in note 27, in its opening balance sheet under IFRS as of January 1, 2010, CEMEX elected to determine the deemed cost of several items of its property, machinery and equipment at their estimated fair value at the date of transition, including land, mineral reserves and major equipments. In general, CEMEX maintained the same carrying amount that vehicles, office equipment and other minor assets had under MFRS at the date of transition to IFRS.

Depreciation of fixed assets is recognized as part of cost and operating expenses (note 4), and is calculated using the straight-line method over the estimated useful lives of the assets, except for mineral reserves, which are depleted using the units-of-production method. As of December 31, 2011, the maximum average useful lives by category of fixed assets were as follows:

	Years
Administrative buildings	33
Industrial buildings	32
Machinery and equipment in plant	18
Ready-mix trucks and motor vehicles	7
Office equipment and other assets	6

CEMEX capitalizes, as part of the historical cost of fixed assets, interest expense arising from existing debt during the construction or installation period of significant fixed assets, considering CEMEX’s corporate average interest rate and the average balance of investments in process for the period.

Costs incurred in respect of operating fixed assets that result in future economic benefits, such as an extension in their useful lives, an increase in their production capacity or in safety, as well as those costs incurred to mitigate or prevent environmental damage, are capitalized as part of the carrying amount of the related assets. The capitalized costs are depreciated over the remaining useful lives of such fixed assets. Other costs, including periodic maintenance on fixed assets, are expensed as incurred. Advances to suppliers of fixed assets are presented as part of other long-term accounts receivable.

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J) BUSINESS COMBINATIONS, GOODWILL, OTHER INTANGIBLE ASSETS AND DEFERRED CHARGES (note 14)

Business combinations are recognized using the purchase method, by allocating the consideration transferred to assume control of the entity to all assets acquired and liabilities assumed, based on their estimated fair values as of the acquisition date. Intangible assets acquired are identified and recognized at fair value. Any unallocated portion of the purchase price represents goodwill, which is not amortized and is subject to periodic impairment tests (note 2K). Goodwill can be adjusted for any correction to the preliminary assessment given to the assets acquired and/or liabilities assumed within the twelve-month period after purchase. Costs associated with the acquisition are expensed in the statements of operations as incurred. As permitted by IFRS 1, CEMEX elected not to revisit business combinations incurred before the date of transition to IFRS as of January 1, 2010.

CEMEX capitalizes intangible assets acquired, as well as costs incurred in the development of intangible assets, when future economic benefits associated with the assets are identified and there is evidence of control over such benefits. Intangible assets are presented at their acquisition or development cost. Such assets are classified as having a definite or indefinite life; the latter are not amortized since the period cannot be accurately established in which the benefits associated with such intangibles will terminate. Amortization of intangible assets of definite life is calculated under the straight-line method and recognized as part of costs and operating expenses (note 4).

In May 2011, IASB issued IFRS 13, *Fair value measurements* ("IFRS 13"), which is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. IFRS 13 defines: a) fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, that is, an exit price or a market-based measurement; b) a conceptual framework for measuring fair value, establishing the hierarchy of fair values and mandating the use of observable market values, when available, over other valuation techniques; and c) disclosures about fair value measurements. IFRS 13 does not require fair value measurements in addition to those already required or permitted by other IFRSs and is not intended to establish valuation standards or affect valuation practices outside financial reporting. CEMEX adopted IFRS 13 as of January 1, 2010. Based on IFRS 13, CEMEX modified the value of certain extraction permits considering that as of the date of transition to IFRS, there were better indicators of fair value as compared to the carrying amount related to such permits under MFRS (note 27).

Direct costs incurred in the development stage of computer software for internal use are capitalized and amortized through the operating results over the useful life of the software, which on average is approximately 5 years.

Startup costs are recognized in the statements of operations as they are incurred. Costs associated with research and development activities ("R&D"), performed by CEMEX to create products and services, as well as to develop processes, equipment and methods to optimize operational efficiency and reduce costs, are recognized in the operating results as incurred. The technology and energy departments in CEMEX undertake all significant R&D activities as part of their daily activities. In 2011 and 2010, total combined expenses of these departments were approximately Ps487 (US\$39) and Ps519 (US\$41), respectively. Development costs are capitalized only if they meet the definition of intangible asset mentioned above.

Initial stripping costs incurred to gain access to the mineral reserves of a determined quarry are capitalized and amortized during the useful life of the quarry based on the estimated tons of material to be extracted. Ongoing stripping costs in the same quarry are expensed as incurred.

Costs incurred in exploration activities such as payments for rights to explore, topographical and geological studies, as well as trenching, among other items incurred to assess the technical and commercial feasibility of

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extracting a mineral resource, which are not significant in CEMEX, are capitalized when future economic benefits associated with such activities are identified. When extraction begins, these costs are amortized during the useful life of the quarry based on the estimated tons of material to be extracted. When future economic benefits are not achieved, any capitalized costs are subject to impairment.

CEMEX's extraction rights have maximum useful lives that range from 30 to 100 years, depending on the sector, and the expected life of the related reserves. As of December 31, 2011, except for extraction rights and/or otherwise indicated, CEMEX's intangible assets are amortized on a straight line basis over their useful lives that range on average from 3 to 20 years.

K) IMPAIRMENT OF LONG LIVED ASSETS (notes 13, 14)

Property, machinery and equipment, intangible assets of definite life and other investments

Property, machinery and equipment, intangible assets of definite life and other investments are tested for impairment upon the occurrence of factors such as the occurrence of a significant adverse event, changes in CEMEX's operating environment, changes in projected use or in technology, as well as expectations of lower operating results for each cash generating unit, in order to determine whether their carrying amounts may not be recovered, in which case an impairment loss is recorded in the income statements for the period when such determination is made within "Other expenses, net." The impairment loss of an asset results from the excess of the asset's carrying amount over its recoverable amount, corresponding to the higher of the fair value of the asset, less costs to sell such asset, and the asset's value in use, the latter represented by the net present value of estimated cash flows related to the use or disposal of the asset.

Goodwill and intangible assets of indefinite life

Goodwill and other intangible assets of indefinite life are tested for impairment when required due to significant adverse changes or at least once a year, during the last quarter of such year, by determining the recoverable amount of the reporting units, which consists of the higher of the reporting units' fair value, less cost to sell such reporting units, and the reporting units' value in use, represented by the discounted amount of estimated future cash flows to be generated by such reporting units to which those net assets relate. CEMEX determines initially its discounted cash flows over periods of 5 to 10 years, depending on each specific country's economic cycle. If the value in use of a reporting unit is lower than its corresponding carrying amount, CEMEX determines the fair value of its reporting units using methodologies generally accepted in the market to determine the value of entities, such as multiples of Operating EBITDA and by reference to other market transactions, among others. A reporting unit refers to a group of one or more cash generating units. An impairment loss is recognized within other expenses, net, if the recoverable amount is lower than the net book value of the reporting unit. Impairment charges recognized on goodwill are not reversed in subsequent periods.

The geographic segments reported by CEMEX (note 3), each comprised of by multiple cash generating units, also represent the reporting units for purposes of testing goodwill for impairment, considering: a) that the operating components that comprise the reported segment have similar economic characteristics; b) that the reported segments are used by CEMEX to organize and evaluate its activities in its internal information system; c) the homogeneous nature of the items produced and traded in each operative component, which are all used by the construction industry; d) the vertical integration in the value chain of the products comprising each component; e) the type of clients, which are substantially similar in all components; f) the operative integration among components; and g) that the compensation system of a specific country is based on the consolidated results of the geographic segment and not on the particular results of the components.

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Impairment tests are significantly sensitive to, among other factors, the estimation of future prices of CEMEX's products, the development of operating expenses, local and international economic trends in the construction industry, the long-term growth expectations in the different markets, as well as the discount rates and the growth rates in perpetuity applied. CEMEX uses specific pre-tax discount rates for each reporting unit, which are applied to discount pre-tax cash flows. The amounts of estimated undiscounted cash flows are significantly sensitive to the growth rate in perpetuity applied. Likewise, the amounts of discounted estimated future cash flows are significantly sensitive to the weighted average cost of capital (discount rate) applied. The higher the growth rate in perpetuity applied, the higher the amount obtained of undiscounted future cash flows by reporting unit. Conversely, the higher the discount rate applied, the lower the amount obtained of discounted estimated future cash flows by reporting unit.

L) FINANCIAL LIABILITIES AND DERIVATIVE FINANCIAL INSTRUMENTS (note 15)

Debt

Bank loans and notes payable are recognized at their amortized cost. Interest accrued on financial instruments is recognized in the balance sheet within "Other accounts payable and accrued expenses" against financial expense. During 2011 and 2010, CEMEX did not have financial liabilities voluntarily recognized at fair value or associated to fair value hedge strategies with derivative financial instruments. Direct costs incurred in debt issuances or borrowings are capitalized and amortized as interest expense as part of the effective interest rate of each transaction over its maturity. These costs include commissions and professional fees.

Capital leases

Capital leases, in which CEMEX has substantially all risks and rewards associated with the ownership of an asset, are recognized as financing liabilities against a corresponding fixed asset for the lesser between the market value of the leased asset and the net present value of future minimum payments, using the contract's implicit interest rate to the extent available, or the incremental borrowing cost. Among others elements, the main factors that determine a capital lease are: a) if ownership title of the asset is transferred to CEMEX at the end of the contract; b) if CEMEX has a bargain purchase option to acquire the asset at the end of the lease term; c) if the lease term covers the majority of the useful life of the asset; and/or d) if the net present value of minimum payments represents substantially all the fair value of the related asset at the beginning of the lease.

Financial instruments with components of both liability and equity

Based on IAS 32, *Financial instruments: presentation* ("IAS 32") and IAS 39, when a financial instrument contains components of both liability and equity, such as a note that at maturity is convertible into a fixed number of CEMEX's shares and the currency in which the instrument is denominated is the same as the functional currency of the issuer, each component is recognized separately in the balance sheet according to the specific characteristics of each transaction. In the case of instruments mandatorily convertible into shares of the issuer, the liability component represents the net present value of interest payments on the principal amount using a market interest rate, without assuming any early conversion, and is recognized within "Other financial obligations," whereas the equity component represents the difference between the principal amount and the liability component, and is recognized within "Other equity reserves" net of commissions. In the case of instruments that are optionally convertible into a fixed number of shares, the liability component represents the difference between the principal amount and the fair value of the conversion option premium, which reflects the equity component (note 2P). When the transaction is denominated in a currency different than the functional currency of the issuer, the conversion option is accounted for as a derivative financial instrument at fair value in the statements of operations.

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Derivative financial instruments

In compliance with the guidelines established by its Risk Management Committee and the restrictions set forth by its debt agreements, CEMEX uses derivative financial instruments (“derivative instruments”), mainly in order to change the risk profile associated with changes in interest rates, the exchange rates of debt, or both; as an alternative source of financing, and as hedges of: (i) highly probable forecasted transactions; (ii) purchases of certain commodities; and (iii) CEMEX’s net investments in foreign subsidiaries.

CEMEX recognizes all derivative instruments as assets or liabilities in the balance sheet at their estimated fair values, and the changes in such fair values are recognized in the statements of operations within “Other financial expense, net” for the period in which they occur, except for changes in fair value of derivative instruments associated to cash flow hedges, in which case, such changes in fair value are recognized in stockholders’ equity, and are reclassified to earnings as the interest expense of the related debt is accrued, in the case of interest rate swaps, or when the underlying products are consumed in the case of contracts on the price of raw materials and commodities. Likewise, in hedges of the net investment in foreign subsidiaries, changes in fair value are recognized in stockholders’ equity as part of the foreign currency translation result (note 2D), which reversal to earnings would take place upon disposal of the foreign investment. For the years ended December 31, 2011 and 2010, CEMEX has not designated any fair value hedges.

Accrued interest generated by interest rate derivative instruments, when applicable, is recognized as financial expense in the relevant period, adjusting the effective interest rate of the related debt.

CEMEX reviews its different contracts to identify the existence of embedded derivatives. Identified embedded derivatives are analyzed to determine if they need to be separated from the host contract and recognized in the balance sheet as assets or liabilities, applying the same valuation rules used for other derivative instruments.

Derivative instruments are negotiated with institutions with significant financial capacity; therefore, CEMEX believes the risk of non-performance of the obligations agreed to by such counterparties to be minimal. According to IFRS 13, the estimated fair value represents the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, considering the counterparties’ risk, that is, an exit price. Occasionally, there is a reference market that provides the estimated fair value; in the absence of such market, such value is determined by the net present value of projected cash flows or through mathematical valuation models.

Put options granted for the purchase of non controlling interests and associates

Represent agreements by means of which CEMEX commits to acquire, in case the counterparty exercises its right to sell at a future date at a predefined price formula, the shares of a non-controlling interest in a subsidiary of CEMEX or an associate. In respect of a put option granted for the purchase of a non-controlling interest in a CEMEX subsidiary, to the extent the put option is exercisable at the measurement date, CEMEX recognizes a liability for the net present value of the obligation as of the financial statements’ date against the controlling interest within stockholders’ equity. In respect of a put option granted for the purchase of an associate, CEMEX would recognize a liability against a loss in the statements of operations, to the extent the put option is exercisable at the measurement date, whenever the estimated purchase price exceeds the fair value of the net assets to be acquired by CEMEX, had the counterparty exercised its right to sell.

M) PROVISIONS

CEMEX recognizes provisions when it has a legal or constructive obligation resulting from past events, whose resolution would imply cash outflows or the delivery of other resources owned by the Company.

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Restructuring (note 16)

CEMEX recognizes provisions for restructuring costs only when the restructuring plans have been properly finalized and authorized by management, and have been communicated to the third parties involved and/or affected by the restructuring prior to the balance sheet date. These provisions may include costs not associated with CEMEX's ongoing activities.

Asset retirement obligations (note 16)

Unavoidable obligations, legal or constructive, to restore operating sites upon retirement of long-lived assets at the end of their useful lives are measured at the net present value of estimated future cash flows to be incurred in the restoration process, and are initially recognized against the related assets' book value. The increase to the assets' book value is depreciated during its remaining useful life. The increase in the liability related to the passage of time is charged to "Other financial expenses, net." Adjustments to the liability for changes in estimations are recognized against fixed assets, and depreciation is modified prospectively. These obligations are related mainly to future costs of demolition, cleaning and reforestation, so that quarries, maritime terminals and other production sites are left in acceptable condition at the end of their operation.

Costs related to remediation of the environment (notes 16 and 23)

Provisions associated with environmental damage represent the estimated future cost of remediation, which are recognized at their nominal value when the time schedule for the disbursement is not clear, or when the economic effect for the passage of time is not significant; otherwise, such provisions are recognized at their discounted values. Reimbursements from insurance companies are recognized as assets only when their recovery is practically certain. In that case, such reimbursement assets are not offset against the provision for remediation costs.

Contingencies and commitments (notes 22 and 23)

Obligations or losses related to contingencies are recognized as liabilities in the balance sheet when present obligations exist resulting from past events that are expected to result in an outflow of resources and the amount can be measured reliably. Otherwise, a qualitative disclosure is included in the notes to the financial statements. The effects of long-term commitments established with third parties, such as supply contracts with suppliers or customers, are recognized in the financial statements on an incurred or accrued basis, after taking into consideration the substance of the agreements. Relevant commitments are disclosed in the notes to the financial statements. The Company does not recognize contingent revenues, income or assets.

N) PENSIONS AND POSTRETIREMENT EMPLOYEE BENEFITS (note 17)

Defined contribution pension plans

The costs of defined contribution pension plans are recognized in the operating results as they are incurred. Liabilities arising from such plans are settled through cash transfers to the employees' retirement accounts, without generating future obligations.

Defined benefit pension plans, other postretirement benefits and termination benefits

Based on IAS 19, *Employee benefits* ("IAS19"), CEMEX recognizes the costs associated with employees' benefits for: a) defined benefit pension plans; and b) other postretirement benefits, basically comprised of health care benefits, life insurance and seniority premiums, granted by CEMEX and/or pursuant to applicable law. These costs are recognized as services are rendered, based on actuarial estimations of the benefits' present value with the advice of external actuaries. The actuarial assumptions consider the use of nominal rates. For certain

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pension plans, irrevocable trust funds have been created to cover future benefit payments. These assets are valued at their estimated fair value at the balance sheet date. The expected rates of return on plan assets are determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The service cost, corresponding to the increase in the obligation for additional benefits earned by employees during the period, is recognized within operating costs and expenses. The interest cost related to the increase in the liability by the passage of time, as well as the expected return on plan assets for the period, are recognized within "Other financial expenses, net."

The effects from modifications to the pension plans that affect the cost of past services, are recognized within operating costs and expenses during the periods in which such modifications become effective with respect to the employees, or immediately if changes are effective immediately. Likewise, the effects from curtailments and/or settlements of obligations occurring during the period, associated with events that significantly reduce the cost of future services and/or reduce significantly the population subject to pension benefits, respectively, are recognized within operating costs and expenses.

The actuarial gains and losses, related to differences between the projected and real actuarial assumptions at the end of the period, as well as the difference between the expected and real return on plan assets, are recognized in the period in which they are incurred as part of other comprehensive income or loss for the period within stockholders' equity.

As permitted by IFRS 1, in the transition to IFRS as of January 1, 2010, CEMEX reduced to zero all actuarial gains and losses accrued and pending for application under MFRS, under which they were previously amortized to the operating results of future periods during the average remaining service life of the employees (note 27).

Termination benefits, not associated with a restructuring event, which mainly represent severance payments by law, are recognized in the operating results for the period in which they are incurred.

O) INCOME TAXES (note 18)

Based on IAS 12, *Income taxes* ("IAS 12"), the effects reflected in the statements of operations for income taxes include the amounts incurred during the period and the amounts of deferred income taxes, determined according to the income tax law applicable to each subsidiary. Consolidated deferred income taxes represent the addition of the amounts determined in each subsidiary by applying the enacted statutory income tax rate to the total temporary differences resulting from comparing the book and taxable values of assets and liabilities, considering tax loss carryforwards as well as other recoverable taxes and tax credits, subject to a recoverability analysis. Deferred income taxes for the period represent the difference between balances of deferred income at the beginning and the end of the period. Deferred income tax assets and liabilities relating to different tax jurisdictions are not offset. According to IFRS, all items charged or credited directly in stockholders' equity or as part of other comprehensive income or loss for the period are recognized net of their current and deferred income tax effects. The effect of a change in enacted statutory tax rates is recognized in the period in which the change is officially enacted.

For the recognition of deferred tax assets derived from net operating losses and their corresponding valuation reserve, CEMEX analyses the aggregate amount of self-determined tax loss carryforwards included in its income tax returns in each country where CEMEX believes, based on available evidence, that the tax authorities would not reject such tax loss carryforwards; and the likelihood of the recoverability of such tax loss carryforwards

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prior to their expiration through an analysis of estimated future taxable income. If CEMEX believes that it is probable that the tax authorities would reject a self-determined deferred tax asset, it would decrease such asset. Likewise, if CEMEX believes that it would not be able to use a tax loss carryforward before its expiration, CEMEX would increase its valuation reserve. Both situations would result in additional income tax expense for the period in which such determination is made. In order to determine whether it is probable that deferred tax assets will ultimately be realized, CEMEX takes into consideration all available positive and negative evidence, including factors such as market conditions, industry analysis, expansion plans, projected taxable income, carryforward periods, current tax structure, potential changes or adjustments in tax structure, tax planning strategies, future reversals of existing temporary differences, etc. Likewise, every reporting period, CEMEX analyzes its actual results versus the Company's estimates, and adjusts, as necessary, its tax asset valuations. If actual results vary from CEMEX's estimates, the deferred tax asset and/or valuations may be affected and necessary adjustments will be made based on relevant information. Any adjustments recorded will affect CEMEX's statements of operations in such period.

The income tax effects from an uncertain tax position are recognized when it is more-likely-than-not that the position will be sustained based on its technical merits and assuming that the tax authorities will examine each position and have full knowledge of all relevant information, and they are measured using a cumulative probability model. Each position has been considered on its own, regardless of its relation to any other broader tax settlement. The more-likely-than-not threshold represents a positive assertion by management that CEMEX is entitled to the economic benefits of a tax position. If a tax position is not considered more-likely-than-not to be sustained, no benefits of the position are recognized. CEMEX's policy is to recognize interest and penalties related to unrecognized tax benefits as part of the income tax in the consolidated statements of operations.

P) STOCKHOLDERS' EQUITY

Common stock and additional paid-in capital (note 19A)

These items represent the value of stockholders' contributions, and include increases related to the recapitalization of retained earnings and the recognition of executive compensation programs in CEMEX's CPOs.

Other equity reserves (note 19B)

This caption groups the cumulative effects of items and transactions that are, temporarily or permanently, recognized directly to stockholders' equity, and includes the elements presented in the statements of comprehensive income (loss). Comprehensive income (loss) for the period includes, in addition to net income (loss), certain changes in stockholders' equity during a period, not resulting from investments by owners and distributions to owners. The most significant items within "Other equity reserves" during the reported periods are as follows:

Items of "Other equity reserves" included within other comprehensive income (loss) for the period:

- Currency translation effects from the translation of foreign subsidiaries' financial statements, net of: a) exchange results from foreign currency debt directly related to the acquisition of foreign subsidiaries; and b) exchange results from foreign currency related parties balances that are of a long-term investment nature (note 2D);
- The effective portion of the valuation and liquidation effects from derivative instruments under cash flow hedging relationships, which are recorded temporarily in stockholders' equity (note 2L);

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- Changes in fair value during the tenure of available-for-sale investments until their disposal (note 2H); and
- Current and deferred income taxes during the period arising from items whose effects are directly recognized in stockholders' equity.

Items of "Other equity reserves" not included in comprehensive income for the period:

- Effects related to controlling stockholders' equity for changes or transactions affecting non-controlling interest stockholders in CEMEX's consolidated subsidiaries;
- Effects attributable to controlling stockholders' equity for financial instruments issued by consolidated subsidiaries that qualify for accounting purposes as equity instruments, such as the interest expense paid on perpetual debentures;
- The equity component of outstanding mandatorily convertible securities into shares of the Parent Company (note 15B). Upon conversion, this amount will be reclassified to common stock and additional paid-in capital; and
- The cancellation of the Parent Company's shares held by consolidated subsidiaries.

Retained earnings (note 19C)

Retained earnings represent the cumulative net results of prior accounting periods, net of dividends declared to stockholders, and net of any recapitalizations of retained earnings. In addition, as described in note 27, retained earnings also include the effects generated from initial adoption of IFRS as of January 1, 2010 according to IFRS 1.

Non-controlling interest and perpetual debentures (note 19D)

This caption includes the share of non-controlling stockholders in the results and equity of consolidated subsidiaries. This caption also includes the amount as of the balance sheet date of financial instruments (perpetual notes) issued by consolidated entities that qualify as equity instruments considering that there is: a) no contractual obligation to deliver cash or another financial asset; b) no predefined maturity date; and c) an unilateral option to defer interest payments or preferred dividends for indeterminate periods.

Q) REVENUE RECOGNITION

CEMEX's consolidated net sales represent the value, before tax on sales, of revenues originated by products and services sold by consolidated subsidiaries as a result of their ordinary activities, after the elimination of transactions between related parties, and are quantified at the fair value of the consideration received or receivable, decreased by any trade discounts or volume rebates granted to customers.

Revenue from the sale of goods and services is recognized when goods are delivered or services are rendered to customers, there is no condition or uncertainty implying a reversal thereof, and they have assumed the risk of loss. Revenue from trading activities, in which CEMEX acquires finished goods from a third party and subsequently sells the goods to another third-party, are recognized on a gross basis, considering that CEMEX assumes the total risk of property on the goods purchased, not acting as agent or broker.

Revenue and costs associated with construction contracts are recognized in the period in which the work is performed by reference to the stage of completion of the contract activity at the end of the period, considering

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that the following have been defined: a) each party's enforceable rights regarding the asset to be constructed; b) the consideration to be exchanged; c) the manner and terms of settlement; d) actual costs incurred and contract costs required to complete the asset are effectively controlled; and e) it is probable that the economic benefits associated with the contract will flow to the entity.

R) COST OF SALES, ADMINISTRATIVE AND SELLING EXPENSES AND DISTRIBUTION EXPENSES

Cost of sales represents the production cost of inventories at the moment of sale. Such cost of sales includes depreciation, amortization and depletion of assets involved in production and expenses related to storage in production plants. Cost of sales excludes expenses related to personnel, equipment and services involved in sale activities and storage of product at points of sales, as well as costs related to warehousing of products at the selling points, which are included as part of the administrative and selling expenses. Cost of sales includes freight expenses of raw material in plants and delivery expenses of CEMEX's ready-mix concrete business, but excludes freight expenses of finished products between plants and points of sale and freight expenses between points of sales and the customers' facilities, which are included as part of the distribution expenses line item.

For the years ended December 31, 2011 and 2010, selling expenses included as part of the selling and administrative expenses line item amounted to Ps8,079 and Ps7,858, respectively.

S) EXECUTIVE STOCK-BASED COMPENSATION (note 20)

Based on IFRS 2, *Share-based payments* ("IFRS 2"), stock awards based on CEMEX shares granted to executives are defined as equity instruments, when services received from employees are settled delivering CEMEX's shares; or as liability instruments, when CEMEX commits to make cash payments to the executives on the exercise date of the awards based on changes in CEMEX's own stock (intrinsic value). The cost of equity instruments represents their estimated fair value at the date of grant and is recognized in the statements of operations during the period in which the exercise rights of the employees become vested. In respect of liability instruments, these instruments are valued at their estimated fair value at each reporting date, recognizing the changes in fair value through the operating results. CEMEX determines the estimated fair value of options using the binomial financial option-pricing model.

T) EMISSION RIGHTS

In some of the countries where CEMEX operates, such as in countries of the European Union ("EU"), governments have established mechanisms aimed at reducing carbon-dioxide emissions ("CO2") by means of which, industries releasing CO2 must submit to the environmental authorities at the end of a compliance period, emission rights for a volume equivalent to the tons of CO2 released. Since the mechanism for emissions reduction in the EU has been in operation, a certain number of emission rights based on historical levels have been granted by the environmental authorities to the different industries free of cost. Therefore, companies should buy additional emission rights to meet deficits between actual CO2 emissions during the compliance period and emission rights held or can dispose of any surplus of emission rights in the market. In addition, the United Nations Framework Convention on Climate Change ("UNFCCC") grants Certified Emission Reductions ("CERs") to qualified CO2 emission reduction projects. CERs may be used in specified proportions to settle emission rights obligations in the EU. CEMEX actively participates in the development of projects aimed to reduce CO2 emissions. Some of these projects have been awarded with CERs.

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In the absence of an IFRS that defines an accounting treatment for these schemes, CEMEX accounts for the effects associated with CO2 emission reduction mechanisms as follows:

- Emission rights granted by governments are not recognized in the balance sheet considering their cost is zero.
- Revenues from the sale of any surplus of emission rights are recognized by decreasing cost of sales; in the case of forward sale transactions, revenues are recognized upon physical delivery of the emission certificates.
- Emission rights and/or CERs acquired to hedge current CO2 emissions are recognized as intangible assets at cost, and are further amortized to cost of sales during the compliance period. In the case of forward purchases, assets are recognized upon physical reception of the emission certificates.
- CEMEX accrues a provision against cost of sales when the estimated annual emissions of CO2 are expected to exceed the number of emission rights, net of any benefit obtained through swap transactions of emission rights for CERs.
- CERs received from the UNFCCC are recognized as intangible assets at their development cost, which are attributable mainly to legal expenses incurred with authorities in the process of obtaining such CERs.
- CEMEX does not maintain emission rights, CERs and/or forward transactions with trading purposes.

The combined effect of the use of alternate fuels that help reduce the emission of CO2 and the downturn in produced cement volumes in the EU, has generated a surplus of emission rights held over the estimated CO2 emissions. From the consolidated surplus of emission rights, during 2011 and 2010, CEMEX sold an aggregate amount of approximately 13.4 million certificates, receiving revenues of approximately Ps1,518 and Ps1,417, respectively.

U) CONCENTRATION OF CREDIT

CEMEX sells its products primarily to distributors in the construction industry, with no specific geographic concentration within the countries in which CEMEX operates. As of December 31, 2011, 2010 and 2009, no single customer individually accounted for a significant amount of the reported amounts of sales or in the balances of trade receivables. In addition, there is no significant concentration of a specific supplier relating to the purchase of raw materials.

V) NEWLY ISSUED IFRSs NOT YET EFFECTIVE

Standards issued as of the date of issuance of these financial statements but not effective as of December 31, 2011 are listed below. Except as otherwise indicated, CEMEX expects to adopt these IFRS standards when they become effective.

Amendments to IAS 12: Deferred tax — Recovery of underlying assets . Amends IAS 12 by creating an exception to the principle that the measurement of deferred tax liabilities and deferred tax assets should reflect the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities. In specified circumstances, such as when the deferred tax liability or asset arises from investment property or property, plant and equipment or intangible assets, the measurement of deferred tax liabilities and assets should reflect a rebuttable presumption that the carrying amount of the underlying asset will be recovered entirely by sale. Standing Interpretations Committee 21 , *Income Taxes — Recovery of Revalued Non-Depreciable Assets* (“SIC 21”), is no longer applicable to investment properties

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carried at fair value. The remaining guidance from SIC 21 was added to IAS 12, which requires businesses to measure the deferred tax relating to an asset to be measured based upon the expectation that the carrying amount of the asset will be recovered by selling the asset or using it. The amendments are effective January 1, 2012. CEMEX does not expect the application of the revised standard to have an impact on its consolidated financial statements.

In January 2011, the IASB amended IFRS 7, *Financial instruments: Disclosures*. The amendment is effective for CEMEX beginning on January 1, 2012, with earlier adoption permitted. The amendment relates to required disclosures for transfers of financial assets to help users of the financial statements evaluate the risk exposures relating to such transfers and the effect of those risks on an entity's financial position. CEMEX would modify its current disclosures regarding transfers of financial assets as required by the revised standard, if applicable.

In January 2011, the IASB issued IFRS 9, *Financial instruments: classification and measurement* ("IFRS 9"), which as issued, reflects the first phase of the IASB work on the replacement of IAS 39. In subsequent phases, the IASB will address hedge accounting and derecognition. IFRS 9 introduces new requirements for the classification and measurement of financial assets and is effective for annual periods beginning on or after January 1, 2015, with early adoption permitted. The adoption of this standard will have an effect on the classification and measurement of CEMEX's financial assets and financial liabilities. CEMEX is currently evaluating the impact and will quantify the effect in conjunction with the other phases, when issued, to make a comprehensive analysis.

In May 2011, the IASB issued IFRS 10, *Consolidated financial statements* ("IFRS 10"), effective beginning January 1, 2013. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities and replaces the consolidation requirements in SIC 12, *Consolidation — Special Purpose Entities* and IAS 27. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. This standard also provides additional guidance to assist in the determination of control where this is difficult to assess. CEMEX does not expect the application of IFRS 10 to have an impact on its consolidated financial statements.

In May 2011, the IASB issued IFRS 11, *Joint arrangements* ("IFRS 11"), effective beginning January 1, 2013, which provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). IFRS 11 addresses inconsistencies in the reporting of joint arrangements by requiring their classification, according to their legal form and other characteristics, as: a) joint operations, in which the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities relating to the arrangement; or b) joint ventures, in which the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The equity method should be applied as the single method to account for interests in joint ventures. Meanwhile, joint operators should account for their interests in joint operations line-by-line considering their share in the assets, liabilities, revenues and expenses of the arrangement. In conjunction with the issuance of IFRS 11, IAS 28 was amended. CEMEX does not expect the application of IFRS 11 to have an impact on its consolidated financial statements.

In May 2011, the IASB issued IFRS 12, *Disclosure of interests in other entities* ("IFRS 12"), effective beginning January 1, 2013, which is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 will require an entity to disclose information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities, and the effects of those interests on its financial

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position, financial performance and cash flows. CEMEX would modify its current disclosures regarding interest in other entities as required by IFRS 12, if applicable.

In May 2011, the IASB issued IFRS 13, effective beginning January 1, 2013 with earlier application permitted. IFRS 13 provides new guidance on fair value measurement and disclosure requirements. IFRS 13 will improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements. As mentioned in note 2J, as permitted by IFRS 1, CEMEX early adopted IFRS 13 as of January 1, 2010, concurrent with its transition to IFRS (note 27).

In June 2011, the IASB amended IAS 19, which provides the accounting and disclosure requirements by employers for employee benefits. The amendments to IAS 19 intend to provide investors and other users of financial statements with a better understanding of an entity's obligations resulting from the provision of defined benefit plans and how those obligations will affect its financial position, financial performance and cash flows. Among other things, the amendment eliminates the option to defer the recognition of gains and losses, known as the 'corridor method', and further aligns IFRS with Generally Accepted Accounting Principles in the United States ("US GAAP"). The amendments to IAS 19 are effective for CEMEX beginning January 1, 2013, with earlier application permitted. CEMEX is currently evaluating the impact of adopting this amended standard; nonetheless, CEMEX does not expect a significant impact on its consolidated financial statements.

In June 2011, the IASB amended IAS 1, *Presentation of financial statements* ("IAS 1"), in order to improve the quality of the presentation of other comprehensive income ("OCI") and align the presentation of OCI in financial statements prepared in accordance with IFRS with those prepared in accordance with US GAAP. The amendments require companies to group together items within OCI that may be reclassified to the profit or loss section of the income statements. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. The amendments to IAS 1 are effective for CEMEX beginning on January 1, 2012. CEMEX does not expect the application of amended IAS 1 to have an impact on its consolidated financial statements.

In December 2011, the IASB amended IAS 32, for disclosure requirements for the offsetting of assets and liabilities on the statement of financial position. The amended standard requires entities to disclose both gross information and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. The scope includes derivatives, sale and repurchase agreements and reverse sale and repurchase agreements and securities borrowing and securities lending agreements. The amendments to IAS 32 are effective beginning January 1, 2014 and require retrospective application. CEMEX is currently evaluating the impact of adopting this amended standard; nonetheless, CEMEX does not expect a significant impact on its consolidated financial statements.

3. SELECTED FINANCIAL INFORMATION BY GEOGRAPHIC OPERATING SEGMENT

Operating segments are defined as the components of an entity oriented to the production and sale of goods and services, which are subject to risks and benefits different from those associated with other business segments. CEMEX operates principally in the construction industry segment through the production, distribution, marketing and sale of cement, ready-mix concrete and aggregates.

CEMEX operates geographically on a regional basis. Each regional president supervises and is responsible for all the business activities in the countries comprising the region. These activities refer to the production, distribution, marketing and sale of cement, ready-mix concrete and aggregates. The country manager, who is one level below the regional president in the organizational structure, reports the operating results of the country manager's business unit to the regional president, including all the operating sectors. CEMEX's top management internally

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evaluates the results and performance of each country and region for decision-making purposes, following a vertical integration approach. According to this approach, in CEMEX's daily operations, management allocates economic resources on a country basis rather than on an operating component basis. During April 2011, CEMEX's operations were reorganized into six geographical regions, each under the supervision of a regional president: 1) Mexico, 2) United States, 3) Northern Europe, 4) Mediterranean, 5) South America and the Caribbean, and 6) Asia. Selected financial information by geographic operating segment for 2010 has been reclassified as applicable in order to be comparable to the new organization in 2011. The major changes as compared to the previous organization are the creation of the "Mediterranean" region with Spain and Croatia, formerly part of the extinguished "Europe" region, and Egypt and Israel, formerly part of the extinguished "Africa and Middle East" region, among others.

The main indicator used by CEMEX's management to evaluate the performance of each country is "Operating EBITDA", representing operating income plus depreciation and amortization, considering that such amount represents a relevant measure for CEMEX's management as an indicator of the ability to internally fund capital expenditures, as well as a widely accepted financial indicator to measure CEMEX's ability to service or incur debt (note 15). Operating EBITDA should not be considered as an indicator of CEMEX's financial performance, as alternative to cash flow, as a measure of liquidity or as being comparable to other similarly titled measures of other companies. This indicator, which is presented in the selected financial information by geographic operating segment, is consistent with the information used by CEMEX's management for decision-making purposes. The accounting policies applied to determine the financial information by geographic operating segment are consistent with those described in note 2. CEMEX recognizes sales and other transactions between related parties based on market values.

Selected information of the consolidated statements of operations by geographic operating segment for the years ended December 31, 2011 and 2010 was as follows:

	Net sales (including related parties)	Less: Related parties	Net sales	Operating EBITDA	Less: depreciation and amortization	Operating income (loss)	Other expenses, net	Financial expense	Other financing items, net
2011									
Mexico	Ps 43,361	(924)	42,437	15,536	2,391	13,145	(963)	(528)	590
United States	32,759	(86)	32,673	(1,106)	6,801	(7,907)	(322)	(373)	(132)
Northern Europe									
United Kingdom	15,757	—	15,757	1,034	1,181	(147)	(257)	(160)	(99)
Germany	15,975	(1,015)	14,960	1,215	1,041	174	(236)	(55)	(130)
France	14,170	—	14,170	1,580	524	1,056	(171)	(79)	7
Rest of Northern Europe 1	14,278	(650)	13,628	1,658	1,010	648	(1,127)	(66)	(227)
Mediterranean									
Spain	7,142	(108)	7,034	1,575	681	894	(498)	(679)	301
Egypt	6,516	(13)	6,503	2,891	469	2,422	(71)	(5)	—
Rest of Mediterranean 2	7,762	(39)	7,723	962	280	682	(121)	(32)	(35)
South America and the Caribbean									
Colombia	8,533	—	8,533	3,020	452	2,568	(302)	(135)	(168)
Rest of South America and the Caribbean 3	14,852	(1,689)	13,163	3,868	912	2,956	(240)	(35)	9
Asia									
Philippines	3,701	(44)	3,657	617	259	358	(53)	(5)	7
Rest of Asia 4	2,597	—	2,597	155	104	51	(34)	(2)	(11)
Others 5	14,857	(7,805)	7,052	(3,405)	1,431	(4,836)	(1,054)	(14,473)	(2,326)
Total	<u>Ps202,260</u>	<u>(12,373)</u>	<u>189,887</u>	<u>29,600</u>	<u>17,536</u>	<u>12,064</u>	<u>(5,449)</u>	<u>(16,627)</u>	<u>(2,214)</u>

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Selected information of the statements of operations by geographic operating segment — continued.

	Net sales (including related parties)	Less: Related parties	Net sales	Operating EBITDA	Less: depreciation and amortization	Operating income (loss)	Other expenses, net	Financial expense	Other financing items, net
2010									
Mexico	Ps 42,907	(744)	42,163	14,495	2,561	11,934	(854)	(447)	(219)
United States	31,575	(70)	31,505	(903)	7,467	(8,370)	(2,413)	(460)	(137)
Northern Europe									
United Kingdom	14,320	—	14,320	508	1,231	(723)	164	(139)	(256)
Germany	13,524	(864)	12,660	753	1,023	(270)	(112)	(50)	(128)
France	12,179	—	12,179	1,172	656	516	(98)	(72)	(10)
Rest of Northern Europe 1	11,677	(454)	11,223	903	1,015	(112)	(50)	(66)	201
Mediterranean									
Spain	8,013	(110)	7,903	1,768	721	1,047	(693)	(732)	(24)
Egypt	8,053	(174)	7,879	4,175	476	3,699	(141)	(8)	15
Rest of Mediterranean 2	7,253	(178)	7,075	770	299	471	(30)	(28)	(87)
South America and the Caribbean									
Colombia	6,964	(8)	6,956	2,556	377	2,179	(161)	(57)	(264)
Rest of South America and the Caribbean 3	12,315	(1,588)	10,727	3,299	837	2,462	(279)	(68)	63
Asia									
Philippines	4,014	—	4,014	1,242	246	996	(7)	(4)	(88)
Rest of Asia 4	2,512	—	2,512	197	101	96	(69)	(2)	16
Others 5	8,216	(1,691)	6,525	(1,091)	2,098	(3,189)	(1,592)	(12,620)	395
Total	<u>Ps183,522</u>	<u>(5,881)</u>	<u>177,641</u>	<u>29,844</u>	<u>19,108</u>	<u>10,736</u>	<u>(6,335)</u>	<u>(14,753)</u>	<u>(523)</u>

The information of equity in income of associates by geographic operating segment for the years ended December 31, 2011 and 2010 is included in note 12A.

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As of December 31, 2011 and 2010 and January 1, 2010, selected segment information of balance sheet by geographic segment was as follows:

<u>December 31, 2011</u>	<u>Investments in associates</u>	<u>Other segment assets</u>	<u>Total assets</u>	<u>Total liabilities</u>	<u>Net assets by segment</u>	<u>Capital expenditures</u>
Mexico	Ps 841	77,031	77,872	21,858	56,014	2,612
United States	44	235,976	236,020	10,487	225,533	875
Northern Europe						
United Kingdom	201	31,765	31,966	18,797	13,169	607
Germany	96	13,877	13,973	7,576	6,397	340
France	622	15,311	15,933	5,861	10,072	289
Rest of Northern Europe 1	108	18,317	18,425	6,030	12,395	501
Mediterranean						
Spain	161	47,160	47,321	31,603	15,718	501
Egypt	—	7,819	7,819	4,052	3,767	175
Rest of Mediterranean 2	7	9,916	9,923	3,438	6,485	273
South America and the Caribbean						
Colombia	—	15,318	15,318	5,161	10,157	179
Rest of South America and the Caribbean 3	25	19,980	20,005	4,656	15,349	484
Asia						
Philippines	—	8,786	8,786	2,716	6,070	494
Rest of Asia 4	—	2,432	2,432	853	1,579	69
Corporate 5	4,568	16,384	20,952	238,087	(217,135)	27
Others 5	1,860	13,047	14,907	8,774	6,133	151
Total	<u>Ps 8,533</u>	<u>533,119</u>	<u>541,652</u>	<u>369,949</u>	<u>171,703</u>	<u>7,577</u>

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Selected information of the balance sheet by geographic operating segment — continued.

<u>December 31, 2010</u>	<u>Investments in associates</u>	<u>Other segment assets</u>	<u>Total assets</u>	<u>Total liabilities</u>	<u>Net assets by segment</u>	<u>Capital expenditures</u>
Mexico	Ps 803	75,613	76,416	18,183	58,233	1,265
United States	297	209,216	209,513	23,243	186,270	945
Northern Europe						
United Kingdom	227	29,041	29,268	16,567	12,701	657
Germany	72	13,122	13,194	6,755	6,439	593
France	633	13,882	14,515	6,973	7,542	294
Rest of Northern Europe 1	97	18,229	18,326	4,811	13,515	584
Mediterranean						
Spain	155	39,715	39,870	29,416	10,454	589
Egypt	—	7,324	7,324	3,206	4,118	315
Rest of Mediterranean 2	9	9,209	9,218	3,010	6,208	222
South America and the Caribbean						
Colombia	—	13,808	13,808	5,829	7,979	241
Rest of South America and the Caribbean 3	22	16,731	16,753	3,602	13,151	775
Asia						
Philippines	—	7,745	7,745	2,042	5,703	181
Rest of Asia 4	—	2,393	2,393	836	1,557	53
Corporate 5	4,374	11,833	16,207	195,950	(179,743)	135
Others 5	1,676	28,655	30,331	1,271	29,060	114
Total	<u>Ps 8,365</u>	<u>496,516</u>	<u>504,881</u>	<u>321,694</u>	<u>183,187</u>	<u>6,963</u>
<u>January 1, 2010</u>	<u>Investments in associates</u>	<u>Other segment assets</u>	<u>Total assets</u>	<u>Total liabilities</u>	<u>Net assets by segment</u>	
Mexico	Ps 790	77,344	78,134	20,925	57,209	
United States	2,502	231,090	233,592	29,316	204,276	
Northern Europe						
United Kingdom	257	32,852	33,109	21,259	11,850	
Germany	90	15,487	15,577	8,305	7,272	
France	738	16,168	16,906	9,189	7,717	
Rest of Northern Europe 1	107	21,652	21,759	5,845	15,914	
Mediterranean						
Spain	212	51,189	51,401	41,146	10,255	
Egypt	—	8,650	8,650	4,366	4,284	
Rest of Mediterranean 2	9	10,437	10,446	3,009	7,437	
South America and the Caribbean						
Colombia	—	13,742	13,742	5,896	7,846	
Rest of South America and the Caribbean 3	25	17,468	17,493	5,080	12,413	
Asia						
Philippines	—	7,959	7,959	2,123	5,836	
Rest of Asia 4	—	3,215	3,215	792	2,423	
Corporate 5	4,492	8,528	13,020	160,643	(147,623)	
Others 5	1,846	28,702	30,548	19,053	11,495	
Total	<u>Ps 11,068</u>	<u>544,483</u>	<u>555,551</u>	<u>336,947</u>	<u>218,604</u>	

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Total consolidated liabilities as of December 31, 2011 and 2010 and January 1, 2010 included debt of Ps208,471, Ps194,394 and Ps210,446, respectively. Of such balances, 31%, 23% and 27% was in the Parent Company, 37%, 43% and 40% was in Spain, 30%, 31% and 29% was in finance subsidiaries in Holland, Luxembourg and the United States, and 2%, 2% and 4% was in other countries, as of December 31, 2011 and 2010 and January 1, 2010, respectively. The Parent Company and the finance subsidiaries mentioned above are included within the segment “Corporate.”

Net sales by product and geographic segment for the years ended December 31, 2011 and 2010 were as follows:

2011	<u>Cement</u>	<u>Concrete</u>	<u>Aggregates</u>	<u>Others</u>	<u>Eliminations</u>	<u>Net sales</u>
Mexico	Ps28,215	12,618	2,387	10,477	(11,260)	42,437
United States	11,772	11,811	6,868	10,213	(7,991)	32,673
Northern Europe						
United Kingdom	3,377	5,942	5,315	8,714	(7,591)	15,757
Germany	5,156	6,797	4,143	3,609	(4,745)	14,960
France	—	11,853	4,092	362	(2,137)	14,170
Rest of Northern Europe 1	6,155	6,917	2,184	1,207	(2,835)	13,628
Mediterranean						
Spain	5,567	1,676	647	441	(1,297)	7,034
Egypt	5,917	490	26	197	(127)	6,503
Rest of Mediterranean 2	2,015	4,801	1,092	304	(489)	7,723
South America and the Caribbean						
Colombia	6,600	2,779	486	774	(2,106)	8,533
Rest of South America and the Caribbean 3	11,164	3,037	449	813	(2,300)	13,163
Asia						
Philippines	3,699	—	—	3	(45)	3,657
Rest of Asia 4	843	1,524	200	122	(92)	2,597
Others 5	—	—	—	14,689	(7,637)	7,053
Total	<u>Ps 90,480</u>	<u>70,245</u>	<u>27,889</u>	<u>51,925</u>	<u>(50,652)</u>	<u>189,887</u>
2010						
Mexico	Ps27,911	11,233	1,622	10,723	(9,326)	42,163
United States	12,232	10,708	7,091	9,274	(7,800)	31,505
Northern Europe						
United Kingdom	3,055	5,107	4,870	6,092	(4,804)	14,320
Germany	4,313	5,770	3,494	3,126	(4,043)	12,660
France	—	10,051	3,371	368	(1,611)	12,179
Rest of Northern Europe 1	4,874	5,459	1,924	1,088	(2,122)	11,223
Mediterranean						
Spain	6,107	2,057	757	1,089	(2,107)	7,903
Egypt	7,050	702	41	413	(327)	7,879
Rest of Mediterranean 2	2,312	4,125	1,020	687	(1,069)	7,075
South America and the Caribbean						
Colombia	5,612	2,021	283	626	(1,586)	6,956
Rest of South America and the Caribbean 3	10,139	2,732	337	404	(2,885)	10,727
Asia						
Philippines	3,976	—	—	38	—	4,014
Rest of Asia 4	779	1,497	190	146	(100)	2,512
Others 5	—	—	—	7,660	(1,136)	6,525
Total	<u>Ps 88,360</u>	<u>61,462</u>	<u>25,000</u>	<u>41,735</u>	<u>(38,916)</u>	<u>177,641</u>

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Footnotes to the geographic segment tables presented above:

- 1 The segment "Rest of Northern Europe" refers primarily to operations in Ireland, the Czech Republic, Austria, Poland, Hungary and Latvia, as well as trading activities in Scandinavia and Finland.
- 2 The segment "Rest of Mediterranean" includes mainly the operations in Croatia, the United Arab Emirates and Israel.
- 3 The segment "Rest of South America and the Caribbean" includes CEMEX's operations in Costa Rica, Panama, Puerto Rico, the Dominican Republic, Nicaragua, Jamaica and other countries in the Caribbean, Guatemala, and small ready-mix concrete operations in Argentina.
- 4 The segment "Rest of Asia" includes the operations in Thailand, Bangladesh, China and Malaysia.
- 5 This segment refers to: 1) cement trade maritime operations, 2) the subsidiary involved in the development of information technology solutions (Neoris, N.V.), 3) the Parent Company and other corporate entities, and 4) other minor subsidiaries with different lines of business.

4) DEPRECIATION AND AMORTIZATION

Depreciation and amortization recognized during 2011 and 2010 is detailed as follows:

	<u>2011</u>	<u>2010</u>
Depreciation and amortization expense related to assets used in the production process	Ps 13,918	14,574
Depreciation and amortization expense related to assets used in administrative and selling activities	3,618	4,534
	<u>Ps17,536</u>	<u>19,108</u>

5) OTHER EXPENSES, NET

Other expenses, net in 2011 and 2010, consisted of the following:

	<u>2011</u>	<u>2010</u>
Restructuring costs	Ps(1,959)	(897)
Impairment losses (notes 11, 12B, 13 and 14)	(1,751)	(1,904)
Charitable contributions	(140)	(385)
Results from the sale of assets and others, net	(1,599)	(3,149)
	<u>Ps (5,449)</u>	<u>(6,335)</u>

6) OTHER FINANCIAL (EXPENSES) INCOME, NET

Other financial (expenses) income, net in 2011 and 2010, is detailed as follows:

	<u>2011</u>	<u>2010</u>
Financial income	Ps 489	483
Results from financial instruments (notes 12B and 15D)	(76)	(1,103)
Foreign exchange results	(1,919)	895
Effects of net present value on assets and liabilities and others, net	(708)	(798)
	<u>Ps (2,214)</u>	<u>(523)</u>

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7. CASH AND INVESTMENTS

Consolidated cash and investments consisted of:

	December 31, 2011	December 31, 2010	January 1, 2010
Cash and bank accounts	Ps 6,123	3,659	11,295
Fixed-income securities and other cash equivalents ¹	10,005	4,695	2,809
	<u>Ps16,128</u>	<u>8,354</u>	<u>14,104</u>

¹ As of December 31, 2011 and 2010, this caption includes approximately Ps4,103 and Ps195, respectively, for the Mexican promissory notes ("Certificados Bursátiles" or "CBs") reserve (note 15A), as well as restricted deposits related to insurance contracts for approximately Ps425 and Ps185, respectively.

Based on net settlement agreements, as of December 31, 2011 and 2010 and January 1, 2010, the balance of cash and investments excludes deposits in margin accounts that guarantee several obligations of CEMEX for approximately Ps4,010, Ps2,918 and Ps3,962, respectively, which are offset against the corresponding CEMEX's obligations with the counterparties.

8. TRADE ACCOUNTS RECEIVABLE

Consolidated trade accounts receivable consisted of:

	December 31, 2011	December 31, 2010	January 1, 2010
Trade accounts receivable	Ps 28,376	24,407	25,578
Allowances for doubtful accounts	(2,171)	(2,246)	(2,571)
	<u>Ps26,205</u>	<u>22,161</u>	<u>23,007</u>

As of December 31, 2011 and 2010 and January 1, 2010, trade accounts receivable include receivables of Ps12,733 (US\$912), Ps9,968 (US\$807) and Ps9,624 (US\$735), respectively, that were sold under securitization programs for the sale of trade accounts receivable established in Mexico, the United States, Spain, France and the United Kingdom; the latter forms part of the program in France and was initiated in 2011. Under these programs, CEMEX effectively surrenders control associated with the trade accounts receivable sold and there is no guarantee or obligation to reacquire the assets. However, CEMEX retains certain residual interest in the programs and/or maintains continuing involvement with the accounts receivable; therefore, the amounts received are recognized within "Other financial obligations." Trade accounts receivable qualifying for sale exclude amounts over certain days past due or concentrations over certain limits to any one customer, according to the terms of the programs. The portion of the accounts receivable sold maintained as reserves amounted to Ps3,181 as of December 31, 2011, Ps3,306 as of December 31, 2010 and Ps3,083 as of January 1, 2010. Therefore, the funded amount to CEMEX was Ps9,552 (US\$684) as of December 31, 2011, including approximately Ps656 (US\$47) of accounts receivable in France sold through factoring programs with recourse, Ps6,662 (US\$539) as of December 31, 2010 and Ps6,541 (US\$500) as of January 1, 2010. The discount granted to the acquirers of the trade accounts receivable is recorded as financial expense and amounted to approximately Ps390 (US\$31) in 2011 and Ps368 (US\$29) in 2010. CEMEX's securitization programs are negotiated for specific periods and should be renewed at their maturity. The securitization programs outstanding as of December 31, 2011 in Mexico, the United States, Spain, France and the United Kingdom, were initiated or renewed during 2011 and mature in October 2015, May 2013, May 2016, March 2013 and March 2013, respectively.

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Allowances for doubtful accounts are established according to the credit history and risk profile of each customer. Changes in the valuation allowance for doubtful accounts in 2011 and 2010, were as follows:

	<u>2011</u>	<u>2010</u>
Allowances for doubtful accounts at beginning of period	Ps2,246	2,571
Charged to selling expenses	338	353
Deductions	(695)	(609)
Business combinations	82	2
Foreign currency translation effects	200	(71)
Allowances for doubtful accounts at end of period	<u>Ps2,171</u>	<u>2,246</u>

9. OTHER ACCOUNTS RECEIVABLE

Consolidated other accounts receivable consisted of:

	<u>December 31, 2011</u>	<u>December 31, 2010</u>	<u>January 1, 2010</u>
Non-trade accounts receivable 1	Ps 1,964	2,390	1,226
Current portion of valuation of derivative instruments	6	7,446	1,254
Interest and notes receivable 2	2,284	1,922	3,144
Loans to employees and others	185	267	375
Refundable taxes	819	738	1,583
	<u>Ps 5,258</u>	<u>12,763</u>	<u>7,582</u>

1 Non-trade accounts receivable are mainly attributable to the sale of assets.

2 Includes Ps185 as of December 31, 2011, Ps221 as of December 31, 2010 and Ps235 as of January 1, 2010, representing the short-term portion of the investment arising from the settlement of derivative instruments related to perpetual debentures issued by CEMEX (notes 15C and 19D)

10. INVENTORIES

Consolidated balances of inventories are summarized as follows:

	<u>December 31, 2011</u>	<u>December 31, 2010</u>	<u>January 1, 2010</u>
Finished goods	Ps 6,437	5,541	5,157
Work-in-process	2,597	2,722	3,207
Raw materials	3,219	2,783	3,005
Materials and spare parts	5,328	4,383	5,053
Inventory in transit	517	301	233
Allowance for obsolescence	(444)	(513)	(482)
	<u>Ps17,654</u>	<u>15,217</u>	<u>16,173</u>

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For the years ended December 31, 2011 and 2010, CEMEX recognized in the statements of operations, inventory impairment losses of approximately Ps19 in 2011 and Ps17 in 2010.

11. OTHER CURRENT ASSETS

Consolidated other current assets consisted of:

	<u>December 31, 2011</u>	<u>December 31, 2010</u>	<u>January 1, 2010</u>
Advance payments	Ps 1,946	1,832	1,828
Assets held for sale	2,007	1,248	1,364
	<u>Ps 3,953</u>	<u>3,080</u>	<u>3,192</u>

As of December 31, 2011 and 2010 and January 1, 2010, advance payments include Ps549, Ps446 and Ps331, respectively, associated with advances to suppliers of inventory (note 2G). Assets held for sale are stated at their estimated realizable value and include real estate properties received in payment of trade receivables. During 2011 and 2010, CEMEX recognized within "Other expenses, net" impairment losses in connection with assets held for sale for approximately Ps190 and Ps420, respectively.

12. INVESTMENTS IN ASSOCIATES AND OTHER INVESTMENTS AND NON-CURRENT ACCOUNTS RECEIVABLE

12A) INVESTMENTS IN ASSOCIATES

The main investments in shares of associates were as follows:

	<u>Activity</u>	<u>Country</u>	<u>%</u>	<u>December 31,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>	<u>January 1,</u> <u>2010</u>
Control Administrativo Mexicano, S.A. de C.V.	Cement	Mexico	49.0	Ps 4,566	4,366	4,491
Trinidad Cement Ltd	Cement	Trinidad	20.0	548	560	591
Cancem, S.A. de C.V.	Cement	Mexico	10.3	486	465	478
Société Méridionale de Carrières	Aggregates	France	33.3	253	264	331
Société d'Exploitation de Carrières	Aggregates	France	50.0	202	188	227
ABC Capital, S.A. Institución de Banca Múltiple 1	Financing	Mexico	49.0	371	333	301
Société des Ciments Antillais	Cement	French Antilles	26.0	136	124	173
Lehigh White Cement Company	Cement	United States	24.5	160	155	214
Ready Mix USA LLC	Concrete	United States	49.9	—	265	2,366
Other companies	—	—	—	1,811	1,645	1,896
				<u>Ps 8,533</u>	<u>8,365</u>	<u>11,068</u>

Out of which:

Book value at acquisition date	Ps 2,627	3,162	4,962
Changes in stockholders' equity	<u>Ps 5,906</u>	<u>5,203</u>	<u>6,106</u>

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1 Formerly ABC Capital, S.A. de C.V.S.F.O.M. until October 2, 2011.

Equity in loss of associates by geographic operating segment in 2011 and 2010 is detailed as follows:

	<u>2011</u>	<u>2010</u>
Mexico	Ps (53)	32
United States	(204)	(648)
Northern Europe	146	78
Mediterranean	(8)	(3)
Corporate and Others	(215)	54
	<u>Ps (334)</u>	<u>(487)</u>

Combined condensed balance sheet information of CEMEX's associates as of December 31, 2011 and 2010 is set forth below:

	<u>2011</u>	<u>2010</u>
Current assets	Ps15,728	17,194
Non-current assets	42,196	49,635
Total assets	<u>57,924</u>	<u>66,829</u>
Current liabilities	7,912	8,471
Non-current liabilities	21,190	24,635
Total liabilities	<u>29,102</u>	<u>33,106</u>
Total net assets	<u>Ps28,822</u>	<u>33,723</u>

Combined selected information of the statements of operations of CEMEX's associates in 2011 and 2010 is set forth below:

	<u>2011</u>	<u>2010</u>
Sales	Ps15,736	18,798
Operating income	1,118	1,233
Income (loss) before income tax	(846)	608
Net income (loss)	<u>(402)</u>	<u>444</u>

In 2005, CEMEX and Ready Mix USA formed two joint ventures: a) CEMEX Southeast, LLC, the joint venture owned at 50.01% and consolidated by CEMEX, was comprised by the Demopolis cement plant in Alabama with an annual installed capacity of 0.9 million tons, the Clinchfield cement plant in Georgia with an annual installed capacity of 0.8 million tons, and 12 cement terminals; and b) Ready Mix USA LLC, the joint venture owned at 50.01% and consolidated by Ready Mix USA, was comprised by 10 sand and gravel pits, 149 concrete plants and 20 block plants located throughout the states of Arkansas, Mississippi, Tennessee, Alabama, Georgia, and the Florida Panhandle. In January 2008, as part of the joint venture agreements, CEMEX contributed and sold certain assets located also in Georgia, Tennessee and Virginia to Ready Mix USA, LLC for approximately US\$380 of which US\$120 represented the sale of assets and was received in cash. On February 22, 2010, Ready Mix USA LLC sold 12 quarries located in Georgia, Tennessee and Virginia and certain other assets to SPO Partners & Co. for US\$420. The assets were deemed non strategic by CEMEX and Ready Mix USA. The proceeds from the sale were partly used to reduce debt held by Ready Mix USA LLC, and to effect a cash distribution of approximately US\$100 to each joint venture partner.

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Starting on June 30, 2008, Ready Mix USA had the right, but not the obligation, to sell its interests in both joint ventures to CEMEX. On September 30, 2010, Ready Mix USA exercised its put option. The purchase price was determined on March 31, 2011 and could have been paid at CEMEX election until September 30, 2011. Based on IAS 27, Ready Mix USA LLC was consolidated beginning March 31, 2011. Nonetheless, control was not transferred to CEMEX until August 12, 2011, date in which CEMEX paid and concluded the acquisition of the two joint ventures (note 14A). As of December 31 and January 1, 2010, CEMEX recognized a liability for approximately Ps26 (US\$2) and Ps65 (US\$5), respectively, in connection with the fair value of Ready Mix USA's non-controlling interest in CEMEX Southeast, LLC.

In April 2010, as allowed by its debt agreements, CEMEX announced its plans to contribute, as an initial investment up to US\$100 for a non-controlling interest in a vehicle that would invest in the cement and related industries originally named Blue Rock Cement Holdings S.A. which is now named TRG Blue Rock HBM Holdings S.à.r.l. ("Blue Rock -TRG") and managed by entities that are part of The Rohatyn Group. Initially, a project in Peru, which consisted of the construction of a new cement plant with an initial production capacity of approximately one million metric tons per year, had been identified. As of December 31, 2011, this and/or other projects in Peru are still being considered. Depending on funds raised from third-party investors and the availability of financing, Blue Rock—TRG may decide to invest in different assets in the cement industry and/or related industries and/or enter into operating contracts providing for our assistance in the development, building and operation of the invested assets, if any. As of December 31, 2011, CEMEX had not made any investment.

12B) OTHER INVESTMENTS AND NON-CURRENT ACCOUNTS RECEIVABLE

Consolidated other investments and non-current accounts receivable were summarized as follows:

	<u>December 31, 2011</u>	<u>December 31, 2010</u>	<u>January 1, 2010</u>
Non-current portion of valuation of derivative financial instruments	Ps 1,787	1,537	6,512
Non-current accounts receivable and other investments 1	5,926	12,886	14,795
Investments available-for-sale 2	2,513	—	—
Investments held for trading 3	369	551	688
	<u>Ps 10,595</u>	<u>14,974</u>	<u>21,995</u>

- 1** Includes, among other concepts: a) Ps6,203 as of December 31, 2010 and Ps6,147 as of January 1, 2010 related to CEMEX's net investment in its expropriated assets in Venezuela; b) as of December 31, 2011 and 2010 and January 1, 2010, advances to suppliers of fixed assets for approximately Ps216, Ps204 and Ps675, respectively; c) Ps632 as of December 31, 2011, Ps726 as of December 31, 2010 and Ps1,011 as of January 1, 2010 of the investment resulting from the settlement of derivative instruments associated with the perpetual debentures, which is used to pay coupons under such instruments (notes 15D and 19D); and d) Ps1,144 as of December 31, 2010 and Ps916 as of January 1, 2010 of a restricted investment maintained for purchases of cement, concrete and/or aggregates businesses. In 2011, considering the lack of investment projects, the restrictions were lifted and the funds were used for general corporate purposes. CEMEX recognized impairment losses of non-current accounts receivable in the Caribbean and the United States for approximately Ps167 in 2011 and in the United States for approximately Ps129 in 2010 (note 5).
- 2** As of December 31, 2011, CEMEX maintained PDVSA notes as available-for-sale investments with a notional amount of approximately US\$203 (Ps2,834) and a fair value of approximately US\$180 (Ps2,513). During 2011, changes in valuation of these investments generated a loss of approximately Ps58 recognized as part of other comprehensive loss within other equity reserves.

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- 3 This line item includes: a) Ps59 as of December 31, 2011, Ps94 as of December 31, 2010 and Ps156 as of January 1, 2010 of an investment in CPOs of Axtel, S.A.B. de C.V. (“Axtel”); and b) investments in private funds for Ps310 as of December 31, 2011, Ps457 as of December 31, 2010 and Ps532 as of January 1, 2010. In 2011 and 2010, no contributions were made to such private funds.

Nationalization of CEMEX Venezuela

On August 18, 2008, the Government of Venezuela expropriated all businesses, assets and shares of CEMEX in Venezuela and took control of its facilities. CEMEX controlled and operated CEMEX Venezuela until August 17, 2008. In October 2008, CEMEX submitted a request to the International Centre for Settlement of Investment Disputes (“ICSID”), seeking international arbitration claiming that the nationalization and seizure of CEMEX’s facilities located in Venezuela did not comply with the terms of the existing treaty for the protection of investments between Venezuela and the Netherlands and with international law because CEMEX had not received compensation and no public purpose was proven. On December 13, 2011, CEMEX and the Government of Venezuela, through its public entity Corporación Socialista de Cemento, S.A., concluded a settlement agreement by means of which, CEMEX received compensation for the expropriation of CEMEX Venezuela and administrative services provided after the expropriation in the form of: (i) a cash payment of US\$240; and (ii) notes issued by Petróleos de Venezuela, S.A. (“PDVSA”), with nominal value and interest income to maturity totaling approximately US\$360. Additionally, as part of the settlement, all intercompany payments due from or to CEMEX Venezuela to and from CEMEX were cancelled, resulting in the cancellation for CEMEX of accounts payable, net of approximately US\$154. Pursuant to this settlement agreement, CEMEX and the government of Venezuela agreed to withdraw the ICSID arbitration. As a result of this settlement, CEMEX cancelled the book value of its net assets in Venezuela of approximately US\$503 and recognized a settlement gain in the statement of operations for 2011 of approximately US\$25, which includes the write-off of the currency translation effects accrued in equity.

13. PROPERTY, MACHINERY AND EQUIPMENT

Consolidated property, machinery and equipment consisted of:

	<u>December 31, 2011</u>	<u>December 31, 2010</u>	<u>January 1, 2010</u>
Land and mineral reserves 1	Ps 81,136	75,164	80,626
Buildings 1	43,824	39,009	39,509
Machinery and equipment 2	183,683	165,154	172,157
Construction in progress	14,974	13,016	18,204
Accumulated depreciation and depletion	<u>(89,908)</u>	<u>(71,072)</u>	<u>(64,373)</u>
	<u>Ps 233,709</u>	<u>221,271</u>	<u>246,123</u>

- 1** Include a corporate building and its land sold in 2011, which were leased back not incurring in any change on the carrying amount or gain or loss on the transaction. The aggregate carrying amount of these assets as of December 31, 2011 was approximately Ps554.
- 2** Includes assets, mainly mobile equipment, acquired in 2011 through capital leases, which carrying amount as of December 31, 2011 was approximately Ps1,519. In 2010, there were no significant capital leases.

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Changes in property, machinery and equipment in 2011 and 2010, were as follows:

	<u>2011</u>	<u>2010</u>
Cost of property, machinery and equipment at beginning of period	Ps 292,343	310,496
Accumulated depreciation and depletion at beginning of period	(71,072)	(64,373)
Net book value at beginning of period	221,271	246,123
Capital expenditures	5,943	6,875
Additions through capital leases	1,519	—
Capitalization of financial expense	115	88
Total additions	7,577	6,963
Disposals 1	(2,829)	(2,797)
Reclassifications 2	—	1,169
Additions through business combinations	5,166	38
Depreciation and depletion for the period	(14,457)	(15,337)
Impairment losses	(1,249)	(1,161)
Foreign currency translation effects	18,230	(13,727)
Cost of property, machinery and equipment at end of period	323,617	292,343
Accumulated depreciation and depletion at end of period	(89,908)	(71,072)
Net book value at end of period	Ps 233,709	221,271

1 In 2011, includes sales of non-strategic fixed assets in the United Kingdom, Mexico and the United States for Ps424, Ps567 and Ps968, respectively.

In 2010, includes sales of non-strategic fixed assets in the United States and Mexico for Ps1,140 and Ps749, respectively.

2 In 2010, refers to the capitalization of advances to suppliers of fixed assets during the period.

As a result of impairment tests conducted on several cash generating units considering certain triggering events, mainly the closing and/or reduction of operations of cement and ready-mix plants resulting from adjusting the supply to current demand conditions, and the transferring of installed capacity to more efficient plants, CEMEX adjusted the related fixed assets to their estimated value in use, when the assets continue in operation based on estimated cash flows during the remaining useful lives, or to their realizable value, in case of permanent shut down, and recognized impairment losses (note 2K) in 2011 and 2010 in the following countries and for the following amounts:

	<u>2011</u>	<u>2010</u>
Ireland	Ps 790	91
Mexico	101	138
United Kingdom	84	—
Latvia	68	—
Colombia	46	—
Poland	29	76
Germany	21	103
Thailand	15	136
United States	11	500
Other countries	84	117
	Ps1,249	1,161

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14. GOODWILL AND INTANGIBLE ASSETS

Consolidated goodwill, intangible assets and deferred charges were summarized as follows:

	<u>December 31, 2011</u>			<u>December 31, 2010</u>		
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Carrying amount</u>	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Carrying amount</u>
Intangible assets of indefinite useful life:						
Goodwill	Ps152,674	—	152,674	Ps135,822	—	135,822
Intangible assets of definite useful life:						
Extraction rights	29,839	(2,307)	27,532	26,598	(1,373)	25,225
Cost of internally developed software	7,546	(6,835)	711	7,551	(6,424)	1,127
Industrial property and trademarks	4,012	(3,000)	1,012	3,476	(2,209)	1,267
Customer relationships	5,172	(2,324)	2,848	4,587	(1,596)	2,991
Mining projects	2,083	(402)	1,681	1,942	(600)	1,342
Others intangible assets	9,326	(6,722)	2,604	8,291	(5,537)	2,754
	<u>Ps210,652</u>	<u>(21,590)</u>	<u>189,062</u>	<u>Ps188,267</u>	<u>(17,739)</u>	<u>170,528</u>
January 1, 2010						
				<u>Cost</u>	<u>Accumulated amortization</u>	<u>Carrying amount</u>
Intangible assets of indefinite useful life:						
Goodwill				Ps144,190	—	144,190
Intangible assets of definite useful life:						
Extraction rights				29,650	(1,361)	28,289
Cost of internally developed software				7,807	(5,075)	2,732
Industrial property and trademarks				3,331	(1,908)	1,423
Customer relationships				4,936	(1,224)	3,712
Mining projects				2,132	(431)	1,701
Others intangible assets				9,782	(6,301)	3,481
				<u>Ps201,828</u>	<u>(16,300)</u>	<u>185,528</u>

The amortization of intangible assets of definite useful life was approximately Ps1,758 in 2011 and Ps2,046 in 2010, and was recognized within operating costs and expenses.

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Goodwill

Goodwill balances by reporting unit were as follows:

	December 31, 2011	December 31, 2010	January 1, 2010
United States	Ps117,867	103,493	110,147
Mexico	6,369	6,354	6,354
Northern Europe			
United Kingdom	4,647	4,254	4,569
France	3,690	3,302	3,635
Rest of Northern Europe 1	420	545	587
Mediterranean			
Spain	9,549	8,750	9,217
United Arab Emirates	1,383	1,275	1,373
Egypt	231	229	231
South America and the Caribbean			
Colombia	5,628	5,031	5,109
Dominican Republic	214	195	226
Rest of South America and the Caribbean 2	775	714	951
Asia			
Philippines	1,513	1,339	1,425
Others			
Other reporting units 3	388	341	366
	<u>Ps152,674</u>	<u>135,822</u>	<u>144,190</u>

1 This caption refers to the reporting units in Czech Republic and Latvia.

2 This caption refers to the reporting units in Costa Rica and Panama.

3 This caption is primarily associated with CEMEX's subsidiary in the information technology and software development business.

Changes in goodwill in 2011 and 2010 were as follows:

	2011	2010
Balance at beginning of period	Ps135,822	144,190
Increase for business acquisitions	14	81
Disposals	—	(83)
Impairment losses (note 14B)	(145)	(189)
Foreign currency translation effects	16,983	(8,177)
Balance at end of period	<u>Ps152,674</u>	<u>135,822</u>

As mentioned in note 14B, during 2011 and 2010, based on impairment tests made during the last quarter of such years, CEMEX recognized within "Other expenses, net" goodwill impairment losses in connection with the reporting units in Latvia and Puerto Rico, respectively, for approximately Ps145 (US\$12) in 2011 and Ps189 (US\$15) in 2010.

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Intangible assets of definite life

Changes in intangible assets of definite life in 2011 and 2010 were as follows:

	<u>2011</u>	<u>2010</u>
Balance at beginning of period	Ps34,706	41,338
Increase for business acquisitions	6	48
Additions (disposals), net 1	621	(287)
Amortization	(1,758)	(2,046)
Impairment losses	—	(5)
Foreign currency translation effects	3,113	(4,342)
Balance at end of period	<u>Ps36,688</u>	<u>34,706</u>

- 1** CEMEX capitalized the direct costs incurred in the development stage of internal-use software, such as professional fees, direct labor and related travel expenses, for Ps501 in 2011 and Ps30 in 2010.

As described at the beginning of this note, a significant portion of CEMEX's definite-lived intangible assets under IFRS as of December 31, 2011 and 2010 were comprised of extraction rights, trademarks and customer relationships. When impairment indicators exist, for each intangible asset, CEMEX would determine its projected revenue streams over the estimated useful life of the asset. In order to obtain discounted cash flows attributable to each intangible asset, such revenues are adjusted for operating expenses, changes in working capital and other expenditures, as applicable, and discounted to net present value using the risk adjusted discount rates of return. Significant management judgment is necessary to determine the appropriate valuation method and estimates under the key assumptions, among which are: a) the useful life of the asset; b) the risk adjusted discount rate of return; c) royalty rates; and d) growth rates. Assumptions used for these cash flows are consistent with internal forecasts and industry practices.

The fair values of intangible assets are very sensitive to changes in the significant assumptions used in their calculation. Certain key assumptions are more subjective than others. In respect of trademarks, CEMEX considers the royalty rate, key in the determination of revenue streams, as the most subjective assumption. In respect of extraction rights and customer relationships, the most subjective assumptions are revenue growth rates and estimated useful lives. CEMEX validates its assumptions through benchmarking with industry practices and the corroboration of third party valuation advisors.

Upon migration to IFRS as of January 1, 2010, as permitted by IFRS 1, CEMEX elected to consider as the deemed cost for its definite-lived intangible assets under IFRS, the same carrying amounts of such assets under MFRS, with the exception of certain extraction permits in the United States, which CEMEX elected to recognize at their estimated fair value as of the date of transition (note 27).

14A) MAIN ACQUISITIONS AND DIVESTITURES DURING THE REPORTED PERIODS**Acquisition of Ready Mix USA, LLC**

As a result of Ready Mix USA's exercise of its put option (note 12A) and after performance of the obligations by both parties under the put option agreement, effective as of August 1, 2011, through the payment of approximately US\$352 (Ps4,914), CEMEX acquired its former joint venture partner's interests in CEMEX Southeast, LLC and Ready Mix USA, LLC, including a non-compete and a transition services agreement. In

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accordance with the joint venture agreements, from the date in which Ready Mix USA exercised its put option until CEMEX's acquisition date, Ready Mix USA continued to control and manage Ready Mix USA, LLC. Nonetheless, based on IAS 27, considering the existence of a settlement price that could have been paid any time until September 30, 2011 at CEMEX election, Ready Mix USA LLC was consolidated beginning March 31, 2011. Upon consolidation, the purchase price was assigned to each joint venture proportionately to CEMEX's relative contribution interest in CEMEX Southeast, LLC and Ready Mix USA, LLC considering the original fair values as of the dates of the agreements in 2005. The acquisition of the minority interest in CEMEX Southeast, LLC, fully consolidated by CEMEX as of the acquisition date, and Ready Mix USA, LLC, generated an aggregate loss of approximately US\$31 (Ps387), which, as a transaction between stockholders under IFRS, was recognized within "Other equity reserves." Considering that control was transferred until August 2011, as of the issuance date of this financial statements, CEMEX was still in the process of completing the allocation of the purchase price of Ready Mix USA, LLC to the fair values of the assets acquired and liabilities assumed, which is expected to be concluded before July 31, 2012. The consolidated financial statements of CEMEX include the balance sheet of Ready Mix USA, LLC as of December 31, 2011, based on the best estimate of its net asset's fair value as of the acquisition date of approximately Ps4,487, including cash and cash equivalents for approximately Ps912 and debt for approximately Ps1,352, and its results of operations for the nine-month period ended December 31, 2011.

14B) ANALYSIS OF GOODWILL IMPAIRMENT

As mentioned in note 2K, CEMEX tests its balances of goodwill for impairment at the level of its geographic operating segments, which are commonly comprised by multiple cash generating units. CEMEX's cash flow projections to determine the value in use of its reporting units consider the use of long-term economic assumptions. CEMEX believes that its discounted cash flow projections and the discount rates used reasonably reflect current economic conditions at the time of the calculations, considering, among other factors that: a) the cost of capital reflects current risks and volatility in the markets; and b) the cost of debt represents the average of industry's specific interest rates observed in recent transactions.

During the last quarter of 2011 and 2010, CEMEX performed its annual goodwill impairment test. Based on these analyses, in 2011 and 2010, CEMEX determined impairment losses of goodwill for approximately Ps145 (US\$12) and Ps189 (US\$15), respectively, associated with the reporting units in Latvia in 2011 and Puerto Rico in 2010, in both cases representing 100% of the goodwill balance associated with such reporting units. The estimated impairment losses are mainly attributable to market dynamics in these countries and their position in their business economic cycle. In both reporting units, their net book value exceeded their respective recoverable amount.

Upon transition to IFRS as of January 1, 2010, the recoverable amount of all reporting units exceeded their respective carrying amount.

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In 2011 and 2010, CEMEX's pre-tax discount rates and growth rates in perpetuity used to determine the discounted cash flows in the reporting units with the main goodwill balances, were as follows:

Reporting units	Discount rates			Growth rates		
	December 31, 2011	December 31, 2010	January 1, 2010	December 31, 2011	December 31, 2010	January 1, 2010
United States	10.7%	10.0%	10.2%	2.5%	2.5%	2.5%
Spain	12.0%	11.2%	10.9%	2.5%	2.5%	2.5%
Mexico	11.4%	11.0%	11.4%	2.5%	2.5%	2.5%
Colombia	11.6%	11.1%	11.8%	2.5%	2.5%	2.5%
France	11.5%	10.7%	11.2%	2.5%	2.5%	2.5%
United Arab Emirates	13.9%	11.7%	12.1%	2.5%	2.5%	2.5%
United Kingdom	11.0%	10.7%	10.9%	2.5%	2.5%	2.5%
Egypt	13.0%	11.9%	11.3%	2.5%	2.5%	2.5%
Range of discount rates in other countries	11.8%–14.0%	10.5%–14.9%	11.4%–15.1%	2.5%	2.5%	2.5%

In connection with CEMEX's assumptions included in the table above, as of December 31, 2011 and 2010, CEMEX made sensitivity analyses to changes in assumptions, affecting the value in use of all reporting units with an independent reasonable possible increase of 1% in the pre-tax discount rate, and an independent decrease of 1% in the perpetual growth rate. Except for those reporting units that experienced impairment losses described above, in any of the sensitivity analyses the carrying amount of the reporting units exceeded their recoverable amount.

15. FINANCIAL INSTRUMENTS

15A) SHORT-TERM AND LONG-TERM DEBT

Consolidated debt by interest rates, currencies and type of instrument was summarized as follows:

	December 31, 2011			December 31, 2010			January 1, 2010		
	Short-term	Long-term	Total	Short-term	Long-term	Total	Short-term	Long-term	Total
Floating rate debt	Ps2,997	106,943	109,940	Ps 4,785	120,303	125,088	Ps7,254	150,091	157,345
Fixed rate debt	1,676	96,855	98,531	833	68,473	69,306	20	53,081	53,101
	<u>Ps 4,673</u>	<u>203,798</u>	<u>208,471</u>	<u>Ps5,618</u>	<u>188,776</u>	<u>194,394</u>	<u>Ps7,274</u>	<u>203,172</u>	<u>210,446</u>
Effective rate 1									
Floating rate	5.0%	5.3%		5.2%	5.0%		5.1%	5.0%	
Fixed rate	10.5%	8.4%		7.7%	8.3%		5.7%	7.8%	

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Currency	December 31, 2011				December 31, 2010				January 1, 2010			
	Short-term	Long-term	Total	Effective rate 1	Short-term	Long-term	Total	Effective rate 1	Short-term	Long-term	Total	Effective rate 1
Dollars	Ps 310	156,055	156,365	6.9%	Ps 172	129,062	129,234	6.3%	Ps 903	125,032	125,935	5.7%
Euros	93	44,357	44,450	5.9%	593	46,961	47,554	5.5%	426	57,143	57,569	5.6%
Pesos	4,268	3,268	7,536	9.5%	4,705	12,636	17,341	6.8%	4,379	20,877	25,256	6.5%
Other currencies	2	118	120	5.8%	148	117	265	5.5%	1,566	120	1,686	5.3%
	<u>Ps 4,673</u>	<u>203,798</u>	<u>208,471</u>		<u>Ps 5,618</u>	<u>188,776</u>	<u>194,394</u>		<u>Ps 7,274</u>	<u>203,172</u>	<u>210,446</u>	

1 Represents the weighted average effective interest rate.

December 31, 2011	Short-term	Long-term	December 31, 2010	Short-term	Long-term
Bank loans			Bank loans		
Loans in Mexico, 2012 to 2014	Ps —	1,820	Loans in Mexico, 2011 to 2014	Ps —	2,217
Loans in foreign countries, 2012 to 2018	16	23,797	Loans in foreign countries, 2011 to 2018	499	27,983
Syndicated loans, 2012 to 2014	—	71,195	Syndicated loans, 2011 to 2014	—	83,494
	<u>16</u>	<u>96,812</u>		<u>499</u>	<u>113,694</u>
Notes payable			Notes payable		
Notes payable in Mexico, 2012 to 2017	—	4,647	Notes payable in Mexico, 2011 to 2017	—	13,224
Medium-term notes, 2012 to 2020	—	104,440	Medium-term notes, 2011 to 2020	—	64,363
Other notes payable, 2012 to 2025	124	2,432	Other notes payable, 2011 to 2025	555	2,059
	<u>124</u>	<u>111,519</u>		<u>555</u>	<u>79,646</u>
Total bank loans and notes payable	140	208,331	Total bank loans and notes payable	1,054	193,340
Current maturities	4,533	(4,533)	Current maturities	4,564	(4,564)
	<u>Ps 4,673</u>	<u>203,798</u>		<u>Ps 5,618</u>	<u>188,776</u>

Changes in consolidated debt for the years ended December 31, 2011 and 2010 were as follows:

	2011	2010
Debt at beginning of year	Ps 194,394	210,446
Proceeds from new debt instruments	33,591	12,212
Debt repayments	(44,368)	(29,641)
Issuance of debt in exchange for perpetual notes	1,491	15,437
Increase (decrease) from business combinations	1,352	—
Foreign currency translation and inflation effects	22,011	(14,060)
Debt at end of year	<u>Ps 208,471</u>	<u>194,394</u>

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The most representative exchange rates for the financial debt are as follows:

	<u>April 27, 2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Mexican pesos per dollar	12.97	13.96	12.36	13.09
Euros per dollar	0.7543	0.7712	0.7499	0.6985

The maturities of consolidated long-term debt as of December 31, 2011, were as follows:

	<u>2011</u>
2013	Ps7,573
2014	111,068
2015	10,608
2016	24,293
2017 and thereafter	50,256
	<u>Ps203,798</u>

As of December 31, 2011, CEMEX had the following lines of credit, the majority of which are subject to the banks' availability, at annual interest rates ranging between 1.1% and 16.3%, depending on the negotiated currency:

	<u>Lines of credit</u>	<u>Available</u>
Other lines of credit in foreign subsidiaries	Ps7,960	5,299
Other lines of credit from banks	209	120
	<u>Ps8,169</u>	<u>5,419</u>

Relevant debt transactions during 2011 and 2010

During December 2011, CEMEX exchanged through market transactions a portion of the PDVSA notes received in payment from the Government of Venezuela (note 12B), for perpetual and debt instruments issued by CEMEX subsidiaries. In addition, during the same month, CEMEX received from a third party, as a settlement of an account receivable, the equity interest of an entity whose assets were mainly comprised by perpetual and debt instruments issued by CEMEX subsidiaries. As a result, as of December 31, 2011, CEMEX cancelled in its balance sheet a portion of several series of its subsidiaries' debt instruments, held by the newly acquired entity and its other subsidiaries, for an aggregate notional amount of approximately Ps977, including portions of notes denominated in Dollars issued in May 2010, described below, and notes denominated in Dollars issued in April 2011, described below, as well as portions of several series of perpetual debentures (note 19D) for an aggregate notional amount of approximately Ps3,029, among others. Considering the difference between the fair value of the instruments and their notional amount, as part of this cancellation, CEMEX recognized gains, net of certain commissions, for approximately Ps1,630, of which, approximately Ps239 associated with CEMEX's debt instruments, were recognized within other expenses, net, and approximately Ps1,391 associated with the perpetual debentures, were recognized in stockholders' equity as part of other equity reserves.

As of December 31, 2010 and 2011, in connection with its obligations under the Financing Agreement, which is described within this note 15A, CEMEX had already paid 35.4%, or approximately US\$5,263, and 51.0%, or approximately US\$7,571, respectively. These accumulated repayments exceeded the scheduled amortizations of

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19.1%, or approximately US\$2,837 by December 15, 2010, and 33.1%, or approximately US\$4,918 by December 15, 2011. Through these repayments, CEMEX avoided a 0.5% increase in the interest rate beginning in January 2012 and addressed all maturities under the Financing Agreement until December 2013.

On July 11, 2011, CEMEX, S.A.B. de C.V. closed the reopening of notes issued in January 2011, described below, and issued US\$650 aggregate principal amount of additional notes at 97.616% of face value plus any accrued interest. CEMEX used the net proceeds from the reopening for general corporate purposes and the repayment of debt, including debt under the Financing Agreement, in order to continue improving its debt maturities profile and avoid incremental interest costs.

On April 5, 2011, CEMEX, S.A.B. de C.V. closed the offering of US\$800 aggregate principal amount of Floating Rate Senior Secured Notes due in 2015 (the "April 2011 Notes"), which were issued at 99.001% of face value. The April 2011 Notes are unconditionally guaranteed by CEMEX México, S.A. de C.V., New Sunward Holding B.V. and CEMEX España, S.A. The net proceeds from the offering, approximately US\$788, were used to repay indebtedness under the Financing Agreement.

On March 4, 2011, a CEMEX subsidiary closed a private exchange transaction of approximately €119 aggregate principal amount of its 6.277% Perpetual Debentures for approximately US\$125 (Ps1,491) aggregate principal amount of new 9.25% U.S. Dollar-Denominated Senior Secured Notes due 2020, issued by a Luxembourg Branch of CEMEX España, and guaranteed by CEMEX, S.A.B. de C.V., CEMEX México, S.A. de C.V., and New Sunward Holding B.V. As a result of the private exchange, approximately €119 in aggregate principal amount of the 6.277% Perpetual Debentures were cancelled, generating in 2011 a gain of approximately Ps446, representing the difference between the notional amount of the reacquired perpetual debentures and the new senior secured notes, which was recognized within "Other equity reserves."

On January 11, 2011, CEMEX, S.A.B. de C.V. closed the offering of US\$1 billion aggregate principal amount of its 9.0% senior secured notes due in 2018 (the "January 2011 Notes"), which were issued at 99.364% of face value, and are callable beginning on their fourth anniversary. The January 2011 Notes share the collateral pledged to the lenders under the Financing Agreement and other senior secured indebtedness having the benefit of such collateral, and are guaranteed by CEMEX México, S.A. de C.V., New Sunward Holding B.V. and CEMEX España, S.A. This transaction improved CEMEX's debt maturity profile and reduced short-term refinancing risk.

In June 2010, CEMEX prepaid Ps4,077 (US\$330) of long-term CBs following a public tender offer and the exercise of a call option. As of December 31, 2010, the balance of CBs outstanding under this program amounted to Ps198 (US\$16). These CBs matured and were repaid in March 2011.

In May 2010, CEMEX exchanged at a discount, part of each series of its perpetual debentures (note 19D) into new senior secured notes as follows: (1) US\$1,067 senior secured notes denominated in Dollars maturing in May 2020, with an annual coupon of 9.25% and callable commencing on the fifth anniversary of their issuance; and (2) €115 (US\$153) senior secured notes denominated in Euros maturing in May 2017, with an annual coupon of 8.875% and callable commencing on the fourth anniversary of their issuance. The senior secured notes, issued by the Luxembourg branch of CEMEX España, S.A., are fully guaranteed by CEMEX, S.A.B. de C.V., CEMEX México S.A. de C.V. and New Sunward Holding B.V. As a result of the exchange, CEMEX generated a gain of approximately Ps5,401 (US\$437), representing the difference between the amount of perpetual debentures reacquired and the amount of new secured notes issued, which was recorded in "other equity reserves" in 2010.

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On January 13, 2010, through a reopening of the offering of its 9.5% notes due in 2016 issued on December 14, 2009, a CEMEX financial subsidiary issued notes for an additional amount of US\$500. The additional notes were issued at a price of US\$105.25 per US\$100 principal amount plus accrued interest from December 14, 2009 with a yield to maturity of 8.477%. CEMEX used approximately US\$411 of the net proceeds to prepay principal due in 2011 under CEMEX's Financing Agreement and the difference was used for general corporate purposes. The original and additional notes are guaranteed by CEMEX, S.A.B. de C.V. and certain subsidiaries.

Financing Agreement

On August 14, 2009, CEMEX, S.A.B. de C.V. and certain subsidiaries entered into the Financing Agreement with its major creditors, by means of which the maturities of approximately US\$14,961 (Ps195,839) (amount determined in accordance with the contracts) of syndicated and bilateral loans, private placements and other obligations were extended, providing for a semi-annual amortization schedule. The Financing Agreement is guaranteed by several CEMEX's operating subsidiaries, including CEMEX México, S.A. de C.V., New Sunward Holding B.V. and CEMEX España, S.A. As of December 31, 2011 and 2010, after the application of the proceeds from all the refinancing transactions disclosed above and in note 15B, the application of the net proceeds obtained from the sale of assets, and the equity offering in 2010 (note 19A), the remaining debt balance under the Financing Agreement was of approximately US\$7,195 (Ps100,442) and US\$9,566 (Ps118,235), respectively, with payments due for approximately US\$6,707 in February 2014. As mentioned above, considering that CEMEX was able to prepay by December 31, 2011 approximately US\$2,301 of debt under the Financing Agreement, CEMEX avoided an increase in the interest rate of debt under such Financing Agreement of 0.5%. Until its maturity, the Financing Agreement does not provide for any further increases in the interest rate associated to a certain amount of prepayments.

On October 25, 2010, as described in the "Covenants" section within this note 15A, CEMEX, S.A.B. de C.V. and its lenders under the Financing Agreement agreed to amendments which prospectively modified certain financial ratios and other financial tests. In addition, CEMEX's creditors under the Financing Agreement consented to the following amendments: a) allowing CEMEX to use the proceeds from a permitted fundraising to be applied to repay short-term CBs; b) allowing CEMEX to replenish its CBs reserve with cash on hand or disposal proceeds following a voluntary prepayment of debt under the Financing Agreement made using amounts from the CBs reserve; c) assuming that specified debt reductions are met, allowing CEMEX to apply the proceeds from equity or equity-linked securities to the CBs reserve in the same way as it was permitted for proceeds from debt and convertible securities; d) the modification of solvency tests applying to certain intermediate holding companies to permit the elimination of subordinated intercompany liabilities; e) assuming that specified debt repayments are met, allowing the Parent Company and other subsidiaries to provide guarantees and other security described in note 22B in connection with the refinancing of certain debt held by subsidiaries in the Netherlands; f) permitting CEMEX to enter into a greater variety of derivative transactions for hedging exposures under voluntary convertible/exchangeable obligations, and permitting CEMEX to enter into such transactions with respect to mandatorily convertible securities; and g) if by September 30, 2011, CEMEX had not issue equity or equity-linked securities for at least US\$1 billion the interest rate on its debt under the Financing Agreement would had increase until such amount of equity or equity-linked securities had been issued, among other obligations. To obtain the amendments package, CEMEX paid a fee to its creditors under the Financing Agreement. The commitment to issue at least US\$1 billion by September 30, 2011 was met with the issuance in 2011 of CEMEX's convertible notes described in note 15B. In addition, CEMEX avoided the payment of an additional fee in January 2012 as a result of the repayment of at least US\$1.5 billion by December 31, 2011, of the debt outstanding under the Financing Agreement as of September 30, 2010. CEMEX believes that the aforementioned amendments will increase its flexibility to refinance and/or repay existing debt.

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Under the Financing Agreement, in addition to complying with certain financial ratios and restrictions, and subject in each case to the permitted negotiated amounts and other exceptions, CEMEX is limited in its ability to incur new debt, grant guarantees, engage in acquisitions and/or joint ventures, declare and pay cash dividends and make other cash distributions to stockholders. Furthermore, the Financing Agreement requires, in addition to the scheduled debt amortization, the application of cash on hand for any period for which it is being calculated in excess of US\$650 to prepay debt (other than as may be held in the CBs reserve pursuant to the terms of the Financing Agreement), and that aggregate capital expenditures should not exceed US\$800 for 2011 and each year thereafter until debt under the Financing Agreement has been repaid in full.

On March 18, 2011, CEMEX, S.A.B. de C.V. requested consent from the required lenders and its major creditors under the Financing Agreement to make certain amendments to the Financing Agreement to allow to retain funds in the CBs reserve from disposal proceeds, permitted fundraisings and cash in hand, to meet CBs maturing in April and September of 2012. The required Participating Creditors provided their consent to such proposed amendments and on April 13, 2011 the Financing Agreement was amended.

Covenants

Most debt contracts of CEMEX require the compliance with financial ratios calculated on a consolidated basis, which mainly include: a) the ratio of net debt to operating EBITDA (“leverage ratio”); and b) the ratio of operating EBITDA to financial expense (“coverage ratio”). During 2011 and 2010, financial ratios were calculated according to formulas established in the debt contracts using as the consolidated amounts under MFRS, which required in most cases *pro forma* adjustments, according to the definitions of the contracts that differed from terms defined under MFRS.

On October 25, 2010, amendments were made to the Financing Agreement financial ratios and tests under MFRS, including a coverage ratio of not less than (i) 1.75 times for each semi-annual period beginning on June 30, 2010 through December 31, 2012; and (ii) 2.0 times for the remaining semi-annual periods to December 31, 2013. In addition, the maximum leverage ratio must not exceed 7.75 times for each semi-annual period beginning on June 30, 2010 through the period ending June 30, 2011, decreasing to 7.0 times for the period ending December 31, 2011, decreasing to 6.5 times for the period ending June 30, 2012, decreasing to 5.75 times for the period ending December 31, 2012, and decreasing gradually for subsequent semi-annual periods to 4.25 times for the period ending December 31, 2013.

As of December 31, 2011 and 2010, taking into account the Financing Agreement and its amendment thereto, the modifications to the credit contracts and the waivers obtained, based on its MFRS amounts, CEMEX, S.A.B. de C.V. and its subsidiaries were in compliance with the restrictive covenants imposed by its debt contracts. The main consolidated financial ratios under MFRS were as follows:

MFRS Consolidated financial ratios

		<u>2011</u>	<u>2010</u>
Leverage ratio 1, 2	Limit	=< 7.00	=< 7.75
	Calculation	6.64	7.43
Coverage ratio 3	Limit	> 1.75	> 1.75
	Calculation	1.88	1.95

- 1** The leverage ratio is calculated in pesos by dividing “funded debt” by pro forma operating income plus depreciation and amortization (“operating EBITDA”) for the last twelve months as of the calculation date. Funded debt equals debt, as reported in the balance sheet excluding finance leases, plus perpetual debentures and guarantees, plus or minus the fair value of derivative financial instruments, as applicable, among other adjustments.

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- 2 Pro forma operating EBITDA represents, all calculated in pesos, operating EBITDA for the last twelve months as of the calculation date, plus the portion of operating EBITDA referring to such twelve-month period of any significant acquisition made in the period before its consolidation in CEMEX, minus operating EBITDA referring to such twelve-month period of any significant disposal that had already been liquidated.
- 3 The coverage ratio is calculated in pesos using the amounts from the financial statements, by dividing the pro forma operating EBITDA by the financial expense for the last twelve months as of the calculation date. Financial expense includes interest accrued on the perpetual debentures.

Pursuant to the Financing Agreement statutes, due to the mandatory migration of CEMEX to IFRS beginning January 1, 2012, CEMEX and its lenders under the Financing Agreement must negotiate the calculation of applicable financial ratios based on IFRS; otherwise, such financial ratios must continue to be calculated under MFRS. As of the date of these consolidated financial statements, CEMEX is beginning the negotiation process with its lender under the Financing Agreement regarding the calculation of the corresponding financial ratios based on IFRS with its lenders. Nonetheless, for 2012, CEMEX believes that it will continue to comply with its covenants under its agreements either calculating such covenants under IFRS or MFRS, as it is expecting to benefit from cost savings programs implemented during 2011, favorable market conditions in some of its key markets and decreasing costs for key inputs such as energy. Furthermore, CEMEX has an asset disposal plan in place which, as in prior years, is expected to support CEMEX's efforts to reduce its overall debt during 2012. In addition, as of December 31, 2011, CEMEX held a portion of PDVSA bonds, which could be used to reduce debt (note 12B).

CEMEX will classify all of its outstanding debt as current debt in its balance sheet if: 1) as of any relevant measurement date on which CEMEX fails to comply with the financial ratios agreed upon pursuant to the Financing Agreement; or 2) as of any date prior to a subsequent measurement date on which CEMEX expects not to be in compliance with its financial ratios agreed upon under the Financing Agreement, in the absence of: a) amendments and/or waivers covering the next succeeding 12 months; b) high probability that the violation will be cured during any agreed upon remediation period and be sustained for the next succeeding 12 months; and/or c) a signed refinancing agreement to refinance the relevant debt on a long-term basis. The aforementioned classification of debt in the short-term could have a material adverse effect on CEMEX's liquidity and financial position.

15B) OTHER FINANCIAL OBLIGATIONS

Other financial obligations in the consolidated balance sheet are detailed as follows:

	December 31, 2011			December 31, 2010			January 1, 2010		
	Short-term	Long-term	Total	Short-term	Long-term	Total	Short-term	Long-term	Total
I. Convertible subordinated notes due 2018	Ps —	7,451	7,451	Ps —	—	—	Ps —	—	—
I. Convertible subordinated notes due 2016	—	11,236	11,236	—	—	—	—	—	—
II. Convertible subordinated notes due 2015	—	8,829	8,829	—	7,554	7,554	—	—	—
III. Convertible securities due 2019	131	1,703	1,834	113	1,825	1,938	97	1,927	2,024
IV. Liabilities secured with accounts receivable	7,052	2,500	9,552	4,462	2,200	6,662	4,341	2,200	6,541
V. Capital leases	528	1,471	1,999	19	52	71	159	43	202
	<u>Ps7,711</u>	<u>33,190</u>	<u>40,901</u>	<u>Ps4,594</u>	<u>11,631</u>	<u>16,225</u>	<u>Ps4,597</u>	<u>4,170</u>	<u>8,767</u>

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Financial instruments convertible into CEMEX's CPOs contain components of liability and equity, which are recognized differently depending if the instrument is mandatorily convertible, or is optionally convertible by election of the note holders (note 2L).

I. Optional convertible subordinated notes due in 2016 and 2018

On March 15, 2011, CEMEX, S.A.B. de C.V. closed the offering of US\$978 (Ps11,632) aggregate principal amount of 3.25% convertible subordinated notes due in 2016 (the "2016 Notes") and US\$690 (Ps8,211) aggregate principal amount of 3.75% convertible subordinated notes due in 2018 (the "2018 Notes"). The aggregate principal amounts reflect the full exercise of the US\$177.5 and US\$90 over-allotment option granted to the relevant initial purchasers of the 2016 Notes and the 2018 Notes, respectively. The notes are subordinated to all of CEMEX's liabilities and commitments. The initial conversion price was equivalent to an approximate 30% premium to the closing price of CEMEX's ADSs on March 9, 2011, and the notes are convertible into a fixed number of CEMEX's ADSs, at the holder's election, at any time after June 30, 2011. A portion of the net proceeds from this transaction were used to fund the purchase of capped call transactions (note 15D), which are generally expected to reduce the potential dilution cost to CEMEX, S.A.B. de C.V. upon future conversion of the 2016 Notes and the 2018 Notes. This transaction improved CEMEX's debt maturity profile and reduced short-term refinancing risk. As a result of the issuance, substantially all the new shares approved at CEMEX, S.A.B. de C.V.'s extraordinary shareholders' meeting held on February 24, 2011 (note 19) were reserved by CEMEX, S.A.B. de C.V. to satisfy conversion of these notes. The fair value of the conversion option as of the issuance date amounted to approximately Ps3,959, which considering the functional currency of the issuer, was recognized as a derivative instrument within "Other non-current liabilities" (note 15D). After antidilution adjustments, the conversion rate as of December 31, 2011 was 92.1659 ADS per each 1 thousand dollars principal amount of such notes.

II. Optional convertible subordinated notes due in 2015

On March 30, 2010, CEMEX, S.A.B. de C.V. issued US\$715 (Ps8,837) aggregate principal amount of 4.875% Optional Convertible Subordinated Notes due 2015 (the "2015 Notes"), including the full exercise of the US\$65 over-allotment option granted to the initial purchasers of the notes. The notes are subordinated to all of CEMEX's liabilities and commitments. The holders of the notes have the option to convert their notes for a fixed number of CEMEX's ADSs at a conversion price per ADS 30% higher than the ADS price at the pricing of the transaction. In connection with the offering, CEMEX, S.A.B. de C.V. entered into a capped call transaction expected to generally reduce the potential dilution cost to CEMEX, S.A.B. de C.V. upon future conversion of the notes (note 15D). The fair value of the conversion option as of the issuance date amounted to Ps1,232, which considering the functional currency of the issuer was recognized as a derivative instrument within "Other non-current liabilities" (note 15D). After antidilution adjustments, the conversion rate as of December 31, 2011 was 79.5411 ADS per each 1 thousand dollars principal amount of such notes.

III. Mandatorily convertible securities due in 2019

In December 2009, CEMEX, S.A.B. de C.V. completed its offer to exchange CBs issued in Mexico with maturities between 2010 and 2012, into mandatorily convertible securities for approximately Ps4,126 (US\$315). Reflecting antidilution adjustments, at their scheduled conversion in ten years or earlier if the price of the CPO reaches approximately Ps34.50, the securities will be mandatorily convertible into approximately 179.4 million CPOs at a conversion price of approximately Ps23.00 per CPO. During their tenure, the securities yield a 10% interest payable quarterly. Holders have an option to voluntarily convert their securities, after the first

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anniversary of their issuance, on any interest payment date into CPOs. The equity component represented by the fair value of the conversion option as of the issuance date for Ps1,971 was recognized within "Other equity reserves."

IV. Liabilities secured with accounts receivable

As mentioned in note 8, as of December 31, 2011 and 2010, CEMEX maintains securitization programs for the sale of trade accounts receivable established in Mexico, the United States, Spain, France and the United Kingdom, by means of which, CEMEX effectively surrenders control associated with the trade accounts receivable sold and there is no guarantee or obligation to reacquire the assets. However, CEMEX retains certain residual interest in the programs and/or maintains continuing involvement with the accounts receivable. Based on IAS 39, CEMEX recognizes cash flows received, that is the funded amounts of the trade receivables sold within "Other financial obligations."

V. Capital leases

CEMEX has several operating assets, mainly mobile equipment, under capital lease contracts. Future payments associated with these contracts are presented in note 22E.

15C) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial assets and liabilities

CEMEX's carrying amounts of cash, trade accounts receivable, other accounts receivable, trade accounts payable, other accounts payable and accrued expenses, as well as short-term debt, approximate their corresponding estimated fair values due to the short-term maturity and revolving nature of these financial assets and liabilities. Temporary investments (cash equivalents) and certain long-term investments are recognized at fair value, considering to the extent available, quoted market prices for the same or similar instruments. The estimated fair value of long-term debt is either based on estimated market prices for such or similar instruments, considering interest rates currently available for CEMEX to negotiate debt with the same maturities, or determined by discounting future cash flows using market-based interest rates currently available to CEMEX. As of December 31, 2011 and 2010 and as of January 1, 2010, the carrying amounts of financial assets and liabilities and their respective fair values were as follows:

	December 31, 2011		December 31, 2010		January 1, 2010	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Derivative instruments (notes 9 y 12B)	Ps 1,793	1,793	Ps 8,983	8,983	Ps 7,766	7,766
Other investments and non-current accounts receivable (note 12B)	5,926	5,571	12,886	12,628	14,795	14,795
	Ps 7,719	7,364	Ps 21,869	21,611	Ps 22,561	22,561
Financial liabilities						
Long-term debt (note 15A)	203,798	176,867	188,776	185,683	203,172	201,765
Other financial obligations (note 15B)	40,901	36,499	16,225	19,974	8,767	10,959
Derivative instruments (notes 15D and 16)	998	998	10,480	10,480	7,808	7,808
	Ps245,697	214,364	Ps215,481	216,137	Ps219,747	220,532

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Fair Value Hierarchy

CEMEX applies IFRS 13 for fair value measurements of financial assets and financial liabilities recognized or disclosed at fair value. Under IFRS, fair value represents an “exit value,” which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, considering the counterparty’s credit risk in the valuation.

The concept of exit value is premised on the existence of a market and market participants for the specific asset or liability. When there is no market and/or market participants willing to make a market, IFRS establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that CEMEX has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

Assets and liabilities carried at fair value in the consolidated balance sheets as of December 31, 2011 and 2010, and as of January 1, 2010, are included in the following fair value hierarchy categories:

<u>December 31, 2011</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets measured at fair value				
Derivative instruments (notes 9 y 12B)	Ps —	1,793	—	1,793
Investments available-for-sale (note 12B)	2,513	—	—	2,513
Investments held for trading (note 12B)	59	310	—	369
	<u>Ps2,572</u>	<u>2,103</u>	<u>—</u>	<u>4,675</u>
Liabilities measured at fair value				
Derivative instruments (note 16)	Ps —	998	—	998
December 31, 2010				
Assets measured at fair value				
Derivative instruments (notes 9 y 12B)	Ps—	8,983	—	8,983
Investments held for trading (note 12B)	94	457	—	551
	<u>Ps 94</u>	<u>9,440</u>	<u>—</u>	<u>9,534</u>
Liabilities measured at fair value				
Derivative instruments (note 16)	Ps—	10,480	—	10,480

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Fair value hierarchy categories—continued.

<u>January 1, 2010</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets measured at fair value				
Derivative instruments (notes 9 y 12B)	Ps —	7,766	—	7,766
Investments held for trading (note 12B)	156	532	—	688
	<u>Ps156</u>	<u>8,298</u>	<u>—</u>	<u>8,454</u>
Liabilities measured at fair value				
Derivative instruments (note 16)	Ps —	7,808	—	7,808

15D) DERIVATIVE FINANCIAL INSTRUMENTS

During the reported periods, CEMEX held interest rate swaps, as well as forward contracts and other derivative instruments on CEMEX, S.A.B. de C.V.'s own shares and third parties' shares, with the objective of, as the case may be: a) changing the risk profile associated with the price of raw materials and other energy projects; and b) other corporate purposes.

The notional amounts and fair values of CEMEX's derivative instruments were as follows:

(U.S. dollars millions)	<u>December 31, 2011</u>		<u>December 31, 2010</u>		<u>January 1, 2010</u>	
	<u>Notional amount</u>	<u>Fair value</u>	<u>Notional amount</u>	<u>Fair value</u>	<u>Notional amount</u>	<u>Fair value</u>
I. Interest rate swaps	US\$ 189	46	196	34	202	26
II. Equity forwards on third party shares	46	1	53	15	54	54
III. Forward instruments over indexes	5	—	16	1	55	1
IV. Options on CEMEX's own shares	2,743	11	1,575	(169)	860	(71)
	<u>US\$2,983</u>	<u>58</u>	<u>1,840</u>	<u>(119)</u>	<u>1,171</u>	<u>10</u>

The fair values determined by CEMEX for its derivative financial instruments are Level 2. There is no direct measure for the risk of CEMEX or its counterparties in connection with the derivative instruments. Therefore, the risk factors applied for CEMEX's assets and liabilities originated by the valuation of such derivatives were extrapolated from publicly available risk discounts for other public debt instruments of CEMEX and its counterparties.

The caption "Other financial income (expenses), net" includes gains and losses related to the recognition of changes in fair values of the derivative instruments during the applicable period and that represented a net gain of approximately Ps329 (US\$26) in 2011 and a loss of approximately Ps905 (US\$72) in 2010. As of December 31, 2011 and 2010 and January 1, 2010, pursuant to net balance settlement agreements, cash deposits in margin accounts that guaranteed obligations through derivative financial instruments were offset with the fair value of the derivative instruments for approximately US\$234 (Ps3,266), US\$160 (Ps1,978) and US\$195 (Ps2,553), respectively.

As of December 31, 2011 and 2010, the main exposure of CEMEX was related to changes in the prices of its CPOs and third party shares. A significant decrease in the market price of CEMEX's CPOs and third party shares would negatively affect CEMEX's liquidity and financial position.

The estimated fair value of derivative instruments fluctuates over time and is determined by measuring the effect of future relevant economic variables according to the yield curves shown in the market as of the reporting date. These values should be analyzed in relation to the fair values of the underlying transactions and as part of

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CEMEX's overall exposure attributable to fluctuations in interest rates and foreign exchange rates. The notional amounts of derivative instruments do not represent amounts exchanged by the parties, and consequently, there is no direct measure of CEMEX's exposure to the use of these derivatives. The amounts exchanged are determined based on the basis of the notional amounts and other terms included in the derivative instruments.

I. Interest rate swap contracts

As of December 31, 2011 and 2010 and January 1, 2010, CEMEX had an interest rate swap maturing in September 2022 associated with agreements entered into by CEMEX for the acquisition of electric energy in Mexico (note 22C), which fair value represented assets of approximately US\$46, US\$34 and US\$26, respectively. Pursuant to this instrument, during the tenure of the swap and based on its notional amount, CEMEX will receive a fixed rate of 5.4% and will pay LIBOR, which is the international reference rate for debt denominated in U.S. dollars. As of December 31, 2011 and 2010, LIBOR was 0.81% and 0.46%, respectively. Changes in the fair value of this interest rate swap generated gains of approximately US\$12 (Ps150) in 2011 and US\$8 (Ps99) in 2010, recognized in the statements of operations for each year.

II. Equity forwards in third party shares

As of December 31, 2011 and 2010 and January 1, 2010, CEMEX had forward contracts to be settled in cash over the price of 119 million CPOs of Axtel, 59.5 million CPOs with each counterparty, with both tranches due in April 2012. These transactions were intended to maintain the exposure to changes in the price of such entity after the sale by CEMEX of 119 million CPOs of Axtel in March 2008. The sale represented approximately 9.5% of the equity capital of Axtel in that date and nearly 90% of CEMEX's position in Axtel, which had been part of CEMEX's investments in associates. Changes in the fair value of this instrument generated losses of approximately US\$35 (Ps437) in 2011 and US\$42 (Ps526) in 2010, recognized in the statements of operations for each year.

III. Forward instruments over indexes

As of December 31, 2011 and 2010 and January 1, 2010, CEMEX held forward derivative instruments over the TRI (Total Return Index) of the Mexican Stock Exchange, which matured in October 2011 and were extended until October 2012, through a payment of approximately US\$1 (Ps12). By means of these instruments, CEMEX maintained exposure to increases or decreases of such index. TRI expresses the market return on stocks based on market capitalization of the issuers comprising the index. Changes in the fair value of these instruments generated a loss of approximately US\$1 (Ps13) in 2011, and a gain of approximately US\$5 (Ps67) in 2010, recognized in the statements of operations for each year.

IV. Options on CEMEX's own shares

In August 2011, upon their maturity, CEMEX settled through a payment of approximately US\$188 (Ps2,346), options based on the price of CEMEX's ADS for a notional amount of US\$500, structured within a debt transaction of US\$500 (Ps6,870) issued in June 2008. By means of these options, considering that the price per ADS remained below approximately US\$20.5, as adjusted as of December 31, 2010, CEMEX paid the maximum net interest rate of 12% on the related debt transaction. CEMEX could have gradually obtained a net interest rate of zero on this debt, had the ADS price exceeded approximately US\$30.4, as adjusted as of December 31, 2010. As of December 31, 2010 and January 1, 2010, the fair value represented liabilities of approximately US\$71 (Ps872) and US\$70 (Ps911), respectively, which included deposits in margin accounts of approximately US\$105 (Ps1,298) on December 31, 2010 and US\$54 (Ps707) on January 1, 2010. Changes in the fair represented losses of approximately US\$2 (Ps29) in 2011 and US\$27 (Ps346) in 2010.

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On March 15, 2011, in connection with the offering of the 2016 Notes and the 2018 Notes and to effectively increase the conversion price for CEMEX's CPOs under such notes, CEMEX, S.A.B. de C.V. entered into a capped call transaction over approximately 148 million ADSs (87 million ADS maturing in March 2016 and 61 million ADSs maturing in March 2018), by means of which, for the 2016 Notes, at maturity of the notes in March 2016, if the price per ADS is above US\$11.284, CEMEX will receive in cash the difference between the market price of the ADS and US\$11.284, with a maximum appreciation per ADS of US\$5.21. Likewise, for the 2018 Notes, at maturity of the notes in March 2018, if the price per ADS is above US\$11.284, CEMEX will receive in cash the difference between the market price of the ADS and US\$11.284, with a maximum appreciation per ADS of US\$6.94. CEMEX paid a total premium of approximately US\$222. As of December 31, 2011, the fair value of such options represented an asset of approximately US\$71 (Ps984). During 2011, changes in the fair value of these instruments generated a loss of approximately US\$153 (Ps1,906), which was recognized within "Other financial income (expense), net" in the statements of operations. In addition, considering that the currency in which the notes are denominated and the functional currency of the issuer differ, CEMEX separates the conversion options embedded in the 2016 Notes and the 2018 Notes and recognizes them at fair value, which as of December 31, 2011, resulted in a liability of approximately US\$58 (Ps806). Changes in fair value of the conversion options generated a gain in 2011 for approximately US\$279 (Ps3,482).

On March 30, 2010, in connection with the offering of the 2015 Notes and to effectively increase the conversion price for CEMEX's CPOs under such notes, CEMEX, S.A.B. de C.V. entered into a capped call transaction over approximately 52.6 million ADSs maturing in March 2015, by means of which, at maturity of the notes, if the price per ADS is above US\$13.60, CEMEX will receive in cash the difference between the market price of the ADS and US\$13.60, with a maximum appreciation per ADS of US\$5.23. CEMEX paid a premium of approximately US\$105. As of December 31, 2011 and 2010, the fair value of such options represented an asset of approximately US\$11 (Ps157) and US\$90 (Ps1,114), respectively. During 2011 and 2010, changes in the fair value of this contract generated losses of approximately US\$79 (Ps984) and US\$16 (Ps201), respectively, which were recognized within "Other financial income (expense), net" in the statements of operations. In addition, considering that the currency in which the notes are denominated and the functional currency of the issuer differ, CEMEX separates the conversion option embedded in the 2015 Notes and recognizes it at fair value, which as of December 31, 2011 and 2010, resulted in liabilities of approximately US\$8 (Ps120) and US\$106 (Ps1,305), respectively. Changes in fair value of the conversion option generated a gain in 2011 and a loss 2010 for approximately US\$97 (Ps1,211) and US\$5 (Ps67), respectively.

As of December 31, 2011 and 2010 and January 1, 2010, CEMEX had granted a guarantee for a notional amount of approximately US\$360, in connection with put option transactions on CEMEX's CPOs entered into by Citibank with a Mexican trust that CEMEX established on behalf of its Mexican pension fund and certain of CEMEX's directors and current and former employees in April 2008, as described in note 22C, which fair value, net of deposits in margin accounts, represented liabilities of approximately US\$4 (Ps58), US\$82 (Ps1,019), US\$1 (Ps17), as of December 31, 2011 and 2010 and January 1, 2010, respectively. Changes in fair value were recognized in the statements of operations within "Other financial income (expense), net," representing a loss of approximately US\$92 (Ps1,145) in 2011 and a gain of approximately US\$5 (Ps69) in 2010. As of December 31, 2011 and 2010 and January 1, 2010, cash deposits in margin accounts were approximately US\$225 (Ps3,141), US\$55 (Ps680) and US\$141 (Ps1,846), respectively.

15E) RISK MANAGEMENT

Since the beginning of 2009, with the exception of the capped call transactions entered into in March 2010 and March 2011 in connection with CEMEX's 2015 Notes, 2016 Notes and 2018 Notes (notes 15B and 15D), CEMEX has been reducing the aggregate notional amount of its derivatives, thereby reducing the risk of cash

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margin calls. This initiative has included closing substantially all notional amounts of derivative instruments related to CEMEX's debt (currency and interest rate derivatives), which was finalized during April 2009. The Financing Agreement significantly restricts CEMEX's ability to enter into derivative transactions.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Changes in the market interest rates of long-term debt with fixed interest rates only affects CEMEX's results if such debt is measured at fair value. All of our fixed-rate long-term debt is carried at amortized cost and therefore is not subject to interest rate risk. CEMEX's exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations with floating interest rates. As of December 31, 2011, CEMEX was subject to the volatility of floating interest rates, which, if such rates were to increase, may adversely affect its financing cost and increase its net loss. CEMEX manages its interest rate risk by balancing its exposure to fixed and variable rates while attempting to reduce its interest costs.

As of December 31, 2011, 51% of CEMEX's long-term debt bears floating rates at a weighted average interest rate of LIBOR plus 454 basis points. As of December 31, 2011 and 2010, if interest rates at that date had been 0.5% higher, with all other variables held constant, CEMEX's net loss for 2011 and 2010 would have increased by approximately US\$40 (Ps550) and US\$45 (Ps625), respectively, as a result of higher interest expense on variable rate denominated debt.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. CEMEX's exposure to the risk of changes in foreign exchange rates relates primarily to its operating activities. Due to its geographic diversification, CEMEX's revenues and costs are generated and settled in various countries and in different currencies. For the year ended December 31, 2011, approximately 21% of CEMEX's net sales, before eliminations resulting from consolidation, were generated in Mexico, 16% in the United States, 8% in the United Kingdom, 8% in Germany, 7% in France, 7% in our Rest of Northern Europe geographic segment, 4% in Spain, 3% in Egypt, 4% in our Rest of Mediterranean segment, 12% in South America and the Caribbean, 3% in Asia and 7% from CEMEX's other operations.

As of December 31, 2011, approximately 75% of CEMEX's financial obligations was Dollar-denominated, approximately 21% was Euro-denominated, approximately 3% was Peso-denominated and immaterial amounts were denominated in other currencies; therefore, CEMEX had a foreign currency exposure arising from the Dollar-denominated financial obligations, and the Euro-denominated financial obligations, versus the currencies in which CEMEX's revenues are settled in most countries in which it operates. CEMEX cannot guarantee that it will generate sufficient revenues in Dollars and Euros from its operations to service these obligations. As of December 31, 2011 and 2010, CEMEX has not implemented any derivative financing hedging strategy to address this foreign currency risk.

Foreign exchange fluctuations occur when the Parent Company or any subsidiary incurs monetary assets or liabilities in a currency different from its functional currency. These translation gains and losses are recorded in the consolidated statements of operations, except for exchange fluctuations associated with foreign currency indebtedness directly related to the acquisition of foreign entities and related parties' long-term balances denominated in foreign currency, for which the resulting gains or losses are reported in other comprehensive income. As of December 31, 2011 and 2010, excluding from the sensitivity analysis the impact of translating the

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net assets of foreign operations into CEMEX's reporting currency, considering a hypothetical 10% strengthening of the U.S. dollar against the Mexican peso, with all other variables held constant, CEMEX's net loss for 2011 and 2010 would have increased by approximately US\$41 (Ps578) y US\$12 (Ps145), respectively, as a result of higher foreign exchange losses on CEMEX's dollar-denominated net monetary liabilities held in consolidated entities with other functional currencies. Conversely, a hypothetical 10% weakening of the U.S. dollar against the Mexican peso would have the opposite effect.

CEMEX's consolidated net monetary assets (liabilities) by currency are as follows:

	December 31, 2011	December 31, 2010	January 1, 2010
Monetary assets	Ps 62,139	61,332	69,880
Monetary liabilities	352,275	304,430	318,599
Net monetary assets (liabilities)	<u>Ps (290,136)</u>	<u>(243,098)</u>	<u>(248,719)</u>
Out of which:			
Dollars	Ps(169,139)	(115,890)	(128,583)
Pesos	(26,701)	(25,493)	(27,435)
Other currencies	<u>(94,296)</u>	<u>(101,715)</u>	<u>(92,701)</u>
	<u>Ps (290,136)</u>	<u>(243,098)</u>	<u>(248,719)</u>

Equity risk

Equity risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market price of CEMEX's and/or third party's shares. As described in note 15D, CEMEX has entered into equity forward contracts on Axtel CPOs and the TRI index, as well as options and guarantees a put option transaction based on the price of CEMEX's own CPOs. Under these equity derivative instruments, there is a direct relationship in the change in the fair value of the derivative with the change in value of the underlying share or index. All changes in fair value of such equity derivative instruments are recognized through the statements of operations as part of "Other financial income (expense), net."

As of December 31, 2011 and 2010, the potential change in the fair value of CEMEX's equity forward contracts in Axtel's shares that would result from a hypothetical, instantaneous decrease of 10% in the market price of Axtel CPOs, with all other variables held constant, CEMEX's net loss for 2011 and 2010 would have increased by approximately US\$4 (Ps53) and US\$7 (Ps84), respectively, as a result of additional negative changes in fair value associated with such forward contracts. A 10% hypothetical increase in the CPO price would generate approximately the opposite effect.

As of December 31, 2011 and 2010, the potential change in the fair value of CEMEX's forward contracts in the TRI index that would result from a hypothetical, instantaneous decrease of 10% in the aforementioned index, with all other variables held constant, CEMEX's net loss for 2011 and 2010 would have increased by approximately US\$1 (Ps14) and US\$2 (Ps21), respectively, as a result of additional negative changes in fair value associated with such forward contracts. A 10% hypothetical increase in the CPO price would generate approximately the opposite effect.

As of December 31, 2011 and 2010, the potential change in the fair value of CEMEX's options (capped call) and the put option transaction based on the price of CEMEX's own CPOs that would result from a hypothetical, instantaneous decrease of 10% in the market price of CEMEX's CPOs, with all other variables held constant,

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CEMEX's net loss for 2011 and 2010 would have increased by approximately US\$24 (Ps332) and US\$29 (Ps356), respectively, as a result of additional negative changes in fair value associated with these contracts. A 10% hypothetical increase in the CPO price would generate approximately the opposite effect.

In addition, even though the changes in fair value of CEMEX's embedded conversion options in the convertible notes affect the statements of operations, they do not imply any risk or variability in cash flows, considering that through their exercise, CEMEX will settle a fixed amount of debt with a fixed amount of shares. As of December 31, 2011 and 2010, the potential change in the fair value of these embedded conversion options that would result from a hypothetical, instantaneous decrease of 10% in the market price of CEMEX's CPOs, with all other variables held constant, CEMEX's net loss for 2011 and 2010 would have decreased by approximately US\$17 (Ps240) and US\$24 (Ps298), respectively, as a result of additional positive changes in fair value associated with this option. A 10% hypothetical increase in the CPO price would generate approximately the opposite effect.

Liquidity risk

Liquidity risk is the risk that CEMEX will not have sufficient funds available to meet its obligations. CEMEX has satisfied its operating liquidity needs primarily through the operations of its subsidiaries and expect to continue to do so for both the short and long-term. Although cash flow from our operations has historically met CEMEX's overall liquidity needs for operations, servicing debt and funding capital expenditures and acquisitions, its subsidiaries are exposed to risks from changes in foreign currency exchange rates, price and currency controls, interest rates, inflation, governmental spending, social instability and other political, economic and/or social developments in the countries in which they operate, any one of which may materially increase CEMEX net loss and reduce cash from operations. Consequently, in order to meet its liquidity needs, CEMEX also relies on cost-cutting and operating improvements to optimize capacity utilization and maximize profitability, as well as borrowing under credit facilities, proceeds of debt and equity offerings, and proceeds from asset sales. CEMEX's consolidated net cash flows provided by operating activities before interest and income taxes, as presented in its consolidated statements of cash flows, were approximately Ps23,616 in 2011 and Ps25,952 in 2010. The maturities of CEMEX's contractual obligations are included in note 22E.

16. OTHER CURRENT AND NON-CURRENT LIABILITIES

Consolidated other current accounts payable and accrued expenses were as follows:

	December 31, 2011	December 31, 2010	January 1, 2010
Provisions	Ps11,625	9,295	8,498
Other accounts payable and accrued expenses	4,056	3,357	2,858
Advances from customers	1,830	1,564	2,408
Interest payable	3,134	1,697	1,752
Current liabilities for valuation of derivative instruments	2	8,120	—
Dividends payable	33	30	31
	<u>Ps 20,680</u>	<u>24,063</u>	<u>15,547</u>

Current provisions primarily consist of employee benefits accrued at the balance sheet date, insurance payments, and accruals related to legal and environmental assessments expected to be settled in the short-term. These amounts are revolving in nature and are expected to be settled and replaced by similar amounts within the next 12 months.

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Consolidated other non-current liabilities, which include the best estimate of cash flows with respect to diverse issues where CEMEX is determined to be responsible and which are expected to be settled over a period greater than 12 months, were as follows:

	<u>December 31, 2011</u>	<u>December 31, 2010</u>	<u>January 1, 2010</u>
Asset retirement obligations 1	Ps 5,377	5,517	5,179
Environmental liabilities 2	1,174	812	717
Accruals for legal assessments and other responsibilities 3	11,816	9,911	14,342
Non-current liabilities for valuation of derivative instruments	996	2,360	7,808
Other non-current liabilities and provisions 4	16,179	12,465	17,227
	<u>Ps 35,542</u>	<u>31,065</u>	<u>45,273</u>

- 1** Provisions for asset retirement include future estimated costs for demolition, cleaning and reforestation of production sites at the end of their operation, which are initially recognized against the related assets and are depreciated over their estimated useful life.
- 2** Environmental liabilities include future estimated costs arising from legal or constructive obligations, related to cleaning, reforestation and other remedial actions to remediate damage caused to the environment. The expected average period to settle these obligations is greater than 15 years.
- 3** Provisions for legal claims and other responsibilities include items related to tax contingencies.
- 4** As of December 31, 2011 and 2010 and January 1, 2010, includes approximately Ps11,717, Ps9,578 and Ps10,073, respectively, of the non-current portion of taxes payable recognized in 2009 as a result of changes to the tax consolidation regime in Mexico (note 18D). Approximately Ps693 as of December 31, 2011, Ps501 as of December 31, 2010 and Ps389 as of January 1, 2010 are included within current taxes payable.

As of December 31, 2011 and 2010 and January 1, 2010, some significant proceedings that gave rise to a portion of the carrying amount of CEMEX's other current and non-current liabilities and provisions are detailed in note 23A.

Changes in consolidated other non-current liabilities for the years ended December 31, 2011 and 2010, are the following:

	<u>2011</u>	<u>2010</u>
Balance at beginning of period	Ps 31,065	45,273
Current period additions due to new obligations or increase in estimates	7,748	4,708
Current period releases due to payments or decrease in estimates	(5,810)	(8,203)
Additions due to business combinations	21	5
Reclassification from current to non-current liabilities, net	(23)	(8,654)
Foreign currency translation	2,541	(2,064)
Balance at end of period	<u>Ps 35,542</u>	<u>31,065</u>

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17. PENSIONS AND POSTRETIREMENT EMPLOYEE BENEFITS**Defined contribution pension plans**

The costs of defined contribution plans for the years ended December 31, 2011 and 2010 were approximately Ps357 and Ps550, respectively. CEMEX contributes periodically the amounts offered by the pension plan to the employee's individual accounts, not retaining any remaining liability as of the balance sheet date.

Defined benefit pension plans

Actuarial results related to pension and other post retirement benefits are recognized in the results and/or in other comprehensive income (loss) for the period in which they are generated, as correspond. For the years ended December 31, 2011 and 2010, the effects of pension plans and other postretirement benefits are summarized as follows:

	<u>Pensions</u>		<u>Other benefits</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Net period cost (revenue):						
Recorded in operating costs and expenses						
Service cost	Ps 330	273	63	52	393	325
Past service cost	(510)	(2)	(40)	(6)	(550)	(8)
Loss (gain) for settlements and curtailments	(254)	(11)	(95)	—	(349)	(11)
	<u>(434)</u>	<u>260</u>	<u>(72)</u>	<u>46</u>	<u>(506)</u>	<u>306</u>
Recorded in other financial income (expenses), net						
Interest cost	1,792	1,825	100	99	1,892	1,924
Actuarial return on plan assets	(1,328)	(1,314)	(2)	(3)	(1,330)	(1,317)
	<u>464</u>	<u>511</u>	<u>98</u>	<u>96</u>	<u>562</u>	<u>607</u>
Recorded in other comprehensive income for the period						
Actuarial (gains) losses for the period	1,123	1,097	(81)	95	1,042	1,192
	<u>Ps 1,153</u>	<u>1,869</u>	<u>(55)</u>	<u>237</u>	<u>1,098</u>	<u>2,106</u>

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The reconciliations of the actuarial benefits obligations, pension plan assets, and liabilities recognized in the balance sheet as of December 31, 2011 and 2010 are presented as follows:

	Pensions		Other benefits		Total	
	2011	2010	2011	2010	2011	2010
Change in benefits obligation:						
Projected benefit obligation at beginning of year	Ps 32,431	33,368	1,653	1,569	34,084	34,937
Service cost	330	273	63	52	393	325
Interest cost	1,792	1,825	100	99	1,892	1,924
Actuarial results	796	1,504	(86)	85	710	1,589
Employee contributions	55	58	—	—	55	58
Changes for acquisitions (disposals)	—	7	—	1	—	8
Foreign currency translation	3,584	(2,716)	112	40	3,696	(2,676)
Settlements and curtailments	(1,447)	(3)	(140)	(27)	(1,587)	(30)
Benefits paid	(1,825)	(1,885)	(71)	(166)	(1,896)	(2,051)
Projected benefit obligation at end of year	<u>35,716</u>	<u>32,431</u>	<u>1,631</u>	<u>1,653</u>	<u>37,347</u>	<u>34,084</u>
Change in plan assets:						
Fair value of plan assets at beginning of year	20,388	21,659	23	22	20,411	21,681
Return on plan assets	1,001	1,716	(2)	1	999	1,717
Foreign currency translation	2,409	(1,723)	—	—	2,409	(1,723)
Additions through business combinations	—	(19)	—	—	—	(19)
Employer contributions	677	583	71	166	748	749
Employee contributions	55	58	—	—	55	58
Settlements and curtailments	(674)	(1)	—	—	(674)	(1)
Benefits paid	(1,825)	(1,885)	(71)	(166)	(1,896)	(2,051)
Fair value of plan assets at end of year	<u>22,031</u>	<u>20,388</u>	<u>21</u>	<u>23</u>	<u>22,052</u>	<u>20,411</u>
Amounts recognized in the balance sheets:						
Funded status	13,685	12,043	1,610	1,630	15,295	13,673
Unrecognized prior services	<u>5</u>	<u>6</u>	<u>25</u>	<u>14</u>	<u>30</u>	<u>20</u>
Net projected liability recognized in the balance sheet	Ps <u>13,690</u>	<u>12,049</u>	<u>1,635</u>	<u>1,644</u>	<u>15,325</u>	<u>13,693</u>

As of January 1, 2010, CEMEX had a projected benefit obligation of pensions and other postretirement benefits of Ps34,937 and plan assets valued at fair value of Ps21,681, which generated a deficit in the funded status of Ps13,286.

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As of December 31, 2011 and 2010 and January 1, 2010, plan assets were measured at their estimated fair value and consisted of:

	<u>December 31,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>	<u>January 1,</u> <u>2010</u>
Cash	Ps 642	708	1,286
Investments in corporate bonds	3,354	8,481	5,632
Investments in government bonds	9,650	2,916	6,685
Total fixed-income securities	<u>13,646</u>	<u>12,105</u>	<u>13,603</u>
Investment in marketable securities	4,936	5,026	5,731
Other investments and private funds	3,470	3,280	2,347
Total variable-income securities	<u>8,406</u>	<u>8,306</u>	<u>8,078</u>
Total plan assets	<u>Ps22,052</u>	<u>20,411</u>	<u>21,681</u>

Based on the hierarchy of fair values established in IFRS 13 (note 15C), investments in plan assets are summarized as follows:

<u>December 31, 2011</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	Ps 319	13	310	642
Investments in corporate bonds	2,508	846	—	3,354
Investments in government bonds	9,273	377	—	9,650
Total fixed-income securities	<u>12,100</u>	<u>1,236</u>	<u>310</u>	<u>13,646</u>
Investment in marketable securities	3,816	1,120	—	4,936
Other investments and private funds	1,539	1,931	—	3,470
Total variable-income securities	<u>5,355</u>	<u>3,051</u>	<u>—</u>	<u>8,406</u>
Total plan assets	<u>Ps17,455</u>	<u>4,287</u>	<u>310</u>	<u>22,052</u>

<u>December 31, 2010</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	Ps 600	19	89	708
Investments in corporate bonds	7,143	1,338	—	8,481
Investments in government bonds	2,574	342	—	2,916
Total fixed-income securities	<u>10,317</u>	<u>1,699</u>	<u>89</u>	<u>12,105</u>
Investment in marketable securities	5,000	—	26	5,026
Other investments and private funds	3,280	—	—	3,280
Total variable-income securities	<u>8,280</u>	<u>—</u>	<u>26</u>	<u>8,306</u>
Total plan assets	<u>Ps18,597</u>	<u>1,699</u>	<u>115</u>	<u>20,411</u>

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January 1, 2010	Level 1	Level 2	Level 3	Total
Cash	Ps 1,286	—	—	1,286
Investments in corporate bonds	3,860	1,772	—	5,632
Investments in government bonds	6,685	—	—	6,685
Total fixed-income securities	11,831	1,772	—	13,603
Investment in marketable securities	5,704	—	27	5,731
Other investments and private funds	1,882	42	423	2,347
Total variable-income securities	7,586	42	450	8,078
Total plan assets	Ps19,417	1,814	450	21,681

As of December 31, 2011, estimated payments for pensions and other postretirement benefits over the next ten years were as follows:

	2011
2012	Ps 2,093
2013	2,074
2014	2,101
2015	2,107
2016	2,162
2017 — 2021	15,205

As mentioned in note 27, upon transition to IFRS as of January 1, 2010, based on IFRS 1, CEMEX elected to reset to zero all actuarial gains and losses accrued under MFRS and pending for amortization. In addition, under IFRS, CEMEX adopted the policy to recognize all actuarial gains and losses in the year in which they occur as part of other comprehensive income (loss) for the period. Until December 31, 2009, under MFRS, CEMEX amortized such results following the corridor method.

The most significant assumptions used in the determination of the net periodic cost were as follows:

	2011				2010			
	Mexico	United States	United Kingdom	Range of rates in other countries	Mexico	United States	United Kingdom	Range of rates in other countries
Discount rates	8.0%	5.5%	5.3%	4.2% - 9.5%	8.5%	5.5%	5.7%	4.0% - 8.9%
Rate of return on plan assets	9.0%	7.5%	6.5%	3.0% - 9.0%	9.5%	7.5%	6.5%	3.8% - 9.0%
Rate of salary increases	4.5%	3.0%	3.4%	2.3% - 4.9%	4.5%	3.0%	3.6%	2.0% - 6.0%

As of December 31, 2011 and 2010, the aggregate projected benefit obligation (“PBO”) for pension plans and other postretirement benefits and the plan assets by country were as follows:

	December 31, 2011			December 31, 2010			January 1, 2010		
	PBO	Assets	Deficit	PBO	Assets	Deficit	PBO	Assets	Deficit
Mexico	Ps 3,320	269	3,051	3,318	710	2,608	2,850	904	1,946
United States	5,177	3,426	1,751	4,665	3,475	1,190	4,611	3,873	738
United Kingdom	23,039	17,053	5,986	19,928	14,404	5,524	20,800	14,820	5,980
Germany	3,267	304	2,963	2,942	276	2,666	3,256	318	2,938
Other countries	2,544	1,000	1,544	3,231	1,546	1,685	3,420	1,766	1,654
	Ps37,347	22,052	15,295	34,084	20,411	13,673	34,937	21,681	13,256

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Significant events related to employees' pension benefits

During 2011, following the required notices to the plans' trustees, CEMEX settled its defined benefit pension plans in the Republic of Ireland. As a result, the available assets were used to provide beneficiaries' entitlements in accordance with the agreement reached between CEMEX and the trustees of the relevant pension schemes. As of the wind up date, the total deficit in these schemes was approximately €15 (US\$19 or Ps266). As part of the wind up agreement to settle this liability, CEMEX agreed to make contributions of approximately €11, of which approximately €10 will be paid over the next 20 years subject to a compound annual interest rate of 3% from the date of wind up to the date of payment. CEMEX granted security over certain non-operating assets for this payment. The wind up gave rise to a settlement gain in 2011 of approximately €4 (US\$6 or Ps70), and the remaining liability as of December 31, 2011 of approximately €10 (US\$13 or Ps181) was reclassified to other current and non-current liabilities, as appropriate.

During 2011, based on the applicable regulation, CEMEX communicated to the pension plans' trustees, its decision to adopt the consumer price index for purposes of the restatement by inflation of the related obligations, in replacement of the retail price index, used until 2010, resulting in a decrease in the projected benefit obligation related to past services of approximately Ps509, which is reflected in both, the table of the net periodic cost and the table of the reconciliation of the benefits' obligations, within the line item of actuarial results. In addition, applicable regulation in the United Kingdom requires entities to maintain plan assets at a level similar to that of the obligations. As a result, it is expected that significant contributions to the United Kingdom's pension plans will be required in the following years. As of December 31, 2011, the deficit in these plans, excluding other postretirement benefits, was approximately Ps5,540 (US\$397). These plans in the United Kingdom have been closed to new participants since 2004.

During 2011, CEMEX reduced significantly its workforce subject to defined pension and other postretirement benefits due to the ongoing streamlining of its operations in Mexico. The net periodic cost for 2011, reflects a curtailment gain of approximately Ps107 related to the significant decrease in the number of active participants, of which, approximately Ps10 refer to pensions and approximately Ps97 to other postretirement benefits.

Information related to other postretirement benefits

In some countries, CEMEX has established health care benefits for retired personnel limited to a certain number of years after retirement. As of December 31, 2011 and 2010, the projected benefits obligation related to these benefits was approximately Ps1,256 and Ps1,282, respectively. The medical inflation rates used to determine the projected benefits obligation of these benefits for Mexico were 7.0% in 2011 and 2010, for Puerto Rico and the United States were 4.7% in 2011 and 2010, and for the United Kingdom were 7.4% in 2011 and 2010.

Sensitivity analysis of pension and other postretirement benefits

A 50 basis points decrease in the discount rate would have increased the defined benefit pension obligation by Ps2,532 (US\$181) as of December 31, 2011, and the pension service cost in 2011 by approximately Ps35. A 50 basis points increase in the discount rate would have decreased the defined benefit pension obligation by Ps2,284 (US\$164) as of December 31, 2011, and the pension service cost in 2011 by approximately Ps33.

A 50 basis points decrease in the discount rate would have increased the postretirement benefit obligation by Ps107 (US\$8) as of December 31, 2011, and the postretirement service cost in 2011 by approximately Ps6. A 50 basis points increase in the same discount rate would have decreased the postretirement benefit obligation by Ps98 (US\$7) as of December 31, 2011, and the postretirement service cost in 2011 by approximately Ps4.

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18. INCOME TAXES

18A) INCOME TAXES FOR THE PERIOD

The amounts for income taxes included in the statements of operations in 2011 and 2010 are summarized as follows:

	<u>2011</u>	<u>2010</u>
Current income taxes		
From Mexican operations	Ps(11,010)	(208)
From foreign operations	<u>(3,326)</u>	<u>(4,494)</u>
	<u>(14,336)</u>	<u>(4,702)</u>
Deferred income taxes		
From Mexican operations	327	1,108
From foreign operations	<u>1,802</u>	<u>1,520</u>
	<u>2,129</u>	<u>2,628</u>
	<u>Ps(12,207)</u>	<u>(2,074)</u>

As of December 31, 2011, consolidated tax loss and tax credits carryforwards and reserved carryforwards expire as follows:

	<u>Amount of carryforwards</u>	<u>Amount of reserved carryforwards</u>
2012	Ps 1,152	818
2013	7,030	6,415
2014	7,121	6,214
2015	1,529	363
2016 and thereafter	<u>331,128</u>	<u>180,426</u>
	<u>Ps347,960</u>	<u>194,236</u>

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18B) DEFERRED INCOME TAXES

The main temporary differences that generated the consolidated deferred income tax assets and liabilities are presented below:

	<u>December 31,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>	<u>January 1,</u> <u>2010</u>
Deferred tax assets:			
Tax loss carryforwards and other tax credits	Ps87,778	73,399	76,765
Accounts payable and accrued expenses	9,643	10,313	10,584
Intangible assets and deferred charges, net	14,992	15,588	5,811
Others	534	481	622
Total deferred tax assets	112,947	99,781	93,782
Less – Valuation allowance	(52,952)	(39,501)	(30,905)
Net deferred tax assets	59,995	60,280	62,877
Deferred tax liabilities:			
Property, machinery and equipment	(41,165)	(42,627)	(50,671)
Investments and other assets	(2,469)	(2,836)	(1,142)
Others	(3,366)	(3,309)	(2,020)
Total deferred tax liabilities	(47,000)	(48,772)	(53,833)
Net deferred tax asset	<u>Ps12,995</u>	<u>11,508</u>	<u>9,044</u>

Changes to the consolidated valuation allowance of deferred tax assets in 2011, 2010 and 2009 were as follows:

	<u>2011</u>	<u>2010</u>
Balance at the beginning of the period	Ps (39,501)	(30,905)
Increases	(11,408)	(31,719)
Decreases	874	19,947
Translation effects	(2,917)	3,176
Balance at the end of the period	<u>Ps(52,952)</u>	<u>(39,501)</u>

The breakdown of changes in consolidated deferred income taxes during 2011 and 2010 were as follows:

	<u>2011</u>	<u>2010</u>
Deferred income tax charged to the statements of operations	Ps2,129	2,628
Deferred income tax in stockholders' equity	159	1,467
Reclassification to other captions in the balance sheet	(801)	(1,631)
Change in deferred income tax for the period	<u>Ps 1,487</u>	<u>2,464</u>

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Current and/or deferred income tax relative to items of other comprehensive loss during 2011 and 2010 were as follows:

	<u>2011</u>	<u>2010</u>
Tax effects relative to foreign exchange fluctuations from debt (note 19B)	Ps3,391	(566)
Tax effects relative to foreign exchange fluctuations from intercompany balances (note 19B)	1,424	5,449
Tax effects relative to actuarial gains and losses (note 19B)	343	392
Other effects	(184)	1,075
	<u>Ps4,974</u>	<u>6,350</u>

CEMEX believes that sufficient taxable income will be generated so that it may realize the tax benefits associated with the deferred income tax assets and tax loss carryforwards, prior to their expiration. Nevertheless, a valuation allowance is recorded for the deferred tax assets on tax loss carryforwards that are estimated and may not be recoverable in the future. In the event that present conditions change, and it is determined that future operations would not generate sufficient taxable income, the valuation allowance on deferred tax assets would be increased against the results of the period.

CEMEX, S.A.B de C.V. has not provided for any deferred tax liability for the undistributed earnings generated by its subsidiaries recognized under the equity method, considering that such undistributed earnings are expected to be reinvested, and to not generate income tax in the foreseeable future. Likewise, CEMEX does not recognize a deferred income tax liability related to its investments in subsidiaries and interests in joint ventures, considering that CEMEX controls the reversal of the temporary differences arising from these investments.

18C) EFFECTIVE TAX RATE

Differences between the financial reporting and the corresponding tax basis of assets and liabilities and the different income tax rates and laws applicable to CEMEX, among other factors, give rise to permanent differences between the statutory tax rate applicable in Mexico, and the effective tax rate presented in the consolidated statements of operations, which in 2011 and 2010 were as follows:

	<u>2011</u>	<u>2010</u>
	%	%
Consolidated statutory tax rate	(30.0)	(30.0)
Non-taxable dividend income	(1.9)	—
Other non-taxable income 1	(0.3)	(15.5)
Expenses and other non-deductible items 2	88.2	(22.9)
Non-taxable sale of marketable securities and fixed assets	(14.4)	22.1
Difference between book and tax inflation	9.9	12.3
Other tax non-accounting benefits	46.2	48.8
Others	(0.5)	3.4
Effective consolidated tax rate	<u>97.2</u>	<u>18.2</u>

1 Includes the effects of the different income tax rates in the countries where CEMEX operates.

2 Includes the effects of unrecognized tax benefits in the year.

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18D) UNCERTAIN TAX POSITIONS AND SIGNIFICANT TAX PROCEEDINGS

As of December 31, 2011 and 2010 and as of January 1, 2010, as part of short-term and long-term provisions and other liabilities (note 16), CEMEX has recognized provisions related to unrecognized tax benefits in connection with uncertain tax positions taken, in which it is deemed probable that the tax authority would differ from the position adopted by CEMEX (note 20). As of December 31, 2011, the tax returns submitted by some subsidiaries of CEMEX located in several countries are under review by the respective tax authorities in the ordinary course of business. CEMEX cannot anticipate if such reviews will result in new tax assessments, which would, should any arise, be appropriately disclosed and/or recognized in the financial statements.

A summary of the beginning and ending amount of unrecognized tax benefits as of December 31, 2011 and 2010, excluding interest and penalties, is as follows:

	<u>2011</u>	<u>2010</u>
Balance of tax positions at beginning of year	Ps 17,260	20,333
Additions for tax positions of prior years	1,162	3,687
Additions for tax positions of current year	4,812	765
Reductions for tax positions related to prior years and other items	(2,513)	(2,240)
Settlements	(121)	(81)
Expiration of the statute of limitations	(120)	(4,195)
Foreign currency translation effects	1,456	(1,009)
Balance of tax positions at end of year	Ps <u>21,936</u>	<u>17,260</u>

Tax examinations can involve complex issues, and the resolution of issues may span multiple years, particularly if subject to negotiation or litigation. Although CEMEX believes its estimates of the total unrecognized tax benefits are reasonable, uncertainties regarding the final determination of income tax audit settlements and any related litigation could affect the amount of total unrecognized tax benefits in future periods. It is difficult to estimate the timing and range of possible changes related to the uncertain tax positions, as finalizing audits with the income tax authorities may involve formal administrative and legal proceedings. Accordingly, it is not possible to reasonably estimate the expected changes to the total unrecognized tax benefits over the next 12 months, although any settlements or statute of limitations expirations may result in a significant increase or decrease in the total unrecognized tax benefits, including those positions related to tax examinations being currently conducted.

As of December 31, 2011, certain significant proceedings associated with these tax positions are as follows:

- On November 16, 2011, the Mexican tax authorities notified Centro Distribuidor de Cemento, S.A. de C.V. and Mexcement Holdings, S.A. de C.V., subsidiaries of CEMEX in Mexico, of tax assessments related to direct and indirect investments in entities considered to be preferential tax regimes, in the amount of approximately Ps1,251 (US\$90) and approximately Ps759 (US\$54), respectively. CEMEX has challenged these assessments before the corresponding courts. At this stage, CEMEX is not able to assess the likelihood of an adverse result in these proceedings.
- In May 2011, the U.S. Internal Revenue Service (“IRS”) had issued various Notices of Proposed Adjustment (“NOPAs”) for the years 2005 through 2007 proposing certain adjustments to CEMEX’s tax returns. CEMEX requested the opportunity to discuss and negotiate these with the IRS field team before they are finalized as formal Revenue Agent Reports. As of December 31, 2011, CEMEX and the IRS have reached a tentative resolution for the years 2005 through 2007 and for certain adjustments in post-2007 years. It is uncertain at this time whether the tentative resolution will be finalized in its current form. The IRS continues to audit the years 2008 and 2009, and it is possible there will be additional adjustments for these years. CEMEX believes that it is

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possible that the audits for 2005–2007 and 2008-2009 will be settled in the next twelve months. Moreover, as of the issuance date of these consolidated financial statements, CEMEX believes it has adequately reserved for its uncertain tax position. The amount of which is not specified, as doing so may harm the current negotiations of CEMEX with the IRS. Nonetheless, there can be no assurance that the outcome of the IRS negotiations will not require further provisions for taxes.

- On April 1, 2011, the Colombian Tax Authority notified CEMEX Colombia of a special proceeding (*requerimiento especial*) in which the Colombian Tax Authority rejected certain deductions taken by CEMEX Colombia in its 2009 year-end tax return. The Colombian Tax Authority assessed an increase in taxes to be paid by CEMEX Colombia in the amount of approximately \$90 billion Colombian Pesos (approximately U.S.\$50.2 million as of March 30, 2012, based on an exchange rate of \$1792.12 Colombian Pesos to U.S.\$1.00) and imposed a penalty in the amount of approximately \$144 billion Colombian Pesos (approximately U.S.\$80.3 million as of March 30, 2012, based on an exchange rate of \$ 1792.12 Colombian Pesos to U.S.\$1.00). The Colombian Tax Authority argues that certain expenses are not deductible for fiscal purposes because they are not linked to direct revenues recorded in the same fiscal year, without taking into consideration that future revenue will be taxed with income tax in Colombia. CEMEX Colombia responded to the special proceeding notice on June 25, 2011. On December 15, 2011, the Colombian Tax Authority issued its final determination, which confirmed the information in the special proceeding. CEMEX Colombia appealed the final determination in February 15, 2012 and it is expected to have a response from the Tax Authorities no later than February, 2013. At this stage, CEMEX is not able to assess the likelihood of an adverse result or potential damages which could be borne by CEMEX Colombia.
- On January 21, 2011, the Mexican tax authority notified CEMEX, S.A.B. de C.V., of a tax assessment for approximately Ps996 (US\$71) pertaining to the tax year 2005. The tax assessment is related to the corporate income tax in connection with the tax consolidation regime. As a result of a tax reform in 2005, the law allows the cost of goods sold to be deducted, instead of deducting purchases. Since there were inventories as of December 31, 2004, in a transition provision, the law allowed the inventory to be accumulated as income (thus reversing the deduction via purchases) and then be deducted from 2005 onwards as cost of goods sold. In order to compute the income resulting from the inventories in 2004, the law allowed this income to be offset against accumulated tax losses of some of CEMEX's subsidiaries. The authorities argued that because of this offsetting, the right to use such losses at the consolidated level had been lost; therefore, CEMEX had to increase its consolidated income or decrease its consolidated losses. CEMEX believes that there is no legal support for the conclusion of the Mexican tax authority and, on March 29, 2011, CEMEX challenged the assessment before the tax court.
- On November 10, 2010, the Colombian tax authority notified CEMEX Colombia of a proceeding in which the Colombian tax authority rejected certain tax losses taken by CEMEX Colombia in its 2008 year-end tax return. In addition, the Colombian tax authority assessed an increase in taxes to be paid by CEMEX Colombia in the amount of approximately 43 billion Colombian pesos (US\$22 or Ps307) and imposed a penalty in the amount of approximately 69 billion Colombian pesos (US\$36 or Ps503), both amounts as of December 31, 2011. The Colombian tax authority argues that CEMEX Colombia is limited in its use of prior year tax losses to 25% of such losses per subsequent year. CEMEX believes that the tax provision that limits the use of prior year tax losses does not apply in the case of CEMEX Colombia because the applicable tax law was repealed in 2006. Furthermore, CEMEX believes that the Colombian tax authority is no longer able to review the 2008 tax return because the time to review such return has already expired pursuant to Colombian law. The Colombian tax authority issued an official settlement on July 27, 2011, which confirmed its position in the special request. The official settlement was appealed by CEMEX on September 27, 2011. The tax authorities have one year to resolve the appeal. At this stage, CEMEX is not able to assess the likelihood of an adverse result or potential damages which could be borne by CEMEX Colombia.

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- Pursuant to amendments to the Mexican income tax law effective on January 1, 2005, Mexican companies with investments in entities incorporated outside of Mexico whose income tax liability is less than 75% of the income tax that would be payable in Mexico, are required to pay taxes in Mexico on net passive income, such as dividends, royalties, interest, capital gains and rental fees obtained by such controlled subsidiaries, provided, however, that such revenues are not derived from entrepreneurial activities in such countries. CEMEX challenged the constitutionality of the amendments before the Mexican federal courts. In September 2008, the Supreme Court of Justice ruled the amendments were constitutional for tax years 2005 to 2007. Since the Supreme Court's decision only determined that this tax regime is constitutional and does not dictate the details of how to calculate the amount of taxes due, CEMEX has self-assessed taxes due pursuant to these provisions through the submission of amended tax returns. As of December 31, 2011, the amounts determined were being reviewed by the Mexican tax authorities. Nonetheless, if the Mexican tax authorities do not agree with CEMEX's self-assessment of the taxes due for past periods, they may assess additional amounts of taxes past due. As of December 31, 2011 and 2010, CEMEX has recognized certain provisions in connection with these amendments to the income tax law in Mexico. The amounts of which are not specified, as doing so may harm the current negotiations of CEMEX with the tax authorities in connection with this tax uncertainty. Changes in the provision are recognized through income tax expense for the period as the review by the tax authorities' progresses. See note 25 for recent developments in connection with this tax assessment.
- In November 2009, Mexico approved amendments to the income tax law, which became effective on January 1, 2010. Such amendments modified the tax consolidation regime by requiring entities to determine income taxes as if the tax consolidation provisions did not exist from 1999 onward, specifically turning into taxable items: a) the difference between the sum of the equity of the controlled entities for tax purposes and the equity of the consolidated entity for tax purposes; b) dividends from the controlled entities for tax purposes to CEMEX, S.A.B. de C.V.; and c) other transactions that represented the transfer of resources between the companies included in the tax consolidation. In connection with these changes to the tax consolidation regime and based on MFRS, CEMEX recognized an aggregate liability of Ps10,461, Ps8,216 of which was recognized against "Other non-current assets" in connection with the net liability recognized before the new tax law and that CEMEX will recover through the payment of this tax liability, and Ps2,245 of which was recognized against "Retained earnings" for the portion, according to the modifications, related to the items mentioned above. In December 2010, pursuant to miscellaneous rules, the tax authority in Mexico granted the option to defer the calculation and payment of the income tax over the difference of index a) above, until the subsidiary is disposed of or CEMEX eliminates the tax consolidation. As a result, CEMEX reduced its estimated tax payable by approximately Ps2,911 against a credit to income taxes for the period in the statements of operations under IFRS. Tax liabilities associated with the tax loss carryforwards used in the tax consolidation of the Mexican subsidiaries are not offset with deferred tax assets in the balance sheet. The realization of these tax assets is subject to the generation of future tax earnings in the controlled subsidiaries that generated the tax loss carryforwards in the past. Changes in the Parent Company's tax payable associated with the tax consolidation in Mexico in 2011 and 2010 were as follows:

	<u>2011</u>	<u>2010</u>
Balance at the beginning of the year	Ps 10,079	10,461
Income tax received from subsidiaries	2,352	2,496
Restatement for the period	485	358
Payments during the period	(506)	(325)
Effects associated with miscellaneous rules	—	(2,911)
Balance at the end of the year	<u>Ps 12,410</u>	<u>10,079</u>

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19. STOCKHOLDERS' EQUITY

As of December 31, 2011 and 2010 and January 1, 2010, the balances of consolidated stockholders' equity exclude investments in shares of CEMEX, S.A.B. de C.V. held by subsidiaries of approximately Ps129 (17,334,881 CPOs), Ps220 (16,668,156 CPOs) and Ps187 (16,107,081 CPOs). These amounts are canceled within "Other equity reserves." The increase in the number of CPOs held by subsidiaries during 2011 and 2010 relates to CPOs received by subsidiaries as a result of the recapitalization of retained earnings as described below.

19A) COMMON STOCK AND ADDITIONAL PAID-IN CAPITAL

As of December 31, 2011 and 2010 and as of January 1, 2010, the breakdown of common stock and additional paid-in capital was as follows:

	<u>December 31, 2011</u>	<u>December 31, 2010</u>	<u>January 1, 2010</u>
Common stock	Ps 4,135	4,132	4,127
Additional paid-in capital	109,309	104,590	98,797
	<u>Ps113,444</u>	<u>108,722</u>	<u>102,924</u>

The common stock of CEMEX, S.A.B. de C.V. was represented as follows:

	<u>December 31, 2011</u>		<u>December 31, 2010</u>		<u>January 1, 2010</u>	
	<u>Series A 2</u>	<u>Series B 3</u>	<u>Series A 2</u>	<u>Series B 3</u>	<u>Series A 2</u>	<u>Series B 3</u>
Shares ¹						
Subscribed and paid shares	20,939,727,526	10,469,863,763	20,043,602,184	10,021,801,092	19,224,300,330	9,612,150,165
Unissued shares authorized for stock compensation programs	250,782,926	125,391,463	345,164,180	172,582,090	395,227,442	197,613,721
Shares that guarantee the issuance of convertible securities ⁴	5,932,438,520	2,966,219,260	1,896,584,924	948,292,462	344,960,064	172,480,032
Shares authorized for the issuance of stock or convertible securities ⁵	7,561,480	3,780,740	3,415,076	1,707,538	1,055,039,936	527,519,968
	<u>27,130,510,452</u>	<u>13,565,255,226</u>	<u>22,288,766,364</u>	<u>11,144,383,182</u>	<u>21,019,527,772</u>	<u>10,509,763,886</u>

- ¹ As of December 31, 2011 and 2010 and January 1, 2010, 13,068,000,000 shares correspond to the fixed portion, and 27,627,765,678 shares as of December 31, 2011, 20,365,149,546 shares as of December 31, 2010 and 18,461,291,658 shares as of January 1, 2010, correspond to the variable portion.
- ² Series "A" or Mexican shares must represent at least 64% of CEMEX's capital stock.
- ³ Series "B" or free subscription shares must represent at most 36% of CEMEX's capital stock.
- ⁴ Shares that guarantee the conversion of both the voluntary and mandatorily convertible securities (note 15B).
- ⁵ Shares authorized for the issuance of stock through a public offer or through the issuance of convertible securities.

On February 24, 2011, stockholders at the extraordinary shareholders' meeting approved an increase in the variable portion of our capital stock of up to 6 billion shares (2 billion CPOs). Pursuant to the resolution approved by CEMEX, S.A.B. de C.V.'s stockholders, the subscription and payment of the new shares may occur through a public offer of CPOs and/or the issuance of convertible securities. These shares are kept in CEMEX's treasury as a guarantee for the potential issuance of shares through CEMEX's convertible securities (note 15B).

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On February 24, 2011, stockholders at the annual ordinary shareholders' meeting approved resolutions to: (i) increase the variable common stock through the capitalization of retained earnings, issuing up to 1,202.6 million shares (400.9 million CPOs) based on a price of Ps10.52 per CPO. Stockholders received 3 new shares for each 75 shares held (1 new CPO for each 25 CPOs held), through the capitalization of retained earnings. As a result, shares equivalent to approximately 401 million CPOs were issued, representing an increase in common stock of approximately Ps3, considering a nominal value of Ps0.00833 per CPO, and additional paid-in capital of approximately Ps4,213; and (ii) increase the variable common stock by up to 60 million shares (20 million CPOs) issuable as a result of antidilution adjustments upon conversion of CEMEX's convertible securities (note 15B). These shares are kept in CEMEX's treasury. There was no cash distribution and no entitlement to fractional shares.

On April 29, 2010, stockholders at the annual ordinary shareholders' meeting approved resolutions to: (i) increase the variable common stock through the capitalization of retained earnings, issuing up to 1,153.8 million shares (384.6 million CPOs) based on a price of Ps14.24 per CPO. Stockholders received 3 new shares for each 75 shares held (1 new CPO for each 25 CPOs held), through the capitalization of retained earnings. As a result, shares equivalent to approximately 384.6 million CPOs were issued, representing an increase in common stock of approximately Ps3, considering a nominal value of Ps0.00833 per CPO, and additional paid-in capital of approximately Ps5,476, and (ii) increase the variable common stock by up to 750 million shares (250 million CPOs) issuable as a result of antidilution adjustments upon conversion of CEMEX's convertible securities (note 15B). These shares are kept in CEMEX's treasury. There was no cash distribution and no entitlement to fractional shares.

The CPOs issued pursuant to the exercise of options under the "Fixed program" (note 20A) generated additional paid-in capital of approximately Ps11 in 2011, Ps5 in 2010 and Ps5 in 2009, and increased the number of shares outstanding. Likewise, in connection with the long-term compensation program (note 20) in 2011, 2010 and 2009, CEMEX issued approximately 43.4 million, 25.7 million and 13.7 million CPOs, respectively, generating an additional paid-in capital of approximately Ps495, Ps312 and Ps163, respectively, associated with the fair value of the compensation received by executives.

19B) OTHER EQUITY RESERVES

Balances of other equity reserves are summarized as follows:

	<u>December 31,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>	<u>January 1,</u> <u>2010</u>
Cumulative translation effect, net of effects from perpetual debentures and deferred income taxes recognized directly in equity (notes 18B and 19D) 1	Ps 17,160	570	(4,532)
Cumulative actuarial gains (losses)	(2,234)	(1,192)	—
Issuance of convertible securities 2	—	—	1,971
Treasury shares held by subsidiaries	(129)	(220)	(187)
	<u>Ps 14,797</u>	<u>(842)</u>	<u>(2,748)</u>

1 In 2011 and 2010 includes gains of approximately Ps1,837 and Ps5,401, respectively, resulting from the exchange of perpetual debentures (note 15A).

2 Represents the equity component associated with the issuances of mandatorily convertible notes described in note 15B. Upon mandatory conversion of these securities, these balances will be correspondingly reclassified to common stock and/or additional paid-in capital.

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For the years ended December 31, 2011 and 2010, the translation effects of foreign subsidiaries included in the statements of comprehensive loss were as follows:

	<u>2011</u>	<u>2010</u>
Foreign currency translation adjustment 1	Ps 30,698	11,144
Foreign exchange fluctuations from debt 2	(11,305)	1,886
Foreign exchange fluctuations from intercompany balances 3	(8,068)	(20,059)
	<u>Ps 11,325</u>	<u>(7,029)</u>

- 1** These effects refer to the result from the translation of the financial statements of foreign subsidiaries.
- 2** Generated by foreign exchange fluctuations over a notional amount of debt in CEMEX, S.A.B. de C.V. associated with the acquisition of foreign subsidiaries and designated as a hedge of the net investment in foreign subsidiaries.
- 3** Refers to foreign exchange fluctuations arising from balances with related parties in foreign currencies that are of a long-term investment nature considering that their liquidation is not anticipated in the foreseeable future and foreign exchange fluctuations over a notional amount of debt of a subsidiary of CEMEX España identified and designated as a hedge of the net investment in foreign subsidiaries.

19C) RETAINED EARNINGS

Net income for the year is subject to a 5% allocation toward a legal reserve until such reserve equals one fifth of the common stock. As of December 31, 2011, the legal reserve amounted to Ps1,804.

19D) NON-CONTROLLING INTEREST AND PERPETUAL DEBENTURES

Non-controlling interest

Non-controlling interest represents the share of non-controlling stockholders in the results and equity of consolidated subsidiaries. As of December 31, 2011 and 2010 and January 1, 2010, non-controlling interest in equity amounted to approximately Ps3,513, Ps3,133 and Ps3,742, respectively.

Perpetual debentures

As of December 31, 2011 and 2010 and as of January 1, 2010, the balances of the non-controlling interest included approximately US\$938 (Ps13,089), US\$1,320 (Ps16,310) and US\$3,045 (Ps39,859), respectively, representing the notional amount of perpetual debentures. The balance in 2011 excludes the notional amount of perpetual debentures held by subsidiaries, acquired in December 2011 through a series of asset swaps (note 15A). In May 2010, following an exchange offer with the debenture holders, a Luxembourg branch of a CEMEX, S.A.B. de C.V. subsidiary exchanged amounts in excess of a majority of the then outstanding principal amount of each series of perpetual debentures for new secured notes. Likewise, in March 2011, a Luxembourg branch of a CEMEX, S.A.B. de C.V. subsidiary concluded a private exchange for a portion of the then outstanding principal amount of Euro denominated perpetual debentures for new secured notes (note 15A).

Interest expense on the perpetual debentures, which is accrued based on the principal amount, was included within "Other equity reserves" and represented expenses of approximately Ps1,010 in 2011 and Ps1,624 in 2010, excluding in 2011 the amount of interest accrued by perpetual debentures held by subsidiaries.

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These debentures have no fixed maturity date and do not represent a contractual payment obligation for CEMEX. As a result, these debentures, issued entirely by Special Purpose Vehicles (“SPVs”), qualify as equity instruments and are classified within non-controlling interest, as they were issued by consolidated entities. In addition, subject to certain conditions, CEMEX has the unilateral right to defer indefinitely the payment of interest due on the debentures. The classification of the debentures as equity instruments was made under applicable IFRS, which were applied to these transactions in compliance with the supplementary application of IFRS in Mexico. The different SPVs were established solely for purposes of issuing the perpetual debentures and were included in CEMEX’s consolidated financial statements.

The detail of CEMEX’s perpetual debentures, giving effect to the exchange transactions that occurred during these periods, as mentioned above, and to the exclusion of perpetual debentures held by subsidiaries, was as follows:

<u>Issuer</u>	<u>Issuance date</u>	<u>Dec 31, 2011</u> <u>Nominal</u> <u>amount</u>	<u>Dec 31, 2010</u> <u>Nominal</u> <u>amount</u>	<u>Jan 1, 2010</u> <u>Nominal</u> <u>amount</u>	<u>Repurchase option</u>	<u>Interest rate</u>
C10-EUR Capital (SPV) Ltd.	May 2007	€ 147	€ 266	€ 730	Tenth anniversary	6.3%
C8 Capital (SPV) Ltd.	February 2007	US\$ 288	US\$ 369	US\$ 750	Eighth anniversary	6.6%
C5 Capital (SPV) Ltd 1.	December 2006	US\$ 111	US\$ 147	US\$ 350	Fifth anniversary	6.2%
C10 Capital (SPV) Ltd.	December 2006	US\$ 349	US\$ 449	US\$ 900	Tenth anniversary	6.7%

- 1 CEMEX did not exercise its repurchase option by December 31, 2011. Therefore, beginning January 1, 2012, the annual interest rate of this series will change to 3-month LIBOR plus 4.277%, which will be reset quarterly. Interest payments on this series will be made quarterly instead of semi-annually. CEMEX is not permitted to call these debentures under the Financing Agreement. As of December 31, 2011, 3-month LIBOR was approximately 0.5810%.

20. EXECUTIVE STOCK-BASED COMPENSATION

CEMEX has a long-term compensation program providing for the grant of CEMEX’s CPOs to a group of executives, pursuant to which, new CPOs are issued under each annual program over a 4 year period. By agreement with the executives, the CPOs of the annual grant, which is equivalent to 25% of the CPOs related to each plan, are placed in a trust established for the benefit of the executives (the “executives’ trust”) to comply with a 1 year restriction on sale. Under this program, CEMEX granted approximately 43.4 million CPOs in 2011 and 25.7 million CPOs in 2010 that were subscribed and pending for payment in CEMEX’s treasury. Of the total CPOs granted in 2011, approximately 10.3 million CPOs relate to termination payments associated with restructuring events (note 5). As of December 31, 2011, there are approximately 58.2 million CPOs associated to these annual programs that are expected to be issued during the following years as the executives render services to CEMEX. The compensation expense related to these programs in 2011 and 2010 recognized in the operating results amounted to approximately Ps415 and Ps536, respectively. The weighted average price per CPO granted during the period was approximately Ps11.42 in 2011 and Ps12.12 in 2010.

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Until 2005, CEMEX granted stock options to executives based on CEMEX's CPO. Options outstanding under CEMEX's programs represent liability instruments, except for those of its "Fixed program," which was designated as equity instruments (note 2S). The information related to options granted in respect of CEMEX, S.A.B. de C.V. shares is as follows:

Options	Fixed program (A)	Variable program (B)	Restricted program (C)	Special program (D)
Options at the beginning of 2010	613,639	1,358,920	15,022,272	722,618
Changes in 2010:				
Options cancelled and adjustments	(57,933)	—	—	—
Options exercised	(106,963)	—	—	(8,000)
Options at the end of 2010	448,743	1,358,920	15,022,272	714,618
Changes in 2011:				
Options cancelled and adjustments	(115,617)	(815,424)	—	(81,826)
Options exercised	(333,126)	—	—	—
Options at the end of 2011	—	543,496	15,022,272	632,792
Underlying CPOs ¹	—	2,950,479	76,233,524	12,655,840
Weighted average exercise prices per CPO:				
Options outstanding at the beginning of 2011 ¹	Ps5.85	US\$1.52	US\$2.00	US\$1.36
Options exercised in the year ¹	Ps4.99	—	—	—
Options outstanding at the end of 2011 ¹	—	US\$1.55	US\$2.00	US\$1.39
Average life of options:	—	1.1 years	0.5 years	2.1 years
Number of options per exercise price:				
	—	70,746 – US\$1.7	15,022,272 – US\$2.0	125,345 – US\$1.4
	—	141,679 – US\$1.8	—	135,751 – US\$1.0
	—	67,295 – US\$1.5	—	257,291 – US\$1.4
	—	205,034 – US\$1.3	—	114,405 – US\$1.9
	—	58,742 – US\$1.6	—	—
Percent of options fully vested:	—	100%	100%	100%

¹ Exercise prices and the number of underlying CPOs are technically adjusted for the dilutive effect of stock dividends and recapitalization of retained earnings.

A) Fixed program

From June 1995 through June 2001, CEMEX granted stock options with a fixed exercise price in pesos, equivalent to the market price of the CPO at the grant date and with tenure of 10 years. The employees' option rights vested up to 25% annually during the first 4 years after having been granted.

B) Variable program

This program started in November 2001, through an exchange of fixed program options, with exercise prices denominated in dollars increasing annually at a 7% rate.

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C) Restricted program

This program started in February 2004 through a voluntary exchange of options mainly from the variable program. These options have an exercise price denominated in dollars which, depending on the program, increase annually at a 5.5% rate or at a 7% rate. Executives' gains under these options are settled in the form of CPOs, which are restricted for sale for an approximate period of 4 years from the exercise date.

D) Special program

From June 2001 through June 2005, a CEMEX subsidiary in the United States granted to a group of its employees a stock option program to purchase CEMEX ADSs. The options granted have a fixed exercise price denominated in dollars and tenure of 10 years. The employees' option rights vested up to 25% annually after having been granted. The option exercises are hedged using ADSs currently owned by subsidiaries, which increases stockholders' equity and the number of shares outstanding. The amounts of these ADS programs are presented in terms of equivalent CPOs.

Other programs

CEMEX's subsidiary in Ireland has an outstanding stock option program in its own shares. As of December 31, 2011 and 2010, this subsidiary had outstanding options over 19,814 and 251,918 of its shares, respectively, with an average exercise price per share of approximately €0 in 2011 and €1.18 in 2010. As of December 31, 2011 and 2010, the market price per share of CEMEX's subsidiary in Ireland was €0.04 and €0.21, respectively.

Valuation of options at fair value and accounting recognition

All options of programs that qualify as liability instruments are valued at their estimated fair value as of the date of the financial statements, recognizing changes in valuations in the statements of operations. Changes in the provision for executive stock option programs for the years ended December 31, 2011 and 2010 were as follows:

	<u>Restricted program</u>	<u>Variable program</u>	<u>Special program</u>	<u>Total</u>
Provision as of January 1, 2010	Ps 114	24	54	192
Net revenue in current period results	(92)	(15)	(40)	(147)
Estimated decrease from exercises of options	—	—	2	2
Foreign currency translation effect	(7)	(1)	(3)	(11)
Provision as of December 31, 2010	15	8	13	36
Net revenue in current period results	(17)	(9)	(15)	(41)
Estimated decrease from exercises of options	—	—	—	—
Foreign currency translation effect	2	1	2	5
Provision as of December 31, 2011	Ps —	—	—	—

The options' fair values were determined through the binomial option-pricing model. As of December 31, 2011, 2010 and 2009, the most significant assumptions used in the valuations were as follows:

Assumptions	<u>December 31, 2011</u>	<u>December 31, 2010</u>	<u>January 1, 2010</u>
Expected dividend yield	4.0%	4.0%	4.0%
Volatility	35%	35%	35%
Interest rate	0.1%	1.2%	1.8%
Weighted average remaining tenure	1.2 years	2.1 years	3.1 years

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21. EARNINGS (LOSS) PER SHARE

Based on IAS 33 *Earnings per Share* ("IAS 33"), basic earnings (loss) per share shall be calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity (the numerator) by the weighted average number of shares outstanding (the denominator) during the period. Shares that would be issued depending only by the passage of time should be included in the determination of the basic weighted average number of shares outstanding. Diluted earnings (loss) per share should reflect in both, the numerator and denominator, the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of specified conditions, to the extent that such assumption would lead to a reduction in basic earnings per share or an increase in basic loss per share, otherwise, the effects of potential shares are not considered because they generate antidilution.

The amounts considered for calculations of loss per share ("LPS") in 2011 and 2010 were as follows:

	2011	2010
Denominator (thousands of shares)		
Weighted average number of shares outstanding 1	31,267,218	31,177,140
Capitalization of retained earnings in 2012 2	1,256,354	1,256,354
Effect of dilutive instruments – stock-based compensation (note 20) 3	174,934	153,640
Effect of dilutive instruments – mandatorily convertible securities (note 15B) 3	559,663	538,138
Weighted average number of shares outstanding – basic	33,258,169	33,125,272
Effect of potentially dilutive instruments – optionally convertible securities (note 15B) 3	6,316,755	1,640,535
Weighted average number of shares outstanding – diluted	39,574,924	34,765,807
Numerators		
Consolidated net loss	Ps (24,767)	(13,436)
Less: non-controlling interest net income	21	46
Controlling interest net loss	(24,788)	(13,482)
Plus: after tax interest expense on mandatorily convertible securities	209	220
Controlling interest net loss – basic loss per share	(24,579)	(13,262)
Plus: after tax interest expense on optionally convertible securities	1,153	344
Controlling interest net loss – diluted loss per share	Ps (23,426)	(12,918)
Controlling Interest Basic Loss Per Share	Ps (0.74)	(0.39)
Controlling Interest Diluted Loss Per Share 4	Ps (0.74)	(0.39)

- 1** Based on IAS 33, the weighted average number of shares outstanding in 2010 reflects the shares issued as a result of the capitalization of retained earnings declared in February 2011 (note 19A).
- 2** According to resolution of the stockholders' meeting on February 23, 2012 (note 25).
- 3** The number of restricted CPO grants under the long-term compensation program initiated in 2009, as well as the total amount of CPOs committed for issuance in the future under the mandatorily and optionally convertible securities, are computed from the beginning of the reporting period. The number of shares resulting from the executives' stock option programs is determined under the inverse treasury method.
- 4** For 2011 and 2010, the effects on the denominator and numerator of potential dilutive shares generate antidilution; therefore, there is no change between the reported basic and diluted loss per share.

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22. COMMITMENTS

22A) GUARANTEES

As of December 31, 2011 and 2010 and January 1, 2010, CEMEX, S.A.B. de C.V. had guaranteed loans of certain subsidiaries for approximately US\$8,993, US\$13,028 and US\$12,570, respectively.

22B) PLEDGED ASSETS

As of December 31, 2011 and 2010 and January 1, 2010, CEMEX had liabilities amounting to US\$129, US\$186 and US\$292, respectively, secured by property, machinery and equipment. These amounts exclude the financial liabilities associated with capital leases (note 15B), as there are no legal liens on the related assets.

In addition, in connection with the Financing Agreement (note 15A), CEMEX transferred to a trust for the benefit of the Financing Agreement lenders, note holders and other creditors having the benefit of negative pledge clauses, the shares of several of its main subsidiaries, including CEMEX México, S.A. de C.V. and CEMEX España, S.A., in order to guarantee payment obligations under the Financing Agreement and other financial transactions. These shares secure several other financings entered into subsequent to the date of the Financing Agreement.

22C) OTHER COMMITMENTS

As of December 31, 2011 and 2010 and as of January 1, 2010, CEMEX had commitments for the purchase of raw materials for an approximate amount of US\$184, US\$288 and US\$172, respectively.

In 2006, in order to take advantage of the high wind potential in the “Tehuantepec Isthmus,” CEMEX and the Spanish company ACCIONA formed an alliance to develop a wind farm project for the generation of 250 Megawatts (MW) in the Mexican state of Oaxaca. CEMEX acted as promoter of the project, which was named EURUS. ACCIONA provided the required financing, constructed the facility and currently operates the wind farm. The installation of 167 wind turbines in the farm was finished on November 15, 2009. The agreements between CEMEX and ACCIONA established that CEMEX’s plants in Mexico will acquire a portion of the energy generated by the wind farm for a period of at least 20 years, which began in February 2010, when EURUS reached the committed limit capacity. For the years ended December 31, 2011 and 2010, EURUS supplied (unaudited) approximately 23.7% and 20.1%, respectively, of CEMEX’s overall electricity needs in Mexico during such year. This agreement is for CEMEX’s own use and there is no intention of trading in energy by CEMEX.

In 1999, CEMEX entered into agreements with an international partnership, which built and operated an electrical energy generating plant in Mexico called *Termoeléctrica del Golfo* (“TEG”). In 2007, another international company replaced the original operator. The agreements established that CEMEX would purchase the energy generated for a term of not less than 20 years, which started in April 2004. Likewise, CEMEX committed to supply TEG all fuel necessary for its operations, a commitment that has been hedged through a 20-year agreement entered with *Petróleos Mexicanos*, which terminates in 2024. With the change of the operator, in 2007, CEMEX extended the term of its agreement with TEG until 2027. Consequently, for the last 3 years of the TEG fuel supply contract, CEMEX intends to purchase the required fuel in the market. CEMEX is not required to make any capital expenditure in the project. For the years ended December 31, 2011 and 2010, TEG supplied (unaudited) approximately 69.3% and 72.8%, respectively, of CEMEX’s 15 cement plants’ electricity needs in Mexico during such year. This agreement is for CEMEX’s own use and there is no intention of trading in energy by CEMEX.

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In 2007, CEMEX Ostzement GmbH (“COZ”), CEMEX’s subsidiary in Germany, entered into a long-term energy supply contract with *Vattenfall Europe New Energy Ecopower* (“VENEE”), pursuant to which VENEE committed to supply energy to CEMEX’s Rüdersdorf plant for a period of 15 years starting on January 1, 2008. Based on the contract, each year COZ has the option to fix in advance the volume of energy that it will acquire from VENEE, with the option to adjust the purchase amount one time on a monthly and quarterly basis. According to the contract, COZ acquired (unaudited) 28 MW in 2008 and 2009, and 27 MW in 2010 and 2011. COZ expects to acquire 27 MW per year from 2012 to 2014, and expects to acquire between 26 and 28 MW per year starting in 2015 and thereafter. The contract, which establishes a price mechanism for the energy acquired, based on the price of energy future contracts quoted on the European Energy Exchange, did not require initial investments and was expected to be performed at a future date. Based on its terms, this contract qualified as a financial instrument under IFRS. However, as the contract is for CEMEX’s own use and CEMEX sells any energy surplus as soon as actual energy requirements are known, regardless of changes in prices and thereby avoiding any intention of trading in energy, such contract is not recognized at its fair value.

In April 2008, Citibank entered into put option transactions on CEMEX’s CPOs with a Mexican trust that CEMEX established on behalf of its Mexican pension fund and certain of CEMEX’s directors and current and former employees (the “participating individuals”). The transaction was structured with two main components. Under the first component, the trust sold, for the benefit of CEMEX’s Mexican pension fund, put options to Citibank in exchange for a premium of approximately US\$38. The premium was deposited into the trust and was used to purchase, on a prepaid forward basis, securities that track the performance of the Mexican Stock Exchange. Under the second component, the trust sold, on behalf of the participating individuals, additional put options to Citibank in exchange for a premium of approximately US\$38, which was used to purchase prepaid forward CPOs. These prepaid forward CPOs, together with additional CPOs representing an equal amount in U.S. dollars, were deposited into the trust by the participating individuals as security for their obligations, and represent the maximum exposure of the participating individuals under this transaction. The put options gave Citibank the right to require the trust to purchase, in April 2013, approximately 130 million CPOs at a price of US\$2.7558 per CPO (120% of initial CPO price in dollars), as adjusted as of December 31, 2011. If the value of the assets held in the trust (33.4 million CPOs and the securities that track the performance of the Mexican Stock Exchange) were insufficient to cover the obligations of the trust, a guarantee would be triggered and CEMEX, S.A.B. de C.V. would be required to purchase, in April 2013, the total CPOs at a price per CPO equal to the difference between US\$2.7558 and the market value of the assets of the trust. The purchase price per CPO in dollars and the corresponding number of CPOs under this transaction are subject to dividend adjustments. CEMEX recognizes a liability for the fair value of the guarantee, and changes in valuation were recorded in the statements of operations (note 15D).

22D) COMMITMENTS FROM EMPLOYEE BENEFITS

In some countries, CEMEX has self-insured health care benefits plans for its active employees, which are managed on cost plus fee arrangements with major insurance companies or provided through health maintenance organizations. As of December 31, 2011, in certain plans, CEMEX has established stop-loss limits for continued medical assistance derived from a specific cause (e.g., an automobile accident, illness, etc.) ranging from 23 thousand dollars to 400 thousand dollars. In other plans, CEMEX has established stop-loss limits per employee regardless of the number of events ranging from 350 thousand dollars to 2 million dollars. The contingency for CEMEX if all employees qualifying for health care benefits required medical services simultaneously is significantly larger. However, this scenario is remote. The amount expensed through self-insured health care benefits was approximately US\$78 (Ps1,089) in 2011 and US\$81 (Ps1,026) in 2010.

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22E) CONTRACTUAL OBLIGATIONS

As of December 31, 2011 and 2010, CEMEX had the following contractual obligations:

(U.S. dollars millions)	2011				2010	
	Less than 1 year	1-3 Years	3-5 Years	More than 5 Years	Total	Total
Obligations						
Long-term debt	US\$325	8,499	2,500	3,600	14,924	15,641
Capital lease obligations 1	47	85	12	38	182	6
Convertible notes 2	9	24	1,469	600	2,102	768
Total debt and other financial obligations 3	381	8,608	3,981	4,238	17,208	16,415
Operating leases 4	166	219	97	83	565	731
Interest payments on debt 5	984	1,764	931	432	4,111	4,183
Pension plans and other benefits 6	150	300	306	1,089	1,845	1,523
Total contractual obligations	US\$1,681	10,891	5,315	5,842	23,729	22,852
	Ps23,467	152,038	74,197	81,554	331,256	282,451

- 1** The amounts of payments under capital leases have been determined on the basis of nominal cash flows. As of December 31, 2011, the net present value of future payments under such leases is approximately US\$143 (Ps1,999), of which, approximately US\$44 (Ps613) refers to cash flows from 1 to 3 years, and approximately US\$73 (Ps1,023) refer to cash flows from 3 to 5 years.
- 2** Refers to the convertible notes described in note 15B and assumes repayment at maturity and no conversion of the notes.
- 3** The schedule of debt payments, which includes current maturities, does not consider the effect of any refinancing of debt that may occur during the following years. In the past, CEMEX has replaced its long-term obligations for others of a similar nature.
- 4** The amounts for operating leases have been determined on the basis of nominal cash flows. CEMEX has operating leases, primarily for operating facilities, cement storage and distribution facilities and certain transportation and other equipment, under which annual rental payments are required plus the payment of certain operating expenses. Rental expense was US\$256 (Ps3,195) in 2011 and US\$199 (Ps2,521) in 2010.
- 5** For the determination of the future estimated interest payments on floating rate denominated debt, CEMEX used the floating interest rates in effect as of December 31, 2011 and 2010.
- 6** Represents estimated annual payments under these benefits for the next 10 years (note 17). Future payments include the estimate of new retirees during such future years.

23. CONTINGENCIES

23A) PROVISIONS RESULTING FROM LEGAL PROCEEDINGS

CEMEX is involved in various significant legal proceedings, the resolutions of which are deemed probable and imply cash outflows or the delivery of other resources owned by CEMEX. As a result, certain provisions have been recognized in the financial statements, representing the best estimate of the amounts payable. Therefore, CEMEX believes that it will not incur significant expenditure in excess of the amounts recorded. As of December 31, 2011, the details of the most significant events are as follows:

- In January 2007, the Polish Competition and Consumers Protection Office (the "Protection Office") notified CEMEX Polska, a subsidiary in Poland, about the initiation of an antitrust proceeding against all cement

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producers in the country, including CEMEX Polska and another of CEMEX's indirect subsidiaries in Poland. The Protection Office alleged that there was an agreement between all cement producers in Poland regarding prices, market quotas and other sales conditions of cement, and that the producers exchanged confidential information, all of which limited competition in the Polish cement market. In January 2007, CEMEX Polska filed its response to the notification, denying that it had committed the practices listed by the Protection Office, and submitted formal comments and objections gathered during the proceeding, as well as facts supporting its position that its activities were in line with Polish competition law. In December 2009, the Protection Office issued a resolution imposing fines on a number of Polish cement producers, including CEMEX Polska. The fine imposed on CEMEX Polska amounted to approximately 116 million Polish Zloty (US\$34 or Ps475), which represents 10% of CEMEX Polska's total revenue for the calendar year preceding the imposition of the fine. CEMEX Polska filed an appeal before the Polish Court of Competition and Consumer Protection (the "Court of Consumer Protection"). On February 7, 2011, the Protection Office made an application to the Court of Consumer Protection to reject CEMEX Polska's appeal, arguing that such appeal is not justified, and the Protection Office maintained all the statements and arguments from its prior decision. On February 21, 2011, CEMEX Polska sent a letter to the Court of Consumer Protection in which it kept its position and argumentation from the appeal and opposed the arguments and statements of the Protection Office. The decision on the fines will not be enforced until two appeals are exhausted, which CEMEX estimates could take at least four years approximately. As of December 31, 2011, CEMEX recognized a provision of approximately 72 million Polish Zloty (US\$21 or Ps293), representing the best estimate on such date of the expected cash outflow in connection with this resolution.

- In 2005, through the acquisition of RMC Group plc, CEMEX assumed environmental remediation liabilities in the United Kingdom pertaining to closed and current landfill sites for the confinement of waste. As of December 31, 2011, CEMEX had generated a provision for the net present value of such obligations of approximately £131 (US\$204 or Ps2,848). Expenditure was assessed and quantified over the period in which the sites have the potential to cause environmental harm, which was accepted by the regulator as being up to 60 years from the date of closure. The assessed expenditure included the costs of monitoring the sites and the installation, repair and renewal of environmental infrastructure.
- In August 2005, Cartel Damages Claims, S.A. ("CDC"), filed a lawsuit in the District Court in Düsseldorf, Germany, against CEMEX Deutschland AG, CEMEX's subsidiary in Germany, and other German cement companies originally seeking approximately €102 (US\$132 or Ps1,843) in respect of damage claims by 28 entities relating to alleged price and quota fixing by German cement companies between 1993 and 2002. Since that time, CDC has acquired new claims by assignment, and the claim has increased to €131 (US\$170 or Ps2,373). CDC is a Belgian company established in the aftermath of the German cement cartel investigation that took place from July 2002 to April 2003 by Germany's Federal Cartel Office, with the purpose of purchasing potential damage claims from cement consumers and pursuing those claims against the cartel participants. In February 2007, the District Court in Düsseldorf allowed this lawsuit to proceed without going into the merits of this case by issuing an interlocutory judgment. All defendants appealed the resolution but the appeal was dismissed in May 2008 and the lawsuit will proceed at the level of the court of first instance. The District Court in Düsseldorf had called for a hearing on the merits of this case on May 26, 2011, which was canceled and is now rescheduled for March 1, 2012. As of December 31, 2011, CEMEX Deutschland AG had accrued liabilities regarding this matter of approximately €28 (US\$36 or Ps503), including accrued interests over the principal amount of the claim.
- As of December 31, 2011, CEMEX's subsidiaries in the United States have accrued liabilities specifically relating to environmental matters in the aggregate amount of approximately US\$26 (Ps363). The environmental matters relate to: a) the disposal of various materials in accordance with past industry practice, which might currently be categorized as hazardous substances or wastes, and b) the cleanup of sites used or operated by CEMEX, including

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discontinued operations, regarding the disposal of hazardous substances or waste, either individually or jointly with other parties. Most of the proceedings are in the preliminary stages, and a final resolution might take several years. For purposes of recording the provision, CEMEX's subsidiaries believe that it is probable that a liability has been incurred and the amount of the liability is reasonably estimable, whether or not claims have been asserted, and without giving effect to any possible future recoveries. Based on the information developed to date, CEMEX's subsidiaries do not believe that they will be required to spend significant sums on these matters in excess of the amounts previously recorded. The ultimate cost that may be incurred to resolve these environmental issues cannot be assured until all environmental studies, investigations, remediation work and negotiations with, or litigation against, potential sources of recovery have been completed.

23B) OTHER CONTINGENCIES FROM LEGAL PROCEEDINGS

CEMEX is involved in various legal proceedings which have not required the recognition of accruals, as CEMEX believes that the probability of loss is less than probable or remote after considering all the elements of such proceedings, as well as proceedings in which a negative resolution for CEMEX may represent, among other things, the revocation of operating licenses or the assessment of fines, whereby CEMEX may experience a decrease in future revenues, an increase in operating costs or a loss. As of December 31, 2011, the details of the most significant events with a quantification of the potential loss, when it is determinable, were as follows:

- On December 8, 2010, the European Commission ("EC") informed CEMEX that it has decided to initiate formal proceedings in respect of possible anticompetitive practices in Austria, Belgium, the Czech Republic, France, Germany, Italy, Luxembourg, the Netherlands, Spain and the United Kingdom, which include CEMEX and other seven companies. These proceedings may lead to an infringement decision or, if the objections raised by the EC are not substantiated, the case might be closed. In April 2011, the EC requested CEMEX to deliver a material amount of information and documentation. CEMEX filed an appeal before the General Court of the European Union for the annulment of such request for information and documentation on the grounds that it is contrary to several principals of European Union Law. Nonetheless, the request was fulfilled by CEMEX on August 2, 2011. On September 16, 2011, without discussing the main arguments of the claim, the EC rejected the claim from CEMEX asking for the annulment of the request. On December 15, 2011, CEMEX complied with the terms of this decision and submitted a new reply with the amendments and clarifications identified in the revision and audit process. On December 21, 2011, CEMEX filed its reply to the EC's rejection. As of December 31, 2011, the EC has not yet submitted its rejoinder. If the alleged infringements investigated by the EC are substantiated, the EC may impose a maximum fine of up to 10% of the total turnover of the relevant companies for the last year preceding the imposition of the fine for which the financial statements have been approved. CEMEX intends to defend its position vigorously in this proceeding and is fully cooperating and will continue to cooperate with the EC in connection with this matter. As of December 31, 2011, the EC has not yet formulated a Statement of Objections against CEMEX and, as a result, the extent of the charges and the alleged infringements are unknown. Moreover, it is not clear which cement related products' total turnover would be used as the basis for the determination of the possible penalties. As a consequence, CEMEX cannot assess the likelihood of an adverse result or the amount of the potential fine, but, if adversely resolved, it may have a material adverse impact on CEMEX's financial position.
- In September 2009, officers from the European Commission ("EC"), in conjunction with local officials of the Spanish national competition enforcement authority (*Comisión Nacional de la Competencia* or "CNC"), conducted an unannounced inspection at CEMEX's offices in Spain. The EC alleges that CEMEX may have participated in anti-competitive agreements and/or concerted practices. This investigation is related to unannounced previous inspections carried out by the EC in the United Kingdom and Germany in November 2008. Since the inspections, CEMEX has received requests for information from the EC in September 2009, October 2010 and December 2010, and CEMEX has fully cooperated by providing the relevant information on time. As of December 31, 2011,

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at this stage of the proceeding, CEMEX cannot assess the likelihood of an adverse result, or quantify the potential damages that could be borne by CEMEX. Nonetheless, CEMEX would not expect a material adverse effect on its financial position.

- On June 5, 2010, the *Secretaría Distrital de Ambiente de Bogotá*, the District of Bogota's environmental secretary (or the "environmental secretary"), ordered the suspension of CEMEX Colombia's mining activities at El Tunjuelo quarry, located in Bogotá, as well as the extraction activities of other aggregates producers in the same area. The environmental secretary alleges that during the past 60 years CEMEX Colombia and the other companies included in the temporary injunction have illegally changed the course of the Tunjuelo River, have used the percolating waters without permission and have improperly used the edge of the river for mining activities. In connection with the temporary injunction, on June 5, 2010, CEMEX Colombia received a formal notification from the environmental secretary informing the initiation of proceedings to impose fines against CEMEX Colombia based on the above mentioned alleged environmental violations. CEMEX Colombia responded to the temporary injunction by requesting that it be revoked based on the fact that the mining activities at El Tunjuelo quarry are supported by the authorizations required by the applicable environmental laws and that all the environmental impact statements submitted by CEMEX Colombia have been reviewed and permanently authorized by the *Ministerio del Medio Ambiente, Vivienda y Desarrollo Territorial*. On June 11, 2010, the local authorities in Bogotá, in compliance with the environmental secretary's decision, sealed off the mine to machinery and prohibited the removal of our aggregates inventory. Although there is not an official quantification of the possible fine, the environmental secretary has publicly declared that the fine could be as much as 300 billion Colombian pesos (US\$154 or Ps2,150). The temporary injunction does not currently compromise the production and supply of ready-mix concrete to our clients in Colombia. CEMEX Colombia is analyzing its legal strategy to defend itself against these proceedings. At this stage, we are not able to assess the likelihood of an adverse result or potential damages which could be borne by CEMEX Colombia.
- In October 2009, CEMEX Corp., one of CEMEX's subsidiaries in the United States, and other cement and concrete suppliers were named as defendants in several purported class action lawsuits alleging price fixing in Florida. The purported class action lawsuits are of two distinct types: a) the first type were filed by entities purporting to have purchased cement or ready-mix concrete directly from one or more of the defendants; and b) the second group of plaintiffs are entities purporting to have purchased cement or ready-mix concrete indirectly from one or more of the defendants. Underlying all proposed suits is the allegation that the defendants conspired to raise prices of cement and concrete and hinder competition in Florida. On October 12, 2010, the court granted in part the defendants' motion, dismissing from the case all claims relating to cement and reducing the applicable time period of the plaintiffs' claims. On October 29, 2010, the plaintiffs filed further amended complaints pursuant to the court's decision. On December 2, 2010, CEMEX moved to dismiss the amended complaint filed by the indirect purchaser plaintiffs based on lack of standing. CEMEX also answered the complaint filed by the direct purchaser plaintiffs. On January 4, 2011, both the direct and indirect purchaser plaintiffs filed further amended complaints, which CEMEX answered on January 18, 2011. In March 2011, both the direct and indirect purchaser plaintiffs filed motions seeking the entry of final judgment pursuant to the court's October 12, 2010 order so they may appeal the dismissals to the Court of Appeals for the 11th Circuit. The court denied those motions on April 15, 2011. On September 21, 2011, both groups of plaintiffs filed motions for class certification. CEMEX believes that the lawsuits are without merit and intends to defend them vigorously. As of December 31, 2011, at this stage of the proceeding, CEMEX cannot assess the likelihood of an adverse result, or quantify the potential damages that could be borne by CEMEX. Nonetheless, CEMEX would not expect this matter to have a material adverse effect on its financial position.
- In September 2009, the CNC, applying exclusively national antitrust law, separately conducted its own inspection in the context of possible anticompetitive practices in the production and distribution of mortar, ready-mix and aggregates within the Chartered Community of Navarre ("Navarre"). In December 2009, the

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- CNC started a procedure against CEMEX España for alleged practices prohibited under the Spanish competition law. In November 2010, the CNC provided CEMEX España with a Statement of Facts that included some allegations that could be construed as a possible infringement by CEMEX España of Spanish competition law in Navarre. The Statement of Facts was addressed to CEMEX España, but also indicated that its parent company, New Sunward Holding B.V., could be jointly and severally liable for the investigated behavior. On December 10, 2010, the CNC Investigative Department notified CEMEX of its proposed decision, which declared an existence of infringement, and that it would submit the proposed decision to the CNC Council. The notification of the proposed decision marked the end of the investigation phase. On December 29, 2010, CEMEX submitted its opposition to the proposed decision denying all charges formulated by the CNC. On May 17, 2011, the CNC Council decided to accept CEMEX's request to review the evidence presented by the other parties. As a result, the estimated deadline for the CNC Council to issue a decision is during January 2012. The maximum fine that the CNC could impose would be 10% of the total revenues of CEMEX España's ready-mix production activities within Navarre for the calendar year preceding the imposition of the fine. As of December 31, 2011, CEMEX would not expect this matter to have a material adverse effect on its financial position (note 25).
- In June 2009, the Texas General Land Office ("GLO") alleged that CEMEX failed to pay approximately US\$550 in royalties related to mining activities by CEMEX and its predecessors since the 1940s on lands that, when transferred originally by the State of Texas, contained a reservation of mineral rights. The petition filed by the GLO also states that the State is seeking injunctive relief. On December 17, 2009, the Texas court handling this matter granted CEMEX's motion for summary judgment finding that the GLO's claims had no merit. The GLO filed an appeal on March 25, 2010 and its appellate brief on May 28, 2010. The GLO requested that the Texas Court of Appeals hear oral arguments in this matter. On May 3, 2011, the GLO and CEMEX submitted briefs and the Court of Appeals heard oral arguments on this matter. On August 31, 2011, the El Paso Court of Appeals reversed the trial court's judgment and rendered judgment in favor of the State of Texas with respect to the ownership of the mineral rights on the lands mined by CEMEX and its predecessors in interest. CEMEX will appeal the El Paso Court of Appeal's decision to the Texas Supreme Court and will continue to vigorously defend the claim. As of December 31, 2011, at this stage of the proceeding, CEMEX cannot quantify the potential damages that could be borne by CEMEX, or assess the likelihood of an adverse result, which could significantly affect its financial position.
 - In January and March 2009, one of CEMEX's subsidiaries in Mexico was notified of two findings issued by the Mexican Competition Authority (*Comisión Federal de Competencia* or "CFC"), for presumptive violations of Mexican antitrust laws. During the CFC investigation, CEMEX filed constitutional challenges for both cases considering that these findings contain substantial violations of rights granted by the Mexican Constitution. In both challenges, the Circuit Courts resolved that CEMEX lacked standing since the notice of presumptive responsibility did not affect any of CEMEX's rights. CEMEX appealed such resolutions. On October 14, 2011, the CFC determined to close one of the cases due to a lack of evidence to impose any sanctions. Third parties subsequently filed an appeal before the CFC to reconsider its ruling, but CEMEX believes that legal precedent exists that establishes that third parties lack standing in these cases (note 25).
 - In January 2009, in response to litigation brought by environmental groups concerning the manner in which certain federal quarry permits were granted, a judge from the U.S. District Court for the Southern District of Florida ordered the withdrawal of the federal quarry permits of CEMEX's SCL, FEC and Kendall Krome quarries, in the Lake Belt area in South Florida, which were granted in 2002 to CEMEX Construction Materials Florida, LLC ("CEMEX Florida"), one of CEMEX's subsidiaries in the United States. The judge ruled that there were deficiencies in the procedures and analysis undertaken by the relevant governmental agencies involved with the issuance of the permits. On January 29, 2010, in connection with the withdrawal of federal quarry permits in

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Lake Belt, Florida, the Army Corps of Engineers concluded a revision and determined procedures for granting new federal quarry permits in the area. During February 2010, new quarry permits were granted to the SCL and FEC quarries. However, at December 31, 2011, a number of potential environmental impacts must be addressed at the wetlands located at the Kendall Krome site before a new federal quarry permit may be issued for mining at that quarry. If CEMEX Florida were unable to maintain the new Lake Belt permits, CEMEX Florida would need to source aggregates, to the extent available, from other locations in Florida or import aggregates. The cessation or significant restriction of quarrying operations in the Lake Belt area could have a significant adverse effect on CEMEX's Florida operating results.

- In November 2008, AMEC/Zachry, the general contractor for CEMEX's expansion program in Brooksville, Florida, filed a lawsuit against CEMEX Florida in the United States, alleging delay damages and seeking an equitable adjustment to the contract and payment of change orders. In its claim, AMEC/Zachry sought indemnity for US\$60 (Ps838). During 2009, FLSmith ("FLS"), a supplier for the mining and cement industry, became a co-defendant in the lawsuit. During 2009 and 2010, CEMEX filed counterclaims against both suppliers. On November 18, 2010, the court denied AMEC/Zachry's motion to dismiss against CEMEX Florida, and denied FLS's motion on the pleading against CEMEX Florida. On January 6, 2011, CEMEX Florida amended its pleadings in accordance with the court's rulings. On March 17, 2011, FLS filed another motion seeking dismissal of one of CEMEX Florida's new claims asserted in the amended pleading. The parties have exchanged documents, and depositions are scheduled for the next several months. On July 1, 2011, AMEC/Zachry filed a motion for substitution of counsel and a motion for a limited stay of discovery proceedings. Until discovery is significantly underway, CEMEX cannot assess the likelihood of an adverse result or the potential damages which could be borne by CEMEX.
- In July 2008, Strabag SE ("Strabag"), one of the leading suppliers of building materials in Europe, entered into a Share Purchase Agreement ("SPA") to purchase CEMEX's operations in Austria and Hungary for €310 (US\$402 or Ps5,612), subject to authorization of the competition authorities in such countries. On July 1, 2009, Strabag notified CEMEX of its purported rescission of the SPA, arguing that the regulatory approvals were not obtained before June 30, 2009. In October 2009, CEMEX filed a claim against Strabag before the International Arbitration Court of the International Chamber of Commerce ("ICC"), requesting a declaration that Strabag's rescission of the SPA was invalid and claiming the payment of damages caused to CEMEX for the alleged breach of the SPA for €150 (US\$195 or Ps2,722). In December 2009, Strabag requested the tribunal to dismiss the claim and also filed a counterclaim for the payment of damages and applied for security for costs related to the arbitration proceedings for an aggregate amount of approximately €2 (US\$3 or Ps36). The security for costs application was withdrawn by Strabag in March 2010. The arbitration tribunal was constituted on February 16, 2010, and a first procedural hearing was held on March 23, 2010 at which parties agreed on the terms of reference and procedural rules in accordance to ICC Rules of Arbitration. On June 30, 2010, CEMEX submitted its statement of claim and its list of witnesses. On October 29, 2010, Strabag submitted its statement of defense and counterclaim. On January 14, 2011, CEMEX submitted its reply and answer to Strabag's counterclaim. On March 7, 2011, Strabag submitted its response. The hearing on *quantum* (attended by the *quantum* experts) took place on September 20, 2011. A second hearing on *quantum* was held on November 23 and 24, 2011. Post-hearing briefs were submitted on December 22, 2011 concluding this stage of the proceedings. CEMEX is now awaiting the arbitral tribunal's final award which is expected to be issued within the first six months of 2012.
- In April 2006, the cities of Kaštela and Solin in Croatia published their respective development master plans, adversely impacting the mining concession granted to a CEMEX's subsidiary in Croatia by the Croatian government in September 2005. In May 2006, CEMEX filed an appeal before a constitutional court seeking a declaration by the court of its rights and seeking prohibition of the implementation of the master plans. The

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municipal courts in Kaštela and Solin had previously rejected the appeals presented by CEMEX. These resolutions were appealed. These cases are currently under review by the Constitutional Court in Croatia, and it is expected that these proceedings will continue for several years before resolution. During the proceedings, the Administrative Court in Croatia ruled in favor of CEMEX, validating the legality of the mining concession granted by the government of Croatia. This decision was final. However, CEMEX expects a resolution from the Constitutional Court to determine if the cities of Kaštela and Solin, within the scope of their master plans, can unilaterally change the borders of exploited fields. CEMEX believes that a declaration of the Constitutional Court will enable it to seek compensation for the losses caused by the proposed changes to the borders of the land available for extraction.

- In August 2005, a lawsuit was filed against a subsidiary of CEMEX Colombia and other members of the *Asociación Colombiana de Productores de Concreto*, or ASOCRETO, a union formed by all the ready-mix concrete producers in Colombia. The lawsuit claimed that CEMEX Colombia and other ASOCRETO members were liable for the premature distress of the roads built for the mass public transportation system in Bogotá using ready-mix concrete supplied by CEMEX Colombia and other ASOCRETO members. The plaintiffs alleged that the base material supplied for the road construction failed to meet the quality standards offered by CEMEX Colombia and the other ASOCRETO members and/or that they provided insufficient or inaccurate information in connection with the product. The plaintiffs sought the repair of the roads and estimated that the cost of such repair would be approximately 100 billion Colombian pesos (US\$51 or Ps712). In January 2008, CEMEX Colombia was subject to a court order, sequestering a quarry called El Tunjuelo, as security for a possible future money judgment to be rendered against CEMEX Colombia in these proceedings. The court determined that in order to lift this attachment and prevent further attachments, CEMEX Colombia would be required to deposit with the court 337.8 billion Colombian pesos (US\$174 or Ps2,429) in cash. CEMEX appealed this decision and also requested that the guarantee be covered by all defendants in the case. In March 2009, the Superior Court of Bogotá allowed CEMEX to offer security in the amount of 20 billion Colombian pesos (US\$10 or Ps140). CEMEX deposited the security and, in July 2009, the attachment was lifted. At this stage, we are not able to assess the likelihood of an adverse result or the potential damages that could be borne by CEMEX Colombia.
- The government of Venezuela claimed that three cement transportation vessels, transferred before the expropriation of CEMEX Venezuelan operations, continued to be the property of the former CEMEX Venezuela, and obtained interim measures before a Venezuelan court barring further transfer or disposition of the vessels. The government of Venezuela attempted to enforce this interim measure in the courts of Panama. On November 2010, the Panamanian Supreme Civil Court confirmed its prior rejection of such attempt to give the Venezuelan interim measures legal effect in Panama. As a result of the settlement agreements between the government of Venezuela and CEMEX (note 12B), this claim was released and the vessels continue to be CEMEX's property.

As of December 31, 2011, CEMEX is involved in various legal proceedings of minor impact that have arisen in the ordinary course of business. These proceedings involve: 1) product warranty claims; 2) claims for environmental damages; 3) indemnification claims relating to acquisitions; 4) claims to revoke permits and/or concessions; and 5) other diverse civil actions. CEMEX considers that in those instances in which obligations have been incurred, CEMEX has accrued adequate provisions to cover the related risks. CEMEX believes these matters will be resolved without any significant effect on its business, financial position or results of operations. In addition, in relation to certain ongoing legal proceedings, CEMEX is sometimes able to make and disclose reasonable estimates of the expected loss or range of possible loss, as well as disclose any provision accrued for such loss, but for a limited number of ongoing legal proceedings, CEMEX may not be able to make a reasonable estimate of the expected loss or range of possible loss or may be able to do so but believes that disclosure of such

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information on a case-by-case basis would seriously prejudice CEMEX's position in the ongoing legal proceedings or in any related settlement discussions. Accordingly, in these cases, CEMEX has disclosed qualitative information with respect to the nature and characteristics of the contingency, but has not disclosed the estimate of the range of potential loss.

24. RELATED PARTIES

All significant balances and transactions between the entities that constitute the CEMEX group have been eliminated in the preparation of the consolidated financial statements. These balances with related parties resulted primarily from: (i) the sale and purchase of goods between group entities; (ii) the sale and/or acquisition of subsidiaries' shares within the CEMEX group; (iii) the invoicing of administrative services, rentals, trademarks and commercial name rights, royalties and other services rendered between group entities; and (iv) loans between related parties. Transactions between group entities were conducted on arm's length terms based on market prices and conditions.

The definition of related parties includes entities or individuals outside the CEMEX group, which, pursuant to their relationship with CEMEX, may take advantage of being in a privileged situation. Likewise, this applies to cases in which CEMEX may take advantage of such relationships and obtain benefits in its financial position or operating results.

CEMEX's transactions with related parties are executed under market conditions. CEMEX has identified the following transactions between related parties:

- Mr. Bernardo Quintana Isaac, a member of the board of directors of CEMEX, S.A.B. de C.V., is the current chairman of the board of directors of *Empresas ICA, S.A.B. de C.V.* ("Empresas ICA"), and was its chief executive officer until December 31, 2006. Empresas ICA is one of the most important engineering and construction companies in Mexico. In the ordinary course of business, CEMEX extends financing to Empresas ICA in connection with the purchase of CEMEX's products, on the same credit conditions that CEMEX awards to other customers.
- Mr. José Antonio Fernández Carbajal, a member of the board of directors of CEMEX, S.A.B. de C.V., is president and chief executive officer of *Fomento Empresarial Mexicano, S.A.B. de C.V.* ("FEMSA"), a large multinational beverage company. In the ordinary course of business, CEMEX pays and receives various amounts to and from FEMSA for products and services for varying amounts on market terms. Mr. Fernández Carbajal is also vice-chairman of the board of *Consejo de Enseñanza e Investigación Superior, A.C.* (the managing entity of *Instituto Tecnológico y de Estudios Superiores de Monterrey* or ITESM), of which Mr. Lorenzo Zambrano, chief executive officer and chairman of CEMEX's board of directors, is chairman of the board. ITESM has received contributions from CEMEX for amounts that were not material in the periods presented.
- Mr. Rafael Rangel Sostmann, a member of the board of directors of CEMEX, S.A.B. de C.V., was the dean of ITESM until September 12, 2011.
- On April 12, 2011, Juan Pablo San Agustin Rubio was appointed to the role of executive vice president for strategic planning and business development, which is part of CEMEX's senior management. In 2007, in compliance with CEMEX's then applicable policies, the Company extended a loan to Mr. San Agustin Rubio for the construction of a house. As of the date of these consolidated financial statements, the loan has been repaid in full. The loan bore interest at an annual rate of 1.2% and the largest amount outstanding from January 1, 2011 until it was repaid was approximately €275 thousand. Except for the previously described loan, during 2011 and 2010, there were no loans between CEMEX and its board members or other members of its top management.

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- For the years ended December 31, 2011 and 2010, the aggregate amount of compensation paid by CEMEX, S.A.B. de C.V. and subsidiaries to its board of directors, including alternate directors, and top management executives, was approximately US\$24 (Ps300) and US\$11 (Ps139), respectively. Of these amounts, approximately US\$18 (Ps225) in 2011 and US\$8 (Ps101) in 2010, was paid as compensation plus performance bonuses, while approximately US\$6 (Ps75) in 2011 and US\$3 (Ps38) in 2010, corresponded to share payments under the long-term incentive program in restricted CPOs.

25. SUBSEQUENT EVENTS

On January 3, 2012, in connection with the purported class action lawsuits alleging price-fixing in Florida (note 23B), the court denied both motions, ruling that the cases cannot proceed as class actions. On January 5, 2012, the court stayed both cases pending the resolution of any potential appeal of the court's ruling denying the motions for class certification. On January 17, 2012, the plaintiffs in the action involving entities that purchased ready-mix concrete directly from one or more of the defendants filed a petition with the Eleventh Circuit Court of Appeals, requesting that the Eleventh Circuit exercise its discretion to immediately review the trial court's decision denying their class certification motion. In early March 2012, the corresponding CEMEX subsidiaries in the United States and the other remaining defendants effected a settlement of both cases resulting in CEMEX having to pay approximately 460 thousand dollars. CEMEX did not admit any wrongdoing as part of the settlements and denies allegations of misconduct.

On January 12, 2012, in connection with the investigation of the CNC in Navarre, Spain, the CNC notified CEMEX of its final decision on this matter, imposing a fine of 500 thousand euro (648 thousand dollars or Ps9) against CEMEX España for price-fixing and market sharing in the concrete market of Navarre from June 2008 through September 2009. CEMEX España denies any wrongdoing and on March 1, 2012, filed an appeal before the competent court requesting the interim suspension of the decision from the court until a final judgment is rendered. To that effect, CEMEX España has requested the CNC Council to suspend the implementation of its decision until the court has decided on the requested interim measure.

On January 19, 2012, CEMEX informed that both the London Stock Exchange plc and the Irish Stock Exchange Limited published an announcement made by Readymix plc, an indirect subsidiary of CEMEX in the Republic of Ireland, in which the directors of Readymix plc announced that they have been approached by Readymix Investments, another indirect subsidiary of CEMEX, regarding the preliminary terms of a possible offer that Readymix Investments may be prepared to make for all the shares in Readymix plc that are not already indirectly owned by CEMEX. The directors of Readymix plc indicated that Readymix Investments was prepared to offer €0.22 per share in cash and that discussions with Readymix Investments had commenced.

On February 14, 2012, in connection with the two findings issued by the CFC for presumptive violations of Mexican antitrust laws (note 23B), CEMEX was fined for approximately Ps10.2 million for anticompetitive practices plus ordered to implement certain measures. CEMEX has appealed the resolution and denies any wrongdoing.

On February 23, 2012, stockholders at the annual ordinary shareholders' meeting approved resolutions to: (i) increase the variable common stock through the capitalization of retained earnings, issuing up to 1,256.4 million shares (418.8 million CPOs); (ii) increase the variable common stock issuing up to 345 million shares (115 million CPOs), which will be kept in CEMEX's treasury to be used to preserve the anti-dilutive rights of note holders pursuant to CEMEX's convertible securities (note 15B); (iii) the cancellation of 5,122.6 million treasury shares, which were not subject to public offer or convertible notes issuance in the 24 months period

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authorized by the extraordinary shareholders meeting dated September 4, 2009; and (iv) increase the variable common stock through issuing up to 1,500 million shares (500 million CPOs) which will be kept in CEMEX's treasury and used to be subscribed and paid pursuant to the terms and conditions of CEMEX's long-term compensation stock program (note 20), without entailing the preemptive right for shareholders.

On February 23, 2012, in connection with the litigation brought by the GLO regarding royalty payments for mining activities (note 23B), the GLO and CEMEX entered into an agreement to settle all claims, including claims for past royalties, without any admission of liability by CEMEX. Pursuant to the settlement, CEMEX will pay 750 thousand dollars in five equal installments of 150 thousand per year and will enter into a royalty mining lease at the royalty rate required by the Texas Natural Resources Code on a going forward basis, beginning in September 2012. Further, CEMEX's pending appeal to the Texas Supreme Court has been withdrawn and all ancillary claims that were held in abeyance have been dismissed.

On February 29, 2012, CEMEX UK agreed with the trustee of its employees' defined benefits pension plans, the modification of certain terms and benefits accrued until February 29, 2012. Beginning in this date, the eligible employees in the UK started to accrue pension benefits in the existing defined contribution scheme. As of March 31, 2012, for accounting purposes, CEMEX estimated that the changes to the defined benefits scheme affected prior service costs and generated a net gain in the operating results of approximately US\$69, mainly related to: 1) the effect of replacing salary increases with inflationary ones for the current active members; and 2) the removal of certain death and termination benefits.

On March 1, 2012, in connection with the tax assessment in Mexico pertaining to taxable income from 2005 to 2007 of entities incorporated outside of Mexico whose income tax liability is less than 75% of the income tax that would be payable in Mexico (note 18D), CEMEX self-assessed the taxes corresponding to the 2005 tax year for a total amount, inclusive of surcharges and carry-forward charges, of approximately Ps4,642 (US\$358), of which 20%, equivalent to approximately Ps928 (US\$72), was paid in connection with the submission of amended tax returns. The remaining 80% of such total amount is due in January 2013, plus additional surcharges and carry-forward charges if CEMEX elects to extend the payment date and pay in thirty-six monthly installments, which can be prepaid at CEMEX's option. CEMEX believes it has adequate provisions to cover this self-assessment. The tax authorities in Mexico agreed with our self-assessment and with the procedure to determine the taxes due for the 2005 tax year and, as a result, the tax authorities in Mexico may not assess additional amounts of taxes past due for that year. While CEMEX has not determined the final amount of taxes to be paid for the 2006 and 2007 tax years, CEMEX expects the final amounts will be materially less than that for the 2005 tax year. The Mexican Income Tax Law was again amended in 2008, as a result of which CEMEX does not expect any material adverse effect from the controlled foreign corporation tax rules for years subsequent to 2007.

On March 28, 2012, CEMEX exchanged at a discount approximately US\$452 or 48% of its then aggregate outstanding perpetual debentures (note 18D), and exchanged at par value approximately US\$470 or 53% of its then outstanding Euro-denominated notes due in 2014, for new senior secured notes as follows: (1) approximately US\$704 senior secured notes denominated in Dollars maturing in March 2019, with an annual coupon of 9.875%; and (2) approximately €179 (US\$239) senior secured notes denominated in Euros maturing in March 2019, with an annual coupon of 9.875%. The senior secured notes, issued by the Luxembourg branch of CEMEX España, S.A., are fully guaranteed by CEMEX, S.A.B. de C.V., CEMEX México S.A. de C.V. and New Sunward Holding B.V., and will share the same collateral that secures the Financing Agreement and other senior secured debt having the benefit of such collateral. As a result of the exchange, CEMEX reduced its overall indebtedness under the Financing Agreement (including perpetual debentures) by an amount estimated by the Company of approximately US\$131 (unaudited), representing the difference between the amount of perpetual debentures exchanged and the amount of new secured notes issued, which was recorded against "other equity reserves" in 2012.

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On April 9, 2012, CEMEX repaid Ps1,480 (US\$106) aggregate principal amount of CBs maturing on such date, and prepaid Ps2,621 (US\$188) aggregate principal amount of CBs that were scheduled to mature in September 2012.

In connection with CEMEX's negotiations regarding the proposed adjustments in the NOPAs audits (note 18D), as of the date of these consolidated financial statements, the subsidiaries of CEMEX in the United States and the IRS have reached a tentative resolution associated with the audits of years 2005 through 2009 and certain adjustments for post-2009 years. CEMEX expects that the audits for years 2005 through 2009 will be settled within the next twelve months. CEMEX believes it has adequately reserved for such tentative resolution and that the estimated amount of cash to be paid to resolve this matter is not expected to be material to its financial results. Nonetheless, there can be no assurance that the outcome will not require further provisions for taxes.

26. MAIN OPERATING SUBSIDIARIES

The main operating subsidiaries as of December 31, 2011 and 2010 were as follows:

Subsidiary	Country	% interest	
		2011	2010
CEMEX México, S. A. de C.V. 1	Mexico	100.0	100.0
CEMEX España, S.A. 2	Spain	99.9	99.9
CEMEX, Inc.	United States	100.0	100.0
CEMEX (Costa Rica), S.A.	Costa Rica	99.1	99.1
CEMEX Nicaragua, S.A.	Nicaragua	100.0	100.0
Assiut Cement Company	Egypt	95.8	95.8
CEMEX Colombia S.A.	Colombia	99.7	99.7
Cemento Bayano, S.A.	Panama	99.5	99.5
CEMEX Dominicana, S.A.	Dominican Republic	100.0	100.0
CEMEX de Puerto Rico Inc.	Puerto Rico	100.0	100.0
CEMEX France Gestion (S.A.S.)	France	100.0	100.0
Solid Cement Corporation 3	Philippines	100.0	100.0
APO Cement Corporation 3	Philippines	100.0	100.0
CEMEX (Thailand) Co., Ltd. 3	Thailand	100.0	100.0
CEMEX Holdings (Malaysia) Sdn Bhd 3	Malaysia	100.0	100.0
CEMEX U.K.	United Kingdom	100.0	100.0
CEMEX Deutschland, AG.	Germany	100.0	100.0
CEMEX Austria, AG.	Austria	100.0	100.0
CEMEX Hrvatska d.d.	Croatia	100.0	100.0
CEMEX Czech Operations, s.r.o.	Czech Republic	100.0	100.0
CEMEX Polska sp. Z.o.o.	Poland	100.0	100.0
CEMEX Hungária Kft.	Hungary	100.0	100.0
Readymix PLC. 4	Ireland	61.2	61.2
CEMEX Holdings (Israel) Ltd.	Israel	100.0	100.0
CEMEX SIA	Latvia	100.0	100.0
CEMEX Topmix LLC, CEMEX Supermix LLC and CEMEX Falcon LLC 5	United Arab Emirates	100.0	100.0
CEMEX AS	Norway	100.0	100.0
Cimentos Vencemos do Amazonas, Ltda.	Brasil	100.0	100.0
Readymix Argentina, S.A.	Argentina	100.0	100.0
CEMEX Jamaica	Jamaica	100.0	100.0
Neoris N.V.	The Netherlands	99.6	99.6

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1. *CEMEX México, S.A. de C.V.* is the indirect holding company of *CEMEX España, S.A.* and subsidiaries.
2. *CEMEX España, S.A.* is the indirect holding company of all CEMEX's international operations.
3. Represents CEMEX's indirect interest in the economic benefits of these entities.
4. Readymix plc is listed in the Irish stock exchange.
5. CEMEX owns 49% of the common stock of these entities and obtains 100% of the economic benefits, through arrangements with other stockholders.

27. MIGRATION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS BEGINNING JANUARY 1, 2012

As mentioned in note 2A, due to requirements of the CNBV for public entities to prepare their consolidated financial statements in accordance with IFRS, as issued by the IASB, no later than January 1, 2012, these are CEMEX's first consolidated financial statements prepared under IFRS, as issued by the IASB. For this transition, CEMEX gathered the necessary material and human resources required for the identification and quantification of the differences between MFRS and IFRS for purposes of the opening IFRS balance sheet dated January 1, 2010, as well as for the conversion to IFRS of its financial information systems. As of the date of issuance of these consolidated financial statements, the migration process to IFRS has been completed.

In preparing its opening IFRS balance sheet, based on IFRS 1, CEMEX has adjusted the amounts previously reported in financial statements prepared under MFRS. A description of how the transition from MFRS to IFRS has affected CEMEX's financial position is described below:

A) IFRS 1 EXEMPTION OPTIONS

Set out below are the applicable IFRS 1 exemptions applied in the conversion from MFRS to IFRS.

Exemption for cumulative translation differences

IFRS 1 permits cumulative translation gains and losses on the conversion and consolidation of foreign subsidiaries' financial statements and equity method investments that were generated under MFRS to be reset to zero at the transition date. This provides relief from determining cumulative currency translation differences in accordance with IAS 21, "The effects of changes in foreign exchange rates" ("IAS 21"), from the date a subsidiary or equity method investee was formed or acquired. CEMEX elected to reset to zero all cumulative translation gains and losses against the opening balance of retained earnings under IFRS at its transition date.

Exemption for fair value as deemed cost

IFRS 1 provides the option to measure at its fair value an item of property, plant and equipment, and certain intangibles at the date of transition to IFRS and use such fair value as its deemed cost at that date or to use a previous GAAP (Generally Accepted Accounting Principles) revaluation, if the revaluation is broadly comparable to: (a) fair value; or (b) cost or depreciated cost in accordance with IFRS, adjusted to recognize the inflation index changes.

CEMEX elected, at its transition date, to measure its mineral reserves, buildings and major machinery and equipment at fair value in those instances when the carrying amounts under MFRS did not comply with IFRS 1. CEMEX also elected to use the revaluation of its property, plant and equipment related to its acquisition of Rinker Group Limited,

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which was determined in 2007 before the date of transition to IFRS. For the minor equipment, CEMEX elected to use its MFRS revaluation as deemed cost under IFRS. The net effect from revaluation was recognized against the opening balance of retained earnings under IFRS at its transition date. Going forward, CEMEX will adopt the policy of cost method for its property, plant and equipment in accordance with IFRS.

Exemption for employee benefits

In connection with defined benefit plans, IFRS 1 provides retrospective relief from applying IAS 19, "Employee Benefits" ("IAS 19"), for the recognition of actuarial gains and losses. In line with this exemption, CEMEX elected to recognize all cumulative actuarial gains and losses that existed at its transition date against the opening balance of retained earnings under IFRS for all its defined benefit plans. Going forward, CEMEX will adopt a policy of recognizing all actuarial gains and losses immediately in the period in which they occur against other comprehensive income (equity reserves) as permitted under IAS 19.

Exemption for investments in subsidiaries, jointly controlled entities and associates

When an entity has elected the cost model and not fair value, to account for investments in subsidiaries, jointly controlled entities and associates in its separate financial statements, IFRS 1 permits to measure that investment at one of the following amounts on date of transition: (a) cost, in accordance with IAS 27, "Consolidated and separate financial statements" ("IAS 27"); or (b) deemed cost. The deemed cost of such an investment shall be either: (i) fair value at the entity's date of transition to IFRS in its separate financial statements; or (ii) the previous GAAP carrying amount at that date.

CEMEX, S.A.B de C.V. elected to measure its investments in subsidiaries, jointly controlled entities and associates in its separate financial statements at its MFRS carrying amount at its date of transition. Prospectively, CEMEX, S.A.B de C.V. will adopt the policy to recognize its investments in subsidiaries, jointly controlled entities and associates in its separate financial statements at cost.

Exemption for assets and liabilities of subsidiaries, associates and joint ventures

IFRS 1 permits that if a parent entity becomes a first-time adopter later than its subsidiary, in its consolidated financial statements, it shall measure its assets and liabilities of the subsidiary (or associate or joint venture) on the date of transition at the same carrying amounts as in the IFRS financial statements of the subsidiary (or associate or joint venture), after adjusting for consolidation and equity accounting adjustments and for the effects of the business combination in which the entity acquired the subsidiary.

Based on this exemption, CEMEX elected to measure the assets and liabilities of its subsidiaries in Ireland, United Arab Emirates, Croatia, Guatemala, Panama, Dominican Republic, Costa Rica and Nicaragua that have already adopted IFRS prior to CEMEX, S.A.B. de C.V. at the same carrying amounts as in the IFRS financial statements of those subsidiaries after adjustments to homologate the group's accounting policies.

Exemption for asset retirement obligations included in the cost of property, plant and equipment

IFRS 1 provides retrospective relief from applying IFRIC 1, "Changes in existing decommissioning, restoration and similar liabilities" ("IFRIC 1"), to changes in these liabilities that occurred before the transition date and provides a short cut method to determine the cost of decommissioning at the date of transition, by means of which, initially, the decommissioning, restoration or similar liability is estimated at the date of transition in accordance with IAS 37

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“Provisions, contingent liabilities and contingent assets” (“IAS 37”); secondly, the amount that would have been included in the cost of the related asset when the liability first arose is estimated by discounting the liability to that date using the best estimate of the historical risk-adjusted discount rate that would have applied for that liability; and finally, the accumulated depreciation on that amount is calculated as at the date of transition to IFRS on the basis of the current estimate of the useful life of the asset according to the depreciation policy under IFRS.

CEMEX elected to use this exemption and applied the short cut method at its transition date.

Exemption for borrowing costs

IFRS 1 permits an entity to apply the transitional provisions set out in the revised IAS 23, “Borrowing costs” (“IAS 23”), with any reference to the effective date being interpreted as January 1, 2009, or the date of transition to IFRS whichever is later.

For any borrowing costs not being capitalized at the date of transition, CEMEX elected to apply this exemption and capitalized borrowing costs prospectively as from the transition date.

Exemption for business combinations

IFRS 1 provides the option to apply IFRS 3, “Business Combinations” (“IFRS 3”), prospectively from the transition date or from a specific date prior to the transition date. An entity electing to restate business combinations from a specific date prior to the transition date should include all acquisitions that occurred during such period. This option provides relief from full retrospective application that would require restatement of all business combinations that occurred prior to the transition date.

CEMEX elected to apply IFRS 3 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date were not restated; consequently, goodwill balances under MFRS at the transition date were not affected by the migration to IFRS except that, according to the IFRS 1 requirements, certain intangible assets which were included in goodwill under previous GAAP have been separately recognized on the IFRS opening balance sheet, the assets or liabilities segregation that under the previous GAAP was not allowed its recognition, and which were segregated to goodwill.

B) IFRS 1 MANDATORY EXCEPTIONS

Set out below are the applicable mandatory exceptions in IFRS 1 applied by CEMEX in the conversion from MFRS to IFRS.

Exception for accounting estimates

IFRS estimates at transition date shall be consistent with estimates made for the same date in accordance with previous GAAP unless there is objective evidence that those estimates were in error. CEMEX reviewed its estimates at transition date and there were no modifications to previous estimates.

C) SIGNIFICANT RECONCILING ITEMS OF MFRS TO IFRS

Considering the disclosure requirements of IFRS 1, the following tables present the reconciliations from MFRS to IFRS of the main accounts of the consolidated balance sheet as of December 31, 2011 and 2010 and January 1, 2010, as well as the statements of operations for the years ended December 31, 2011 and 2010.

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Balance sheet reconciliation as of January 1, 2010:

Millions of Mexican pesos	Notes to the reconciliation	MFRS	Adjustments	IFRS
Cash and investments		Ps14,104	—	14,104
Trade receivables less allowance for doubtful accounts	(a)	13,383	9,624	23,007
Other accounts receivable and other current assets	(a, b, c)	12,424	(1,650)	10,774
Inventories, net	(d)	16,184	(11)	16,173
Investments and non-current accounts receivable	(c)	32,819	244	33,063
Property, machinery and equipment, net	(c, e)	258,863	(12,740)	246,123
Goodwill, intangible assets and deferred income taxes	(c, f, g, k)	234,509	(22,202)	212,307
Total assets		582,286	(26,735)	555,551
Short-term and long-term debt	(c, h)	211,144	(698)	210,446
Trade payables, other accounts payable and other non-current liabilities	(b, j)	71,382	15,331	86,713
Short-term and long-term other financial obligations	(a, c)	2,090	6,677	8,767
Employee benefits	(i)	7,458	5,828	13,286
Deferred income taxes	(k)	32,642	(14,907)	17,735
Total liabilities		324,716	12,231	336,947
Total stockholders' equity	(m)	257,570	(38,966)	218,604
Total liabilities and stockholders' equity		Ps582,286	(26,735)	555,551

Reconciliation of the statement of operations for the year ended December 31, 2010:

Millions of Mexican pesos	Notes to the reconciliation	MFRS	Adjustments	IFRS
Net sales		Ps178,260	(619)	177,641
Cost of sales	(d, e)	128,307	(462)	127,845
Gross profit		49,953	(157)	49,796
Operating expenses	(e, i)	39,111	(51)	39,060
Operating income		10,842	(106)	10,736
Other expenses, net	(e)	(6,672)	337	(6,335)
Earnings before interest and tax		4,170	231	4,401
Interest expense	(b)	(16,302)	1,549	(14,753)
Other financing income (expense), net	(b)	676	(1,199)	(523)
Equity in income (loss) of associates		(524)	37	(487)
Loss before income tax		(11,980)	618	(11,362)
Income tax	(k, l)	(4,509)	2,435	(2,074)
Consolidated net loss		Ps(16,489)	3,053	(13,436)
Out of which:				
Non-controlling interest net income		Ps 27	19	46
Controlling interest net loss		(16,516)	3,034	(13,482)

CEMEX, S.A.B. DE C.V. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
As of December 31, 2011, 2010 and January 1, 2010
(Millions of Mexican pesos)

Reconciliation of comprehensive net loss for the year ended December 31, 2010:

Millions of Mexican pesos	Notes to the reconciliation	MFRS	Adjustments	IFRS
Consolidated net loss		Ps(16,489)	3,053	(13,436)
Currency translation of foreign subsidiaries		(12,050)	5,021	(7,029)
Income tax recognized directly in equity	(k)	737	5,613	6,350
Actuarial losses and others, net	(i)	—	(1,192)	(1,192)
Comprehensive loss for the period		(27,802)	12,495	(15,307)

Balance sheet reconciliation as of December 31, 2010:

Millions of Mexican pesos	Notes to the reconciliation	MFRS	Adjustments	IFRS
Cash and investments		Ps 8,354	—	8,354
Trade receivables less allowance for doubtful accounts	(a)	12,193	9,968	22,161
Other accounts receivable and other current assets	(a, b, c)	18,922	(3,079)	15,843
Inventories, net	(d)	15,098	119	15,217
Investments and non-current accounts receivable	(c)	23,379	(40)	23,339
Property, machinery and equipment	(c, e)	231,254	(9,983)	221,271
Goodwill, intangible assets and deferred income taxes	(c, f, g, k)	205,897	(7,201)	198,696
Total assets		515,097	(10,216)	504,881
Short-term and long-term debt	(c, h)	195,057	(663)	194,394
Trade payables, other accounts payable and other non-current liabilities	(b, j)	71,855	8,867	80,722
Short-term and long-term other financial obligations	(a, c)	9,755	6,470	16,225
Employee benefits	(i)	7,583	6,110	13,693
Deferred income taxes	(k)	17,147	(487)	16,660
Total liabilities		301,397	20,297	321,694
Total controlling interest		194,176	(30,432)	163,744
Non-controlling interest and perpetual debentures		19,524	(81)	19,443
Total stockholders' equity		213,700	(30,513)	183,187
Total liabilities and stockholders' equity		Ps515,097	(10,216)	504,881

CEMEX, S.A.B. DE C.V. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
As of December 31, 2011, 2010 and January 1, 2010
(Millions of Mexican pesos)

Reconciliation of the statement of operations for the year ended December 31, 2011:

Millions of Mexican pesos	Notes to the reconciliation	MFRS	Adjustments	IFRS
Net sales	(n)	Ps188,938	949	189,887
Cost of sales	(d, e, n)	135,068	1,099	136,167
Gross profit		53,870	(150)	53,720
Operating expenses	(e, i, n)	41,887	(231)	41,656
Operating income		11,983	81	12,064
Other expenses, net	(e, n)	(4,241)	(1,208)	(5,449)
Earnings before interest and tax		7,742	(1,127)	6,615
Interest expense	(b, n)	(17,927)	1,300	(16,627)
Other financing income (expense), net	(b, n)	(5,273)	3,059	(2,214)
Equity in income (loss) of associates	(n)	(409)	75	(334)
Loss before income tax		(15,867)	3,307	(12,560)
Income tax	(k, l)	(3,297)	(8,910)	(12,207)
Consolidated net loss		Ps(19,164)	(5,603)	(24,767)
Out of which:				
Non-controlling interest net income		Ps 37	(16)	21
Controlling interest net loss		(19,127)	(5,587)	(24,788)

Reconciliation of comprehensive net loss for the year ended December 31, 2011:

Millions of Mexican pesos	Notes to the reconciliation	MFRS	Adjustments	IFRS
Consolidated net loss		Ps(19,164)	(5,603)	(24,767)
Currency translation of foreign subsidiaries		12,495	(1,170)	11,325
Income tax recognized directly in equity	(k)	(1,374)	6,348	4,974
Actuarial losses and others, net	(i)	(58)	(1,042)	(1,100)
Comprehensive loss for the period		(8,101)	(1,467)	(9,568)

CEMEX, S.A.B. DE C.V. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
As of December 31, 2011, 2010 and January 1, 2010
(Millions of Mexican pesos)

Balance sheet reconciliation as of December 31, 2011:

Millions of Mexican pesos	Notes to the reconciliation	MFRS	Adjustments	IFRS
Cash and investments		Ps 16,128	—	16,128
Trade receivables less allowance for doubtful accounts	(a)	13,472	12,733	26,205
Other accounts receivable and other current assets	(a, b, c)	11,808	(2,597)	9,211
Inventories, net	(d)	17,539	115	17,654
Investments and non-current accounts receivable	(c)	19,707	(579)	19,128
Property, machinery and equipment	(c, e)	245,763	(12,054)	233,709
Goodwill, intangible assets and deferred income taxes	(c, f, g, k)	223,882	(4,265)	219,617
Total assets		548,299	(6,647)	541,652
Short-term and long-term debt	(c, h)	209,277	(806)	208,471
Trade payables, other accounts payable and other non-current liabilities	(b, j)	76,506	11,186	87,692
Short-term and long-term other financial obligations	(a)	31,721	9,180	40,901
Employee benefits	(i)	8,020	7,305	15,325
Deferred income taxes	(k)	15,038	2,522	17,560
Total liabilities		340,562	29,387	369,949
Total controlling interest	(m)	191,017	(35,916)	155,101
Non-controlling interest and perpetual debentures		16,720	(118)	16,602
Total stockholders' equity		207,737	(36,034)	171,703
Total liabilities and stockholders' equity		Ps548,299	(6,647)	541,652

Statements of cash flows

The reconciling adjustments from MFRS to IFRS did not have any effect on cash flows. However, MFRS requires interest expense to be classified as a financing activity within the statements of cash flows, while under IFRS, CEMEX has made an accounting policy election to classify interest expense as an operating activity. The following table presents cash flows from operating, financing and investing activities under MFRS and IFRS pursuant to the reclassification of interest expense for the years ended December 31, 2011 and 2010:

	2011		2010	
	IFRS	MFRS	IFRS	MFRS
Cash flows provided by operating activities	Ps6,486	22,611	6,674	21,838
Cash flows used in financing activities	4,569	(11,673)	(9,280)	(24,387)
Cash flows provided by (used in) investing activities	(1,492)	(1,498)	(1,872)	(1,862)

Non-cash activities during 2011 and 2010 are disclosed in note 2A.

CEMEX, S.A.B. DE C.V. AND SUBSIDIARIES
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D) NOTES TO THE RECONCILIATIONS FROM MFRS TO IFRS

a) Derecognition of financial assets and liabilities

As mentioned in note 8, CEMEX has securitization programs in several countries with various financial institutions under which, in accordance with MFRS and considering that CEMEX surrenders control associated with the trade receivables sold and that there is no guarantee or obligation to reacquire the assets, the accounts receivable are removed from the balance sheet at the moment of the sale, except for the amounts that were reclassified to other short-term accounts receivable. IAS 39 does not permit many securitizations to qualify for derecognition. Hence, under IFRS, except for non-recourse factoring transactions, CEMEX's securitization programs of accounts receivable at the IFRS transition date did not qualify for derecognition as they include some ongoing involvement of CEMEX that causes it to retain some of the risks and rewards related to the transferred assets. The impact from the recognition of accounts receivables and the corresponding liability under IFRS was an increase of approximately Ps6,541, Ps6,662 and Ps9,552 in other accounts receivable against other financial obligations (notes 8 and 15B) as of January 1, 2010, December 31, 2010 and December 31, 2011, respectively.

b) Fair value of derivative financial instruments

IAS 39 requires that the fair value of derivative financial instruments reflects its credit quality, in comparison with MFRS that does not provide any related guidance. The effect of including the credit risk within CEMEX's derivative financial instruments represents net decrease of Ps102 in the net liability under IFRS against retained earnings in the opening balance sheet as of January 1, 2010. The corresponding effect in 2010 and 2011 represented a gain of approximately Ps452 and a gain of approximately Ps404, respectively.

In connection with the recognition at fair value through the statements of operations of derivatives instruments embedded in CEMEX's convertible notes, which under MFRS represented the equity components of such notes and were not subsequently valued after initial recognition, during 2010 and 2011, from changes in fair value CEMEX recognized under IFRS a loss of approximately Ps529 and a gain of Ps4,394, respectively (notes 15B and 15D), as a result of changes in the fair value of such embedded derivatives.

c) Others

In order to comply with IFRS presentation requirements, there are certain reclassifications between line items in the balance sheet, the most significant are as follows: a) As of January 1, 2010 an approximate amount of Ps4,117 of extraction rights and rights for using rented quarries were reclassified from fixed assets under MFRS to intangible assets under IFRS; and b) As of January 1, 2010, December 31, 2010 and December 31, 2011 deferred financing costs under MFRS were reclassified to debt under IFRS in Ps412, Ps745 and Ps1,141, respectively.

d) Storage costs

According to IAS 2, storage costs that are incurred during the production process should be excluded from the cost of inventories and are required to be expensed in the period in which they are incurred, in comparison to MFRS, which does not provide any explicit guidance in this regard. Storage costs recognized within inventories under MFRS were cancelled under IFRS, representing a reduction in inventory of Ps11 against retained earnings in the opening balance sheet. The effects during 2010 and 2011 represented an decrease in cost of sales of approximately Ps2 and Ps4, respectively, against inventory.

CEMEX, S.A.B. DE C.V. AND SUBSIDIARIES
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e) Property, machinery and equipment

As permitted by IFRS 1, in its opening balance sheet under IFRS as of January 1, 2010, CEMEX applied the fair value as deemed cost exemption to mineral reserves, as well as certain buildings and major machinery and equipment located in several countries. The appraisal reports prepared on these items as of January 1, 2010 determined a fair value of approximately Ps201,233, which resulted in a decrease of approximately Ps2,918 as compared to the carrying amount that such assets had under MFRS, which was recognized against retained earnings in the opening balance sheet under IFRS.

As of January 1, 2010, certain major components of machinery and equipment were classified as inventories under MFRS. These items met the definition of property, plant and equipment in accordance with IAS 16 under IFRS. Therefore, in its opening balance sheet under IFRS, CEMEX reclassified these components from inventories under MFRS to property, machinery and equipment under IFRS for approximately Ps675. CEMEX adopted the same componentization approach under MFRS in 2010; therefore, there is no effect arising from this difference in the balance sheet as of December 31, 2011 and 2010 under MFRS as compared to IFRS.

Under IFRS, the threshold to consider whether an economy is hyperinflationary in order to restate certain components of the financial statements by inflation is reached when the accumulated inflation rate over the last three years is approaching, or exceeds 100%; whereas under MFRS, such threshold is met at 26% during the same period. Consequently, in its opening balance sheet under IFRS as of January 1, 2010, CEMEX eliminated inflation restatement effects of property, machinery and equipment and intangible assets recognized under MFRS for approximately Ps5,081 against the initial balance of retained earnings. Upon transition to IFRS as of January 1, 2010 and as of December 31, 2010 and 2011, the 100% threshold was not reached in any country in which CEMEX operates.

The different depreciable amounts resulting from the reconciling adjustments mentioned above led to an increase in the depreciation expense of property, machinery and equipment under IFRS in 2010 and 2011 for approximately Ps935 and Ps702, respectively, in reference to the amount recognized under MFRS,

f) Intangible assets

Upon transition to IFRS, January 1, 2010, CEMEX performed the identification and separation of certain, significant, intangible assets that were recognized within goodwill. As a result, extraction permits in the cement and ready mix sectors were reclassified, net of deferred taxes, from goodwill under MFRS to intangible assets under IFRS for approximately Ps6,649 million. Additionally, certain extraction permits were measured at fair value, resulting in a decrease of intangible assets for approximately Ps13,391.

g) Deferred financing costs

A portion of the net balance of costs associated with CEMEX's Financing Agreement in 2009 that were deferred under MFRS for approximately Ps6,724 as of January 1, 2010, did not meet all the requirements for capitalization and deferral under IAS 39 and were immediately recognized upon transition against retained earnings in the opening balance sheet, decreasing the balance of intangible assets and other deferred charges as of January 1, 2010. Accordingly, amortization of these costs recognized under MFRS during 2010 and 2011 for approximately Ps1,641 and Ps1,986, respectively, was removed in the statements of operations under IFRS.

h) Fair value of the Financing Agreement

As described in note 15A, CEMEX entered into a Financing Agreement with its major creditors, by means of which, among other things, CEMEX extended the maturities of its syndicated and bilateral loans, private placements and

CEMEX, S.A.B. DE C.V. AND SUBSIDIARIES
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other obligations. Under both MFRS and IFRS, the Financing Agreement qualified as the issuance of new debt and the extinguishment of the old facilities. Nonetheless, based on IAS 39, the new debt should be initially measured at fair value represented by its amortized cost; resulting in a decrease of debt in the opening balance sheet under IFRS of Ps150, recognized against opening retained earnings. The interest expense of this debt associated with the actualization of its amortized during 2010 and 2011 was approximately Ps37 and Ps37, respectively.

i) Pensions and other postretirement benefits

As previously mentioned, CEMEX elected to apply the IFRS 1 employee benefits exemption. Accordingly, cumulative net actuarial losses pending for amortization under MFRS as of January 1, 2010 for approximately Ps5,730 were immediately recognized in opening retained earnings under IFRS, increasing the employee benefits' liability.

Upon transition to IFRS as of January 1, 2010, CEMEX has also eliminated the employee termination benefits component from the employee benefits liability accrued under MFRS for approximately Ps345 against retained earnings in the opening balance sheet under IFRS, as termination benefits are only accrued in accordance with IAS 19 when the entity is demonstrably committed to paying the legal obligation to an employee; otherwise, they are expensed as incurred.

j) Asset retirement obligations

As previously mentioned, CEMEX elected to use the exemption provided in IFRS 1 to account for the changes in asset retirement obligations (decommissioning costs) and related assets at the transition date using the short cut method. The impact of this change on the assets' retirement liabilities was an increase of approximately Ps553 as of January 1, 2010, which was recognized against the related assets in the opening balance sheet under IFRS.

k) Deferred income taxes

Changes in deferred tax assets and liabilities as of January 1, 2010 associated to the adjustments necessary for the transition to IFRS resulted in a net increase of deferred tax assets recognized under IFRS for approximately Ps4,933 (note 18B), as compared to the amounts previously recorded under MFRS, and recognized against retained earnings in the opening balance sheet under IFRS as of January 1, 2010. Except for an amount of Ps 4,017 which was recognized against goodwill as described in item f) of this note.

l) Uncertain tax positions

Under MFRS, the income tax effects from an uncertain tax position are recognized following a cumulative probability model; meanwhile, under IFRS, CEMEX has elected a policy whereby the tax effects of a position are measured using either an expected value approach or a single best estimate of the most likely outcome only if it is "more-likely-than-not" to be sustained based on its technical merits as of the reporting date. In making this assessment, CEMEX has assumed that the tax authorities will examine each position and have full knowledge of all relevant information. Each position has been considered on its own, regardless of its relation to any other broader tax settlement. The more-likely-than-not threshold represents a positive assertion by management that CEMEX is entitled to the economic benefits of a tax position. If a tax position is not considered more-likely-than-not to be sustained, no benefits of the position are to be recognized. As a result of the difference in the measurement and recognition of the effects related to uncertain tax positions between MFRS and IFRS described above, in its opening balance sheet under IFRS as of January 1, 2010, CEMEX increased the provision for uncertain tax positions recorded

CEMEX, S.A.B. DE C.V. AND SUBSIDIARIES
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under MFRS for approximately Ps13,265 against the opening balance of retained earnings. The income tax effects from the uncertain tax position in 2010 and 2011 were approximately an income of Ps5,279 and an expense of Ps2,751, respectively.

m) Cumulative translation adjustment

In its opening balance sheet under IFRS as of January 1, 2010, according to the election provided by IFRS 1, CEMEX elected to reset to zero the cumulative translation adjustments accrued under MFRS at the same date for approximately Ps28,668 against the opening balance of retained earnings. Total stockholders' equity was not changed as a result of this reclassification.

n) Ready Mix Consolidation

Under the IFRS guideline the consolidated financial statements of CEMEX as of March 31, 2011 had to include the balance sheet of Ready Mix USA, LLC, based on the best estimate of its net asset's fair value, and the additional four months of statement of operations (note 12A).



Translation into English for
the benefit of Wilmington Trust

Monterrey, Nuevo León, March 28, 2012

Banco Nacional de México, S.A.,
Integrante del Grupo Financiero Banamex,
División Fiduciaria
Calzada del Valle No. 350 Oriente
1er. Piso
Col. Del Valle
San Pedro Garza García, Nuevo León 66220
Mexico
Attention: Nelly Wing

Wilmington Trust (London) Limited
6 Broad Street Place
Fifth Floor
London EC2M 7JH
United Kingdom
Attention: Elaine K. Lockhart

Reference is made to the Irrevocable Security Trust Agreement in Respect of Stock No. F/111388-5, dated September 3, 2009, as amended from time to time (the "Agreement"), entered into among CEMEX, S.A.B. de C.V. ("CEMEX"), Empresas Tolteca de México, S.A. de C.V. ("Tolteca"), Impra Café, S.A. de C.V. ("Impra Café"), Interamerican Investments, Inc. ("Interamerican"), CEMEX México, S.A. de C.V. ("CEMEX México"), and Centro Distribuidor de Cemento, S.A. de C.V. ("Cedice"), as settlors (CEMEX, Tolteca, Impra Café, Interamerican, CEMEX México and Cedice, together, the "Settlors"); CEMEX México, Cedice, Mexcement Holdings, S.A. de C.V. ("Mexcement") and Corporación Gouda, S.A. de C.V. ("Gouda"), as issuers (CEMEX México, Cedice, Mexcement and Gouda, together, the "Issuers"); Banco Nacional de México, S.A., Integrante del Grupo Financiero Banamex, División Fiduciaria, in its capacity as trustee (the "Trustee"); and Wilmington Trust (London) Limited, on its own behalf and in its capacity as Security Agent, for the benefit of the Participating Creditors, the Refinancing Creditors (and their respective successors and assigns) and the other Secured Parties (the "Beneficiary"). Unless otherwise defined herein, capitalized terms defined in the Agreement, are used herein as therein defined.

On February 27, 2012, CEMEX España, S.A., acting through its Luxembourg branch ("CEMEX España"), launched five (5) private placement exchange offerings for the following outstanding securities (i) 4.75% Euro denominated notes due in 2014 issued by Cemex Finance Europe B.V. and guaranteed by CEMEX España ("Eurobonds"), (ii) 6.277% Euro denominated perpetual debentures issued by C10-EUR Capital (SPV) Limited, for 9.875% U.S. Dollar denominated notes due 2019 issued by CEMEX España (the "Dollar Senior Secured Notes") or 9.875% U.S. Euro denominated notes due 2019 issued by CEMEX España (the "Euro Senior Secured Notes"), (iii) 6.196% U.S. Dollar denominated perpetual debentures issued by C5 Capital (SPV) Limited, (iv) 6.640% U.S. Dollar denominated perpetual debentures issued by C8 Capital (SPV) Limited,

and (v) 6.722% U.S. Dollar denominated perpetual debentures issued by C10 Capital (SPV) Limited (items (ii) to (v) above, jointly, the “Perpetual Debentures”), in exchange for Dollar Senior Secured Notes (jointly, the “Exchange Offerings”). On March 28, 2012 the Exchange Offerings resulted in the issuance of U.S.\$703,861,000.00 of Dollar Senior Secured Notes due April 30, 2019 and the issuance of EUR179,219,000.00 of Euro Senior Secured Notes due April 30, 2019, both series of new notes guaranteed by CEMEX, CEMEX México and New Sunward Holding B.V. (together, the “Additional Notes”).

Because the purpose of the Additional Notes is to refinance Perpetual Debentures and Eurobonds and, as a consequence thereof, the holders of the Additional Notes will be, in both cases, ranked in right and priority of payment *pari passu* with respect to Liabilities owed to Participating Creditors, Refinancing Creditors and the Noteholders (as these terms are defined in the Intercreditor Agreement) and, save as provided in the Intercreditor Agreement, without any preference between them, by means of this letter the Settlers and the Issuers hereby inform the Trustee and the Beneficiary, and confirm, that the Additional Notes are secured in accordance with the terms provided in the Agreement, and are part of the Secured Obligations and the holders of the Additional Notes are Secured Parties.

We appreciate you acknowledging receipt of this letter, by signing in the space provided below.

CEMEX, S.A.B. de C.V.

By /s/ Roger Saldaña Madero
Name: Roger Saldaña Madero
Title: Attorney-in-Fact

Empresas Tolteca de México, S.A. de C.V.

By /s/ Roger Saldaña Madero
Name: Roger Saldaña Madero
Title: Attorney-in-Fact

Impra Café, S.A. de C.V.

By /s/ Roger Saldaña Madero
Name: Roger Saldaña Madero
Title: Attorney-in-Fact

Interamerican Investments, Inc.

By /s/ Roger Saldaña Madero
Name: Roger Saldaña Madero
Title: Attorney-in-Fact

Cemex México, S.A. de C.V.

By /s/ Roger Saldaña Madero
Name: Roger Saldaña Madero
Title: Attorney-in-Fact

Centro Distribuidor de Cemento, S.A. de C.V.

By /s/ Roger Saldaña Madero

Name: Roger Saldaña Madero
Title: Attorney-in-Fact

Mexcement Holdings, S.A. de C.V.

By /s/ Roger Saldaña Madero

Name: Roger Saldaña Madero
Title: Attorney-in-Fact

Corporación Gouda, S.A. de C.V.

By /s/ Roger Saldaña Madero

Name: Roger Saldaña Madero
Title: Attorney-in-Fact

Acknowledgment of receipt:

Banco Nacional de México, S.A.,
Integrante del Grupo Financiero Banamex,
División Fiduciaria

By /s/ Elba Nelly Wing

Name: Elba Nelly Wing
Title: Trust Delegate
Date: March 28, 2012

Wilmington Trust (London) Limited

By /s/ Elaine Lockhart

Name: Elaine Lockhart
Title: Director
Date: March 28, 2012

Monterrey, Nuevo León, July 11, 2011

Banco Nacional de México, S.A.,
Integrante del Grupo Financiero Banamex,
División Fiduciaria
Calzada del Valle No. 350 Oriente
1er. Piso
Col. Del Valle
San Pedro Garza García, Nuevo León 66220
Mexico
Attention: Nelly Wing

Wilmington Trust (London) Limited
6 Broad Street Place
Fifth Floor
London EC2M 7JH
United Kingdom
Attention: Elaine K. Lockhart

Reference is made to the Irrevocable Security Trust Agreement in Respect of Stock No. F/111388-5, dated September 3, 2009, as amended from time to time (the "Agreement"), entered into among CEMEX, S.A.B. de C.V. ("CEMEX SAB"), Empresas Tolteca de México, S.A. de C.V. ("Tolteca"), Imprá Café, S.A. de C.V. ("Impra Café"), Interamerican Investments, Inc. ("Interamerican"), CEMEX México, S.A. de C.V. ("CEMEX México"), and Centro Distribuidor de Cemento, S.A. de C.V. ("Cedice"), as settlors (CEMEX SAB, Tolteca, Imprá Café, Interamerican, CEMEX México and Cedice, together, the "Settlors"); CEMEX México, Cedice, Mexcement Holdings, S.A. de C.V. ("Mexcement") and Corporación Gouda, S.A. de C.V. ("Gouda"), as issuers (CEMEX México, Cedice, Mexcement and Gouda, together, the "Issuers"); Banco Nacional de México, S.A., Integrante del Grupo Financiero Banamex, División Fiduciaria, in its capacity as trustee (the "Trustee"); and Wilmington Trust (London) Limited, on its own behalf and in its capacity as Security Agent, for the benefit of the Participating Creditors, the Refinancing Creditors (and their respective successors and assigns) and the other Secured Parties (the "Beneficiary"). Unless otherwise defined herein, capitalized terms defined in the Agreement, are used herein as therein defined.

On July 11, 2011, CEMEX, S.A.B. de C.V. issued U.S.\$ 650,000,000 of 9.000% senior secured notes due 2018, guaranteed by CEMEX México, CEMEX España, S.A. and New Sunward Holding B.V. (together, the "Additional Notes"). Because the purpose of the Additional Notes is to refinance existing indebtedness and, as a consequence thereof, the Additional Notes will be part of the Refinancing Debt and the holders of the Additional Notes will be a Refinancing Party, in both cases pursuant to the Agreement, by means of this letter the Settlers and the Issuers hereby inform the Trustee and the Beneficiary, and confirm, that the Additional Notes are secured in accordance with the terms provided in the Agreement, and are part of the Secured Obligations and the holders of the Additional Notes are Secured Parties.

We appreciate you acknowledging receipt of this letter, by signing in the space provided below.

CEMEX, S.A.B. de C.V.

By /s/ Roger Saldaña
Name: Roger Saldaña
Title: Attorney-in-Fact

Empresas Tolteca de México, S.A. de C.V.

By /s/ Roger Saldaña
Name: Roger Saldaña
Title: Attorney-in-Fact

Impra Café, S.A. de C.V.

By /s/ Roger Saldaña
Name: Roger Saldaña
Title: Attorney-in-Fact

Interamerican Investments, Inc.

By /s/ Roger Saldaña
Name: Roger Saldaña
Title: Attorney-in-Fact

Cemex México, S.A. de C.V.

By /s/ Roger Saldaña
Name: Roger Saldaña
Title: Attorney-in-Fact

Centro Distribuidor de Cemento, S.A. de C.V.

By /s/ Roger Saldaña
Name: Roger Saldaña
Title: Attorney-in-Fact

Mexcement Holdings, S.A. de C.V.

By /s/ Roger Saldaña
Name: Roger Saldaña
Title: Attorney-in-Fact

Corporación Gouda, S.A. de C.V.

By /s/ Roger Saldaña

Name: Roger Saldaña

Title: Attorney-in-Fact

Acknowledgment of receipt:

Banco Nacional de México, S.A.,

Integrante del Grupo Financiero Banamex,

División Fiduciaria

By /s/ Elba Nelly Wing

Name: Elba Nelly Wing

Title: Trust Delegate

Date: July 11, 2011

Wilmington Trust (London) Limited

By /s/ Elaine Lockhart

Name: Elaine Lockhart

Title: Director

Date: July 11, 2011

ACCESSION DEED EXECUTED BY THE ENTITIES “THE BANK OF NEW YORK MELLON” and “CEMEX ESPAÑA, S.A.”

NUMBER ONE THOUSAND FOUR HUNDRED AND TWENTY-THREE

This Deed made at Madrid, my place of residence, on 11th July two thousand and eleven.

Before me, **Mr RAFAEL MONJO CARRIO**, a Notary of Madrid and of the Madrid Association,

APPEAR

Ms Paloma Álvarez-Uría Berros, a Spanish citizen, of full age, domiciled for the purposes hereof at the Calle José Abascal, 45 in Madrid, holding valid Spanish Identity Document number 9,427,338-Y, and

Mr JUAN PELEGRI Y GIRON, of full age, domiciled for the purposes hereof at Calle Hernández de Tejada, number 1, Madrid, holding Spanish Identity Document number 01489996-X.

THEY ARE ACTING:

The former, for and on behalf of **THE BANK OF NEW YORK MELLON** (hereinafter, the “**Bank**”), incorporated in accordance with the laws of the State of New York (United States of America), with registered office at One Wall Street, New York, N.Y. 10286, United States of America, in turn acting on behalf and for the benefit of the holders of **US\$650,000,000 9,000%** senior secured notes **due 2018** (hereinafter *Senior Secured Notes*) redeemable on the fourth, fifth and sixth anniversaries of their initial issue, issued in pursuance of a notes issue indenture dated 11th January 2011, hereinafter the “*Indenture*”, supplemented by the so-called “*Supplemental Indenture*” dated eleventh July 2011, which are governed by the laws of the State of New York (United States of America) and subscribed for, inter alia, by CEMEX S.A.B. de C.V., a stock corporation with variable capital incorporated under the law of Mexico, as issuer, and The Bank of New York Mellon, as trustee (hereinafter, together with any subsequent amendment to or novation thereof, the “**Notes Issue**”).

He is using a power of attorney which he represents is in force conferred on him in a deed executed before New York Notary Public Mr Danny Lee on 11th January two thousand and eleven, the original of which was duly authenticated with the Apostille provided for in The Hague Convention of 5th October 1961 and has been delivered to me and a copy of which I have in sight.

The latter, for and on behalf of **CEMEX ESPAÑA, S.A.**, a company governed by the laws of Spain (formerly Compañía Valenciana de Cementos Portland, S.A.), with registered office at Calle Hernández de Tejada, number 1, Madrid, whose objects are, inter alia, to manufacture, make, market and distribute all manner of sacks and packages or similar articles, of paper or any other material, for packaging cement, etc.

It was incorporated with perpetual existence in a deed authorised by former Valencia Notary Mr Juan Bautista Roch Contelles on 30th April 1917, adapted to the laws now in force in a deed authorised by Valencia Notary Mr Antonio Soto Bisquert on 13th July 1990; the incorporation was ENTERED in the Companies Register of Valencia at volume 122, Companies book 28, public limited companies section 3, sheet 354, entry 1; the adaptation is entered in the aforementioned Register, at volume 2854, book 10, general section, folio sheet-V2533, entry 165; the company’s articles of association were also consolidated in another public instrument authorised by Madrid Notary Mr Antonio Francés y de Mateo on 12th August 1993, document number 6796, which was taken to entry 200.

The company moved to the aforementioned current registered office as provided for in a deed authorised by Valencia Notary Mr Antonio Soto Bisquert on 29th June 1995, his document number 1489, and this was entered in the Companies Register of Madrid, at volumes 9743 and 9744, Companies Book section 8, folios 1 and 166, sheet number M-156542, entries 1 and 2.

Its name was changed to its current name by means of a resolution adopted by the Company’s General Shareholders’ Meeting held on twenty-fourth June two thousand and two, publicly recorded by the undersigned notary on the same day, my document number 662, taken to entry 122 of the registration sheet.

The company has VAT Registration number: A46004214.

He is using the powers which he represents are in force conferred on him by a resolution adopted by the Company's Board of Directors at a meeting held on nineteenth November two thousand and ten, publicly recorded in a deed executed before Mr Rafael Monjo Carrió on eleventh January two thousand and eleven, document number 51, and so he has proved to me with an authorised copy of that deed which I have in sight.

For the purposes provided for in article 98 of Act 24/2001, and in accordance with the Decision of the Directorate-General of Registers and Notaries dated 12th April 2002, I do certify that, in my view, having regard to the position he holds, his powers to act as a representative as established above are sufficient to perfect this deed on the terms set out below.

In my view, the appearing parties, acting for their aforementioned principals, have full legal capacity and a lawful interest as required to execute this **ACCESSION DEED** and, therefore, using their aforementioned powers, and for all statutory purposes,

WHEREAS

I. In accordance with an agreement executed in a document certified by Mr Rafael Monjo Carrió on 29th September 2009, entered under number 4599 in Section A of his Book of Records (hereinafter, the "**Pledge Agreement**"), CEMEX, S.A.B. de C.V., New Sunward Holding B.V. and Sunward Acquisitions N.V. (the latter was merged into New Sunward Holding B.V. on 23rd October 2009) established a number of security interests consisting of pledges (hereinafter, the "**Pledges**") in and to the shares in the company CEMEX España, S.A. owned thereby.

II. In accordance with an agreement executed in a document certified by Mr Rafael Monjo Carrió on 23rd December 2010, entered under number 5768 in Section A of his Book of Records (hereinafter, the "**Extended Pledge Agreement**"), New Sunward Holding B.V. (i) established new equally-ranked Pledges in and to nine hundred and five (905) shares in CEMEX España, S.A. purchased from a minority shareholder, and (ii) extended the Pledges to 426,585,515 new shares in CEMEX España, S.A. issued in a capital increase resolved by the General Meeting and perfected in a deed authorised on 19th November 2010 by Mr Monjo Carrió, his document number 2419. Hereinafter, any references to the Pledges shall be deemed to be references to the Pledges, as amended following the extension to the new shares in CEMEX España, S.A. resulting from the capital increase, to the shares purchased from the minority shareholder and to the new equally-ranked Pledges established under the aforementioned Extended Pledge Agreement.

III. Given that the improved conditions of the international financial markets allow CEMEX group to issue notes, inter alia, to reduce its indebtedness to the financial creditors that are parties to the Creditors Agreement (as the latter is defined in the Pledge Agreement), CEMEX, S.A.B. de C.V. asked those financial creditors for a number of changes to the Creditors Agreement for the purpose of increasing CEMEX group's flexibility to issue notes and apply the proceeds of such issues. Such changes were approved by the aforesaid financial creditors, and on 1st December 2009 an agreement was signed amending but not terminating the Creditors Agreement. Following such changes, it was noted that the CEMEX group creditors under notes issues such as the Notes Issue shall be considered additional notes creditors (hereinafter, *Additional Notes Creditors*) and, therefore, secured parties (hereinafter, *Secured Parties*) on the terms laid down in the Creditors Agreement, in the Pledge Agreement and in the Extended Pledge Agreement, and may benefit from the Pledges by adhering to the Pledge Agreement and the Extended Pledge Agreement as provided for respectively in Clauses 16 and 10 thereof.

IV. In accordance with the provisions of Clause 16 of the Pledge Agreement and Clause 10 of the Extended Pledge Agreement, and with the provisions of the Extended Pledge Agreement, the Secured Parties in whose benefit the Collateral Agent acted, which include the Bank, as trustee of the note holders of the Notes Issue, may adhere to the Pledge Agreement and to the Extended Pledge Agreement and ratify their contents, accepting the Pledges established in their favour as security for the relevant Secured Obligations, by going before Madrid Notary Mr Rafael Monjo Carrió.

Those accessions will be carried out by signing the relevant accession deed or document, and all of that may be done without a new consent being required of the pledgors or the pledgees because that consent was given in advance in the Creditors Agreement (as amended on 1st December 2009 and 25th October 2010), in the actual Pledge Agreement and in the Extended Pledge Agreement.

V. The Bank expressly represents that the accession referred to in the Articles of this Deed is perfected merely as an instrument enforcing the rights conferred on the Bank in the Pledge Agreement and in the Extended Pledge Agreement, which provide for such accession, in order for the payment obligations under the Notes Issue to be secured with a security interest consisting of a first ranking pledge in and to the Shares (as defined in the Pledge Agreement), the New Shares and the Purchased Shares (as defined in the Extended Pledge Agreement) concurrently with the remaining Pledges.

VI. Now therefore, the Bank wishes to execute this Accession Deed (hereinafter, the "**Deed**") in conformity with the following

ARTICLES

ONE.- ACCESSION TO THE PLEDGE AGREEMENT AND TO THE EXTENDED PLEDGE AGREEMENT.

The Bank hereby adheres to, ratifies and approves all the terms of the Pledge Agreement and the Extended Pledge Agreement, declaring that it is acquainted with the full contents thereof, and therefore that such accession shall be fully valid and effective at law and accepting that the payment obligations arising from the Notes Issue shall be secured with a security interest consisting of a first ranking pledge in and to the Shares (as defined in the Pledge Agreement), the New Shares and the Purchased Shares (as defined in the Extended Pledge Agreement), concurrently with the remaining Pledges.

The Bank REQUESTS that I, the Notary, NOTIFY this accession to **WILMINGTON TRUST (LONDON) LIMITED**, domiciled for the purposes hereof at 6 Broad Street Place, London EC2M 7JH (attention Elaine K. Lockhart), as Collateral Agent and I, the Notary, accept such request.

CEMEX España, S.A. appears herein for the purpose of acknowledging this accession.

TWO.- GOVERNING LAW AND JURISDICTION.

2.1 This Deed is subject to general Spanish law.

2.2 The Parties expressly submit to the jurisdiction and authority of the Courts and Tribunals of the capital city of Madrid for any and all matters arising in connection with the validity, construction, performance and enforcement of this Deed.

DATA PROCESSING.- The appearing parties accept that their details and a copy of the identity documents shall be included in the Notary's filing systems for the purpose of discharging the duties of a practising notary and communicate data as provided for in the Public Administrations Act and, as the case may be, to the Notary taking over from the undersigned Notary in due course. They may exercise their rights of access, correction, erasure and objection at the authorising Notary's Office.

Thus they have stated and declared.

And I, the Notary, HEREBY CERTIFY:

a.- That I have identified the appearing parties by means of their identity documents, referred to in the recitals, which have been shown to me.

b.- That the appearing parties have capacity and have a lawful interest, in my view, for the purposes hereof.

c.- That this deed conforms to the law and to the appearing parties' free and duly informed intention.

d.- That this public instrument was read out to the signatories, who were first advised of their right to do so on their own, which they have used, and that they confirm that they have become duly acquainted with the full contents hereof, which they consent to, all in accordance with article 193 of the Notarial Regulations.

e.- I, the Notary, certify that this public instrument has been written up on seven series AL sheets of notarial paper, numbers 0,890,551 and the following six in correlative order. Followed by the appearing parties' signatures.- Initialled: RAFAEL MONJO CARRIÓ.- Stamped.- Sealed.-

ACCESSION DEED TO THE PLEDGE OF SHARES IN CEMEX ESPAÑA, S.A. EXECUTED BY THE ENTITIES “THE BANK OF NEW YORK MELLON” and “CEMEX ESPAÑA, S.A.”

NUMBER FOUR HUNDRED AND THIRTY-SIX

This Deed made at Madrid, my place of residence, on twenty-eighth March two thousand and twelve.

Before me, **Mr RAFAEL MONJO CARRIO**, a Notary of Madrid and of the Madrid Association,

APPEAR

Ms MARTA GARCÍA LÓPEZ, a Spanish citizen, of full age, domiciled for the purposes hereof at the Calle José Abascal, 45 in Madrid, holding valid Spanish Identity Document number 02634855-K,

Mr JUAN PELEGRI Y GIRON, of full age, domiciled for the purposes hereof at Calle Hernández de Tejada, number 1, Madrid, holding valid Spanish Identity Document number 01489996-X, and

Mr ANTONIO IVÁN SÁNCHEZ UGARTE, of full age, a Spanish citizen, married, with a business address for the purposes hereof at Calle Hernández de Tejada, number 1, Madrid, holding valid Spanish Identity Document number 30,636,063-V.

THEY ARE ACTING:

The first party, for and on behalf of **THE BANK OF NEW YORK MELLON** (hereinafter, the “**Bank**”), incorporated in accordance with the laws of the State of New York (United States of America), with registered office at One Wall Street, New York, N.Y. 10286, United States of America, in turn acting on behalf and for the benefit of (i) the holders of USD-denominated senior secured notes (hereinafter *Senior Secured Notes*) issued by Cemex España, S.A. (“**Cemex España**”) through its Luxembourg branch, the amount ultimately subscribed for and paid up being USD seven hundred and three million eight hundred and sixty-one thousand (703,861,000) accruing interest at a rate of 9,875% per annum and due in 2019, notwithstanding the early redemption events provided for in the terms and conditions of the Notes Issue (as this term is defined hereinafter), and (ii) the holders of Euro-denominated senior secured notes (hereinafter *Senior Secured Notes*) issued by Cemex España, through its Luxembourg branch, the amount ultimately subscribed for and paid up being EUR one hundred and seventy-nine million two hundred and nineteen thousand (179,219,000), accruing interest at a rate of 9,875% per annum and due in 2019, notwithstanding the early redemption events provided for in the terms and conditions of the Notes Issue (as this term is defined hereinafter). The issue of the USD-denominated senior secured notes and of the Euro-denominated senior secured notes was perfected in a public deed executed by Cemex España, through its Luxembourg branch, before me on twenty-ninth February two thousand and twelve, my document number 311, and entered in the Companies Register of Madrid on sixth March two thousand and twelve under entry number 258, subsequently supplemented with a deed amending the aforementioned issue of senior secured notes also executed before me on fourteenth March two thousand and twelve, my document number 378, and entered in the Companies Register of Madrid on twenty-sixth March two thousand and twelve under entry number 261. For its part, the actual issue of the USD-denominated senior secured notes and of the Euro-denominated senior secured notes was implemented in a notes issue indenture, (hereinafter the *Indenture*), governed by the laws of the State of New York (United States of America) and signed on twenty-eighth March two thousand and twelve, inter alia, by CEMEX España, S.A., Luxembourg Branch, a branch of Cemex España organised under the law of Luxembourg, as issuer, and The Bank of New York Mellon, as trustee (hereinafter, together with any subsequent amendment to or novation thereof, the “**Notes Issue**”) and by the issuer’s signature of the relevant certificates representing the above-mentioned notes using the standard forms attached to the Indenture.

He is using a power of attorney which he represents is in force conferred on him in a deed executed before New York Notary Public Mr Danny Lee on twenty-eighth March two thousand and twelve, the original of which was duly authenticated with the Apostille provided for in The Hague Convention of 5th October 1961 and I, the Notary, will attach by means of a certification herein when it is delivered to me.

The second and third parties, for and on behalf of **CEMEX ESPAÑA, S.A.**, a company governed by the laws of Spain (formerly Compañía Valenciana de Cementos Portland, S.A.), with registered office at Calle Hernández de Tejada, number 1, Madrid, whose objects are, inter alia, to manufacture, sell, import and export cement and other building materials and prospect for and operate mines, with the exception of minerals of national strategic interest, produce, manufacture, market, pump and sell pre mixed concrete, mortar, dry mortar, prefabricated concrete products, lime, plaster, ash and slag and any other product directly or indirectly related to building and public works materials, etc.

It was incorporated with perpetual existence in a deed authorised by former Valencia Notary Mr Juan Bautista Roch Contelles on 30th April 1917, adapted to the laws now in force in a deed authorised by Valencia Notary Mr Antonio Soto Bisquert on 13th July 1990; the incorporation was ENTERED in the Companies Register of Valencia at volume 122, Companies book 28, public limited companies section 3, sheet 354, entry 1; the adaptation is entered in the aforementioned Register, at volume 2854, book 10, general section, folio sheet-V2533, entry 165; the company's articles of association were also consolidated in another public instrument authorised by Madrid Notary Mr Antonio Francés y de Mateo on 12th August 1993, document number 6796, which was taken to entry 200.

The company moved to the aforementioned current registered office as provided for in a deed authorised by Valencia Notary Mr Antonio Soto Bisquert on 29th June 1995, his document number 1489, and this was entered in the Companies Register of Madrid, at volumes 9743 and 9744, Companies Book section 8, folios 1 and 166, sheet number M-156542, entries 1 and 2.

Its name was changed to its current name by means of a resolution adopted by the Company's General Shareholders' Meeting held on twenty-fourth June two thousand and two, publicly recorded by the undersigned notary on the same day, my document number 662, taken to entry 122 of the registration sheet.

The company has VAT Registration number: A46004214.

They are using the powers which they represent are in force severally conferred on them by resolutions adopted by the Board of Directors of Cemex España at meetings held on twenty-seventh February and thirteenth March two thousand and twelve, publicly recorded in deeds executed before me on twenty-ninth February and fourteenth March two thousand and twelve, respectively documents numbers 311 and 378, which I the Notary am acquainted with and have included in my records.

In my view, the appearing parties, acting for their aforementioned principals, have full legal capacity and a lawful interest as required to execute this **ACCESSION DEED TO THE PLEDGE AGREEMENT OF SHARES IN CEMEX ESPAÑA, S.A.** and, therefore, using their aforementioned powers, and for all statutory purposes,

WHEREAS

I. In accordance with an agreement executed in a document certified by me on 29th September 2009, entered under number 4599 in Section A of my Book of Records (hereinafter, the "**Pledge Agreement**"), CEMEX, S.A.B. de C.V., New Sunward Holding B.V. and Sunward Acquisitions N.V. (the latter was merged into New Sunward Holding B.V. on 23rd October 2009) established a number of security interests consisting of pledges (hereinafter, the "**Pledges**") in and to the shares in the company CEMEX España, S.A. owned thereby.

II. In accordance with an agreement executed in a document certified by me on 23rd December 2010, entered under number 5768 in Section A of my Book of Records (hereinafter, the "**Extended Pledge Agreement**"), New Sunward Holding B.V. (i) established new equally-ranked Pledges in and to nine hundred and five (905) shares in CEMEX España, S.A. purchased from a minority shareholder, and (ii) extended the Pledges to 426,585,515 new shares in CEMEX España, S.A. issued in a capital increase resolved by the General Meeting and perfected in a deed authorised on 19th November 2010 by me, my document number 2419. Hereinafter, any references to the Pledges shall be deemed to be references to the Pledges, as amended following the extension to the new shares in CEMEX España, S.A. resulting from the capital increase, to the shares purchased from the minority shareholder and to the new equally-ranked Pledges established under the aforementioned Extended Pledge Agreement.

III. Given that the conditions of the international financial markets allow CEMEX group to issue notes, inter alia, to reduce its indebtedness to the financial creditors that are parties to the Creditors Agreement (as the latter is defined in the Pledge Agreement), CEMEX, S.A.B. de C.V. asked those financial creditors for a number of changes to the Creditors Agreement for the purpose of increasing CEMEX group's flexibility to issue notes and apply the proceeds of such issues. Such changes were approved by the aforesaid financial creditors, and on 1st December 2009 an agreement was signed amending but not terminating the Creditors Agreement. Following such changes, it was noted that the CEMEX group creditors under notes issues such as the Notes Issue shall be considered additional notes creditors (hereinafter, *Additional Notes Creditors*) and, therefore, secured parties (hereinafter, *Secured Parties*) on the terms laid down in the Creditors Agreement, in the Pledge Agreement and in the Extended Pledge Agreement, and may benefit from the Pledges by adhering to the Pledge Agreement and the Extended Pledge Agreement as provided for respectively in Clauses 16 and 10 thereof.

IV. In accordance with the provisions of Clause 16 of the Pledge Agreement and Clause 10 of the Extended Pledge Agreement, and with the provisions of the Extended Pledge Agreement, the Secured Parties in whose benefit the Collateral Agent acted, which include the Bank, as trustee of the note holders of the Notes Issue, may adhere to the Pledge Agreement and to the Extended Pledge Agreement and ratify their contents, accepting the Pledges established in their favour as security for the relevant Secured Obligations, by going before Madrid Notary Mr Rafael Monjo Carrió.

Those accessions will be carried out by signing the relevant accession deed or document, and all of that may be done without a new consent being required of the pledgors or the pledgees because that consent was given in advance in the Creditors Agreement (as amended, among other dates, on 1st December 2009 and 25th October 2010), in the actual Pledge Agreement and in the Extended Pledge Agreement.

V. The Bank expressly represents that the accession referred to in the Articles of this Deed is perfected merely as an instrument enforcing the rights conferred on the Bank in the Pledge Agreement and in the Extended Pledge Agreement, which provide for such accession, in order for the payment obligations under the Notes Issue to be secured with a security interest consisting of a first ranking pledge in and to the Shares (as defined in the Pledge Agreement), the New Shares and the Purchased Shares (as defined in the Extended Pledge Agreement) concurrently with the remaining Pledges.

VI. Now therefore, the Bank wishes to execute this Accession Deed (hereinafter, the “**Deed**”) in conformity with the following

ARTICLES

ONE.- ACCESSION TO THE PLEDGE AGREEMENT AND TO THE EXTENDED PLEDGE AGREEMENT.

The Bank hereby adheres to, ratifies and approves all the terms of the Pledge Agreement and the Extended Pledge Agreement, declaring that it is acquainted with the full contents thereof, and therefore that such accession shall be fully valid and effective at law and accepting that the payment obligations arising from the Notes Issue dated twenty-eighth March two thousand and twelve shall be secured with a security interest consisting of a first ranking pledge in and to the Shares (as defined in the Pledge Agreement), the New Shares and the Purchased Shares (as defined in the Extended Pledge Agreement), concurrently with the remaining Pledges.

The Bank REQUESTS that I, the Notary, **NOTIFY** this accession to **WILMINGTON TRUST (LONDON) LIMITED**, domiciled for the purposes hereof at 6 Broad Street Place, London EC2M 7JH (attention Elaine K. Lockhart), as Collateral Agent and I, the Notary, accept such request.

CEMEX España, S.A. appears herein for the purpose of acknowledging this accession.

TWO.- GOVERNING LAW AND JURISDICTION.

2.1 This Deed is subject to general Spanish law.

2.2 The Parties expressly submit to the jurisdiction and authority of the Courts and Tribunals of the capital city of Madrid for any and all matters arising in connection with the validity, construction, performance and enforcement of this Deed.

DATA PROCESSING.- The appearing parties accept that their details and a copy of the identity documents shall be included in the Notary’s filing systems for the purpose of discharging the duties of a practising notary and communicate data as provided for in the Public Administrations Act and, as the case may be, to the Notary taking over from the undersigned Notary in due course. They may exercise their rights of access, correction, erasure and objection at the authorising Notary’s Office.

Thus they have stated and declared.

And I, the Notary, **HEREBY CERTIFY:**

- a.- That I have identified the appearing parties by means of their identity documents, referred to in the recitals, which have been shown to me.
- b.- That the appearing parties have capacity and have a lawful interest, in my view, for the purposes hereof.
- c.- That this deed conforms to the law and to the appearing parties’ free and duly informed intention.

d.- That this public instrument was read out to the signatories, who were first advised of their right to do so on their own, which they have used, and that they confirm that they have become duly acquainted with the full contents hereof, which they consent to, all in accordance with article 193 of the Notarial Regulations.

e.- I, the Notary, certify that this public instrument has been written up on nine series AS sheets of notarial paper, numbers 6791642 and the following eight in correlative order. Followed by the appearing parties' signatures.- Initialled: RAFAEL MONJO CARRIÓ.- Stamped.- The Notary's Seal.-

CERTIFICATION.- This is to certify that on twenty-ninth March two thousand and twelve I left with Post Office branch 2825494, E.O. MINISTRY OF PUBLIC ADMINISTRATIONS, for Recorded delivery and confirmation of receipt the document for service of the foregoing certificate, and that the officer in charge of the service has provided me with the slip showing shipment number RR26804043 1ES.

And I certify all of the above and that this certification is written up after the originating deed on the last series AS sheet of exclusive paper for notarial purposes number 6791650. Madrid, twenty-ninth March two thousand and twelve.-

Initialled.- RAFAEL MONJO CARRIÓ.- Stamped.- The Notary's Seal.

CERTIFICATION.- I, the Notary, issue this certification to certify that I have on today's date, second April two thousand and twelve, been provided with a copy of the power of attorney executed by THE BANK OF NEW YORK MELLON before New York Notary Public Mr Danny Lee on twenty-eighth March two thousand and twelve, duly authenticated with The Hague Apostille, and I, the Notary, consider that the bank's representative is duly empowered to perfect the deed subject hereof. A copy of that power has been attached hereto as an integral part hereof.

And with nothing further to record, I, the Notary, do certify that I have issued these presents on this single sheet of notarial paper. Initialled.- RAFAEL MONJO CARRIÓ.- Stamped.- The Notary's seal.-

SUPPLEMENTAL INDENTURE NO. 1

SUPPLEMENTAL INDENTURE No. 1, dated as of July 11, 2011, among CEMEX, S.A.B. de C.V., a *sociedad anónima bursátil de capital variable* organized under the laws of the United Mexican States (the “Issuer”), CEMEX México, S.A. de C.V. (“CEMEX México”), CEMEX España, S.A. (“CEMEX España”) and New Sunward Holding B.V. (“New Sunward Holding”), as Note Guarantors of the Issuer’s obligations under this Supplemental Indenture and the Notes (the “Note Guarantors”), and The Bank of New York Mellon (the “Trustee”), as trustee.

WITNESSETH:

WHEREAS, the Issuer and the Trustee previously have entered into an indenture, dated as of January 11, 2011 (the “Original Indenture”), and as supplemented by this Supplemental Indenture No. 1 and any further amendments or supplements thereto, the “Indenture”), providing for the issuance of 9.000% Senior Secured Notes due 2018;

WHEREAS, the Indenture provides for, among other things, that, subsequent to the execution of the Original Indenture, the Issuer and the Trustee may, without the consent of holders of the outstanding 9.000% Senior Secured Notes due 2018, enter into one or more indentures supplemental to the Original Indenture to provide for the issuance of Additional Notes in accordance with Section 2.14 thereof;

WHEREAS, the Issuer has authorized the issuance of the Additional Notes;

WHEREAS, each of the Note Guarantors has been duly authorized to issue its Note Guarantee in connection with the Additional Notes;

WHEREAS, the Issuer has requested that the Trustee join in the execution of this Supplemental Indenture No. 1; and

WHEREAS, all things necessary to make this Supplemental Indenture No. 1 a valid agreement of the parties and a valid supplement to the Original Indenture have been done.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants contained herein and in the Indenture and for other good and valuable consideration, the receipt and sufficiency of which are herein acknowledged, the Issuer, the Note Guarantors and the Trustee hereby agree, for the equal and ratable benefit of all Holders, as follows:

ARTICLE ONE

DEFINITIONS

Section 1.01 Defined Terms. All capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Indenture, as supplemented and amended hereby. All definitions in the Original Indenture shall be read in a manner consistent with the terms of this Supplemental Indenture No. 1.

ARTICLE TWO

ADDITIONAL NOTES

Section 2.01 The Additional Notes. Pursuant to Section 2.14 of the Original Indenture, the Issuer hereby creates and issues U.S.\$650,000,000 aggregate principal amount of its 9.000% Senior Secured Notes due 2018 (the "Additional Notes"). These Additional Notes will be consolidated to form a single series, and be fully fungible, with the Issuer's outstanding 9.000% Senior Secured Notes due 2018 issued on January 11, 2011, to which the Additional Notes are identical in all terms and conditions except issue date and issue price. Interest on the Additional Notes shall accrue from July 11, 2011. All Additional Notes issued under the Indenture will, when issued, be considered Notes for all purposes thereunder and will be subject to and take the benefit of all of the terms, conditions and provisions of the Indenture.

Section 2.02 Execution and Authentication of the Additional Notes. The Trustee shall, pursuant to an Authentication Order, authenticate the Additional Notes.

ARTICLE THREE

MISCELLANEOUS

Section 3.01. Effect of This Supplemental Indenture No. 1. This Supplemental Indenture No. 1 supplements the Original Indenture and shall be a part, and subject to all the terms, thereof. The Original Indenture, as supplemented and amended by this Supplemental Indenture No. 1, is in all respects ratified and confirmed, and the Original Indenture and this Supplemental Indenture No. 1 shall be read, taken and construed as one and the same instrument. All provisions included in this Supplemental Indenture No. 1 supersede any conflicting provisions included in the Original Indenture, unless not permitted by law.

Section 3.02 Governing Law. This Supplemental Indenture No. 1 shall be governed by, and construed in accordance with, the laws of the State of New York.

Section 3.03 Effect of Headings. The section headings herein are for convenience only and shall not affect the construction of this Supplemental Indenture No. 1.

Section 3.04 Counterparts. The parties may sign any number of copies of this Supplemental Indenture No. 1. Each signed copy shall be an original, but all of them shall represent the same agreement.

Section 3.05 The Trustee. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture No. 1 or for or in respect of the recitals contained herein, all of which are made solely by the Issuer and the Note Guarantors. In entering into this Supplemental Indenture No. 1, the Trustee shall be entitled to the benefit of every provision of the Indenture relating to the conduct or affecting the liability or affording protection to the Trustee whether or not elsewhere herein so provided. The Issuer and the Note Guarantors expressly reaffirm and confirm their obligations to indemnify the Trustee in connection with the Indenture and all the actions contemplated hereby, all in accordance with the terms of the Indenture.

[SIGNATURE PAGE TO FOLLOW IMMEDIATELY]

SIGNATURES

CEMEX, S.A.B. de C.V., as Issuer

By: /s/ Hector Vela

Name: Hector Vela

Title: Attorney-in-Fact

CEMEX España, S.A., as Note Guarantor

By: /s/ Hector Vela

Name: Hector Vela

Title: Attorney-in-Fact

CEMEX México, S.A. de C.V., as Note Guarantor

By: /s/ Jose A. Gonzalez

Name: Jose A. Gonzalez

Title: Attorney-in-Fact

New Sunward Holding B.V., as Note Guarantor

By: /s/ Jose A. Gonzalez

Name: Jose A. Gonzalez

Title: Attorney-in-Fact

Signature page to Supplemental Indenture No. 1

THE BANK OF NEW YORK MELLON, as Trustee

By: /s/ Catherine F. Donohue

Name: Catherine F. Donohue

Title: Vice President

Signature page to Supplemental Indenture No. 1

CEMEX, S.A.B. de C.V.**U.S.\$650,000,000****9.000% SENIOR SECURED NOTES DUE 2018****PURCHASE AGREEMENT**

July 6, 2011

Citigroup Global Markets Inc.
As Representative of the Initial Purchasers
c/o Citigroup Global Markets Inc.
388 Greenwich Street
New York, New York 10013

Ladies and Gentlemen:

CEMEX, S.A.B. de C.V., a publicly traded stock corporation with variable capital (*sociedad anónima bursátil de capital variable*) organized under the laws of Mexico (the "Company"), proposes to issue and sell to the several parties named in Schedule I hereto (the "Initial Purchasers"), for whom you (the "Representative") are acting as representative, U.S.\$650,000,000 principal amount of its 9.000% Senior Secured Notes due 2018 (the "Securities"). The Securities will be unconditionally guaranteed (the "Guarantees") by each of (i) CEMEX México, S.A. de C.V. ("CEMEX México"), (ii) New Sunward Holding B.V. ("New Sunward"), and (iii) CEMEX España, S.A. ("CEMEX España" and together with CEMEX México and New Sunward, the "Note Guarantors"), and are to be issued under an indenture dated as of January 11, 2011 (the "Original Indenture"), among the Company, the Note Guarantors and The Bank of New York Mellon, a New York banking corporation, as trustee (the "Trustee"), as supplemented by supplemental indenture no. 1 thereto, to be dated as of the Closing Date (the "Supplemental Indenture" and, together with the Original Indenture, the "Indenture"). To the extent there are no additional parties listed on Schedule I other than you, the term Representative as used herein shall mean you as the Initial Purchaser, and the terms Representative and Initial Purchaser shall mean either the singular or plural as the context requires. The use of the neuter in this Agreement shall include the feminine and masculine wherever appropriate. Certain terms used herein are defined in Section 25 hereof.

The Securities will be secured in accordance with the terms of the Intercreditor Agreement, by a first-priority security interest in the Collateral, but holding a Security will not grant its holders the right to direct the foreclosure or the right to foreclose on the Collateral.

The sale of the Securities to the Initial Purchasers will be made without registration of the Securities under the Act in reliance upon exemptions from the registration requirements of the Act.

In connection with the sale of the Securities, the Company has prepared a preliminary supplement dated as of the date hereof (as amended or supplemented at the date hereof, including any and all exhibits thereto, including the final offering memorandum dated as of January 4, 2011 (the “Base Offering Memorandum”) and any information incorporated by reference therein, collectively the “Preliminary Memorandum”), and a final supplement dated as of the date hereof (as amended or supplemented at the Execution Time, including any and all exhibits thereto (including the Base Offering Memorandum) and any information incorporated by reference therein, collectively the “Final Memorandum”). Each of the Preliminary Memorandum and the Final Memorandum sets forth certain information concerning the Company and the Securities. The Company hereby confirms that it has authorized the use of the Disclosure Package, the Preliminary Memorandum and the Final Memorandum, and any amendment or supplement thereto, in connection with the offer and sale of the Securities by the Initial Purchasers. Unless stated to the contrary, any references herein to the terms “amend,” “amendment” or “supplement” with respect to the Disclosure Package, the Preliminary Memorandum and the Final Memorandum shall be deemed to refer to and include any information filed under the Exchange Act subsequent to the Execution Time that is incorporated by reference therein.

It is understood that on January 4, 2011, the Company and the Note Guarantors entered into a purchase agreement (the “Original Purchase Agreement”) with certain initial purchasers named therein, providing for the sale by the Company of U.S.\$1,000,000,000 aggregate principal amount of its 9.000% Senior Secured Notes due 2018 (the “Original Securities”). In connection with the sale of the Original Securities, the Company prepared the Base Offering Memorandum. The Original Securities share in the Collateral and benefit from the same guarantees as the Securities.

1. Representations and Warranties. The Company and each of the Note Guarantors, jointly and severally, represent and warrant to each Initial Purchaser as set forth below in this Section 1:

(a) The Preliminary Memorandum, at the date thereof, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. As of the date of the Final Memorandum, the Final Memorandum did not, and on the Closing Date, will not (and together with any amendment or supplement thereto, at the date thereof and at the Closing Date, will not) contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Company makes no representation or warranty as to the information contained in or omitted from the Preliminary Memorandum or the Final Memorandum, or any amendment or supplement thereto, in reliance upon and in conformity with information furnished in writing to the Company by or on behalf of the Initial Purchasers through the Representative specifically for inclusion therein, it being understood and agreed that the only such information furnished by or on behalf of any Initial Purchaser consists of the information described as such in Section 8(b) hereof.

(b) The Disclosure Package, as of the Execution Time, does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make

the statements therein, in the light of the circumstances under which they were made, not misleading. The preceding sentence does not apply to statements in or omissions from the Disclosure Package based upon and in conformity with written information furnished to the Company by any Initial Purchaser through the Representative specifically for use therein, it being understood and agreed that the only such information furnished by or on behalf of any Initial Purchaser consists of the information described as such in Section 8(b) hereof.

(c) None of the Company, any of the Note Guarantors or any person acting on its or their behalf has, directly or indirectly, (i) made offers or sales of any security, or solicited offers to buy, any security under circumstances that would require the registration of the Securities under the Act; or (ii) gave to any prospective purchaser of the Securities any written information concerning the offering of the Securities other than materials contained in the Disclosure Package, the Final Memorandum or any other offering materials prepared by or with the prior written consent of the Representative.

(d) None of the Company, any of the Note Guarantors or any person acting on its or their behalf has: (i) engaged in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with any offer or sale of the Securities or (ii) engaged in any directed selling efforts (within the meaning of Regulation S) with respect to the Securities; and each of the Company, the Note Guarantors and each person acting on its or their behalf has complied with the offering restrictions requirement of Regulation S.

(e) The Securities satisfy the eligibility requirements of Rule 144A(d)(3) under the Act.

(f) No registration of the Securities under the Act is required for the offer and sale of the Securities to or by the Initial Purchasers in the manner contemplated herein, in the Disclosure Package and the Final Memorandum.

(g) Neither the Company nor any of the Note Guarantors is, and after giving effect to the offering and sale of the Securities and the application of the proceeds thereof as described in the Disclosure Package and the Final Memorandum, will not be, an "investment company" as defined in the Investment Company Act.

(h) Neither the Company nor any of the Note Guarantors has paid or agreed to pay to any person any compensation for soliciting another to purchase any securities of the Company or such Note Guarantor (except as contemplated in this Agreement).

(i) Neither the Company nor any of the Note Guarantors has taken, directly or indirectly, any action designed to or that has constituted or that might reasonably be expected to cause or result, under the Exchange Act or otherwise, in stabilization or manipulation of the price of any security of the Company or such Note Guarantor to facilitate the sale or resale of the Securities.

(j) The Company and each of the Note Guarantors have been duly organized and are validly existing and, if applicable, in good standing under the laws of the jurisdiction in which they are chartered or organized with power and authority to own or lease, as the case may be, and to operate their properties and conduct their businesses as described in the Disclosure

Package and the Final Memorandum, and, if applicable, are duly qualified to do business as foreign corporations and are in good standing under the laws of each jurisdiction that requires such qualification or such person is subject to no material liability or disability by reason of the failure to be so qualified.

(k) All the outstanding shares of capital stock or other equity interests of the Company have been duly authorized and validly issued and are fully paid and nonassessable, and, except as otherwise set forth in the Disclosure Package and the Final Memorandum, all outstanding shares of capital stock or other equity interests of the Company's significant subsidiaries are owned by the Company either directly or through wholly-owned and majority-owned subsidiaries free and clear of any security interest, claim, lien or encumbrance, except for the security interest created under the Transaction Security Documents.

(l) (i) The statements in the Disclosure Package and the Final Memorandum under the headings "Important Federal Tax Considerations" and "Description of Notes;" and (ii) the statements in the Disclosure Package and the Final Memorandum under the heading "Summary—Recent Developments Relating to Regulatory Matters and Legal Proceedings," taken together with the statements in the Company's annual report on Form 20-F for the year ended December 31, 2010 under "Item 4—Information on the Company—Regulatory Matters and Legal Proceedings," incorporated by reference therein; insofar as they purport to describe the provisions of the laws and documents referred to therein, fairly summarize the matters therein described in all material respects.

(m) This Agreement has been duly authorized, executed and delivered by the Company and each of the Note Guarantors; the Indenture, including the Guarantees provided for therein by each of the Note Guarantors, has been duly authorized by the Company and each of the Note Guarantors and, assuming due authorization, execution and delivery by the Trustee of the Supplemental Indenture, when such Supplemental Indenture is executed and delivered by the Company and each of the Note Guarantors, will constitute a legal, valid, binding instrument enforceable against the Company and each of the Note Guarantors in accordance with its terms (subject, as to the enforcement of remedies, to applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting creditors' rights generally from time to time in effect and to general principles of equity); and the Securities have been duly authorized by the Company, and, when executed, authenticated and issued in accordance with the provisions of the Indenture and delivered to and paid for by the Initial Purchasers, will have been duly executed and delivered by the Company and will constitute the legal, valid and binding obligations of the Company entitled to the benefits of the Indenture (subject, as to the enforcement of remedies, to applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting creditors' rights generally from time to time in effect and to general principles of equity).

(n) As of the Closing Date, the Securities are duly secured by a first-priority security interest in the Collateral on an equal and ratable basis with such indebtedness and securities as are described in the Disclosure Package and the Final Memorandum as being secured by a first-priority security interest in the Collateral; but holding a Security will not grant its holders the right to direct the foreclosure or the right to foreclose on the Collateral.

(o) The shares that constitute the Collateral are fully paid and non assessable and not subject to any option to purchase or similar rights and are free and clear of any lien, pledge, security interest or encumbrance, except for the security interest created under the Transaction Security Documents. The constitutional documents of the companies whose shares are subject to the Collateral do not and could not restrict or inhibit any transfer of those shares on creation or enforcement of the Collateral. There are no agreements in force which provide for the issue or allotment of, any share or loan capital of the Company or any of its subsidiaries (including any option or right of pre-emption or conversion) other than (i) pre-emptive rights arising under applicable law in favor of shareholders generally; and (ii) similar rights arising under any obligation in respect of any stock option plan, restricted stock plan or retirement plan which the Company or any of its subsidiaries customarily provides to its employees, consultants and directors.

(p) Under the Transaction Security Documents, the Collateral is granted over all the issued share capital in each of the Company and its subsidiaries whose shares are subject to the Collateral except:

- (i) in the case of CEMEX España:
 - (A) 0.2444% of the issued share capital, comprised of shares owned by subsidiaries of CEMEX España; and
 - (B) 0.1164% of the issued share capital, comprised of shares owned by persons that are not subsidiaries or affiliates of the Company;
- (ii) in the case of CEMEX Trademarks Holding Ltd., 0.4326% of the issued share capital, comprised of shares owned by CEMEX, Inc.;
- (iii) in the case of each Mexican company whose shares are subject to the Collateral (except in the case of CEMEX México), the single share held by a minority shareholder that is either the Company or any of its subsidiaries;
- (iv) in the case of CEMEX México, 0.1245% of the issued share capital, comprised of shares owned by CEMEX, Inc.;

(q) No consent, approval, authorization, filing with or order of any court or governmental agency or body is required in connection with the transactions contemplated herein or in the Indenture, except (i) such as may be required under the blue sky laws or any other state or foreign securities laws of any jurisdiction in which the Securities are offered and sold; (ii) for the approval of the Securities for listing on the Irish Stock Exchange; and (iii) for the notice to be given to the Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*) under Article 7 of the Securities Market Law, in respect of the issuance of the Securities.

(r) None of the execution and delivery of this Agreement, the Indenture, the issuance and sale of the Securities and the Transaction Security Documents or the consummation of any other of the transactions herein or therein contemplated, or the fulfillment of the terms hereof or thereof will conflict with, or result in a breach or violation or imposition of any lien,

charge or encumbrance upon any property or assets of the Company or any of its subsidiaries (other than the Collateral), pursuant to (i) the charter or by-laws or comparable constituting documents of the Company or any of its subsidiaries; (ii) the terms of any indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement, obligation, condition, covenant or instrument to which the Company or any of its subsidiaries is a party or bound or to which its or their property is subject (including the Original Purchase Agreement, the Financing Agreement, the Transaction Security Documents and the Intercreditor Agreement); or (iii) any statute, law, rule, regulation, judgment, order or decree of any court, regulatory body, administrative agency, governmental body, arbitrator or other authority having jurisdiction over the Company or any of its subsidiaries or any of its or their properties, which conflict, breach, violation or imposition would, in the case of clauses (ii) and (iii) above, either individually or in the aggregate with all other conflicts, breaches, violations and impositions referred to in this paragraph (r) (if any), have (x) a Material Adverse Effect (as defined below) or (y) a material adverse effect upon the transactions contemplated herein.

(s) The consolidated historical financial statements and schedules of the Company and its consolidated subsidiaries included or incorporated by reference in the Disclosure Package and the Final Memorandum present fairly in all material respects the financial condition, results of operations and cash flows of the Company and its consolidated subsidiaries as of the dates and for the periods indicated and have been prepared in conformity with Mexican FRS applied on a consistent basis throughout the periods involved (except as otherwise noted therein); the selected financial data set forth under the caption "Selected Consolidated Financial Information" in the Disclosure Package and the Final Memorandum fairly present, on the basis stated in the Disclosure Package and the Final Memorandum, the information included therein.

(t) No action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries or their respective property is pending or, to the best knowledge of the Company, threatened that (i) could reasonably be expected to have a material adverse effect on the performance of this Agreement, the Indenture and the Transaction Security Documents, or the consummation of any of the transactions contemplated hereby or thereby or (ii) could reasonably be expected to have a material adverse effect on the condition (financial or otherwise), prospects, earnings, business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business (collectively the events described in (i) and (ii) above, a "Material Adverse Effect"), except as set forth in or contemplated in the Disclosure Package and the Final Memorandum (exclusive of any amendment or supplement thereto after the Execution Time).

(u) Each of the Company and its subsidiaries owns or leases all such properties as are necessary to the conduct of its operations as presently conducted except (i) for such properties the loss of which would not reasonably be expected to result in a Material Adverse Effect and (ii) as set forth in or contemplated in the Disclosure Package and the Final Memorandum (exclusive of any amendment or supplement after the Execution Time).

(v) Neither the Company nor any of its subsidiaries is in violation or default of (i) any provision of its charter or by-laws or comparable constituting documents; (ii) the terms of

any indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement, obligation, condition, covenant or instrument to which it is a party or bound or to which its property is subject (including the Original Purchase Agreement, the Financing Agreement, the Transaction Security Documents and the Intercreditor Agreement); or (iii) any statute, law, rule, regulation, judgment, order or decree applicable to the Company or any of its subsidiaries of any court, regulatory body, administrative agency, governmental body, arbitrator or other authority having jurisdiction over the Company or any of its subsidiaries or any of their respective properties, as applicable, except for such violations or defaults which, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect, and except as set forth in or contemplated in the Disclosure Package and the Final Memorandum (exclusive of any amendment or supplement thereto after the Execution Time).

(w) KPMG Cárdenas Dosal, S.C., which has audited certain financial statements of the Company and its consolidated subsidiaries and delivered its report with respect to the audited consolidated financial statements incorporated by reference in the Disclosure Package and the Final Memorandum, are independent auditors with respect to the Company in accordance with local auditing standards, which are substantially the same as those contemplated by Rule 10A of the Code of Professional Conduct of the American Institute of Certified Public Accountants.

(x) There are no stamp or other issuance or transfer taxes or duties or other similar fees or charges required to be paid in connection with the execution and delivery of this Agreement or the issuance or sale by the Company of the Securities.

(y) The Company and each of its subsidiaries have filed all applicable tax returns that are required to be filed by them or have requested extensions of the period applicable for the filing of such returns (except in any case in which the failure so to file would not have a Material Adverse Effect and except as set forth in or contemplated in the Disclosure Package and the Final Memorandum (exclusive of any amendment or supplement thereto after the Execution Time)) and have paid all taxes required to be paid by them and any other assessment, fine or penalty levied against them, to the extent that any of the foregoing is due and payable, except for any such tax, assessment, fine or penalty that is currently being contested in good faith or as would not have a Material Adverse Effect and except as set forth in or contemplated in the Disclosure Package and the Final Memorandum (exclusive of any amendment or supplement thereto after the Execution Time).

(z) No labor problem or dispute with the employees of the Company or any of its subsidiaries exists or is threatened or imminent, and the Company is not aware of any existing or imminent labor disturbance by the employees of any of its subsidiaries' principal suppliers, contractors or customers, except as would not have a Material Adverse Effect and except as set forth in or contemplated in the Disclosure Package and the Final Memorandum (exclusive of any amendment or supplement thereto after the Execution Time).

(aa) No subsidiary of the Company is currently prohibited, directly or indirectly, from paying any dividends to the Company, from making any other distribution on such subsidiary's capital stock or ownership interest, from repaying to the Company any loans or advances to such subsidiary from the Company or from transferring any of such subsidiary's

property or assets to the Company or any other subsidiary of the Company, except for contractual prohibitions provided in joint venture or shareholders' agreements to which the Company is a party (none of which prohibitions are material individually or in the aggregate), and except as described in or contemplated in the Disclosure Package or the Final Memorandum (in each case, exclusive of any amendment or supplement thereto after the Execution Time).

(bb) The Company and each of its subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which they are engaged; all policies of insurance and fidelity or surety bonds insuring the Company or any of its subsidiaries or any of their respective businesses, assets, employees, officers and directors are in full force and effect; the Company and its subsidiaries are in compliance in all material respects with the terms of such policies and instruments; there are no material claims by the Company or any of its subsidiaries under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause; neither the Company nor any of its subsidiaries has been refused any material insurance coverage sought or applied for; and neither the Company nor any of its subsidiaries has reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect except as set forth in or contemplated in the Disclosure Package and the Final Memorandum (exclusive of any amendment or supplement thereto after the Execution Time).

(cc) The Company and each of its subsidiaries possess all licenses, certificates, permits and other authorizations issued by all applicable authorities necessary to conduct their respective businesses, except to the extent that the failure to have such license, certificate, permit or authorization would not reasonably be expected to have a Material Adverse Effect and except, as described in or contemplated in the Disclosure Package or the Final Memorandum (exclusive of any amendment or supplement thereto after the Execution Time), and neither the Company nor any of its subsidiaries have received any notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a Material Adverse Effect, except as set forth in or contemplated in the Disclosure Package and the Final Memorandum (exclusive of any amendment or supplement thereto after the Execution Time).

(dd) The Company and each of its subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with Mexican FRS and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Company's and each of its subsidiaries' internal controls over financial reporting are effective, and neither the Company nor any of its subsidiaries is aware of any material weakness in its internal control over financial reporting. The Company and each of its subsidiaries maintains "disclosure controls and procedures" (as such term is defined in Rule 13a-15(e) under the Exchange Act) and such disclosure controls and procedures are effective.

(ee) Each of the Company and its subsidiaries (i) is in compliance with any and all applicable laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants (“Environmental Laws”); (ii) has received and is in compliance with all permits, licenses or other approvals required under applicable Environmental Laws to conduct its businesses; and (iii) has not received notice of any actual or potential liability under any Environmental Law, except where such non-compliance with Environmental Laws, failure to receive required permits, licenses or other approvals, or liability would not, individually or in the aggregate, have a Material Adverse Effect, except as set forth in or contemplated in the Disclosure Package and the Final Memorandum (exclusive of any amendment or supplement thereto after the Execution Time). Except as set forth in the Disclosure Package and the Final Memorandum, neither the Company nor any of its subsidiaries has been named as a “potentially responsible party” under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended.

(ff) In the ordinary course of its business, the Company periodically reviews the effect of Environmental Laws on the business, operations and properties of the Company and its subsidiaries, in the course of which it identifies and evaluates associated costs and liabilities (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws, or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties); on the basis of such review, the Company has reasonably concluded that such associated costs and liabilities would not, singly or in the aggregate, have a Material Adverse Effect, except as set forth in or contemplated in the Disclosure Package and the Final Memorandum (exclusive of any amendment or supplement thereto after the Execution Time).

(gg) The operations of the Company and each of its subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements and the money laundering statutes and the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the “Money Laundering Laws”) and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the best knowledge of the Company, threatened.

(hh) None of the Company, any of its subsidiaries or, to the knowledge of the Company, any director, officer, agent, employee or Affiliate of the Company or any of its subsidiaries is currently subject to any sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury (“OFAC”); and the Company will not directly or indirectly use the proceeds of the offering of the Securities hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC. There is and has been no failure on the part of the Company and or of the Company’s directors or officers, in their capacities as such, to comply with any provision of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith (the “Sarbanes-Oxley Act”), including Section 402 relating to loans and Sections 302 and 906 relating to certifications.

(ii) None of the Company, any of its subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee or Affiliate of the Company is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the "FCPA"), including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any "foreign official" (as such term is defined in the FCPA) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the FCPA; and the Company, its subsidiaries and, to the knowledge of the Company, its Affiliates have conducted their respective businesses in compliance with the FCPA and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

(jj) On the Closing Date, after giving effect to the offering of the Securities, the Company and its subsidiaries, on a consolidated basis, will be Solvent.

(kk) Any certificate signed by any officer of the Company or any of its subsidiaries and delivered to the Representative or counsel for the Initial Purchasers in connection with the offering of the Securities shall be deemed a representation and warranty by the Company and each of the Note Guarantors, as to matters covered thereby, to each Initial Purchaser.

2. Purchase and Sale. Subject to the terms and conditions and in reliance upon the representations and warranties herein set forth, the Company agrees to sell to each Initial Purchaser, and each Initial Purchaser agrees, severally and not jointly, to purchase from the Company, at a purchase price of 96.750% of the principal amount thereof, plus accrued interest, if any, from July 11, 2011 to the Closing Date, the principal amount of Securities set forth opposite such Initial Purchaser's name in Schedule I hereto. The Initial Purchasers may acquire the Securities through any of their Affiliates.

3. Delivery and Payment. Delivery of and payment for the Securities shall be made at 10:00 A.M., New York City time, on July 11, 2011, or at such time on such later date not more than three Business Days after the foregoing date as the Representative shall designate, which date and time may be postponed by agreement between the Representative and the Company or as provided in Section 9 hereof (such date and time of delivery and payment for the Securities being herein called the "Closing Date"). Delivery of the Securities shall be made to the Representative for the respective accounts of the several Initial Purchasers against payment by the several Initial Purchasers through the Representative of the purchase price thereof to or upon the order of the Company by wire transfer payable in same-day funds to the account specified by the Company. Delivery of the Securities shall be made through the facilities of The Depository Trust Company ("DTC") and any other relevant clearing system unless the Representative shall otherwise instruct.

4. Offering by Initial Purchasers. (a) Each Initial Purchaser acknowledges that the Securities have not been and will not be registered under the Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Act.

(b) Each Initial Purchaser, severally and not jointly, represents and warrants to and agrees with the Company that:

(i) it has not offered or sold, and will not offer or sell, any Securities within the United States or to, or for the account or benefit of, U.S. persons (x) as part of their distribution at any time or (y) otherwise until 40 days after the later of the commencement of the offering and the date of the closing of the offering except:

(A) to those it reasonably believes to be “qualified institutional buyers” (as defined in Rule 144A under the Act) or

(B) in accordance with Rule 903 of Regulation S;

(ii) neither it nor any person acting on its behalf has made or will make offers or sales of the Securities in the United States by means of any form of general solicitation or general advertising (within the meaning of Regulation D);

(iii) in connection with each sale pursuant to Section 4(b)(i)(A), it has taken or will take reasonable steps to ensure that the purchaser of such Securities is aware that such sale may be made in reliance on Rule 144A;

(iv) neither it, nor any of its Affiliates nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts (within the meaning of Regulation S) with respect to the Securities;

(v) it is an “accredited investor” (as defined in Rule 501(a) of Regulation D);

(vi) it has not entered and will not enter into any contractual arrangement with any distributor (within the meaning of Regulation S) with respect to the distribution of the Securities, except with its Affiliates or with the prior written consent of the Company;

(vii) it has complied and will comply with the offering restrictions requirement of Regulation S;

(viii) at or prior to the confirmation of sale of Securities (other than a sale of Securities pursuant to Section 4(b)(i)(A) of this Agreement), it shall have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Securities from it during the distribution compliance period (within the meaning of Regulation S) a confirmation or notice to substantially the following effect:

“The Securities covered hereby have not been registered under the U.S. Securities Act of 1933 (the “Act”) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the date of closing of the offering, except in either case in accordance with Regulation S or Rule 144A under the Act. Terms used in this paragraph have the meanings given to them by Regulation S.”;

(ix) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of any Securities, in circumstances in which Section 21(1) of the FSMA does not apply to the Company or the Note Guarantors;

(x) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom; and

(xi) in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State it has not made and will not make an offer to the public of any Securities which are the subject of the offering contemplated by this Agreement in that Relevant Member State, except that it may make an offer to the public in that Relevant Member State of any Securities at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (A) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (B) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Representative for any such offer; or
- (C) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Securities shall result in a requirement for the publication by the Company or any Initial Purchaser of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression “an offer to the public” in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for any Securities, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State; and the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State; and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

5. Agreements. The Company and the Note Guarantors agree, jointly and severally, in each case with each Initial Purchaser that:

(a) The Company will furnish to each Initial Purchaser and to counsel for the Initial Purchasers, without charge, during the Distribution Period (as defined in Section 5(c) below), as many copies of the materials contained in the Disclosure Package and the Final Memorandum and any amendments and supplements thereto as they may reasonably request.

(b) The Company will prepare a final term sheet, containing solely a description of final terms of the Securities and the offering thereof, in the form approved by you attached as Schedule II hereto (the “Final Term Sheet”).

(c) The Company will not amend or supplement the Disclosure Package or the Final Memorandum other than by filing documents under the Exchange Act that are incorporated by reference therein, without the prior written consent of the Representative, which consent, following the Closing Date, may not be unreasonably withheld; provided, however, that prior to the earlier of (i) the completion of the distribution of the Securities by the Initial Purchasers (as determined by the Representative and communicated to the Company) and (ii) twelve (12) months after the date of the Final Memorandum (the “Distribution Period”), the Company will not file any document under the Exchange Act that is incorporated by reference in the Disclosure Package or the Final Memorandum unless, prior to such proposed filing, the Company has furnished the Representative with a copy of such document for their review and the Representative has not reasonably objected to the filing of such document. The Company will promptly advise the Representative when any document filed under the Exchange Act that is incorporated by reference in the Disclosure Package or the Final Memorandum shall have been filed with the Commission.

(d) If at any time during the Distribution Period, any event occurs as a result of which the Disclosure Package or the Final Memorandum, as then amended or supplemented, would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made or the circumstances then prevailing, not misleading, or if it should be necessary to amend or supplement the Disclosure Package or the Final Memorandum to comply with applicable law, the Company will promptly (i) notify the Representative of any such event; (ii) subject to the

requirements of Section 5(c), prepare an amendment or supplement that will correct such statement or omission or effect such compliance; and (iii) supply any supplemented or amended Disclosure Package or Final Memorandum to the several Initial Purchasers and counsel for the Initial Purchasers without charge in such quantities as they may reasonably request.

(e) Without the prior written consent of the Representative, the Company and each of the Note Guarantors will not give to any prospective purchaser of the Securities any written information concerning the offering of the Securities other than materials contained in the Disclosure Package, the Final Memorandum or any other offering materials prepared by or with the prior written consent of the Representative.

(f) The Company will arrange, if necessary, for the qualification of the Securities for sale by the Initial Purchasers under the laws of such jurisdictions as the Representative may designate (including Japan and certain provinces of Canada) and will maintain such qualifications in effect so long as required for the sale of the Securities; provided that in no event shall the Company be obligated to qualify to do business in any jurisdiction where it is not now so qualified or to take any action that would subject it to service of process in suits, other than those arising out of the offering or sale of the Securities, in any jurisdiction where it is not now so subject. The Company will promptly advise the Representative of the receipt by the Company of any notification with respect to the suspension of the qualification of the Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose.

(g) As required under Article 7 of the Mexican Securities Market Law (*Ley del Mercado de Valores*), the Company will, no later than one Business Day after the Closing Date, notify the Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*) of the offering of the Securities as described herein and in the Disclosure Package and in the Final Memorandum.

(h) The Company will not, and will not permit any of its Affiliates to, resell any Securities that have been acquired by any of them, except (i) in a transaction registered under the Act or (ii) in a transaction exempt from the registration requirements under the Act if such transaction does not cause the holding periods under Rule 144 under the Act to be extended for other holders of Securities.

(i) None of the Company, its Affiliates, or any person acting on its or their behalf will, directly or indirectly, make offers or sales of any security, or solicit offers to buy any security, under circumstances that would require the registration of the Securities under the Act.

(j) None of the Company, its Affiliates, or any person acting on its or their behalf will engage in any directed selling efforts (within the meaning of Regulation S) with respect to the Securities; and each of them will comply with the offering restrictions requirement of Regulation S.

(k) None of the Company, its Affiliates, or any person acting on its or their behalf will engage in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with any offer or sale of the Securities in the United States.

(l) For so long as any of the Securities are outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) under the Act, the Company, during any period in which it is not subject to and in compliance with Section 13 or 15(d) of the Exchange Act or it is not exempt from such reporting requirements pursuant to and in compliance with Rule 12g3-2(b) under the Exchange Act, will provide to each holder of such restricted securities and to each prospective purchaser (as designated by such holder) of such restricted securities, upon the request of such holder or prospective purchaser, any information required to be provided by Rule 144A(d)(4) under the Act. This covenant is intended to be for the benefit of the holders, and the prospective purchasers designated by such holders, from time to time of such restricted securities.

(m) The Company will cooperate with the Representative and use its best efforts to permit the Securities to be eligible for clearance and settlement through DTC, Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking, S.A. (“Clearstream”), as applicable, and any other relevant clearing system.

(n) Each of the Securities will bear, to the extent applicable, the legend contained in “Transfer Restrictions” in the Disclosure Package and the Final Offering Memorandum for the time period and upon the other terms stated therein.

(o) Neither the Company nor any of the Note Guarantors will, for a period of 90 days following the Execution Time, without the prior written consent of the Representative, which consent shall not be unreasonably withheld, offer, sell, contract to sell, pledge or otherwise dispose of or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Company or any of the Note Guarantors or any person in privity with the Company or any of the Note Guarantors, directly or indirectly, or announce the offering of, any debt securities in the international capital markets that are issued or guaranteed by the Company or any of the Note Guarantors (other than the Securities); provided, however, that the foregoing will not restrict the ability of the Company or any of the Note Guarantors to offer, sell, contract to sell, pledge or otherwise dispose of or announce an offering of securities, the proceeds of which are used to fund the repurchase or retirement of the Company’s perpetual debentures or the CEMEX España Euro Notes, an offer to exchange new securities for the Company’s perpetual debentures or the CEMEX España Euro Notes, an offering of *certificados bursátiles* in the local Mexican market and to enter into securitization transactions.

(p) The Company will not take, directly or indirectly, any action designed to, or that has constituted or that might reasonably be expected to, cause or result, under the Exchange Act or otherwise, in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities.

(q) The Company will, for a period of twelve months following the Execution Time, furnish to the Representative (i) all reports or other communications (financial or other) generally made available to its shareholders, and deliver such reports and communications to the Representative as soon as they are available, unless such documents are furnished to or filed with the Commission or any securities exchange on which any class of securities of the Company is

listed and generally made available to the public and (ii) such additional information concerning the business and financial condition of the Company as the Representative may from time to time reasonably request (such statements to be on a consolidated basis to the extent the accounts of the Company and its subsidiaries are consolidated in reports furnished to its shareholders).

(r) The Company will comply with all applicable securities and other laws, rules and regulations, including, without limitation, the Sarbanes-Oxley Act, and use its best efforts to cause the Company's directors and officers, in their capacities as such, to comply with such laws, rules and regulations, including, without limitation, the provisions of the Sarbanes-Oxley Act.

(s) The Company and the Note Guarantors agree, jointly and severally, to pay the costs and expenses relating to the following matters: (i) the preparation of the Supplemental Indenture and the issuance of the Securities and the fees of the Trustee; (ii) the preparation, printing or reproduction of the materials contained in the Disclosure Package and the Final Memorandum and each amendment or supplement to either of them; (iii) the printing (or reproduction) and delivery (including postage, air freight charges and charges for counting and packaging) of such copies of the materials contained in the Disclosure Package and the Final Memorandum, and all amendments or supplements to either of them, as may, in each case, be reasonably requested for use in connection with the offering and sale of the Securities; (iv) the preparation, printing, authentication, issuance and delivery of the Securities; (v) any stamp or transfer taxes in connection with the original issuance and sale of the Securities; (vi) the printing (or reproduction) and delivery of this Agreement, any blue sky memorandum and all other agreements or documents printed (or reproduced) and delivered in connection with the offering of the Securities; (vii) any registration or qualification of the Securities for offer and sale under the securities or blue sky laws of the several states, Japan, the provinces of Canada and any other jurisdictions specified pursuant to Section 5(f) (including filing fees and the reasonable fees and expenses of counsel for the Initial Purchasers relating to such registration and qualification); (viii) the transportation and other expenses incurred by or on behalf of each of the Company's representatives in connection with presentations to prospective purchasers of the Securities; (ix) the fees and expenses of the Company's accountants and the fees and expenses of counsel (including local and special counsel) for the Company; (x) fees and expenses incurred in connection with listing the Securities on the Irish Stock Exchange; (xi) the fees and expenses incurred in connection with the rating of the Securities by Standard & Poor's and Fitch Ratings; and (xii) all other costs and expenses incident to the performance by the Company of its obligations hereunder.

(t) The Company and the Note Guarantors agree, jointly and severally, to reimburse the Representative, on behalf of the Initial Purchasers, for all their reasonable expenses incurred in connection with the sale of the Securities provided for herein (including, without limitation, reasonable fees, disbursements and expenses of legal advisors as to U.S. and Mexican law for the Initial Purchasers). The reimbursement obligations of the Company in respect of the legal advisors for the Initial Purchasers pursuant to this Section 5(t) and Section 7 hereof will be limited to U.S.\$250,000 (excluding reimbursements in respect of disbursements and expenses of such legal advisors).

(u) The Company will apply the aggregate net proceeds from the offering of the Securities in the manner specified in the Disclosure Package and the Final Memorandum under the heading "Use of Proceeds".

6. Conditions to the Obligations of the Initial Purchasers. The obligations of the Initial Purchasers to purchase the Securities shall be subject to the accuracy of the representations and warranties of the Company and the Note Guarantors contained herein at the Execution Time and the Closing Date, to the accuracy of the statements of the Company or any of its subsidiaries made in any certificates pursuant to the provisions hereof, to the performance by the Company and the Note Guarantors to their respective obligations hereunder and to the following additional conditions:

(a) The Company shall have requested and caused Skadden, Arps, Slate, Meagher & Flom LLP, special U.S. counsel for the Company, to furnish to the Representative its opinion, tax opinion and negative assurance letter, each dated as of the Closing Date and addressed to the Representative, in form and substance reasonably satisfactory to the Representative.

(b) The Company shall have requested and caused Mr. Ramiro G. Villarreal, General Counsel for the Company, to furnish to the Representative his opinion, subject to certain applicable exceptions, qualifications and conditions acceptable to the Representative, dated as of the Closing Date and addressed to the Representative, in form and substance reasonably satisfactory to the Representative.

(c) The Company shall have requested and caused Mr. Juan Pelegrí y Girón, General Counsel for CEMEX España, to furnish to the Representative its opinion, subject to certain applicable exceptions, qualifications and conditions acceptable to the Representative, dated as of the Closing Date and addressed to the Representative, in form and substance reasonably satisfactory to the Representative.

(d) The Company shall have requested and caused Warendorf, special Dutch counsel to the Company, to furnish to the Representative its opinion, subject to certain applicable exceptions, qualifications and conditions acceptable to the Representative, dated as of the Closing Date and addressed to the Representative, in form and substance reasonably satisfactory to the Representative.

(e) The Company shall have requested and caused GHR Rechtsanwälte AG, special Swiss counsel to the Company, to furnish to the Representative its opinion, subject to certain applicable exceptions, qualifications and conditions acceptable to the Representative, dated as of the Closing Date and addressed to the Representative, in form and substance reasonably satisfactory to the Representative.

(f) The Company shall have requested and caused Arthur Cox, special Irish counsel for the Company, to furnish such opinion or opinions, dated the Closing Date, providing, among other related matters as the Representative may reasonably require, that the issuance and sale of the Securities as provided in the Disclosure Package and the Final Memorandum, constitutes a public offering under the laws of the Republic of Ireland, and the Company shall have furnished to such counsel such documents as they request for the purpose of enabling them

to pass upon such matters; provided, however, that prior to the delivery of such opinion on the Closing Date, the Representative agrees to furnish a representation letter to Arthur Cox to the effect that it has offered the Securities to at least five persons within the Republic of Ireland.

(g) The Representative shall have received from Cleary Gottlieb Steen & Hamilton LLP and Ritch Mueller, S.C., counsel for the Initial Purchasers, such opinion or opinions, dated the Closing Date and addressed to the Representative, with respect to the issuance and sale of the Securities, the Indenture, the Disclosure Package, the Final Memorandum (as amended or supplemented at the Closing Date) and other related matters as the Representative may reasonably require, and the Company shall have furnished to such counsel such documents as they request for the purpose of enabling them to pass upon such matters.

(h) The Company and each Note Guarantor shall have furnished to the Representative a certificate, signed by an executive officer of each of the Company and the Note Guarantors, dated as of the Closing Date, substantially in the form of Schedule III attached hereto.

(i) At the Execution Time and at the Closing Date, the Company shall have requested and caused KPMG Cárdenas Dosal, S.C. to furnish to the Representative, letters, dated respectively as of the Execution Time and as of the Closing Date, in form and substance satisfactory to the Representative and confirming that they are independent auditors within the meaning of the Exchange Act and the applicable published rules and regulations thereunder substantially in the form of Schedule IV attached hereto.

(j) Any and all applicable amendments, supplements or modifications to the Financing Agreement, any of the Transaction Security Documents, the Intercreditor Agreement and any other documents derived therefrom and in connection therewith, as applicable, shall have been made and shall constitute legal, valid and binding obligations to each party thereof.

(k) The Trustee shall be entitled to all rights and benefits provided in the Intercreditor Agreement as an Additional Notes Trustee (as such term is defined in the Intercreditor Agreement) and the Initial Purchasers, and/or each of the subsequent holders of the Securities, shall be entitled to all rights and benefits provided therein as Additional Notes Creditors (as such term is defined in the Intercreditor Agreement).

(l) Subsequent to the Execution Time or, if earlier, the dates as of which information is given in the Disclosure Package (exclusive of any amendment or supplement thereto after the Execution Time) and the Final Memorandum (exclusive of any amendment or supplement thereto after the Execution Time), there shall not have been (i) any change, increase or decrease specified in the letter or letters referred to in paragraph (i) of this Section 6; or (ii) any change, or any development involving a prospective change, in or affecting the condition (financial or otherwise), prospects, earnings, business or properties of the Company and its subsidiaries taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the Disclosure Package and the Final Memorandum (exclusive of any amendment or supplement thereto after the Execution Time), the effect of which, in any case referred to in clause (i) or (ii) above, is, in the sole judgment of the Representative, so material and adverse as to make it impractical or inadvisable to proceed with the offering or delivery of the Securities as contemplated in the Disclosure Package and the Final Memorandum (exclusive of any amendment or supplement thereto after the Execution Time).

(m) The Securities shall be eligible for clearance and settlement through DTC, Euroclear and Clearstream, as applicable, and any other relevant clearing system.

(n) Subsequent to the Execution Time, there shall not have been any decrease in the rating of any of the Company's or any of its subsidiaries' debt securities by Standard & Poor's and Fitch Ratings or any notice given of any intended or potential decrease in any such rating. For the avoidance of doubt, any reiteration or reissuance of the outlook of a rating agency that was in place at the Execution Time shall not be considered a notice of an intended or potential decrease in a rating.

(o) Prior to the Closing Date, the Company shall have furnished to the Representative such further information, certificates and documents as the Representative may reasonably request.

If any of the conditions specified in this Section 6 shall not have been fulfilled when and as provided in this Agreement, or if any of the opinions and certificates mentioned above or elsewhere in this Agreement shall not be reasonably satisfactory in form and substance to the Representative and counsel for the Initial Purchasers, this Agreement and all obligations of the Initial Purchasers hereunder may be cancelled at, or at any time prior to, the Closing Date by the Representative. Notice of such cancellation shall be given to the Company in writing or by telephone or facsimile confirmed in writing.

The documents required to be delivered under this Section 6 will be delivered at the office of counsel for the Initial Purchasers, at Cleary Gottlieb Steen & Hamilton LLP, One Liberty Plaza, New York, New York, 10006, Attention: Duane McLaughlin, Esq., on the Closing Date.

7. Reimbursement of Expenses. If the sale of the Securities provided for herein is not consummated because any condition to the obligations of the Initial Purchasers set forth in Section 6 hereof is not satisfied, because of any termination pursuant to Section 10 hereof or because of any refusal, inability or failure on the part of the Company to perform any agreement herein or comply with any provision hereof other than by reason of a default by any of the Initial Purchasers, the Company will reimburse the Initial Purchasers severally through the Representative on demand for all expenses (including reasonable fees and disbursements of counsel) that shall have been incurred by them in connection with the proposed purchase and sale of the Securities.

8. Indemnification and Contribution. (a) The Company and the Note Guarantors, jointly and severally, agree to indemnify and hold harmless each Initial Purchaser, the directors, officers, employees, Affiliates and agents of each Initial Purchaser and each person who controls any Initial Purchaser within the meaning of either the Act or the Exchange Act against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Act, the Exchange Act or other U.S. federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages

or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Preliminary Memorandum, the Final Term Sheet, the Final Memorandum, any Issuer Written Information, or any other written information, including any electronic road show, used by or on behalf of the Company in connection with the offer or sale of the Securities, or in any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and agrees to reimburse each such indemnified party, as incurred, for any legal or other expenses reasonably incurred by it in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that neither the Company nor any of the Note Guarantors will be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made in the Preliminary Memorandum, the Final Term Sheet or the Final Memorandum, or in any amendment thereof or supplement thereto, in reliance upon and in conformity with written information furnished to the Company by or on behalf of any Initial Purchaser through the Representative specifically for inclusion therein. This indemnity agreement will be in addition to any liability that the Company or any of the Note Guarantors may otherwise have.

(b) Each Initial Purchaser severally, and not jointly, agrees to indemnify and hold harmless the Company, each of its directors, each of its officers, and each person who controls the Company within the meaning of either the Act or the Exchange Act, to the same extent as the foregoing indemnity to each Initial Purchaser, but only with reference to written information relating to such Initial Purchaser furnished to the Company by or on behalf of such Initial Purchaser through the Representative specifically for inclusion in the Preliminary Memorandum or the Final Memorandum (or in any amendment or supplement thereto). This indemnity agreement will be in addition to any liability that any Initial Purchaser may otherwise have. The Company acknowledges that (i) the statements set forth in the last paragraph of the cover page regarding delivery of the Securities and (ii) under the heading "Plan of Distribution," (A) the table of Initial Purchasers, and (B) the eighth and ninth paragraphs in the Disclosure Package and the Final Memorandum constitute the only information furnished in writing by or on behalf of the Initial Purchasers for inclusion in the Disclosure Package or the Final Memorandum or in any amendment or supplement thereto.

(c) Promptly after receipt by an indemnified party under this Section 8 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 8, notify the indemnifying party in writing of the commencement thereof; but the failure so to notify the indemnifying party (i) will not relieve it from liability under paragraph (a) or (b) above unless and to the extent it did not otherwise learn of such action and such failure results in the forfeiture by the indemnifying party of substantial rights and defenses and (ii) will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation provided in paragraph (a) or (b) above. The indemnifying party shall be entitled to appoint counsel (including local counsel) of the indemnifying party's choice at the indemnifying party's expense to represent the indemnified party in any action for which indemnification is sought (in which case the indemnifying party shall not thereafter be responsible for the fees and expenses of any separate counsel, other than local counsel if not appointed by the indemnifying party, retained by

the indemnified party or parties except as set forth below); provided, however, that such counsel shall be satisfactory to the indemnified party. Notwithstanding the indemnifying party's election to appoint counsel (including local counsel) to represent the indemnified party in an action, the indemnified party shall have the right to employ separate counsel (including local counsel), and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest; (ii) the actual or potential defendants in, or targets of, any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be legal defenses available to it that are different from or additional to those available to the indemnifying party and/or other indemnified parties; (iii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action; or (iv) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party. If none of the conditions in clauses (i) through (iv) in the preceding sentence are satisfied as to any indemnified party, it is understood that the indemnifying party shall, in connection with any one such action be liable for the reasonable fees and expenses of only one separate firm of attorneys in each jurisdiction (and in addition to any local counsel) at any time (other than reasonable overlapping of engagements) for all such indemnified parties. An indemnifying party will not, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding and does not include any statement as to any admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) In the event that the indemnity provided in paragraph (a) or (b) of this Section 8 is unavailable to, or insufficient to hold harmless, an indemnified party for any reason, the Company and the Initial Purchasers severally agree to contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with investigating or defending any loss, claim, damage, liability or action) (collectively "Losses") to which the Company and one or more of the Initial Purchasers may be subject in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and by the Initial Purchasers on the other from the offering of the Securities; provided, however, that in no case under this paragraph (d) shall any Initial Purchaser be responsible for any amount in excess of the purchase discount or commission applicable to the Securities purchased by such Initial Purchaser hereunder. If the allocation provided by the immediately preceding sentence is unavailable for any reason, the Company and the Initial Purchasers severally shall contribute in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Initial Purchasers on the other in connection with the statements or omissions that resulted in such Losses, as well as any other relevant equitable considerations. Benefits received by the Company shall be deemed to be equal to the total net proceeds from the offering (before deducting expenses) received by it, and benefits received by the Initial Purchasers shall be deemed to be equal to the total purchase discounts and commissions. Relative fault shall be

determined by reference to, among other things, whether any untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information provided by the Company on the one hand or the Initial Purchasers on the other, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The Company and the Initial Purchasers agree that it would not be just and equitable if contribution were determined by pro rata allocation or any other method of allocation that does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this paragraph (d), no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 8, each person who controls an Initial Purchaser within the meaning of either the Act or the Exchange Act and each director, officer, employee, Affiliate and agent of an Initial Purchaser shall have the same rights to contribution as such Initial Purchaser, and each person who controls the Company and the Note Guarantors within the meaning of either the Act or the Exchange Act and each officer and director of the Company and the Note Guarantors shall have the same rights to contribution as the Company and the Note Guarantors, subject in each case to the applicable terms and conditions of this paragraph (d).

9. Default by an Initial Purchaser. If any one or more Initial Purchasers shall fail to purchase and pay for any of the Securities agreed to be purchased by such Initial Purchaser hereunder and such failure to purchase shall constitute a default in the performance of its or their obligations under this Agreement, the remaining Initial Purchasers shall be obligated severally to take up and pay for (in the respective proportions which the principal amount of Securities set forth opposite their names in Schedule I hereto bears to the aggregate principal amount of Securities set forth opposite the names of all the remaining Initial Purchasers) the Securities which the defaulting Initial Purchaser or Initial Purchasers agreed but failed to purchase; provided, however, that in the event that the aggregate principal amount of Securities which the defaulting Initial Purchaser or Initial Purchasers agreed but failed to purchase shall exceed 10% of the aggregate principal amount of Securities set forth in Schedule I hereto, the remaining Initial Purchasers shall have the right to purchase all, but shall not be under any obligation to purchase any, of the Securities, and if such non-defaulting Initial Purchasers do not purchase all the Securities, this Agreement will terminate without liability to any non-defaulting Initial Purchaser or the Company. In the event of a default by any Initial Purchaser as set forth in this Section 9, the Closing Date shall be postponed for such period, not exceeding five Business Days, as the Representative and the Company shall determine in order that the required changes in the Final Memorandum or in any other documents or arrangements may be effected. Nothing contained in this Agreement shall relieve any defaulting Initial Purchaser of its liability, if any, to the Company or any non-defaulting Initial Purchaser for damages occasioned by its default hereunder.

10. Termination. This Agreement shall be subject to termination in the absolute discretion of the Representative, by notice given to the Company prior to the time of delivery of, and payment for, the Securities, if at any time prior to such time (i) trading in securities generally on the Mexican Stock Exchange (*Bolsa Mexicana de Valores, S.A.B. de C.V.*) or the New York Stock Exchange shall have been suspended or limited or minimum prices shall have been established on either such exchange; (ii) a banking moratorium shall have been declared either by Mexican, U.S. federal or New York State authorities; or (iii) there shall have occurred any

outbreak or escalation of hostilities, declaration by Mexico or the United States of a national emergency or war or other calamity or crisis the effect of which on financial markets is such as to make it, in the sole judgment of the Representative, impractical or inadvisable to proceed with the offering or delivery of the Securities as contemplated in the Disclosure Package and the Final Memorandum (exclusive of any amendment or supplement thereto after the Execution Time).

11. Representations and Indemnities to Survive. The respective agreements, representations, warranties, indemnities and other statements of the Company, the Note Guarantors or their respective officers and of the Initial Purchasers set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation made by or on behalf of the Initial Purchasers or the Company or the Note Guarantors or any of the indemnified persons referred to in Section 8 hereof, and will survive delivery of and payment for the Securities. The provisions of Sections 7 and 8 hereof shall survive the termination or cancellation of this Agreement.

12. Notices. All communications hereunder will be in writing and effective only on receipt, and, if sent to the Representative, will be mailed, delivered or telefaxed to the Citigroup General Counsel (fax no.: 212-816-7912) and confirmed to Citigroup Global Markets Inc. at 388 Greenwich Street, New York, New York 10013, Attention: General Counsel; or, if sent to the Company, will be mailed, delivered or telefaxed to +5281-8888-4399 and confirmed to it at CEMEX, S.A.B. de C.V., Av. Ricardo Margáin, Zozaya #325, Colonia Valle del Campestre, Garza García, Nuevo León, México 66265. Attention: Legal Department.

13. Successors. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the indemnified persons referred to in Section 8 hereof and their respective successors, and, except as expressly set forth in Section 5(l) hereof, no other person will have any right or obligation hereunder.

14. Jurisdiction. Each of the parties hereto agrees that any suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby shall be instituted in any State or U.S. federal court in The City of New York and County of New York or in the courts of its own domicile in respect of actions brought against such party as a defendant, and waives any objection which it may now or hereafter have to the laying of venue of any such proceeding, and irrevocably submits to the jurisdiction of such courts in any suit, action or proceeding and waives the right to any other jurisdiction that it may be entitled to by reason of its present or future domicile or other reason. The Company and each of the Note Guarantors hereby appoints Corporate Creations Network Inc., 1040 Avenue of the Americas #2400, New York, NY 10018, U.S.A.; fax: (561) 694-1639; telephone: (212) 382-4699, as its authorized agent (the "Authorized Agent") upon whom process may be served in any suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated herein that may be instituted in any of such courts. Each of the parties appointing the Authorized Agent as provided herein hereby represents and warrants that the Authorized Agent has accepted such appointment and has agreed to act as said agent for service of process, and the Company agrees to take, and have each of the Note Guarantors take, any and all action, including the execution and filing of any and all documents that may be necessary to continue such appointment in full force and effect as aforesaid. Service of process upon the Authorized Agent shall be deemed, in every respect, effective service of process upon each of the Company and the Note Guarantors.

15. Integration. This Agreement supersedes all prior agreements and understandings (whether written or oral) between the Company and the Initial Purchasers, or any of them, with respect to the subject matter hereof.

16. Applicable Law. This Agreement will be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed within the State of New York.

17. Waiver of Jury Trial. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

18. No Fiduciary Duty. Each of the Company and the Note Guarantors hereby acknowledges that (a) the purchase and sale of the Securities pursuant to this Agreement is an arm's-length commercial transaction between the Company and the Note Guarantors, on the one hand, and the Initial Purchasers and any Affiliates through which they may be acting, on the other, (b) the Initial Purchasers are acting as principal and not as an agent or fiduciary of the Company or the Note Guarantors and (c) each of the Company's and the Note Guarantors' engagement of the Initial Purchasers in connection with the offering and the process leading up to the offering is as independent contractors and not in any other capacity. Furthermore, each of the Company and the Note Guarantors agrees that it is solely responsible for making its own judgments in connection with the offering (irrespective of whether any of the Initial Purchasers has advised or is currently advising the Company or the Note Guarantors on related or other matters). Each of the Company and the Note Guarantors agrees that it will not claim that the Initial Purchasers have rendered advisory services of any nature or respect, or owe an agency, fiduciary or similar duty to the Company or the Note Guarantors, in connection with such transaction or the process leading thereto.

19. Currency. Each reference in this Agreement to U.S. dollars (the "relevant currency"), including by use of the symbol "U.S.\$", is of the essence. To the fullest extent permitted by law, the obligation of the parties in respect of any amount due under this Agreement will, notwithstanding any payment in any other currency (whether pursuant to a judgment or otherwise), be discharged only to the extent of the amount in the relevant currency that the party entitled to receive such payment may, in accordance with its normal procedures, purchase with the sum paid in such other currency (after any premium and costs of exchange) on the Business Day immediately following the day on which such party receives such payment. If the amount in the relevant currency that may be so purchased for any reason falls short of the amount originally due, the obligated party will pay such additional amounts, in the relevant currency, as may be necessary to compensate for the shortfall. Any obligation of the obligated party not discharged by such payment will, to the fullest extent permitted by applicable law, be due as a separate and independent obligation and, until discharged as provided herein, will continue in full force and effect.

20. Waiver of Immunity. To the extent that the Company or any of the Note Guarantors has or hereafter may acquire any immunity (sovereign or otherwise) from any legal action, suit or proceeding, from jurisdiction of any court or from set-off or any legal process (whether service or notice, attachment in aid or otherwise) with respect to itself or any of its property, the Company and each of the Note Guarantors hereby irrevocably waives and agrees not to plead or claim such immunity in respect of its obligations under this Agreement.

21. Waiver of Tax Confidentiality. Notwithstanding anything herein to the contrary, purchasers of the Securities (and each employee, representative or other agent of a purchaser) may disclose to any and all persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of any transaction contemplated herein and all materials of any kind (including opinions or other tax analyses) that are provided to the purchasers of the Securities relating to such U.S. tax treatment and U.S. tax structure, other than any information for which nondisclosure is reasonably necessary in order to comply with applicable securities laws.

22. Taxes. Each payment of fees or other amounts due to the Initial Purchasers under this Agreement shall, except as required by applicable law, be made without withholding or deduction for or on account of any taxes imposed by any jurisdiction. If any taxes are required to be withheld or deducted from any such payment, the Company and the Note Guarantors shall, jointly and severally, pay such additional amounts as may be necessary to ensure that the net amount actually received by the Initial Purchasers after such withholding or deduction is equal to the amount that the Initial Purchasers would have received had no such withholding or deduction been required. At the reasonable request of the Initial Purchasers, the Company shall provide evidence of payment of taxes when due.

23. Counterparts. This Agreement may be signed in one or more counterparts, each of which shall constitute an original and all of which together shall constitute one and the same agreement.

24. Headings. The section headings used herein are for convenience only and shall not affect the construction hereof.

25. Definitions. The terms that follow, when used in this Agreement, shall have the meanings indicated.

“Act” shall mean the U.S. Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder.

“Affiliate” shall have the meaning specified in Rule 501(b) of Regulation D.

“Business Day” shall mean any day other than a Saturday, a Sunday or a legal holiday or a day on which banking institutions or trust companies are authorized or obligated by law to close in The City of New York, Mexico City, Madrid or Amsterdam.

“CEMEX España Euro Notes” shall mean the 4.75% Eurobonds issued by CEMEX Finance Europe B.V. and guaranteed by CEMEX España.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Collateral” shall mean the security created or expressed to be created in favor of the Security Agent pursuant to the Transaction Security Documents that consists of (i) shares of the following entities: CEMEX México; Centro Distribuidor de Cemento, S.A. de C.V.; Mexcement Holdings, S.A. de C.V.; Corporación Gouda, S.A. de C.V.; New Sunward; CEMEX Trademarks Holding Ltd and CEMEX España; and (ii) all proceeds thereof.

“Commission” shall mean the Securities and Exchange Commission.

“Disclosure Package” shall mean (i) the Preliminary Memorandum, as amended or supplemented at the Execution Time, (ii) the Final Term Sheet, and (iii) any Issuer Written Information.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

“Execution Time” shall mean 8:15 a.m. (New York time) on July 7, 2011.

“Financing Agreement” shall mean the Financing Agreement dated August 14, 2009, as amended, between the Company, the Financial Institutions and Noteholders named therein, as participating creditors, Citibank International PLC, as administrative agent and Wilmington Trust (London) Limited, as security agent.

“Intercreditor Agreement” shall mean the Intercreditor Agreement dated August 14, 2009, as amended, between Citibank International PLC, as administrative agent, the participating creditors named therein, the Company and certain of its subsidiaries named therein, as original borrowers, original guarantors and original security providers, Wilmington Trust (London) Limited, as security agent, and others.

“Investment Company Act” shall mean the U.S. Investment Company Act of 1940, as amended, and the rules and regulations of the Commission promulgated thereunder.

“Issuer Written Information” shall mean any writings in addition to the Preliminary Memorandum and the Final Term Sheet that the parties expressly agree in writing to treat as part of the Disclosure Package and which are identified on Schedule V hereto.

“Mexican FRS” shall mean the Mexican financial reporting standards (*Normas de Información Financiera aplicables en Mexico*) as in effect from time to time issued by the Mexican Financial Reporting Standards Board (*Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera, A.C.*).

“Regulation D” shall mean Regulation D under the Act.

“Regulation S” shall mean Regulation S under the Act.

“Security Agent” shall mean Wilmington Trust (London) Limited, as security agent under the Financing Agreement.

“Solvent” shall mean, with respect to any person on any date of determination, that on such date, the value of the property of such person is greater than the total amount of liabilities, including contingent liabilities, of such person.

“Transaction Security Documents” shall mean any document, as amended from time to time, entered by any of the Company or its subsidiaries creating or expressed to create any security over all or any part of its assets in respect of their obligations under the Financing Agreement or any other document derived therefrom, or in connection therewith.

[Signature pages follow]

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this letter and your acceptance shall represent a binding agreement between the Company and the several Initial Purchasers.

Very truly yours,

CEMEX, S.A.B. DE C.V.

By: /s/ Héctor Vela

Name: Héctor Vela

Title: Attorney-in-Fact

**EACH OF THE NOTE GUARANTORS LISTED
BELOW**

CEMEX MÉXICO, S.A. DE C.V.

By: /s/ José González

Name: José González

Title: Attorney-in-Fact

NEW SUNWARD HOLDING B.V.

By: /s/ José González

Name: José González

Title: Attorney-in-Fact

CEMEX ESPAÑA, S.A.

By: /s/ Héctor Vela

Name: Héctor Vela

Title: Attorney-in-Fact

Signature page to
Purchase Agreement

The foregoing Agreement is hereby confirmed and accepted as of the date first above written.

CITIGROUP GLOBAL MARKETS INC.

By: /s/ Michael C. Gilfond

Name: Michael C. Gilfond

Title: Managing Director

Latin American Credit Markets

For itself and the other several Initial Purchasers named in Schedule I to the foregoing Agreement.

Signature page to
Purchase Agreement

SCHEDULE I

<u>Initial Purchasers</u>	<u>Principal Amount of Securities to be Purchased</u>
Citigroup Global Markets Inc.	U.S.\$536,250,000
Banco Bilbao Vizcaya Argentaria, S.A	U.S.\$ 22,750,000
Barclays Capital Inc	U.S.\$ 22,750,000
BNP Paribas Securities Corp.	U.S.\$ 22,750,000
ING Financial Markets LLC	U.S.\$ 22,750,000
Santander Investment Securities Inc.	U.S.\$ 22,750,000
Total	U.S.\$ 650,000,000

SCHEDULE II
Pricing Term Sheet

CEMEX, S.A.B. de C.V.
U.S.\$650,000,000 Reopening of the 9.000% Senior Secured Notes due 2018 (the "Notes")

Issuer	CEMEX, S.A.B. de C.V.
Security description	Reopening of the 9.000% Senior Secured Notes due 2018.
Note Guarantors	CEMEX México, S.A. de C.V., New Sunward Holding B.V. and CEMEX España, S.A.
Security	First-priority security interest over (i) substantially all the shares of CEMEX México, S.A. de C.V., Centro Distribuidor de Cemento, S.A. de C.V., Mexcement Holdings, S.A. de C.V., Corporación Gouda, S.A. de C.V., CEMEX Trademarks Holding Ltd., New Sunward Holding B.V. and CEMEX España, S.A., or together, the Collateral, and (ii) all proceeds of such Collateral. Holders will not be entitled to direct the foreclosure on, or foreclose on, the Collateral. The Notes will cease to be secured in accordance with the provisions of the Intercreditor Agreement.
Further Issue/Fungibility	These notes will be issued as additional notes and will constitute part of the same series as, vote together as a single class with, and be fungible with, the U.S.\$1,000,000,000 9.000% Senior Secured Notes due 2018 originally issued on January 11, 2011.
Format	144A Notes / Regulation S Notes.
Sole Bookrunner	Citigroup Global Markets, Inc.
Co-Managers	Banco Bilbao Vizcaya Argentaria, S.A. Barclays Capital Inc. BNP Paribas Securities Corp. ING Financial Markets LLC Santander Investment Securities Inc.
Identifiers (144 A Notes)	CUSIP: 151290AW3 ISIN: US151290AW36
Identifiers (Reg S Notes)	Temporary CUSIP: P2253T HZ5 Temporary ISIN: USP2253THZ59 CUSIP: P2253THR3 ISIN: USP2253THR34
Issue amount	U.S.\$650,000,000
Settlement date	July 11, 2011.
Final maturity	January 11, 2018.

Interest payment	January 11 and July 11, beginning on January 11, 2012.						
Day count convention	360-day year consisting of twelve 30-day months.						
Coupon	9.000%						
Issue price	97.616% of principal amount, plus accrued interest, if any, from July 11, 2011.						
Issue yield to maturity	9.500%						
Optional Redemption	<ul style="list-style-type: none"> • Make-whole call prior to January 11, 2015, at greater of (1) 100% of principal amount of the Notes, and (2) the sum of the present value of each remaining scheduled payment of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30- day months) at the Treasury Rate plus 50 basis points, plus, in each case, any accrued and unpaid interest to the date of redemption. • On or after January 11, 2015, in whole at any time or in part from time to time, at the redemption prices listed below, expressed as percentages of the principal amount thereof, if redeemed during the twelve-month period commencing on January 11 of any year set forth below, plus any accrued and unpaid interest to the date of redemption. <table border="0" style="margin-left: 40px;"> <tr> <td style="padding-right: 20px;">2015</td> <td style="text-align: right;">104.50%</td> </tr> <tr> <td>2016</td> <td style="text-align: right;">102.25%</td> </tr> <tr> <td>2017 and thereafter</td> <td style="text-align: right;">100.00%</td> </tr> </table> <ul style="list-style-type: none"> • On or prior to January 11, 2014, redemption of up to 35% of the aggregate principal amount of the Notes at 109.000% of principal amount of the Notes plus any accrued and unpaid interest to the date of redemption, with proceeds from equity offerings. • In the event of certain changes in the withholding tax treatment relating to payments on the Notes, at 100% of their principal amount, plus any accrued and unpaid interest to the date of redemption. 	2015	104.50%	2016	102.25%	2017 and thereafter	100.00%
2015	104.50%						
2016	102.25%						
2017 and thereafter	100.00%						

The Issuer shall not have the right to exercise any optional redemption at any time when the Issuer is prohibited from exercising such an option under the Financing Agreement.

Use of Proceeds

The estimated net proceeds from the offering of the Notes, after deducting the Initial Purchasers' fees and commissions and the estimated expenses, will be approximately U.S.\$627 million. The Issuer intends to use the proceeds from the offering for general corporate purposes, which may include the repayment

of indebtedness, including indebtedness under the Financing Agreement, all in accordance with the Financing Agreement. The Issuer's total secured indebtedness will increase by approximately U.S.\$650 million as a result of cash proceeds from the offering being retained for general corporate purposes, without giving effect to any pending repayment of secured indebtedness.

Denominations	The Notes will initially be issued only in denominations of U.S.\$150,000 and integral multiples of U.S.\$1,000 in excess thereof.
Governing law	New York
Intended Listing	Global Exchange Market of the Irish Stock Exchange
Clearing	The Depository Trust Company, Euroclear and Clearstream

Financial Information

As of March 31, 2011, after giving *pro forma effect* to (i) the issuance of the Floating Rate Senior Secured Notes due 2015 issued by CEMEX, or the April 2011 Notes, and the application of net proceeds therefrom and (ii) the issuance of the Notes in this offering, but without giving effect to the application of proceeds from this offering, we had total obligations of Ps181.1 billion (U.S.\$15.2 billion) outstanding secured by a first-priority security interest over the Collateral, consisting of obligations of approximately Ps90.2 billion (U.S.\$ 7.6 billion) outstanding under the Financing Agreement, approximately Ps14.0 billion (U.S.\$ 1.2 billion) outstanding under our perpetual debentures, approximately Ps72.0 billion (U.S.\$ 6.0 billion) outstanding under the existing senior notes and the Notes, and approximately Ps4.9 billion (U.S.\$0.4 billion) outstanding under our long-term CBs.

Capitalization

The following table sets forth our consolidated indebtedness and capitalization as of March 31, 2011 (1) on an actual basis; (2) as adjusted to give effect to the issuance of the April 2011 Notes and the application of net proceeds therefrom; and (3) as further adjusted to give effect to the issuance and sale in this offering of U.S.\$650,000,000 aggregate principal amount of the Notes, without giving effect to the application of the estimated net proceeds as described under "Use of Proceeds."

The financial information set forth below is based on information derived from our unaudited financial statements, which have been prepared in accordance with MFRS, which differ in significant respects from U.S. GAAP. For further information about our financial presentation, see "Selected Consolidated Financial Information" in the January 2011 Offering Memorandum.

	As of March 31, 2011		
	Actual	As adjusted(1) (in millions of Pesos)	As further adjusted
Short-term debt(2)			
Secured			
Banobras(3)	Ps 36	Ps 36	Ps 36
Other secured(4)	308	308	308
Unsecured			
Other unsecured	475	475	475
Total short-term debt	819	819	819
Long-term debt			
Secured by the Collateral			
Financing Agreement	99,556	90,171	90,171
CBs(5)	4,635	4,635	4,635
Existing Senior Secured Notes(6)	54,690	64,115	64,115
The Notes(7)	—	—	7,551
Other secured			
Banobras	169	169	169
Bancomext	1,903	1,903	1,903
Unsecured			
CEMEX España Euro Notes(8)	15,168	15,168	15,168
Other unsecured	2,712	2,712	2,712
2010 Optional Convertible	7,510	7,510	7,510
Subordinated Notes(9)			
2011 Optional Convertible	15,836	15,836	15,836
Subordinated Notes(10)			
Total long-term debt	202,179	202,219	209,770
Total debt	202,998	203,038	210,589
Liability component of Mandatory Convertible Notes(11)	1,967	1,967	1,967
Stockholders' equity			
Non-controlling interest			
Perpetual debentures(12)	13,953	13,953	13,953
Other	3,169	3,169	3,169
Controlling interest(9)(10)(11)	189,831	189,831	189,831
Total stockholders' equity	206,953	206,953	206,953
Total capitalization(13)	Ps 411,918	Ps 411,958	Ps 419,509

- (1) Reflects the issuance of U.S.\$800 million aggregate principal amount of the April 2011 Notes and the application of net proceeds therefrom.
- (2) Includes current portion of long-term debt.
- (3) Represent obligations with Mexican development banks, which are secured by fixed assets.
- (4) Represent long-term CBs with maturities during 2011, for which U.S.\$26 million of cash has been reserved.
- (5) Represent CBs maturing in 2012 and thereafter.

-
- (6) Includes (i) U.S.\$1,250,000,000 aggregate principal amount of 9.50% Senior Secured Notes due 2016 and €350,000,000 aggregate principal amount of 9.625% Senior Secured Notes due 2017 issued by CEMEX Finance LLC on December 14, 2009 and U.S.\$500,000,000 additional aggregate principal amount of 9.50% Senior Secured Notes due 2016 issued by CEMEX Finance LLC on January 19, 2010, or together, the December 2009 Notes, (ii) U.S.\$1,067,665,000 aggregate principal amount of 9.25% Senior Secured Notes due 2020 and €115,346,000 aggregate principal amount of 8.875% Senior Secured Notes due 2017 issued by CEMEX España, acting through its Luxembourg branch, on May 12, 2010, or together, the May 2010 Notes, (iii) U.S.\$1,000,000,000 aggregate principal amount of 9.000% Senior Secured Notes due 2018 issued by CEMEX on January 11, 2011, or the January 2011 Notes, and (iv) U.S.\$125,331,000 additional aggregate principal amount of 9.25% Senior Secured Notes due 2020 issued by CEMEX España, acting through its Luxembourg branch, on March 4, 2011, or the Additional 2020 Notes.
- (7) Reflects the liability represented by the U.S.\$650 million aggregate principal amount of the Notes, after deducting the U.S.\$15 million of original issue discount, which will be expensed over the life of the Notes in accordance with MFRS.
- (8) Represents the €900,000,000 4.75% Eurobonds issued by CEMEX Finance Europe B.V., a special purpose vehicle and wholly-owned subsidiary of CEMEX España, and solely guaranteed by CEMEX España, or the CEMEX España Euro Notes.
- (9) Under MFRS C-12, the 2010 Optional Convertible Subordinated Notes represent a compound instrument, which has a liability component and an equity component. The liability component amounted to U.S.\$631 million as of March 31, 2011 and U.S.\$614 million at issuance. The equity component, which represents a premium over the option of the noteholders to convert into equity, was recognized net of commissions, within “Other equity reserves” and amounted to U.S.\$93 million at issuance (see note 12A and 16B to our audited consolidated financial statements included in our 2010 Annual Report, which is incorporated by reference in this offering memorandum). If the conversion option is exercised, this amount will be reclassified as additional paid-in capital. In our U.S. GAAP reconciliation of our 2010 financial statements, we recognized a new reconciliation item with respect to the 2010 Optional Convertible Subordinated Notes in which we recorded, under U.S. GAAP, the entire principal amount as debt until conversion.
- (10) Under MFRS C-12, the 2011 Optional Convertible Subordinated Notes represent a compound instrument, which has a liability component and an equity component. The liability component amounted to U.S.\$1,331 million as of March 31, 2011, and at issuance. The equity component, which represents a premium over the option of the noteholders to convert into equity, was recognized net of commissions, within “Other equity reserves” and amounted to U.S.\$331 million at issuance (see note 12A to our unaudited condensed consolidated financial statements for the three months ended March 31, 2010 and 2011 incorporated by reference in this offering memorandum). If the conversion option is exercised, this amount will be reclassified as additional paid-in capital. Although we have not completed our U.S. GAAP reconciliation of our 2011 financial statements, we currently anticipate that there will be a new reconciliation item in our U.S. GAAP reconciliation of our 2011 financial statements in respect of the 2011 Optional Convertible Subordinated Notes, the entire principal amount of which we expect will be recorded as debt until conversion under U.S. GAAP. We cannot assure you that we will not identify additional reconciliation items or that this reconciliation item will be reflected therein in accordance with our current expectations.
- (11) Under MFRS, the Mandatory Convertible Securities issued in Mexico on December 10, 2009 in exchange for CBs represent a combined instrument with liability and equity components. The liability component, approximately Ps1,967 million (U.S.\$165 million) as of March 31, 2011, corresponds to the net present value of interest payments due under the Mandatory Convertible Securities, assuming no early conversion, and was recognized under “Other Financial Obligations” in our balance sheet. The equity component represents the difference between principal amount and the liability component, and was recognized within “Other equity reserves” net of commissions in our balance sheet. See notes 12A and 16B to our audited consolidated financial statements included in our 2010 Annual Report, which is incorporated by reference in this offering memorandum.
- (12) Issued by special purpose vehicles. In accordance with MFRS, these securities are accounted for as equity due to the fact that they do not have a specified maturity date and our option to defer payment of interest. However, for purposes of our U.S. GAAP reconciliation, we record these debentures as debt and interest payments thereon as part of financial expenses in our consolidated income statement.
- (13) As used in this table, total capitalization equals short- and long-term debt plus the Mandatory Convertible Notes plus the Notes and plus total stockholders’ equity.

* * *

This communication is intended for the sole use of the person to whom it is provided by the sender.

This notice shall not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the notes in any state or jurisdiction in which such offer, solicitation or sale would be unlawful. The notes will be offered to qualified institutional buyers in reliance on Rule 144A under the Securities Act of 1933, as amended, and to non-U.S. persons in offshore transactions outside the United States in accordance with Regulation S thereunder. The notes have not been registered under the Securities Act or any state securities laws, and may not be offered or sold in the United States or to U.S. persons absent registration or an applicable exemption from the registration requirements.

The information in this term sheet supplements the Company's preliminary supplement to offering memorandum, dated July 6, 2011 (the "Preliminary Memorandum"), and supersedes the information in

the Preliminary Memorandum to the extent inconsistent with the information in the Preliminary Memorandum. This term sheet is qualified in its entirety by reference to the Preliminary Memorandum. Terms used herein but not defined herein shall have the respective meanings as set forth in the Preliminary Memorandum.

ANY DISCLAIMERS OR OTHER NOTICES THAT MAY APPEAR BELOW ARE NOT APPLICABLE TO THIS COMMUNICATION AND SHOULD BE DISREGARDED. SUCH DISCLAIMERS OR OTHER NOTICES WERE AUTOMATICALLY GENERATED AS A RESULT OF THIS COMMUNICATION BEING SENT VIA BLOOMBERG OR ANOTHER EMAIL SYSTEM.

SCHEDULE III

Officer's Certificate

[], 2011

I, [], solely in my capacity as [] of [], a [] organized under the laws of [] (the "Company"), and not in an individual capacity, hereby certify as follows on behalf of the Company pursuant to Section 6(h) of the Purchase Agreement, dated as of [], 2011, executed in connection with the offering by [the Company][CEMEX, S.A.B. de C.V.] of U.S.\$[] aggregate principal amount of its []% Senior Secured Notes due 20[] (the "Purchase Agreement"). Capitalized terms used but not defined herein have the meaning assigned to them in the Purchase Agreement:

1. I have carefully examined the Disclosure Package, the Final Memorandum and any supplements or amendments thereto, and the Purchase Agreement;
2. To the best of my knowledge, the representations and warranties of the Company in the Purchase Agreement are true and correct on and as of the Closing Date with the same effect as if made on the Closing Date, and the Company has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date; and
3. *[To be included only in CEMEX, S.A.B. de C.V.'s officer's certificate:* To the best of my knowledge, since the date of the most recent financial statements included or incorporated by reference in the Disclosure Package and the Final Memorandum (exclusive of any amendment or supplement thereto), there has been no material adverse change in the condition (financial or otherwise), prospects, earnings, business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the Disclosure Package and the Final Memorandum (exclusive of any amendment or supplement thereto).]

SCHEDULE IV

Form of Comfort Letter by KPMG Cárdenas Dosal, S.C.

SCHEDULE V

1. Issuer Written Information (included in the Disclosure Package)
None.
2. Other Information Included in the Disclosure Package
 - (a) The following information is also included in the General Disclosure Package:
None.

DEALER MANAGER AGREEMENT

February 27, 2012

J.P. Morgan Securities LLC
383 Madison Avenue
New York, New York 10179

J.P. Morgan Securities Ltd.
125 London Wall
London EC2Y 5AJ

Merrill Lynch, Pierce, Fenner & Smith
Incorporated

1 Bryant Park
New York, New York 10036

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ

Ladies and Gentlemen:

This dealer manager agreement (this "Agreement") will confirm the understanding among CEMEX, S.A.B. de C.V., a public stock corporation with variable capital (*sociedad anónima bursátil de capital variable*) organized under the laws of Mexico ("CEMEX"), CEMEX México, S.A. de C.V., a corporation with variable capital (*sociedad anónima de capital variable*) organized under the laws of Mexico ("CEMEX México"), New Sunward Holding B.V., a private company with limited liability formed under the laws of the Netherlands ("New Sunward Holding"), CEMEX España, S.A., Luxembourg Branch, a Luxembourg branch of CEMEX España, S.A., a corporation (*sociedad anónima*) organized under the laws of Spain ("CEMEX España"), created by virtue of the resolution of the Board of Directors of CEMEX España dated March 12, 2010 and formalized in a public deed granted before the Notary Public of Madrid Mr. Rafael Monjo Carrió on March 16, 2010 numbered 502 of his official files ("CEMEX España, Luxembourg Branch"), CEMEX Finance Europe B.V., a private company with limited liability formed under the laws of the Netherlands ("CEMEX Finance"), New Sunward Holding Financial Ventures, B.V., a private company with limited liability formed under the laws of the Netherlands ("New Sunward" and, together with CEMEX, CEMEX Mexico, New Sunward Holding, CEMEX España, CEMEX España, Luxembourg Branch and CEMEX Finance, the "CEMEX Parties"), C5 Capital (SPV) Limited, a restricted purpose company incorporated with limited liability and domiciled in the British Virgin Islands ("C5 Capital"), C8 Capital (SPV) Limited, a restricted purpose company incorporated with limited liability and domiciled in the British Virgin Islands ("C8 Capital"), C10 Capital (SPV) Limited, a restricted purpose company

incorporated with limited liability and domiciled in the British Virgin Islands (“C10 Capital”) and C10-EUR Capital (SPV) Limited, a restricted purpose company incorporated with limited liability and domiciled in the British Virgin Islands (“C10-EUR Capital”) and, together with C5 Capital, C8 Capital and C10 Capital, the “Capital SPVs”), J.P. Morgan Securities LLC (“JPMS”) and Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”) (with respect to the Offers (as defined below) insofar as they are made in the United States), and J.P. Morgan Securities Ltd. (“JPMSL”) and Merrill Lynch International (“MLI”) (with respect to the Offers insofar as they are made in the European Union), pursuant to which the CEMEX Parties have retained JPMS, JPMSL, MLPF&S and MLI to act as dealer managers (in such capacity, each a “Dealer Manager” and together, the “Dealer Managers”), on the terms and subject to the conditions set forth herein, in connection with the proposed (A) offers to exchange new 9.875% U.S. Dollar-denominated Senior Secured Notes due 2019 (the “New Dollar Senior Secured Notes”) issued by CEMEX España, Luxembourg Branch, for any and all of the outstanding (i) U.S. Dollar-denominated 6.196% Fixed-to-Floating Rate Callable Perpetual Debentures (the “6.196% Debentures”) issued by C5 Capital (the “USD 6.196% Exchange Offer”), (ii) U.S. Dollar-denominated 6.640% Fixed-to-Floating Rate Callable Perpetual Debentures (the “6.640% Debentures”) issued by C8 Capital (the “USD 6.640% Exchange Offer”) and (iii) U.S. Dollar-denominated 6.722% Fixed-to-Floating Rate Callable Perpetual Debentures (the “6.722% Debentures,” and together with 6.196% Debentures and the 6.640% Debentures, the “Existing Dollar Debentures”) issued by C10 Capital (the “USD 6.722% Exchange Offer”), (B) offer to exchange New Dollar Senior Secured Notes, or at the option of the Holder (as defined below), new 9.875% Euro-denominated Senior Secured Notes due 2019 (the “New Euro Senior Secured Notes”, and together with the New Dollar Senior Secured Notes, the “New Senior Secured Notes”), issued by CEMEX España, Luxembourg Branch, for any and all of the outstanding Euro-Denominated 6.277% Fixed-to-Floating Rate Callable Perpetual Debentures (the “Existing Euro Debentures,” and together with the Existing Dollar Debentures, the “Debentures”) issued by C10-EUR Capital (the “6.277% Exchange Offer,” and together with the USD 6.196% Exchange Offer, USD 6.640% Exchange Offer and USD 6.722% Exchange Offer, the “Perpetual Exchange Offers”) and (C) New Dollar Senior Secured Notes, or at the option of the Holder, New Euro Senior Secured Notes, for any and all of the outstanding Euro-Denominated 4.75% Notes due 2014 (the “Eurobonds”) issued by CEMEX Finance and guaranteed by CEMEX España (the “Eurobond Exchange Offer,” and together with the Perpetual Exchange Offers, the “Offers”), to be issued pursuant to the terms of an indenture (the “Indenture”), to be dated the Exchange Date (as defined below) and entered into among CEMEX España, Luxembourg Branch, the Guarantors (as defined below) and The Bank of New York Mellon, as trustee (the “Trustee”).

The New Senior Secured Notes will be secured in accordance with the terms of the Intercreditor Agreement (as defined below) and each applicable security document thereunder, by a first priority security interest in the Collateral. As set forth in the Intercreditor Agreement and the related security documents, the “Collateral” consists of (i) substantially all shares of the following entities: CEMEX México; Centro Distribuidor de Cemento, S.A. de C.V.; Mexcement Holdings, S.A. de C.V.; Corporación Gouda, S.A. de C.V.; New Sunward Holding; CEMEX Trademarks Holding Ltd; and CEMEX España, and (ii) all proceeds of such Collateral.

The New Senior Secured Notes will be guaranteed (the “Guarantees”) on the Exchange Date by CEMEX, CEMEX Mexico and New Sunward Holding (together, the “Guarantors”).

On the Exchange Date, (A) (i) each of the Capital SPVs shall (1) deliver or cause to be delivered all validly tendered and accepted Debentures in the Perpetual Exchange Offers to The Bank of New York Mellon, as trustee (the “Debenture Trustee”) under the indentures governing the Debentures (the “Debenture Indentures”), for cancellation and (2) deliver or cause to be delivered to New Sunward the aggregate principal amount of each of the 6.196% Callable Perpetual Dual-Currency Notes, 6.640% Callable Perpetual Dual-Currency Notes, 6.722% Callable Perpetual Dual-Currency Notes, and 6.277% Callable Perpetual Dual-Currency Notes equal to the aggregate principal amount of the corresponding Debentures validly tendered and accepted in the Offers and delivered to the Debenture Trustee for cancellation (collectively, the “Existing DCNs”) and (ii) simultaneously with the actions described in clause (i), New Sunward, following instructions, shall deliver or cause to be delivered all such Existing DCNs to The Bank of New York Mellon, as trustee (the “DCN Trustee”) under each indenture governing the DCNs (the “DCN Indentures”), for cancellation; and (B) CEMEX Finance shall deliver or cause to be delivered all validly tendered and accepted Eurobonds in the Eurobond Exchange Offer to Citibank, N.A., as paying agent, under the trust deed governing the Eurobonds, dated March 5, 2007, between CEMEX Finance, CEMEX España and The Law Debenture Trust Corporation p.l.c., as trustee (the “Trust Deed”), for cancellation.

The Offers described above with respect to: (i) the Perpetual Exchange Offers will be made on the terms and subject to the conditions set forth in the offering memorandum relating to the Perpetual Exchange Offers (including the annexes attached thereto and the documents incorporated by reference therein, the “Perpetual Exchange Offering Memorandum”) relating to the Perpetual Exchange Offers and the Letter of Transmittal (the “Perpetual Exchange Letter of Transmittal”), where applicable, which together constitute the “Perpetual Exchange Offering Documents,” and (ii) the Eurobond Exchange Offer will be made on the terms and subject to the conditions set forth in the offering memorandum relating to the Eurobonds Exchange Offer (including the annexes attached thereto and the documents incorporated by reference therein, the “Eurobond Exchange Offering Memorandum” and, together with the Perpetual Exchange Offering Memorandum, the “Offering Memoranda”) relating to the 2014 Euro Notes Exchange Offer, which constitutes the “Eurobond Exchange Offering Documents” and, together with the Perpetual Exchange Offering Documents, the “Offering Documents.” The CEMEX Parties have caused a complete and correct copy of the Offering Documents to be prepared and furnished to you on or prior to the date of the commencement of the Offers (the “Commencement Date”) for use in connection with the Offers. The date on which the New Senior Secured Notes are issued shall be referred to herein as the “Exchange Date.” All references to “Holders” refer to holders of the Debentures or Eurobonds, as applicable, who represent that they meet the eligibility criteria set forth in the Offering Documents and are otherwise eligible to participate in the Offers.

This Agreement, the New Senior Secured Notes (and the Guarantees thereof), the Indenture (including any supplemental indentures thereto under which the New Senior Secured Notes are issued), the Security Documents (as defined below) and the Exchange and Information Agent Agreements shall be referred to collectively as the “Transaction Documents.”

1. Engagement.

(a) (i) The CEMEX Parties hereby retain JPMS and MLPF&S, and subject to the terms and conditions hereof, JPMS and MLPF&S agree to act, as dealer managers and

bookrunners for the CEMEX Parties in connection with the Offers insofar as they are made in the United States, and, on the basis of the representations, warranties and agreements contained herein, JPMS and MLPF&S hereby accept such engagement upon the terms and subject to the conditions set forth in this Agreement; and (ii) the CEMEX Parties hereby retain JPMSL and MLI, and subject to the terms and conditions hereof, JPMSL and MLI agree to act as dealer managers and bookrunners for the CEMEX Parties in connection with the Offers insofar as they are made in the European Union, and, on the basis of the representations, warranties and agreements contained herein, JPMSL and MLI hereby accept such engagement upon the terms and subject to the conditions set forth in this Agreement.

(b) As Dealer Managers, you agree, in accordance with your firm's customary practice, to perform those services in connection with the Offers as are customarily performed by investment banks in connection with exchange offers of like nature, including, without limitation, using reasonable best efforts to solicit tenders of Debentures and Eurobonds in exchange for New Senior Secured Notes pursuant to the Offers and communicating generally regarding the Offers with brokers, dealers, commercial banks, trust companies and nominees and other Holders of the Debentures and Eurobonds in or outside the United States.

(c) The CEMEX Parties authorize you to communicate with Global Bondholders Services Corporation and Lucid Issuer Services Limited, each of whom has been engaged to serve as exchange agents (together, the "Exchange Agents"), and information agents (together, the "Information Agents"), with respect to matters relating to the Offers, as applicable. The CEMEX Parties have instructed or will instruct the Exchange Agents to advise you at least daily as to such matters relating to the Offers as any of you may request, and to furnish the CEMEX Parties and each of you with any written reports concerning any such information as either of the CEMEX Parties or any of you may reasonably request. In addition, the CEMEX Parties hereby authorize each of the Dealer Managers to communicate with the Information Agents with respect to matters relating to the Offers. The CEMEX Parties shall request that the applicable Book-entry Transfer Facilities (as defined below) provide any of the Dealer Managers with copies of the records or other lists showing the names and addresses of, and principal amounts of Debentures and Eurobonds held by, the Holders of such Debentures and Eurobonds as of a recent date and shall, from and after such date, request such Book-entry Transfer Facility to advise each of the Dealer Managers from day to day during the pendency of the Offers of all transfers of such Debentures and Eurobonds, such notification consisting of the names and addresses of the transferor and transferee of any Debentures and Eurobonds and the date of such transfer. On or prior to the Commencement Date, the CEMEX Parties will have made appropriate arrangements, to the extent applicable, with the applicable Book-entry Transfer Facilities and the Exchange Agents to allow for the book-entry movement of the tendered Debentures and Eurobonds between the Exchange Agents and the applicable Book-entry Transfer Facilities (and its participants) during the Offers. The Dealer Managers agree to use such information only in connection with the Offers and not to furnish such information to any persons except in connection with the Offers.

(d) The Offering Documents have been or will be prepared and approved by, and are the sole responsibility of, the CEMEX Parties. The CEMEX Parties will furnish you, at their expense, with as many copies as you may reasonably request of the Offering Documents and you are authorized to use copies of the Offering Documents in connection with the

performance of your duties hereunder. The CEMEX Parties agree that, a reasonable time prior to using or filing with the U.S. Securities and Exchange Commission (the "Commission"), or any other non-U.S. governmental or regulatory agency, authority or instrumentality or court or arbitrator, or any other U.S. federal, state or local governmental or regulatory agency, authority or instrumentality or court or arbitrator, including, but not limited to, the Irish Stock Exchange (the "ISA") (collectively, "Other Agency"), or sending to any Holder of Debentures or Eurobonds, any Offering Documents or any amendments or supplements thereto, they will submit copies of such materials to you and will give reasonable consideration to your and your counsel's comments, if any, thereon, and will not use, permit the use of or file such materials with the Commission or any Other Agency to which you reasonably object. In the event that any of the CEMEX Parties uses or permits the use of, or files with the Commission or any Other Agency, any Offering Documents or material amendments or supplements thereto (i) which have not been submitted to you for your comments, or (ii) which have been so submitted and with respect to which you reasonably object prior to any such use or filing by any of the CEMEX Parties, then each of you shall be entitled to withdraw as Dealer Manager in connection with the Offers without any liability or penalty to any of you or any other Indemnified Person (as defined in Annex A hereof) and without loss of any right to the payment of all reasonable and documented fees and expenses payable hereunder which have accrued or been incurred to the date of such withdrawal, it being understood that the fees agreed to by the parties pursuant to Section 2 hereof are only payable upon successful consummation of the Offers.

(e) The CEMEX Parties will cause (i) copies of the Perpetual Exchange Offering Documents to be mailed or otherwise delivered or made available to each Holder of the Debentures as soon as reasonably practicable after the date of the Perpetual Exchange Offering Memorandum, and thereafter, to the extent reasonably practicable and until the expiration of the Perpetual Exchange Offers (the "Perpetual Exchange Expiration Date"), to each person who becomes a Holder of the Debentures, and (ii) copies of the Eurobond Exchange Offering Documents to be mailed or otherwise delivered or made available to each Holder of Eurobonds as soon as reasonably practicable after the date of the Eurobond Exchange Offering Memorandum, and thereafter, to the extent reasonably practicable and until the expiration of the Eurobond Exchange Offer (the "Eurobond Exchange Expiration Date" and, together with the Perpetual Exchange Expiration Date, the "Expiration Date"), to each person who becomes a Holder of the Eurobonds. The CEMEX Parties shall ensure that the distribution and delivery of each of the Eurobond Exchange Offering Documents and the Perpetual Exchange Offering Documents shall comply with (i) any applicable provision of the Financial Services and Markets Act 2000 (the "FSMA") including, but not limited to, Section 21 of the FSMA (in conjunction with any applicable exemptions thereto), and (ii) legislation of any country restricting or otherwise legislating for the delivery of such documentation to potential recipients.

(f) Except as otherwise required by the Commission, Other Agency, by law, rule or regulation, the CEMEX Parties will not make, prepare, use, authorize, approve, refer to or publish, in each case, any material in connection with the Offers, other than the Offering Documents and any Additional Material (as defined below), or refer to any Dealer Manager in any such material, without the prior written approval of such Dealer Manager (which shall not be unreasonably withheld). Each Dealer Manager agrees that it will not use, authorize, approve, refer to or publish, in each case, any material in connection with the Offers, other than the statements that are set forth in, or derived from and consistent with, the Offering Documents and

any Additional Material without the prior written consent of the CEMEX Parties (which shall not be unreasonably withheld). The CEMEX Parties authorize each of the Dealer Managers, in accordance with their customary practices and consistent with industry practice, to communicate generally regarding the Offers with the Holders and their authorized agents in connection with the Offers and in accordance with this Agreement (including Section 5 hereof). The CEMEX Parties authorize each of the Dealer Managers to use the Offering Documents and any Additional Material in connection with the Offers and for such period of time as any such materials are required by law to be delivered in connection therewith and in accordance with this Agreement (including Section 5 hereof). The Dealer Managers shall not have any obligation to cause any Offering Documents or any Additional Material to be transmitted generally to the Holders of Debentures or Eurobonds.

(g) The CEMEX Parties will advise you promptly, after they receive notice, or otherwise become aware, of (i) the occurrence of any event that could reasonably be expected to cause the CEMEX Parties to withdraw, rescind or terminate any of the Offers or would permit the CEMEX Parties to exercise any right not to exchange Debentures or Eurobonds tendered pursuant to any of the Offers for New Senior Secured Notes, (ii) the occurrence of any event, or the discovery of any fact, the occurrence or existence of which would require the making of any change in any of the Offering Documents then being used or would cause any representation or warranty contained in this Agreement to be untrue or inaccurate in any material respect or as a result of which the Offering Documents as then supplemented would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein in the light of the circumstances under which they were made not misleading, (iii) any proposal by any of the CEMEX Parties or any of the Capital SPVs or requirement to make, amend or supplement any Offering Document or any filing in connection with the Offers pursuant to the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or the rules and regulations promulgated by the Commission thereunder (the “Regulations”) or any other applicable law, rule or regulation, (iv) the issuance by the Commission or any Other Agency of any comment or order or the taking of any other action concerning any of the Offers or any document incorporated by reference in the Offering Documents (and, if in writing, the CEMEX Parties will furnish you with a copy thereof), (v) any material developments concerning any of the CEMEX Parties or any of the Capital SPVs or any of the Offers, including, without limitation, the commencement of any material lawsuit concerning the CEMEX Parties or any of the Offers and (vi) any change in the rating accorded to CEMEX, S.A.B. de C.V., the New Senior Secured Notes or any other debt issued or guaranteed by any of the CEMEX Parties by any “nationally recognized statistical rating organization” as such term is defined by the Commission for purposes of Section 3(a)(62) under the Exchange Act. The CEMEX Parties agree to provide you with any other information relating to any of the Offers, the Offering Documents or this Agreement that you may from time to time reasonably request in writing. In addition, if prior to the Expiration Date any event occurs as a result of which any Offering Documents or any clearing systems notices, other notices or press releases in connection with the Offers will include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances, not misleading, the CEMEX Parties shall, promptly upon becoming aware of any such event, advise the Dealer Managers of such event and, as promptly as reasonably practicable under the circumstances but in any event prior to the Exchange Date, prepare and furnish copies of such amendments or supplements of any such Offering Document to the Dealer Managers and

Holders, so that the statements in such Offering Document (as so amended or supplemented and including any documents incorporated by reference therein (together the “Additional Material”)), will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein at the time such Additional Material is delivered or is to be delivered to a Holder, not misleading, and the Dealer Managers agree not to use the Offering Documents, in such case, until the Offering Documents are so supplemented or amended.

(h) The CEMEX Parties acknowledge and agree that you shall have no liability (in tort, contract or otherwise) to any of the CEMEX Parties, their affiliates or any other person for any losses, claims, damages, liabilities and expenses (each a “Loss” and, collectively, the “Losses”) arising from any act or omission on the part of any broker or dealer in securities (a “Dealer”), bank or trust company, or any other person in connection with the Offers, and neither of the Dealer Managers nor any of their affiliates shall be liable for any Losses arising from their own acts or omissions in performing their obligations as Dealer Managers or as a Dealer in connection with the Offers, except for any such Losses that are finally judicially determined to have resulted primarily from any of the Dealer Managers’ or any of their affiliates’ bad faith, gross negligence or willful misconduct. In soliciting or obtaining tenders of Debentures and Eurobonds for New Senior Secured Notes, no Dealer, bank or trust company is to be deemed to be acting as your agent or the agent of any of the CEMEX Parties or Capital SPVs or any of their affiliates, and you shall not be deemed the agent of any Dealer, bank or trust company or an agent of, or a fiduciary or a financial advisor to any of the CEMEX Parties or Capital SPVs or any of their affiliates, equity holders, creditors or any other person. In soliciting or obtaining tenders of Debentures and Eurobonds for New Senior Secured Notes, you shall not be, nor shall you be deemed for any purpose, to act as a partner or joint venturer of, or a member of a syndicate or group with any of the CEMEX Parties or Capital SPVs or any of their affiliates in connection with the Offers, any exchange of Debentures and Eurobonds for New Senior Secured Notes or otherwise, and none of the CEMEX Parties, the Capital SPVs, nor any of their affiliates shall be deemed to act as your agents. The CEMEX Parties shall have sole authority for the acceptance or rejection of any and all tenders of Debentures and Eurobonds.

(i) The CEMEX Parties and the Capital SPVs acknowledge and agree that (i) you have been retained solely to provide the services set forth herein, and in rendering such services you shall act as an independent contractor and any duties arising out of your engagement hereunder shall be owed solely to CEMEX Parties; (ii) you may perform the services contemplated hereby through or in conjunction with your affiliates, and any of your affiliates performing services hereunder shall be entitled to the benefits and be subject to the terms and conditions of this Agreement; (iii) you are a securities firm engaged in securities trading and brokerage activities and providing investment banking and financial advisory services, and in the ordinary course of business, you and your affiliates may at any time hold long or short positions, and may trade or otherwise effect transactions, for your own account or the accounts of customers, in debt or equity securities of the CEMEX Parties, the Capital SPVs, their respective affiliates or other entities that may be involved in the transactions contemplated hereby; (iv) any of you or your respective affiliates may deal in investments as principal or agent for more than one party or may make recommendations to buy or sell a designated investment in which any of you or any of your respective affiliates may have a long or short position or in which one of you or your respective affiliate’s customers has given instructions to buy or sell; (v) any of you may in your sole discretion continue to own or dispose of, in any manner you may

elect, any Debentures or Eurobonds you may beneficially own at the date of this Agreement or hereafter acquire, in any such case subject to applicable law, and in particular, none of you has any obligation to the CEMEX Parties or the Capital SPVs, pursuant to this Agreement or otherwise, to exchange or refrain from exchanging Debentures or Eurobonds beneficially owned by you pursuant to the Offers or to otherwise take, or refrain from taking, any action in respect of the Offers; and (vi) you are not an advisor as to legal, tax, accounting or regulatory matters in any jurisdiction, and the CEMEX Parties and the Capital SPVs must consult with their own advisors concerning such matters and will be responsible for making their own independent investigation and appraisal of the transactions contemplated hereby, and you shall have no responsibility or liability to the CEMEX Parties or the Capital SPVs or their respective security holders with respect thereto.

(j) To the extent the CEMEX Parties elect to consummate one or more of the Offers, the CEMEX Parties agree to exchange the New Senior Secured Notes for the applicable Debentures or Eurobonds, as the case may be, of the Holders entitled thereto and who have validly tendered and not validly withdrawn their Debentures or Eurobonds in such Offers in accordance with the terms (as may be amended) set forth in the Offering Documents. Each CEMEX Party agrees not to exchange any Debentures or Eurobonds during the term of the Offers except pursuant to and in accordance with the Offers or as otherwise agreed in writing by the parties hereto and permitted under applicable laws and regulations.

(k) Other than as proposed by the CEMEX Parties and consented to by the Dealer Managers, which consent will not be unreasonably withheld, no broker, investment banker, financial advisor or other person, other than the Dealer Managers, are entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the Offers based upon arrangements made by or on behalf of the CEMEX Parties, the Capital SPVs or any of their subsidiaries.

2. Compensation and Expenses.

(a) The CEMEX Parties jointly and severally agree to pay the Dealer Managers, as compensation for their services as Dealer Managers in connection with the Offers, the fees calculated and payable as agreed between the CEMEX Parties and you, and to pay directly or reimburse you, as the case may be, for certain reasonable expenses incurred in connection with the Offers, as agreed between the CEMEX Parties and you.

3. Representations, Warranties and Agreements of the CEMEX Parties. The CEMEX Parties, jointly and severally, represent, warrant and agree that as of (i) the Commencement Date, (ii) the expiration of the early tender period relating to the Offers (the "Early Participation Date"), (iii) the Expiration Date, and (iv) the Exchange Date (in each case, unless made with respect to a specific date, in which case they are true and correct as of such date) that:

(a) Subject to compliance by the Dealer Managers with the representations and warranties set forth in Section 6 hereof and with the procedures set forth in the Offering Documents, it is not necessary in connection with the offer, issuance and delivery of the New Senior Secured Notes to Holders who have validly tendered and not validly withdrawn their

Debentures or Eurobonds in the Offers to register the New Senior Secured Notes under the Securities Act or to qualify the Indenture under the Trust Indenture Act of 1939 (the "Trust Indenture Act," which term, as used herein, includes the rules and regulations of the Commission promulgated thereunder).

(b) None of the CEMEX Parties nor any of their respective affiliates (as such term is defined in Rule 501 under the Securities Act), nor any person acting on any of their behalf (other than the Dealer Managers, as to whom no representation or warranty is made) has, directly or indirectly, solicited any offer to buy or offered to sell, or will, directly or indirectly, solicit any offer to buy or offer to sell, in the United States or to any United States citizen or resident, any security which is or would be integrated with the sale of the New Senior Secured Notes in a manner that would require the New Senior Secured Notes to be registered under the Securities Act. None of the CEMEX Parties nor any of their respective affiliates, or any person acting on its or any of their behalf (other than the Dealer Managers, as to whom no representation or warranty is made) has engaged or will engage, in connection with the offering of the New Senior Secured Notes, in any form of general solicitation or general advertising within the meaning of Rule 502 under the Securities Act. With respect to those New Senior Secured Notes sold in reliance upon Regulation S, (i) none of the CEMEX Parties nor any of their respective affiliates nor any person acting on its or their behalf (other than the Dealer Managers, as to whom no representation or warranty is made) has engaged or will engage in any directed selling efforts within the meaning of Regulation S and (ii) the CEMEX Parties and their respective affiliates and any person acting on their behalf (other than the Dealer Managers, as to whom no representation or warranty is made) have complied and will comply with the offering restrictions set forth in Regulation S.

(c) The New Senior Secured Notes are eligible for resale pursuant to Rule 144A and will not be, at the Exchange Date, of the same class as securities listed on a national securities exchange registered under Section 6 of the Exchange Act or quoted in a U.S. automated interdealer quotation system.

(d) The CEMEX annual report on Form 20-F for the year ended December 31, 2010, incorporated by reference in the Offering Documents, when filed with the Commission, conformed in all material respects to the requirements of the Exchange Act and the rules and regulations of the Commission thereunder, and the documents incorporated by reference in the Offering Documents, when filed with the Commission, did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(e) Each of the CEMEX Parties has been duly organized and is validly existing and, if applicable, in good standing under the laws of the jurisdiction in which it is chartered or organized with power and authority to own or lease, as the case may be, and to operate its properties and conduct its businesses as described in the Offering Documents, and, if applicable, is duly qualified to do business as a foreign corporation and is in good standing under the laws of each jurisdiction that requires such qualification of such person is subject to no material liability or disability by reason of the failure to be so qualified.

(f) Each of the CEMEX Parties has full right, power and authority to execute and deliver each of the Transaction Documents to which they are a party and to perform their respective obligations hereunder and thereunder; and all action required to be taken for the due and proper authorization, execution and delivery of each of the Transaction Documents and the consummation of the transactions contemplated thereby has been duly and validly taken.

(g) All the outstanding shares of capital stock or other equity interests of CEMEX have been duly authorized and validly issued and are fully paid and nonassessable, and, except as otherwise set forth in the Offering Documents and Section 3(k) below, and except for the security interest created under the Transaction Security Documents, all outstanding shares of capital stock or other equity interests of the significant subsidiaries of CEMEX are owned by CEMEX either directly or through wholly-owned and majority-owned subsidiaries, free and clear of any security interest, claim, lien or encumbrance.

(h) This Agreement has been duly and validly authorized, executed and delivered by each of the CEMEX Parties and, assuming that this Agreement is a valid and legally binding obligation of the Dealer Managers, constitutes a valid and legally binding obligation of each of the CEMEX Parties, enforceable against them in accordance with its terms, except as enforceability may be limited by the effects of bankruptcy, *concurso mercantil*, *quiebra*, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) (the "Enforceability Exceptions") and except as the enforceability of the indemnity provisions thereof may be limited by considerations of public policy; and this Agreement conforms in all material respects to the description hereof contained in the Offering Documents, as amended or supplemented at such date.

(i) As of the Exchange Date, the New Senior Secured Notes will be duly secured by a first-priority security interest in the Collateral on an equal and ratable basis with (i) the indebtedness under the Financing Agreement, (ii) the notes (or similar instruments, including long-term *certificados bursátiles*) outstanding on the date of the Financing Agreement which are not subject to the Financing Agreement but are required to be secured pursuant to their terms, (iii) the U.S. Dollar-denominated 9.50% Senior Secured Notes due 2016, (iv) the Euro-denominated 9.625% Senior Secured Notes due 2017, (v) the U.S. Dollar-denominated 9.25% Senior Secured Notes due 2020, (vi) the Euro-denominated 8.875% Senior Secured Notes due 2017, (vii) the U.S. Dollar-denominated 9.000% Senior Secured Notes due 2018, and (viii) the Floating Rate Senior Secured Notes due 2015, but holding a New Senior Secured Note will not grant its holders the right to direct the foreclosure or the right to foreclose on the Collateral pursuant to the terms of the Intercreditor Agreement.

(j) The shares that constitute the Collateral are fully paid and non assessable and not subject to any option to purchase or similar rights and are free and clear of any lien, pledge, security interest or encumbrance, except for the security interest created under the Transaction Security Documents. The constitutional documents of the companies whose shares are subject to the Collateral do not and could not restrict or inhibit any transfer of those shares on creation or enforcement of the Collateral. There are no agreements in force which provide for the issue or allotment of, any share or loan capital of CEMEX or any of its subsidiaries (including any option or right of pre-emption or conversion) other than (i) mandatory pre-emptive

rights and the obligation of CEMEX to deliver CEMEX shares under the convertible bond of CEMEX *obligaciones forzosamente convertibles en acciones representativas del capital social de CEMEX*, dated as of December 10, 2009; (ii) arising under applicable law in favor of shareholders generally; (iii) arising under any obligation in respect of any stock option plan, restricted stock plan or retirement plan which CEMEX or any of its subsidiaries customarily provides to its employees, consultants and directors; and (iv) arising under any obligation in respect of the 4.875% Convertible Subordinated Notes due 2015, 3.25% Convertible Subordinated Notes due 2016 and 3.75% Convertible Subordinated Notes due 2018.

(k) Under the Transaction Security Documents, the Collateral is granted over all the issued share capital in each of CEMEX and its subsidiaries whose shares are subject to the Collateral except:

- (i) in the case of CEMEX España:
 - (A) 0.244% of the issued share capital, comprised of shares owned by subsidiaries of CEMEX España; and
 - (B) 0.1164% of the issued share capital, comprised of shares owned by persons that are not subsidiaries or affiliates of CEMEX;
- (ii) in the case of CEMEX Trademarks Holding Ltd., 0.4326% of the issues share capital, comprised of shares owned by CEMEX Inc.;
- (iii) in the case of each Mexican company whose shares are the subject to the Collateral (except in the case of CEMEX México), the single share held by a minority shareholder that is either CEMEX or any of its subsidiaries;
- (iv) in the case of CEMEX México, 0.1245% of the issued share capital, comprised of shares owned by CEMEX, Inc.

(l) The Offering Documents and the Additional Material, taken as a whole, comply in all material respects with all applicable requirements of the U.S. federal securities laws; applicable EU laws and regulations including, but not limited to, the Prospectus Directive and the applicable rules of the Irish Stock Exchange, Professional Securities Market of the London Stock Exchange and the FSMA; and, to the knowledge of CEMEX, except as would not materially adversely affect the consummation of the Offers, all other applicable non-U.S. and non-EU laws; and the Offering Documents and the Additional Material, taken as a whole, (i) do not, and at all times during the period of the Offers will not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading and (ii) contains all such information which, according to the particular nature of the CEMEX Parties and the Offers, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses of CEMEX and of the rights attaching to the New Senior Secured Notes and the guarantees thereof; provided that the CEMEX Parties make no representation and warranty with respect to any statements or omissions made in the Offering Documents in reliance upon and in conformity with information relating to the Dealer Managers furnished to the CEMEX Parties in writing by

the Dealer Managers expressly for use in the Offering Documents (which for purposes of this proviso consists solely of the name and address of each Dealer Manager). The CEMEX Parties have not distributed and will not distribute, prior to the Exchange Date, any offering material in connection with the Offers other than the Offering Documents and Additional Material.

(m) The consolidated audited historical financial statements of CEMEX and its consolidated subsidiaries included or incorporated by reference in the Offering Documents present fairly in all material respects the financial condition, results of operations and cash flows of CEMEX and its consolidated subsidiaries as of the dates and for the periods indicated and have been prepared in conformity with Mexican FRS (as defined below) applied on a consistent basis throughout the periods involved (except as otherwise noted therein); and the selected financial data set forth under the caption “Selected Consolidated Financial Information” in the Offering Documents fairly present, on the basis stated in the Offering Documents, the information included therein.

(n) The consolidated audited historical annual accounts of CEMEX España and its consolidated subsidiaries included or incorporated by reference in the Offering Documents present a fair view (*imagen fiel*), in all material respects, of the consolidated equity and the consolidated financial position of CEMEX España and its consolidated subsidiaries and of the consolidated results of operations and consolidated cash flows thereof as of the dates and for the periods indicated and have been prepared in conformity with prevailing legislation, the Spanish General Chart of Accounts approved by Royal Decree 1514/2007, dated November 16, 2007, approving the General Accounting Plan, and Royal Decree 1815/1991, approving the standards for the preparation of consolidated annual accounts, considering the accounting principles set out in the Spanish Institute of Accountants and Auditors Note and its developing regulations (“Spanish GAAP”) applied on a consistent basis throughout the periods involved (except as otherwise noted therein).

(o) Except as described in the Offering Documents, since December 31, 2011, (i) there has not been any change in the capital stock or long-term debt of CEMEX or any of its subsidiaries, or any dividend or distribution of any kind declared, set aside for payment, paid or made by CEMEX on any class of capital stock; and (ii) there has not been any material adverse change, or any development involving a prospective material adverse change, in or affecting the business, properties, management, financial position, results of operations or prospects of CEMEX and its subsidiaries taken as a whole; and (iii) neither CEMEX nor any of its subsidiaries has entered into any transaction or agreement that is material to CEMEX and its subsidiaries taken as a whole or incurred any liability or obligation, direct or contingent, that is material to CEMEX and its subsidiaries taken as a whole.

(p) As of the Expiration Date, the Indenture will be duly and validly authorized by each of the CEMEX Parties, and, when duly executed and delivered in accordance with its terms by each of the parties thereto, and provided that the CEMEX Parties have previously published the announcement relating to the issuance of the New Senior Secured Notes in the Mercantile Registry’s Official Gazette (*Boletín Oficial del Registro Mercantil*) and granted, filed with the Spanish tax authorities and registered with the Mercantile Registry of Madrid the public deed of issuance of the New Secured Senior Notes, will constitute a valid and legally binding agreement of each of the CEMEX Parties enforceable against each of them in accordance with its terms, except as enforceability may be limited by the Enforceability Exceptions.

(q) The New Senior Secured Notes have been duly and validly authorized by CEMEX España and, when duly executed, authenticated, issued and delivered as provided in the Indenture and exchanged for Debentures in accordance with the terms of the Perpetual Exchange Offers or Eurobonds in accordance with the terms of the Eurobond Exchange Offer, and, in each case, provided that the CEMEX Parties have previously published the announcement relating to the issuance of the New Senior Secured Notes in the Mercantile Registry's Official Gazette (*Boletín Oficial del Registro Mercantil*) and granted, filed with the Spanish tax authorities and registered with the Mercantile Registry of Madrid the public deed of issuance of the New Secured Senior Notes, will be duly and validly issued and outstanding and will constitute valid and legally binding obligations of CEMEX España enforceable against CEMEX España in accordance with their terms, subject to the Enforceability Exceptions, and will be entitled to the benefits of the Indenture; and as of the Expiration Date, the Guarantees will be duly authorized by each of the Guarantors, and, when the New Senior Secured Notes have been duly executed, authenticated, issued and delivered as provided in the Indenture and exchanged for Debentures or Eurobonds in accordance with the terms of the Offers, will be valid and legally binding obligations of each of the Guarantors, enforceable against each of the Guarantors in accordance with their terms, subject to the Enforceability Exceptions, and will be entitled to the benefits of the Indenture.

(r) The New Senior Secured Notes, the Guarantees, the Security Documents and the Indenture will conform in all material respects to the descriptions thereof contained in the Offering Documents. The statements in the Offering Documents under the headings, as the case may be, "General Terms of the Debenture Exchange Offer," "General Terms of the Eurobond Exchange Offer," "Spanish Taxation," "Luxembourg Taxation," "Netherlands Taxation," "Mexican Taxation" and "Certain U.S. Federal Income Tax Considerations," insofar as such statements summarize legal matters, agreements, documents or proceedings discussed therein, are accurate summaries of such legal matters, agreements, documents or proceedings in all material respects.

(s) There is no, and the execution, delivery and performance by each of the CEMEX Parties of the Transaction Documents and the consummation of the transactions contemplated hereby and thereby do not and will not result in any, violation or default of (i) any provision of its organizational documents; (ii) the terms of any indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement, obligation, condition, covenant or instrument to which CEMEX or its subsidiaries is a party or bound or to which their property is subject (including the Financing Agreement, the Intercreditor Agreement, the Transaction Security Documents, the Debenture Indentures, the DCN Indentures, the Trust Deed and the indentures governing the U.S. Dollar-denominated 9.50% Senior Secured Notes due 2016, the Euro-denominated 9.625% Senior Secured Notes due 2017, the U.S. Dollar-denominated 9.25% Senior Secured Notes due 2020, the Euro-denominated 8.875% Senior Secured Notes due 2017, the U.S. Dollar-denominated 9.000% Senior Secured Notes due 2018 and the Floating Rate Senior Secured Notes due 2015); or (iii) any statute, law, rule, regulation, judgment, order or decree applicable to CEMEX or any of its subsidiaries of any court, regulatory body, administrative agency, governmental body, arbitrator or other authority having

jurisdiction over CEMEX or any of its subsidiaries or any of their respective properties, as applicable, except for such violations or defaults which, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect (as defined below) or materially adversely affect the consummation of the Offers.

(t) No consent, approval, authorization, order, registration, qualification or other action of, or filing with or notice to, the Commission or any Other Agency is required in connection with the execution, delivery and performance by any of the CEMEX Parties of any of the Transaction Documents, the making or consummation of the Offers or the consummation of the other transactions contemplated by this Agreement, the Offering Documents or any Additional Material, other than (i) the publication of the announcement related to the issue of the New Senior Secured Notes in the Mercantile Registry's Official Gazette (*Boletín Oficial del Registro Mercantil*); (ii) the granting, filing with the Spanish tax authorities and registration of the public deed of issuance of the New Secured Senior Notes and the disbursement notarial minutes with the Mercantile Registry of Madrid; (iii) the approval for listing the New Euro Senior Secured Notes on the Irish Stock Exchange; and (iv) as otherwise disclosed in the Offering Documents or any Additional Material.

(u) No action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving CEMEX or any of its subsidiaries or their respective property is pending or, to the best knowledge of CEMEX, threatened that (i) could reasonably be expected to have a material adverse effect on the performance of this Agreement, the Indenture, the New Senior Secured Notes and the other Transaction Documents or the consummation of any of the transactions contemplated hereby or thereby or (ii) could reasonably be expected to have a material adverse effect on the condition (financial or otherwise), prospects, earnings, business or properties of CEMEX and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business (a "Material Adverse Effect"), except as set forth in or contemplated in the Offering Documents (exclusive of any amendment or supplement thereto).

(v) KPMG Cárdenas Dosal, S.C., which has delivered its report with respect to the financial statements of CEMEX and its consolidated subsidiaries included or incorporated by reference in the Offering Documents, is an independent auditor with respect to CEMEX within the meaning of article 2.21 of the Mexican Institute of Public Accountants' Code of Professional Conduct and within the meaning of the Securities Act and the applicable rules and regulations thereunder adopted by the SEC and the Public Company Accounting Oversight Board.

(w) KPMG Auditores, S.L., which has delivered its report with respect to the audited consolidated annual accounts of CEMEX España incorporated by reference in the Offering Documents, is an independent auditor with respect to CEMEX España in accordance with local auditing standards.

(x) Each of CEMEX and its subsidiaries owns or leases all such properties as are necessary to the conduct of its operations as presently conducted except (i) for such properties the loss of which would not reasonably be expected to result in a Material Adverse Effect and (ii) as set forth in or contemplated in the Offering Documents (exclusive of any amendment or supplement).

(y) None of the CEMEX Parties is, and after giving effect to the issuance and delivery of the New Senior Secured Notes and the Guarantees, will be, an “investment company” as defined in the Investment Company Act of 1940, as amended, and the rules and regulations of the Commission thereunder (collectively, the “Investment Company Act”).

(z) CEMEX and each of its subsidiaries have filed all applicable tax returns that are required to be filed by them or have requested extensions of the period applicable for the filing of such returns (except in any case in which the failure so to file would not have a Material Adverse Effect and except as set forth in or contemplated in the Offering Documents (exclusive of any amendment or supplement thereto)) and have paid all taxes required to be paid by them and any other assessment, fine or penalty levied against them, to the extent that any of the foregoing is due and payable, except for any such tax, assessment, fine or penalty that is currently being contested in good faith or as would not have a Material Adverse Effect and except as set forth in or contemplated in the Offering Documents (exclusive of any amendment or supplement thereto).

(aa) CEMEX and each of its subsidiaries possess all licenses, certificates, permits and other authorizations issued by all applicable authorities necessary to conduct their respective businesses, except to the extent that the failure to have such license, certificate, permit or authorization would not reasonably be expected to have a Material Adverse Effect and except, as described in or contemplated in the Offering Documents (exclusive of any amendment or supplement thereto), and neither CEMEX nor any of its subsidiaries have received any notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a Material Adverse Effect, except as set forth in or contemplated in the Offering Documents (exclusive of any amendment or supplement thereto).

(bb) No labor problem or dispute with the employees of CEMEX or any of its subsidiaries exists or is threatened or imminent, and CEMEX is not aware of any existing or imminent labor disturbance by the employees of any of its subsidiaries’ principal suppliers, contractors or customers, except as would not have a Material Adverse Effect and except as set forth in or contemplated in the Offering Documents (exclusive of any amendment or supplement thereto).

(cc) Each of CEMEX and its subsidiaries (i) is in compliance with any and all applicable laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants (“Environmental Laws”); (ii) has received and is in compliance with all permits, licenses or other approvals required under applicable Environmental Laws to conduct its businesses; and (iii) has not received notice of any actual or potential liability under any Environmental Law, except where such non-compliance with Environmental Laws, failure to receive required permits, licenses or other approvals, or liability would not, individually or in the aggregate, have a Material Adverse Effect, except as set forth in or contemplated in the Offering Documents (exclusive of any amendment or supplement thereto). Except as set forth in the Offering

Documents, neither CEMEX nor any of its subsidiaries has been named as a “potentially responsible party” under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended.

(dd) In the ordinary course of its business, CEMEX periodically reviews the effect of Environmental Laws on the business, operations and properties of CEMEX and its subsidiaries, in the course of which it identifies and evaluates associated costs and liabilities (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws, or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties); on the basis of such review, CEMEX has reasonably concluded that such associated costs and liabilities would not, singly or in the aggregate, have a Material Adverse Effect, except as set forth in or contemplated in the Offering Documents (exclusive of any amendment or supplement thereto).

(ee) CEMEX and each of its subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management’s general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements of CEMEX and CEMEX España in conformity with Mexican FRS or Spanish GAAP, as the case may be, and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management’s general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. CEMEX’s and each of its subsidiaries’ internal controls over financial reporting are effective, and neither CEMEX nor any of its subsidiaries is aware of any material weakness in its internal control over financial reporting. CEMEX and each of its subsidiaries maintains “disclosure controls and procedures” (as such term is defined in Rule 13a-15(e) under the Exchange Act) and such disclosure controls and procedures are effective.

(ff) CEMEX and each of its subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which they are engaged; all policies of insurance and fidelity or surety bonds insuring CEMEX or any of its subsidiaries or any of their respective businesses, assets, employees, officers and directors are in full force and effect; CEMEX and its subsidiaries are in compliance in all material respects with the terms of such policies and instruments; there are no material claims by CEMEX or any of its subsidiaries under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause; neither CEMEX nor any of its subsidiaries has been refused any material insurance coverage sought or applied for; and neither CEMEX nor any of its subsidiaries has reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect except as set forth in or contemplated in the Offering Documents (exclusive of any amendment or supplement thereto).

(gg) None of CEMEX, any of its subsidiaries nor, to the knowledge of CEMEX, any director, officer, agent, employee, associate (with respect to clause (ii) below only)

or affiliate of CEMEX is aware of or has taken any action, directly or indirectly, that would result in (i) a violation by such persons of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the “FCPA”), including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any “foreign official” (as such term is defined in the FCPA) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the FCPA, or (ii) a violation of, or offence being permitted pursuant to, the Bribery Act 2010 (the “Bribery Act”); and CEMEX, its subsidiaries and, to the knowledge of CEMEX, its affiliates have conducted their respective businesses in compliance with the FCPA and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith (including procedures designed to prevent bribery).

(hh) The operations of CEMEX and each of its subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements and the money laundering statutes and the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the “Money Laundering Laws”) and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving CEMEX or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the best knowledge of CEMEX, threatened.

(ii) None of CEMEX, any of its subsidiaries or, to the knowledge of CEMEX, any director, officer, agent, employee, affiliate or representative of CEMEX or any of its subsidiaries is an individual or entity currently subject to any sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury (“OFAC”), the United Nations Security Council (“UNSC”), the European Union, Her Majesty’s Treasury (“HMT”), or, to the best knowledge of CEMEX, other relevant sanctions authority (collectively, “Sanctions”), nor is CEMEX located, organized or resident in a country or territory that is the subject of Sanctions. Furthermore, the Company represents and covenants that it is in compliance with Council Regulation (EU) No 961/2010 of 25 October 2010 on restrictive measures against Iran and repealing Regulation (EC) No 423/2007. There is and has been no failure on the part of CEMEX or CEMEX’s directors or officers, in their capacities as such, to comply with any provision of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith (the “Sarbanes-Oxley Act”), including Section 402 relating to loans and Sections 302 and 906 relating to certifications.

(jj) Neither CEMEX nor any of its subsidiaries has taken, directly or indirectly, any action designed to or that has constituted or that might reasonably be expected to cause or result, under the Exchange Act or otherwise, in stabilization or manipulation of the price of any security of CEMEX España, CEMEX Finance or any of the Capital SPVs to facilitate the sale or resale of the New Senior Secured Notes.

(kk) No stop order, restraining order or denial of an application for approval has been issued and no proceedings, litigation or investigation have been initiated or, to the best of the CEMEX Parties’ knowledge, threatened before the Commission or any Other Agency with

respect to the making or consummation of the Offers or the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated by this Agreement or the Offering Documents.

(ll) None of the CEMEX Parties has paid or agreed to pay to any person any compensation for soliciting another to purchase any securities of a CEMEX Party or a Capital SPV (except as contemplated in this Agreement).

(mm) In connection with the Offers, the CEMEX Parties have complied, and will continue to comply, in all material respects with the applicable provisions of the Exchange Act and the Regulations, including, without limitation, Sections 10 and 14 of the Exchange Act and Rules 10b-5 and 14e-1 thereunder.

(nn) There are no stamp or other issuance or transfer taxes or duties or other similar fees or charges required to be paid in connection with the execution and delivery of this Agreement or the issuance or exchange by CEMEX España, Luxembourg Branch of the New Senior Secured Notes.

(oo) CEMEX is a “foreign private issuer,” as defined in Rule 405 of the Securities Act.

(pp) As of the Exchange Date, each of the Security Documents will be duly authorized by each of the CEMEX Parties party thereto. If the Security Documents are entered into on or prior to the date hereof, each of the Security Documents have been duly executed and delivered by each of the CEMEX Parties party thereto. If the Security Documents are entered into on or prior to the Exchange Date, each of the Security Documents will have been duly executed and delivered by each of the CEMEX Parties party thereto on such date. When the Security Documents have each been duly executed and delivered, the Security Documents will be valid and binding agreements of each of the CEMEX Parties party thereto and create a valid and binding lien on the collateral (as defined in the Offering Documents) on the Exchange Date securing the New Senior Secured Notes and enforceable against each of the CEMEX Parties in accordance with their terms, except as enforceability may be limited by the terms thereof and the Enforceability Exceptions. As used herein, “Security Documents” means the security agreements, pledge agreements, collateral assignments and related agreements, including without limiting the foregoing the Intercreditor Agreement, creating the security interests in the Collateral as contemplated by the Indenture.

(qq) Except for limitations with respect to the New Senior Secured Notes and Guarantees (and for the purposes of this representation, such limitations described in the Offering Memoranda shall also apply to any Transaction Document) as described in the Offering Memoranda or as is not material to a holder of New Senior Secured Notes, the legality, validity, enforceability or admissibility into evidence of any of the Offering Documents, any Additional Material or any Transaction Document in any jurisdiction in which CEMEX or other CEMEX Party (a “Foreign Subsidiary”) is organized is not dependent upon such document being submitted into, filed or recorded with any court or other authority in any such jurisdiction on or before the date hereof or that any tax, imposition or charge be paid in any such jurisdiction on or in respect of any such document.

(rr) It is not necessary under the laws of any jurisdiction in which CEMEX or any Foreign Subsidiary is organized that any of the holders of the New Senior Secured Notes be licensed, qualified or entitled to carry on business in any such jurisdiction by reason of the execution, delivery, performance or enforcement of any of the Transaction Documents.

(ss) Except for limitations with respect to the New Senior Secured Notes and Guarantees (and for the purposes of this representation, such limitations, described in the Offering Memoranda shall also apply to any Transaction Document) as described in the Offering Memoranda or as is not material to a holder of New Senior Secured Notes, a holder of the New Senior Secured Notes, the Trustee and each Dealer Manager are each entitled to sue as plaintiff in the courts of the jurisdiction of formation and domicile of any CEMEX Party for the enforcement of their respective rights under any Transaction Document and such access to such courts will not be subject to any conditions which are not applicable to residents of such jurisdiction or a company incorporated in such jurisdiction, other than the requirement to post a bond or guarantee with respect to court costs and legal fees. This Agreement, the Indenture and the New Senior Secured Notes are in proper legal form under the laws of the jurisdiction of formation and domicile of the CEMEX Parties for the enforcement thereof against the CEMEX Parties.

(tt) Except for limitations with respect to the New Senior Secured Notes and Guarantees (and, for the purposes of this representation, such limitations described in the Offering Memoranda shall also include those described in any Transaction Document) as described in the Offering Memoranda or as are not material to a holder of New Senior Secured Notes, subject to such qualifications and assumptions as are set forth in the opinion of relevant local counsel for the CEMEX Parties or the Dealer Managers, the courts of the jurisdiction of formation and domicile of the CEMEX Parties will recognize and enforce a judgment obtained against the CEMEX Parties in any federal or state court located in the borough of Manhattan in the City of New York in an action arising out of or in connection with the Offering Documents, any Additional Material or any Transaction Document, in each case, without considering the merits thereof.

(uu) The choice of law provisions set forth in this Agreement and the Indenture are legal, valid and binding under the laws of the jurisdiction of formation and domicile of the CEMEX Parties and, subject to such qualifications and assumptions as are set forth in the opinion of relevant local counsel for the CEMEX Parties or the Dealer Managers, will be recognized and given effect to by the courts of the jurisdiction of formation and domicile of the CEMEX Parties. The CEMEX Parties have the power to submit, and pursuant to Section 14 of this Agreement have, to the extent permitted by law, legally, validly, effectively and irrevocably submitted, to the jurisdiction of any New York State or United States Federal court sitting in The City of New York, and has the power to designate, appoint and empower, and pursuant to Section 14 of this Agreement, has legally, validly and effectively designated, appointed and empowered an agent for service of process in any suit or proceeding based on or arising under this Agreement in any New York State or United States Federal court sitting in The City of New York.

(vv) The CEMEX Parties, and their obligations under this Agreement and the Indenture, are subject to civil and commercial law and to suit and neither they nor any of their

properties, assets or revenues have any right of immunity, on the grounds of sovereignty, from any legal action, suit or proceeding, from the giving of any relief in any such legal action, suit or proceeding, with respect to their obligations or liabilities or any other matter under or arising out of or in connection with this Agreement or the Indenture; and, to the extent that the CEMEX Parties or any of their properties, assets or revenues may have or may hereafter become entitled to any such right of immunity in any such court in which proceedings may at any time be commenced, the CEMEX Parties have waived or will waive such right to the extent permitted by law and has consented to such relief and enforcement as provided in this Agreement and the Indenture.

Any certificate signed by any officer of CEMEX or any of its subsidiaries and delivered to you or your counsel in connection with the Offers shall be deemed a representation and warranty by the CEMEX Parties as to matters covered thereby, to each Dealer Manager.

4. Representations, Warranties and Agreements of the Capital SPVs. Each Capital SPV severally and not jointly, represents, warrants and agrees as to itself and not to any of the other Capital SPVs, that as of (i) the Commencement Date, (ii) the Early Participation Date, (iii) the Expiration Date, and (iv) the Exchange Date (in each case, unless made with respect to a specific date, in which case they are true and correct as of such date):

(a) Neither the Capital SPV nor any of its affiliates (as such term is defined in Rule 501 under the Securities Act), nor any person acting on its behalf (other than the Dealer Managers, as to whom no representation or warranty is made) has, directly or indirectly, solicited any offer to buy or offered to sell, or will, directly or indirectly, solicit any offer to buy or offer to sell, in the United States or to any United States citizen or resident, any security which is or would be integrated with the sale of the New Senior Secured Notes in a manner that would require the New Senior Secured Notes to be registered under the Securities Act. Neither the Capital SPV nor any of its affiliates, nor any person acting on its behalf (other than the Dealer Managers, as to whom no representation or warranty is made) has engaged or will engage, in connection with the offering of the New Senior Secured Notes, in any form of general solicitation or general advertising within the meaning of Rule 502 under the Securities Act. With respect to those New Senior Secured Notes sold in reliance upon Regulation S, (i) neither the Capital SPV nor any of its affiliates nor any person acting on its behalf (other than the Dealer Managers, as to whom no representation or warranty is made) has engaged or will engage in any directed selling efforts within the meaning of Regulation S and (ii) neither the Capital SPV nor any of its affiliates and any person acting on its behalf (other than the Dealer Managers, as to whom no representation or warranty is made) has complied and will comply with the offering restrictions set forth in Regulation S.

(b) The Capital SPV does not own any of the Debentures.

(c) The Capital SPV has been duly organized and is validly existing and in good standing under the laws of the jurisdiction in which it is chartered or organized with power and authority to own or lease, as the case may be, and to operate its properties and conduct its businesses as described in the Offering Documents, and, if applicable, is duly qualified to do business as a foreign corporation and is in good standing under the laws of each jurisdiction that requires such qualification of such person or is subject to no material liability or disability by reason of the failure to be so qualified.

(d) The Capital SPV has full right, power and authority to execute and deliver each of the Transaction Documents to which it is a party and to perform its obligations hereunder and thereunder; and all action required to be taken for the due and proper authorization, execution and delivery of each of the Transaction Documents and the consummation of the transactions contemplated thereby has been duly and validly taken.

(e) This Agreement has been duly and validly authorized, executed and delivered by the Capital SPV and, assuming that this Agreement is a valid and legally binding obligation of the Dealer Managers, constitutes a valid and legally binding obligation of such Capital SPV, enforceable against it in accordance with its terms, except as enforceability may be limited by the Enforceability Exceptions and except as the enforceability of the indemnity provisions hereof may be limited by considerations of public policy.

(f) No consent, approval, authorization, order, registration, qualification or other action of, or filing with or notice to, the Commission or any Other Agency is required in connection with the execution, delivery and performance by the Capital SPV of any of the Transaction Documents, the making or consummation of the Offers or the consummation of the other transactions contemplated by this Agreement, the Transaction Documents, the Offering Documents or any Additional Material, other than as disclosed in the Offering Documents or any Additional Material.

(g) Neither the Capital SPV nor any of its subsidiaries has taken, directly or indirectly, any action designed to or that has constituted or that might reasonably be expected to cause or result, under the Exchange Act or otherwise, in stabilization or manipulation of the price of any security of any CEMEX Party or any of the Capital SPVs or to facilitate the sale or resale of the New Senior Secured Notes.

(h) The Capital SPV has not paid or agreed to pay to any person any compensation for soliciting another to purchase any securities of a CEMEX Party or a Capital SPV (except as contemplated in this Agreement).

(i) In connection with the Offers, the Capital SPV has complied, and will continue to comply, in all material respects with the applicable provisions of the Exchange Act and the Regulations, including, without limitation, Sections 10 and 14 of the Exchange Act and Rules 10b-5 and 14e-1 thereunder.

(j) There is no, and the execution, delivery and performance by the Capital SPV of this Agreement, the Transaction Documents, as applicable, and the consummation of the transactions contemplated hereby and thereby do not and will not result in any, violation or default of (i) any provision of its organizational documents; (ii) the terms of any indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement, obligation, condition, covenant or instrument to which it is a party or bound or to which its property is subject; or (iii) any statute, law, rule, regulation, judgment, order or decree applicable to the Capital SPV or any of its subsidiaries of any court, regulatory body, administrative agency,

governmental body, arbitrator or other authority having jurisdiction over the Capital SPV or any of its subsidiaries or any of their respective properties, as applicable, except for such violations or defaults which, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect or materially adversely affect the consummation of the Offers.

Any certificate signed by any officer of the Capital SPV or any of its subsidiaries and delivered to you or your counsel in connection with the Offers shall be deemed a representation and warranty by such Capital SPV as to matters covered thereby, to each Dealer Manager.

5. Further Agreements of the CEMEX Parties. The CEMEX Parties, jointly and severally, covenant and agree with the Dealer Managers that:

(a) The CEMEX Parties will qualify the New Senior Secured Notes for issuance and distribution under the securities or Blue Sky laws of such jurisdictions as the Dealer Managers shall reasonably request and will continue such qualifications in effect so long as required for the offering and resale of the New Senior Secured Notes; provided that none of the CEMEX Parties shall be required to (i) qualify as a foreign corporation or other entity or as a dealer in securities in any such jurisdiction where it would not otherwise be required to so qualify, (ii) file any general consent to service of process in any such jurisdiction, (iii) subject itself to taxation in any such jurisdiction if it is not otherwise so subject, or (iv) otherwise incur unreasonable expense in connection with any such qualification.

(b) While the New Senior Secured Notes remain outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, CEMEX will, during any period in which CEMEX is not subject to and in compliance with Section 13 or 15(d) of the Exchange Act, furnish to holders of the New Senior Secured Notes and prospective purchasers of the New Senior Secured Notes designated by such holders, upon the request of such holders or such prospective purchasers, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

(c) The CEMEX Parties will use reasonable efforts to cause the New Senior Secured Notes to be admitted to the official list of, and traded on, the Irish Stock Exchange.

(d) The CEMEX Parties will assist the Dealer Managers in arranging for the New Senior Secured Notes to be eligible for clearance and settlement through DTC, Euroclear and Clearstream, as applicable.

(e) The CEMEX Parties will not, and will not permit any of their respective subsidiaries (as defined in Rule 144 under the Securities Act) to, resell any New Senior Secured Notes acquired by them prior to the first anniversary of the Exchange Date.

(f) None of the CEMEX Parties nor any of their respective affiliates (as defined in Rule 501 under the Securities Act) will, directly or through any agent, sell, offer for sale, solicit offers to buy or otherwise negotiate in respect of, any security (as defined in the Securities Act), that is or will be integrated with the sale of the New Senior Secured Notes in a manner that would require registration of the New Senior Secured Notes under the Securities Act.

(g) None of the CEMEX Parties will take, directly or indirectly, any action designed to or that could reasonably be expected to cause or result in any stabilization (as such term is used in Regulation M) or unlawful manipulation of the price of the New Senior Secured Notes.

(h) Each certificate for a New Senior Secured Note will bear the legend contained in “Transfer Restrictions” in the applicable Offering Memoranda for the time period and upon the other terms stated in the applicable Offering Memoranda.

(i) The Capital SPVs will cause all Debentures tendered and accepted for exchange in the Offers to be cancelled; and New Sunward, following instructions, will cause an amount of Existing DCNs equal to the aggregate principal amount of the corresponding Debentures validly tendered and accepted in the Offers to be cancelled.

(j) CEMEX Finance will cause all Eurobonds validly tendered and accepted for exchange in the Offers to be cancelled. CEMEX Finance shall ensure that any such cancellation is in accordance with the rules of the Professional Securities Market of the London Stock Exchange on which the Eurobonds are issued and in compliance with any other applicable UK legislation (including, but not limited to, the Listing Rules and the Disclosure Rules contained in the FSA Handbook).

(k) The CEMEX Parties will not extend, amend, waive any condition of or terminate any of the Offers, nor will the CEMEX Parties re-open the Offers within 45 days of the Settlement Date or the date of the termination or withdrawal of the Offers, without giving prior notice thereof to the Dealer Managers.

(l) The CEMEX Parties will not acquire (through prepayment, redemption, purchase or otherwise) any Debentures or Eurobonds prior to the time of settlement on the Exchange Date other than pursuant to the Offers, unless otherwise agreed to by the Dealer Managers.

(m) The CEMEX Parties recognize and consent to the fact that the Dealer Managers (i) will use and rely primarily on the Offering Document and the information provided pursuant to this Agreement in performing the services contemplated by this Agreement and (ii) do not make any representation or warranty as to the accuracy or completeness of the Offering Documents or such other information. Each of the CEMEX Parties will promptly advise the Dealer Managers if any Offering Document or other such information becomes inaccurate in any material respect or is required to be updated.

(n) The CEMEX Parties shall advise, or cause the Exchange Agents to advise the Dealer Managers before 5:00 p.m., New York City time, or as promptly as reasonably practicable thereafter, daily or more frequently if requested as to major tally figures, by telephone or facsimile transmission or by furnishing the Dealer Managers with access to an Internet site established by the Exchange Agents for such purposes with respect to: (i) the number of the Debentures and Eurobonds validly tendered on such day; (ii) upon request, the number of Debentures and Eurobonds defectively tendered on such day; (iii) the number of the Debentures and Eurobonds validly tendered represented by certificates physically held by the

Exchange Agents or for which the Exchange Agents have received confirmation of receipt of book entry transfer of such Debentures and Eurobonds into its account at a book entry transfer facility pursuant to the procedures set forth in the applicable Offering Memorandum on such day; (iv) the number of Debentures and Eurobonds properly withdrawn on such day; (v) the cumulative totals of the number of Debentures and Eurobonds in categories (i) through (iv) above; and (vi) upon request, the names and addresses of the registered owners of the Debentures and Eurobonds who have so tendered in the Offer. On the business day following any such oral communication, the CEMEX Parties shall furnish, or cause the Exchange Agents to furnish, to the Dealer Managers a written or electronic report confirming the above information that has been communicated orally. The CEMEX Parties shall furnish, or cause the Exchange Agents to furnish, to the Dealer Managers such reasonable information on the tendering Holders as may be requested by the Dealer Managers from time to time.

(o) The CEMEX Parties will advise you promptly upon (i) the occurrence of any downgrading or (ii) its receipt of notice of (A) any downgrading, (B) any intended or potential downgrading or (C) any surveillance or review or any changed outlook that does not indicate an improvement in the rating accorded to the Debentures, Eurobonds, the New Senior Secured Notes or any securities of, or guaranteed by, CEMEX by any “nationally recognized statistical rating organization,” as such term is defined by the Commission for purposes of Section 3(a)(62) under the 1934 Act.

(p) The CEMEX Parties shall or shall cause (i) the announcement relating to the issuance of the New Senior Secured Notes to be published in the Mercantile Registry’s Official Gazette (*Boletín Oficial del Registro Mercantil*) and (ii) the public deed of issuance of the New Secured Senior Notes to be granted, filed with the Spanish tax authorities and registered with the Mercantile Registry of Madrid, in each case on or prior to the Exchange Date.

6. Certain Agreements of the Dealer Managers. Each Dealer Manager (on its own behalf and on behalf of any of its affiliates) represents and agrees to each CEMEX Party that:

(a) such Dealer Manager has not solicited tenders and will not solicit the Holders of Debentures to exchange such Debentures in the Offers, Holders of Eurobonds to exchange such Eurobonds in the Offers or otherwise solicit any offer to buy or sell the New Senior Secured Notes by means of any form of general solicitation or general advertising within the meaning of Rule 502(c) of Regulation D under the Securities Act or in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act and, in the case of any offer to buy or offer to sell the New Senior Secured Notes outside the United States, will only make such offers to persons such Dealer Manager reasonably believes to be persons other than U.S. persons in reliance upon Regulation S under the Securities Act; and

(b) such Dealer Manager has not solicited tenders and will not solicit the Holders of Debentures to exchange such Debentures in the Offers, Holders of Eurobonds to exchange such Eurobonds in the Offers or otherwise solicit any offer to buy the New Senior Secured Notes from or offer to sell the New Senior Secured Notes to any person, (i) except a person it reasonably believes to be an “eligible holder” as defined on the cover page of the applicable Offering Memoranda and (ii) otherwise consistently with the notices set out in the applicable Offering Memoranda under the heading “Notices to investors in certain jurisdictions.”

7. Conditions to Obligations of the Dealer Managers. The obligation of the Dealer Managers as provided herein is subject to the performance by the CEMEX Parties and the Capital SPVs of their respective covenants and other obligations hereunder and to the following additional conditions:

(a) The representations and warranties of the CEMEX Parties and the Capital SPVs shall be true and correct at the specified times during the Offers and at the Exchange Date; and the statements of the CEMEX Parties, the Capital SPVs and their respective officers or attorneys-in-fact made in any certificates delivered pursuant to this Agreement shall be true and correct on and as of the Commencement Date, the Early Participation Date and the Exchange Date, as applicable.

(b) No event or condition of a type described in Section 3(o) hereof shall have occurred or shall exist, the effect of which in the reasonable judgment of the Dealer Managers makes it impracticable or inadvisable to proceed with the Offers on the terms and in the manner contemplated by this Agreement and the Offering Documents.

(c) The Dealer Managers shall have received on and as of each of the Commencement Date and the Exchange Date, a certificate of an executive officer or attorney-in fact of each of (i) the CEMEX Parties and (ii) if applicable, the Capital SPVs, in each case who has specific knowledge of such CEMEX Party's and such Capital SPV's financial matters and is satisfactory to the Dealer Managers confirming that the representations and warranties of each of the CEMEX Parties and each of the Capital SPVs, as applicable, in this Agreement are true and correct in all material respects and that each of the CEMEX Parties and each of the Capital SPVs have complied with all agreements and satisfied all conditions on their part to be performed or satisfied hereunder at or prior to the Exchange Date, provided that any representation and warranty that is qualified as to "materiality," "Material Adverse Effect" or similar language is true and correct (after giving effect to any qualification therein), *provided*, that the certificate provided on the Exchange Date shall certify as to such matters at and as of the Early Participation Date and at and as of the Exchange Date. The officer or attorney-in fact signing and delivering such certificate shall do so having made due enquiry and without personal liability to the Dealer Managers as a result thereof and may rely upon the best of his or her knowledge as to proceedings threatened.

(d) On and as of each of the Commencement Date, Early Participation Date and Exchange Date, KPMG Cárdenas Dosal, S.C. shall have furnished to the Dealer Managers, at the request of the CEMEX Parties, letters, dated the respective dates of delivery thereof and addressed to the Dealer Managers, in form and substance reasonably satisfactory to the Dealer Managers, containing statements and information of the type customarily included in accountants' "comfort letters" with respect to the financial statements and certain financial information contained or incorporated by reference in the Offering Documents; provided that the letter delivered on the Exchange Date shall use a "cut-off" date no more than five business days prior to the Exchange Date.

(e) On and as of each of the Commencement Date and Exchange Date, KPMG Auditores, S.L. shall have furnished to the Dealer Managers, at the request of the CEMEX Parties, letters, dated the respective dates of delivery thereof and addressed to the Dealer Managers, in form and substance reasonably satisfactory to the Dealer Managers.

(f) Skadden, Arps, Slate, Meagher & Flom LLP, General Counsel for CEMEX, the Secretary of the Board of Directors of CEMEX España, Warendorf, Ogier, Uría Menéndez Abogados, S.L.P., GHR Rechtsanwälte AG and Bonn Steichen Partners, counsel to the CEMEX Parties and the Capital SPVs, shall have furnished to the Dealer Managers their written opinions (including, in the case of Skadden, Arps, Slate, Meagher & Flom LLP, its negative assurance statement), dated as of the Commencement Date and as of the Exchange Date and addressed to the Dealer Managers, in form and substance reasonably satisfactory to the Dealer Managers, *provided* that the negative assurance statement of Skadden, Arps, Slate, Meagher & Flom LLP provided on the Exchange Date shall provide negative assurance at and as of the Early Participation Date and at and as of the Exchange Date.

(g) The Dealer Managers shall have received dated as of the Commencement Date and as of the Exchange Date, an opinion and a negative assurance statement, in each case of Sullivan & Cromwell LLP and Ritch Mueller, S.C., counsel for the Dealer Managers, with respect to such matters as the Dealer Managers may reasonably request, and such counsel shall have received such documents and information as they may reasonably request to enable them to pass upon such matters, *provided* that the negative assurance statement of each of Sullivan & Cromwell LLP and Ritch Mueller, S.C. provided on the Exchange Date shall provide negative assurance at and as of the Early Participation Date and at and as of the Exchange Date.

(h) No action shall have been taken or threatened and no statute, rule, regulation or order shall have been enacted, adopted or issued by any federal, state or foreign governmental or regulatory authority that would, as of the Commencement Date and as of the Exchange Date, render it, in your good faith judgment, inadvisable to continue with the commencement or consummation of the Offers; and no injunction or order of any federal, state or foreign court shall have been issued that would, as of the Commencement Date and as of the Exchange Date, render it, in your good faith judgment, inadvisable to continue with the issuance or distribution of the New Senior Secured Notes in exchange for the Debentures or Eurobonds.

(i) The Dealer Managers shall have received (i) on and as of the Commencement Date and as of the Exchange Date, satisfactory evidence of the good standing (or equivalent concept) of each of the CEMEX Parties and (ii) with respect to the Debentures, on and as of the Commencement Date and on and as of the Exchange Date, satisfactory evidence of the good standing (or equivalent concept) of each of the Capital SPVs, in each case in their respective jurisdictions of organization, in each case in writing or any standard form of telecommunication, from the appropriate governmental authorities of such jurisdictions.

(j) The New Senior Secured Notes shall be eligible for clearance and settlement through DTC, Euroclear and Clearstream.

(k) On the Exchange Date, the Dealer Managers shall have received executed copies of each of the Transaction Documents (to the extent they have not already been received), and all such Transaction Documents shall be in full force and effect.

(l) On the Exchange Date, all conditions to the consummation of the Offers set forth in the Offering Documents shall have been satisfied in all material respects or validly waived by CEMEX Parties or the Capital SPVs, as applicable, and all other transactions contemplated by the Offering Documents to be consummated simultaneously with or prior to the consummation of the Offers shall have been consummated or shall be consummated simultaneously.

(m) On the Exchange Date, in accordance with the terms of the Indenture and the applicable Security Documents, the Trustee for the benefit of the holders of the New Senior Secured Notes shall have received documentation in form and substance reasonably satisfactory to the Dealer Managers evidencing the valid and perfected security interests in the Collateral as contemplated herein and in the Offering Documents.

(n) In addition, on or before the Commencement Date and the Exchange Date, you and your counsel shall have received such further documents, certificates and schedules relating to the business, corporate, legal and financial affairs of the CEMEX Parties' and the Offers as reasonably requested by you or your counsel.

All opinions, letters, certificates and evidence mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof only if they are in form and substance reasonably satisfactory to counsel for the Dealer Managers.

8. Indemnification and Contribution. In consideration of the engagement hereunder, the CEMEX Parties and the Dealer Managers agree to the indemnification and contribution provisions set forth in Annex A hereto, which provisions are incorporated by reference herein and constitute a part hereof.

9. Termination. This Agreement shall terminate upon the earlier to occur of (i) the consummation, termination or withdrawal of the Offers and (ii) the date three months from February 15, 2012, and may be terminated by the CEMEX Parties or you at any time, with or without cause, effective upon receipt by the other party of written notice to that effect, provided that with respect to clause (ii), such three month term may be extended, and this Agreement shall not terminate after the initial three-month term, by mutual agreement of the parties.

10. Survival. The provisions of Sections 2, 3,4, 5, 8 (including Annex A hereto) 12, 13, 14, 15, 16, 17, 18 and 19 hereof shall remain operative and in full force and effect regardless of (i) any failure by CEMEX España, Luxembourg Branch to commence, or the withdrawal, termination or consummation of, any of the Offers, (ii) any investigation made by or on behalf of any party hereto, (iii) any withdrawal by either of you as a Dealer Manager, and (iv) any termination of this Agreement.

11. Certain Defined Terms. For purposes of this Agreement, (a) except where otherwise expressly provided, the term "affiliate" has the meaning set forth in Rule 405 under the Securities Act; (b) the term "business day" means any day other than a day on which banks are permitted or required to be closed in New York City; and (c) the term "subsidiary" has the meaning set forth in Rule 405 under the Securities Act; and (d) the term "significant subsidiary" has the meaning set forth in Rule 1-02 of Regulation S-X under the Exchange Act. The terms that follow, when used in this Agreement, shall have the meanings indicated.

“Collateral” shall mean the security created or expressed to be created in favor of the Security Agent pursuant to the Transaction Security Documents that consists of (i) shares of the following entities: CEMEX México; Centro Distribuidor de Cemento, S.A. de C.V.; Mexcement Holdings S.A. de C.V.; Corporación Gouda, S.A. de C.V.; New Sunward Holding; CEMEX Trademarks Holding Ltd and CEMEX España; and (ii) all proceeds thereof.

“Exchange and Information Agent Agreements” shall mean (i) the Exchange Agent & Information Agent Agreement, dated January 25, 2012, among Global Bondholder Services Corporation and CEMEX, and (ii) the Exchange and Information Services Letter, dated January 19, 2012, among Lucid Issuer Services Limited and CEMEX, collectively.

“Financing Agreement” shall mean the Financing Agreement dated August 14, 2009, as amended, between CEMEX, the Financial Institutions and Noteholders named therein, as participating creditors, Citibank International PLC, as administrative agent and Wilmington Trust (London) Limited, as security agent.

“Intercreditor Agreement” shall mean the Intercreditor Agreement dated August 14, 2009, as amended, between Citibank International PLC, as administrative agent, the participating creditors named therein, CEMEX and certain of its subsidiaries named therein, as original borrowers, original guarantors and original security providers, Wilmington Trust (London) Limited, as security agent, and others.

“Mexican FRS” shall mean the Mexican financial reporting standards (*Normas de Información Financiera aplicables en Mexico*) as in effect from time to time issued by the Mexican Financial Reporting Standards Board (*Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera*) or the international financial reporting standards, starting from January 1, 2012.

“Regulation D” shall mean Regulation D under the Securities Act.

“Regulation S” shall mean Regulation S under the Securities Act.

“Security Agent” shall mean Wilmington Trust (London) Limited, as security agent under the Financing Agreement.

“Transaction Security Documents” means any document, as amended from time to time, entered by any of CEMEX or its subsidiaries creating or expressed to create any security over all or any part of its assets in respect of their obligations under the Financing Agreement or any other document derived therefrom, or in connection therewith.

12. Notices. All notices and other communications required or permitted to be given under this Agreement shall be in writing and shall be given (and shall be deemed to have been given upon receipt) by delivery in person, by telecopy, by telex or by registered or certified mail (postage prepaid, return receipt requested) to the applicable party at the addresses indicated below:

(a) if to JPMS:

J.P. Morgan Securities LLC
383 Madison Avenue
New York, NY 10178
Telecopy No.: (212) 834-6618
Confirmation No.: (212) 834-5402
Attention: Latin America Debt Capital Markets

with a copy to:

Sullivan & Cromwell LLP
125 Broad Street
New York, NY 10004
Telecopy No.: (212) 291-9049
Confirmation No.: (212) 558-4349
Attention: John Estes

(b) if to JPMSL:

J.P. Morgan Securities Ltd.
125 London Wall
London EC2Y 5AJ
Telecopy No.: +44 (0) 207 325 8240
Attention: Head of EMEA Debt Capital Markets Group, Legal

with a copy to:

Sullivan & Cromwell LLP
125 Broad Street
New York, NY 10004
Telecopy No.: (212) 291-9049
Confirmation No.: (212) 558-4349
Attention: John Estes

(c) if to MLPF&S:

Merrill Lynch, Pierce, Fenner and Smith Incorporated
1 Bryant Park
New York, NY 10036
Telecopy No.: (917) 267-7085
Confirmation No.: (646) 855-0748
Attention: High Yield Legal

with a copy to:

Sullivan & Cromwell LLP
125 Broad Street
New York, NY 10004
Telecopy No.: (212) 291-9049
Confirmation No.: (212) 558-4349
Attention: John Estes

(d) if to MLI:

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ
Telecopy No.: +44 20 7995 8582
Confirmation No.: +44 20 7995 2324
Attention: Liability Management Group – John M. Cavanagh /
Tommaso Gros-Pietro

with a copy to:

Sullivan & Cromwell LLP
125 Broad Street
New York, NY 10004
Telecopy No.: (212) 291-9049
Confirmation No.: (212) 558-4349
Attention: John Estes

(e) if to the CEMEX Parties or the Capital SPVs:

CEMEX, S.A.B. de C.V.
Av. Ricardo Margain Zozaya #325
Colonia. Valle del Campestre, Garza García
Nuevo León, Mexico 66265
Telecopy No.: +52-81-8888-4399
Attention: Legal Department

with copies to:

CEMEX, S.A.B. de C.V.
Av. Ricardo Margain Zozaya #325
Colonia. Valle del Campestre, Garza García
Nuevo León, Mexico 66265
Telecopy No.: +52-81-8888-4519

Attention: Back Office Operations

and

Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, NY 10036
Telecopy No.: (917) 777-2918
Confirmation No.: (212) 735-2918
Attention: Gregory A. Fericola

13. Governing Law; Waiver of Jury Trial. This Agreement, and any claim, controversy or dispute relating to or arising out of this Agreement, shall be governed by and construed in accordance with the laws of the State of New York. The CEMEX Parties, the Capital SPVs and you irrevocably agree to waive trial by jury in any action, proceeding, claim or counterclaim brought by or on behalf of any party related to or arising out of this Agreement or the performance of services hereunder.

14. Submission to Jurisdiction. Each of the parties hereto hereby agrees that any suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby may be instituted in any State or U.S. federal court in The City of New York and County of New York and in the courts of its own corporate domicile in respect of actions brought against such party as a defendant, and waives any objection which it may now or hereafter have to the laying of venue of any such proceeding, and irrevocably submits to the jurisdiction of such courts in any suit, action or proceeding and waives the right to any other jurisdiction that it may be entitled to by reason of its present or future domicile or other reason. Each of the CEMEX Parties and Capital SPVs, hereby appoints CEMEX NY Corporation, 590 Madison Avenue, 41st Floor, New York, NY 10022, as its authorized agent (the "Authorized Agent") upon whom process may be served in any suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated herein that may be instituted in any of such courts. Each of the parties appointing the Authorized Agent as provided herein hereby represents and warrants that the Authorized Agent has accepted such appointment and has agreed to act as said agent for service of process, and the CEMEX Parties and the Capital SPVs agree to take any and all action, including the execution and filing of any and all documents that may be necessary to continue such appointment in full force and effect as aforesaid. Service of process upon the Authorized Agent shall be deemed, in every respect, effective service of process upon each of the CEMEX Parties and the Capital SPVs.

15. Waiver of Immunities. To the extent that the CEMEX Parties or any of their respective properties, assets or revenues may have or may hereafter become entitled to, or have attributed to them, any right of immunity, on the grounds of sovereignty, from any legal action, suit or proceeding, from set-off or counterclaim, from the jurisdiction of any court, from service of process, from attachment upon or prior to judgment, or from attachment in aid of execution of judgment, or from execution of judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any jurisdiction in which proceedings may at any time be commenced, with respect to their obligations, liabilities or any other matter under or arising out of or in connection with this Agreement, the CEMEX Parties hereby irrevocably and unconditionally, to the extent permitted by applicable law, waives and agrees not to plead or claim any such immunity and consents to such relief and enforcement.

16. Foreign Taxes. All payments by the CEMEX Parties to any of the Dealer Managers hereunder shall be made in U.S. Dollars, free and clear of, and without any deduction or withholding for or on account of, any and all present and future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereinafter imposed, levied, collected, withheld or assessed by any jurisdiction in which the CEMEX Parties have an office from which payment is made or deemed to be made, excluding (i) any such tax imposed by reason of the Dealer Managers having some connection with any such jurisdiction other than its participation as Dealer Manager hereunder, and (ii) any income or franchise tax on the overall net income of a Dealer Manager imposed by the United States or by the State of New York or the United Kingdom or any political subdivision of the United States or of the State of New York or of the United Kingdom (all such non-excluded taxes, "Foreign Taxes"). If the CEMEX Parties are prevented by operation of law or otherwise from paying, causing to be paid or remitting that portion of amounts payable hereunder represented by Foreign Taxes withheld or deducted, then amounts payable under this Agreement shall, to the extent permitted by law, be increased to such amount as is necessary to yield and remit to the Dealer Managers an amount which, after deduction of all Foreign Taxes (including all Foreign Taxes payable on such increased payments) equals the amount that would have been payable if no Foreign Taxes applied. The CEMEX Parties agree to provide the Dealer Managers with any reasonably requested evidence of the due and timely payment of any such taxes or withholdings. Any Dealer Manager that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which CEMEX España, Luxembourg Branch is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to CEMEX España, Luxembourg Branch, at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or reasonably requested by CEMEX España, Luxembourg Branch as will permit such payments to be made without withholding or at a reduced rate; provided, that CEMEX España, Luxembourg Branch shall withhold the corresponding taxes and shall not pay any additional amounts to compensate the Dealer Managers to the extent such additional amounts are payable due to the failure by the Dealer Managers to provide such documentation. If the CEMEX Parties make an increased payment as set forth above and the Dealer Managers subsequently determine, in their sole discretion, that they have obtained, utilized and retained a refund of taxes or credit against taxes by reason of the CEMEX Parties making such a withholding or payment on account, the Dealer Managers shall reimburse the appropriate CEMEX Parties the amount of the withholding or payment on account made by the latter, net of all out-of-pocket expenses of the Dealer Managers and without interest (other than any interest paid by the relevant governmental authority);

provided, that the CEMEX Parties, upon the request of the Dealer Managers, agree to repay the amount paid over to the CEMEX Parties (plus any penalties, interest or other charges imposed by the relevant governmental authority) to the Dealer Managers in the event the Dealer Managers are required to repay such refund to such governmental authority. This Section shall not be construed to require the Dealer Managers to make available their tax returns (or any other information relating to their taxes which it deems confidential) to the CEMEX Parties or any other person.

17. Currency. Any payment on account of an amount that is payable to the Dealer Managers in a particular currency (the “Required Currency”) that is paid to or for the account of the Dealer Managers in lawful currency of any other jurisdiction (the “Other Currency”), whether as a result of any judgment or order or the enforcement thereof or the liquidation of any of the CEMEX Parties or for any other reason shall constitute a discharge of the obligation of such obligor only to the extent of the amount of the Required Currency which the recipient could purchase in the New York foreign exchange markets with the amount of the Other Currency in accordance with normal banking procedures at the rate of exchange prevailing on the first day (other than a Saturday or Sunday) on which banks in New York are generally open for business following receipt of the payment first referred to above. If the amount of the Required Currency that could be so purchased (net of all premiums and costs of exchange payable in connection with the conversion) is less than the amount of the Required Currency originally due to the recipient, then each of the CEMEX Parties shall jointly and severally indemnify and hold harmless the recipient from and against all loss or damage arising out of or as a result of such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations of the CEMEX Parties, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any person owed such obligation from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or any judgment or order.

18. Benefit. This Agreement, including any right to indemnity or contribution hereunder and Annex A hereto, shall inure to the benefit of and be binding upon the CEMEX Parties, the Capital SPVs, the Dealer Managers and the other Indemnified Persons, and their respective successors and assigns. Subject to the foregoing, nothing in this Agreement is intended, or shall be construed, to give to any other person or entity any right hereunder or by virtue hereof.

19. Miscellaneous. This Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes all prior understandings, agreements and arrangements, written or oral, with respect thereto. This Agreement may not be amended or modified except by a writing executed by each of the parties hereto. Section headings herein are for convenience only and are not a part of this Agreement. In the event that any provision hereof shall be determined to be invalid or unenforceable in any respect, such determination shall not affect such provision in any other respect or any other provision hereof, which shall remain in full force and effect. This Agreement may not be assigned by any party hereto without the prior written consent of each other party. None of the parties hereto shall be responsible or have any liability to any other party for any indirect, special or consequential damages arising out of or in connection with this Agreement or the transactions contemplated hereby, even if advised of the possibility thereof. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which taken together will constitute one and the same instrument.

Please indicate your willingness to act as Dealer Managers and your acceptance of the foregoing provisions by signing in the space provided below for that purpose and returning to us a copy of this Agreement so signed, whereupon this Agreement and your acceptance shall constitute a binding agreement among each of the CEMEX Parties, the Capital SPVs and you.

Very truly yours,

CEMEX, S.A.B. de C.V.

By: /s/ José Antonio González Flores
Name: José Antonio González Flores
Title: Attorney-in-Fact

CEMEX México, S.A. de C.V.

By: /s/ Héctor José Vela Dib
Name: Héctor José Vela Dib
Title: Attorney-in-Fact

New Sunward Holding B.V.

By: /s/ Héctor José Vela Dib
Name: Héctor José Vela Dib
Title: Attorney-in-Fact

New Sunward Holding Financial Ventures, B.V.

By: /s/ Agustín Blanco
Name: Agustín Blanco
Title: Attorney-in-Fact

CEMEX Finance Europe B.V.

By: /s/ Agustín Blanco
Name: Agustín Blanco
Title: Attorney-in-Fact

CEMEX España, S.A., Luxembourg Branch

By: /s/ Héctor José Vela Dib

Name: Héctor José Vela Dib

Title: Attorney-in-Fact

By: /s/ Agustín Blanco

Name: Agustín Blanco

Title: Attorney-in-Fact

C5 Capital (SPV) Limited

By: /s/ Ogier Managers (BVI) Limited

Name: Ogier Managers (BVI) Limited

Title: Sole Director

C8 Capital (SPV) Limited

By: /s/ Ogier Managers (BVI) Limited

Name: Ogier Managers (BVI) Limited

Title: Sole Director

C10-EUR Capital (SPV) Limited

By: /s/ Ogier Managers (BVI) Limited

Name: Ogier Managers (BVI) Limited

Title: Sole Director

C10 Capital (SPV) Limited

By: /s/ Ogier Managers (BVI) Limited

Name: Ogier Managers (BVI) Limited

Title: Sole Director

Accepted as of the date first above written:

J.P. MORGAN SECURITIES LLC

By: /s/ Roberto D'Avola
Name: Roberto D'Avola
Title: Executive Director

J.P. MORGAN SECURITIES LTD.

By: /s/ Roberto D'Avola
Name: Roberto D'Avola
Title: Executive Director

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

By: /s/ Laurent Massart
Name: Laurent Massart
Title: Managing Director

MERRILL LYNCH INTERNATIONAL

By: /s/ John Cavanagh
Name: John Cavanagh
Title: Managing Director

Capitalized terms used but not defined in this Annex A have the meanings assigned to such terms in the Dealer Manager Agreement to which this Annex A is attached (the “Agreement”).

The CEMEX Parties jointly and severally agree to indemnify and hold harmless each of the Dealer Managers, its affiliates and their respective officers, directors, employees, agents of and each other entity or person, if any, controlling (within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act) the Dealer Managers or any such other persons (each an “Indemnified Person”) from and against any and all losses, claims, damages and liabilities (or actions or proceedings in respect thereof), whether or not in connection with pending or threatened litigation to which the Dealer Managers (or any other Indemnified Person) may be a party, in each case as such expenses are incurred or paid, (i) arising out of or based upon (A) any untrue statement or alleged untrue statement of a material fact contained in the Offering Documents (or any Additional Material), or any omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein not misleading, (B) any breach by the CEMEX Parties of any representation or warranty or failure to comply with any of the agreements set forth in the Agreement, or (C) any withdrawal, termination, rescission or modification of the Offers, or the failure to issue New Senior Secured Notes for Debentures or Eurobonds, as the case may be, tendered pursuant to the Offers by CEMEX España, Luxembourg Branch or (ii) otherwise arising out of, relating to or in connection with the Offers, the transactions contemplated by the Agreement or the engagement of, and services performed by, the Dealer Managers under the Agreement, or any claim, litigation, investigation (including any governmental or regulatory investigation) or proceedings relating to the foregoing (“Proceedings”) regardless of whether any of such Indemnified Persons is a party thereto, and to reimburse such Indemnified Persons for any and all reasonable expenses (including, without limitation, reasonable and documented fees and disbursements of counsel and other out-of-pocket expenses) as they are incurred in connection with investigating, responding to or defending any of the foregoing, provided that (a) the indemnification in clause (i)(A) above will not, as to any Indemnified Person, apply to losses, claims, damages, liabilities or expenses to the extent that they are derived from any untrue statement or alleged untrue statement of a material fact contained in the Offering Documents (or any Additional Material), or any omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein not misleading, made in reliance upon and in conformity with information furnished in writing to any of the CEMEX Parties by any of the Dealer Managers specifically for inclusion therein (which for purposes of this proviso consists solely of the name and address of each Dealer Manager) and (b) the indemnification in clause (ii) above will not, as to any Indemnified Person, apply to losses, claims, damages, liabilities or expenses to the extent that they are finally judicially determined to have resulted primarily from the bad faith, gross negligence or willful misconduct of such Indemnified Person.

If for any reason the foregoing indemnification is unavailable to any Indemnified Person or insufficient to hold it harmless, then the CEMEX Parties, jointly and severally, shall contribute to the amount paid or payable by such Indemnified Person as a result of such loss,

claim, damage, liability or expense (i) in such proportion as is appropriate to reflect the relative benefits received by the CEMEX Parties, on the one hand, and by the Dealer Managers, on the other hand, from the Offers and the transactions contemplated thereby, or (ii) if the allocation provided by the foregoing clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in the foregoing clause (i), but also the relative fault of the CEMEX Parties, on the one hand, and of the Dealer Managers, on the other hand, in connection with the statements, actions, or omissions which resulted in such loss, claim, damage, liability or expense, as well as any other relevant equitable considerations. The relative benefits received by the CEMEX Parties on the one hand and by the Dealer Managers on the other hand shall be deemed to be in the same proportion as (i) the aggregate principal amount of the Debentures and Eurobonds bears to (ii) the aggregate fee paid to the Dealer Managers pursuant to Section 2(a) of the Agreement. The relative fault of the CEMEX Parties on the one hand and of the Dealer Managers on the other hand (i) in the case of an untrue or alleged untrue statement of a material fact or an omission or alleged omission to state a material fact, shall be determined by reference to, among other things, whether such statement or omission relates to information supplied by the CEMEX Parties or by the Dealer Managers and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission, and (ii) in the case of any other action or omission, shall be determined by reference to, among other things, whether such action or omission was taken or omitted to be taken by the CEMEX Parties or by the Dealer Managers and the parties' relative intent, knowledge, access to information, and opportunity to prevent such action or omission. The CEMEX Parties and the Dealer Managers agree that it would not be just and equitable if contribution pursuant to this Annex A were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in this paragraph. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages, liabilities or expenses referred to in this paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other reasonable expenses incurred by such Indemnified Person in connection with investigating or defending any such action or claim.

Promptly after the receipt by an Indemnified Person of notice of the commencement of any Proceedings, such Indemnified Person will, if a claim is to be made hereunder against the CEMEX Parties in respect thereof, notify the CEMEX Parties in writing of the commencement thereof; provided that (i) the failure to so notify the CEMEX Parties will not relieve the CEMEX Parties from any liability which it may have hereunder except to the extent it has been materially prejudiced (through forfeiture of substantive rights or defenses) by such failure and (ii) the failure to so notify the CEMEX Parties will not relieve the CEMEX Parties from any liability which it may have to an Indemnified Person otherwise than on account of this indemnity agreement. In case any such Proceedings are brought against any Indemnified Person and it notifies the CEMEX Parties of the commencement thereof, the CEMEX Parties will be entitled to participate therein and, to the extent that the CEMEX Parties may elect by written notice delivered to such Indemnified Person, to assume the defense thereof, with counsel reasonably satisfactory to such Indemnified Person, provided that if the defendants in any such Proceedings include both such Indemnified Person and the CEMEX Parties and such Indemnified Person shall have concluded that there may be legal defenses available to it which are different from or additional to those available

to the CEMEX Parties, such Indemnified Person shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such Proceedings on behalf of such Indemnified Person. Upon receipt of notice from the CEMEX Parties to such Indemnified Person of their election so to assume the defense of such Proceedings and approval by such Indemnified Person of counsel, the CEMEX Parties shall not be liable to such Indemnified Person for expenses incurred by such Indemnified Person in connection with the defense thereof (other than reasonable costs of investigation) unless (i) such Indemnified Person shall have employed separate counsel in connection with the assertion of legal defenses in accordance with the proviso to the immediately preceding sentence (it being understood, however, that the CEMEX Parties shall not be liable for the expenses of more than one separate counsel (in addition to any local counsel), approved by such Indemnified Person, representing the Indemnified Persons who are parties to such Proceedings), (ii) the CEMEX Parties shall not have employed counsel reasonably satisfactory to such Indemnified Person to represent such Indemnified Person within a reasonable time after notice to the CEMEX Parties of commencement of the Proceedings, or (iii) the CEMEX Parties have authorized in writing the employment of counsel for such Indemnified Person.

None of the CEMEX Parties shall be liable for any settlement of any Proceedings effected without the CEMEX Parties' written consent (which consent shall not be unreasonably withheld or delayed), but if settled with the CEMEX Parties' written consent or if there be a final judgment for the plaintiff in any such Proceedings, the CEMEX Parties, jointly and severally, agree to indemnify and hold harmless each Indemnified Person from and against any and all losses, claims, damages, liabilities and expenses by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an Indemnified Person shall have requested that the CEMEX Parties reimburse such Indemnified Person for legal or other expenses in connection with investigating, responding to or defending any Proceedings as contemplated by this Annex A, the CEMEX Parties shall be jointly and severally liable for any settlement of any Proceedings effected without the CEMEX Parties' written consent if (i) such settlement is entered into more than 30 days after receipt by the CEMEX Parties of such request for reimbursement and (ii) the CEMEX Parties shall not have reimbursed such Indemnified Person in accordance with such request prior to the date of such settlement. None of the CEMEX Parties shall, without the prior written consent of an Indemnified Person, effect any settlement of any pending or threatened Proceedings in respect of which indemnification could have been sought hereunder by such Indemnified Person, unless such settlement (i) includes an unconditional release of such Indemnified Person, in form and substance satisfactory to such Indemnified Person, from all liability on claims that are the subject matter of such Proceedings and (ii) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Person.

The indemnity, reimbursement and contribution obligations of the CEMEX Parties under this Annex A shall be in addition to any liability which the CEMEX Parties may otherwise have to an Indemnified Person and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the CEMEX Parties and any Indemnified Person.

AMENDMENT TO THE
DEALER MANAGER AGREEMENT

March 12, 2012

J.P. Morgan Securities LLC
383 Madison Avenue
New York, New York 10179

J.P. Morgan Securities Ltd.
125 London Wall
London EC2Y 5AJ

Merrill Lynch, Pierce, Fenner & Smith
Incorporated
1 Bryant Park
New York, New York 10036

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ

Ladies and Gentlemen:

This amendment (this "Amendment") to the Dealer Manager Agreement, dated February 27, 2012 (the "Dealer Manager Agreement"), by and among the CEMEX Parties, the Capital SPVs, and the Dealer Managers (collectively, the "Parties"), will confirm the understanding among the Parties. Capitalized terms not otherwise defined in this Amendment have the same meaning as specified in the Dealer Manager Agreement.

1. Amendments.

- a. The Parties hereby agree to amend the Dealer Manager Agreement, effective as of the date hereof, so that all references to the "Early Participation Date" refer instead to the expiration of the withdrawal period relating to the Offers, as may be extended by CEMEX España, Luxembourg Branch.

2. Miscellaneous.

- a. This Amendment, and any claim, controversy or dispute relating to or arising out of this Amendment, shall be governed by and construed in accordance with the laws of the State of New York. The CEMEX Parties, the Capital SPVs and you

irrevocably agree to waive trial by jury in any action, proceeding, claim or counterclaim brought by or on behalf of any party related to or arising out of this Amendment.

- b. This Amendment contains the entire agreement between the parties relating to the subject matter hereof and supersedes all prior understandings, agreements and arrangements, written or oral, with respect thereto. This Amendment may not be amended or modified except by a writing executed by each of the parties hereto. Section headings herein are for convenience only and are not a part of this Agreement. In the event that any provision hereof shall be determined to be invalid or unenforceable in any respect, such determination shall not affect such provision in any other respect or any other provision hereof or of the Dealer Manager Agreement, both of which shall remain in full force and effect. None of the parties hereto shall be responsible or have any liability to any other party for any indirect, special or consequential damages arising out of or in connection with this Amendment, even if advised of the possibility thereof. This Amendment may be executed in counterparts, each of which will be deemed an original, but all of which taken together will constitute one and the same instrument.

Please indicate your acceptance of the foregoing provisions by signing in the space provided below for that purpose and returning to us a copy of this Amendment so signed, whereupon this Amendment and your acceptance shall constitute a binding agreement among each of the CEMEX Parties, the Capital SPVs and you.

Very truly yours,

CEMEX, S.A.B. de C.V.

By: /s/ José Antonio González Flores
Name: José Antonio González Flores
Title: Attorney-in-Fact

CEMEX México, S.A. de C.V.

By: /s/ José Antonio González Flores
Name: José Antonio González Flores
Title: Attorney-in-Fact

New Sunward Holding B.V.

By: /s/ José Antonio González Flores
Name: José Antonio González Flores
Title: Attorney-in-Fact

New Sunward Holding Financial Ventures, B.V.

By: /s/ Agustín Blanco
Name: Agustín Blanco
Title: Attorney-in-Fact

CEMEX Finance Europe B.V.

By: /s/ Agustín Blanco
Name: Agustín Blanco
Title: Attorney-in-Fact

CEMEX España, S.A., Luxembourg Branch

By: /s/ Roger Saldaña

Name: Roger Saldaña
Title: Attorney-in-Fact

By: /s/ Agustín Blanco

Name: Agustín Blanco
Title: Attorney-in-Fact

C5 Capital (SPV) Limited

By: /s/ Ogier Managers (BVI) Limited

Name: Ogier Managers (BVI) Limited
Title: Sole Director

C8 Capital (SPV) Limited

By: /s/ Ogier Managers (BVI) Limited

Name: Ogier Managers (BVI) Limited
Title: Sole Director

C10-EUR Capital (SPV) Limited

By: /s/ Ogier Managers (BVI) Limited

Name: Ogier Managers (BVI) Limited
Title: Sole Director

C10 Capital (SPV) Limited

By: /s/ Ogier Managers (BVI) Limited

Name: Ogier Managers (BVI) Limited
Title: Sole Director

Accepted as of the date first above written:

J.P. MORGAN SECURITIES LLC

By: /s/ Roberto D'Avola

Name: Roberto D'Avola

Title: Executive Director

J.P. MORGAN SECURITIES LTD.

By: /s/ Roberto D'Avola

Name: Roberto D'Avola

Title: Executive Director

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

By: /s/ Maxim Volkov

Name: Maxim Volkov

Title: Managing Director

MERRILL LYNCH INTERNATIONAL

By: /s/ John Cavanagh

Name: John Cavanagh

Title: Managing Director

CEMEX ESPAÑA, S.A.,
ACTING THROUGH ITS LUXEMBOURG BRANCH, CEMEX ESPAÑA, S.A.,
LUXEMBOURG BRANCH

THE GUARANTORS PARTY HERETO

AND

THE BANK OF NEW YORK MELLON,

AS TRUSTEE

9.875% U.S. DOLLAR-DENOMINATED SENIOR SECURED NOTES DUE 2019 and

9.875% EURO-DENOMINATED SENIOR SECURED NOTES DUE 2019

INDENTURE

Dated as of March 28, 2012

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EXHIBIT H	FORM OF CERTIFICATION FOR TRANSFER PURSUANT TO RULE 144A (EURO NOTES)
EXHIBIT I	“CONSOLIDATED LEVERAGE RATIO” AND RELATED DEFINITIONS

INDENTURE, dated as of March 28, 2012, among CEMEX España, S.A., a corporation (*sociedad anónima*) organized under the laws of Spain (“CEMEX España”), acting through its Luxembourg branch, CEMEX España, S.A., Luxembourg Branch (the “Issuer”), created by virtue of the resolution of the Board of Directors of CEMEX España dated March 12, 2010 and formalized in a public deed granted before Notary Public of Madrid, Mr. Rafael Monjo Carrió, on March 16, 2010 as number 502 of his official files, CEMEX, S.A.B. de C.V., (the “Company”), CEMEX México, S.A. de C.V. (“CEMEX México”), and New Sunward Holding B.V. (“New Sunward Holding”), as guarantors of the Issuer’s obligations under this Indenture and the Notes (the “Note Guarantors”), The Bank of New York Mellon (the “Trustee”), as Trustee.

Each party agrees as follows for the benefit of the other parties and for the equal and ratable benefit of the Holders of the Issuer’s 9.875% U.S. Dollar-Denominated Senior Secured Notes due 2019 (the “Dollar Notes”) and 9.875% Euro-Denominated Senior Secured Notes due 2019 (the “Euro Notes”) and, together with the Dollar Notes, the “Notes”) issued hereunder. Each of the Dollar Notes and the Euro Notes constitute a separate series of Notes but will be treated together as a single class of securities for all purposes under this Indenture, including for purposes of voting and taking other actions by holders of such Notes, except as set forth in Section 5.01 hereof.

ARTICLE I

DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.1 Definitions.

“Acquired Indebtedness” means Indebtedness of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary or at the time it merges or consolidates with the Company or any of its Restricted Subsidiaries or is assumed in connection with the acquisition of assets from such Person. Such Indebtedness will be deemed to have been incurred at the time such Person becomes a Restricted Subsidiary or at the time it merges or consolidates with the Company or a Restricted Subsidiary or at the time such Indebtedness is assumed in connection with the acquisition of assets from such Person.

“Acquired Subsidiary” means any Subsidiary acquired by the Company or any other Subsidiary after the Issue Date in an Acquisition, and any Subsidiaries of such Acquired Subsidiary on the date of such Acquisition.

“Acquiring Subsidiary” means any Subsidiary formed by the Company or one of its Subsidiaries solely for the purpose of participating as the acquiring party in any Acquisition, and any Subsidiaries of such Acquiring Subsidiary acquired in such Acquisition.

“Acquisition” means any merger, consolidation, acquisition or lease of assets, acquisition of securities or business combination or acquisition, or any two or more of such transactions, if, upon the completion of such transaction or transactions, the Company or any Restricted Subsidiary thereof has acquired an interest in any Person who would be deemed to be a Restricted Subsidiary under this Indenture and was not a Restricted Subsidiary prior thereto.

“Additional Amounts” has the meaning assigned to it in Section 3.21(b).

“Additional Note Certificate” has the meaning assigned to it in Section 2.14(b).

“Additional Note Guarantor” means New Sunward Holding.

“Additional Note Supplemental Indenture” means a supplement to this Indenture duly executed and delivered by the Issuer, each Note Guarantor and the Trustee pursuant to Article IX providing for the issuance of Additional Notes.

“Additional Notes” means the Notes originally issued after the Issue Date pursuant to Section 2.14, as specified in the relevant Additional Note Certificate or Additional Note Supplemental Indenture issued therefor in accordance with this Indenture.

“Affiliate” means, with respect to any specified Person, any other Person who directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person. The term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. For purposes of this definition, the terms “controlling,” “controlled by” and “under common control with” have correlative meanings.

“Affiliate Transaction” has the meaning assigned to it in Section 3.18(a).

“Agent Members” has the meaning assigned to it in Section 2.7(b).

“Agents” means, collectively, the Registrar, any co-Registrar, the Paying Agents, the Transfer Agent and any other agent appointed by the Issuer hereunder.

“Applicable Procedures” means, with respect to any transfer or exchange of or for beneficial interests in a Global Note, the rules and procedures of DTC, Euroclear and Clearstream that apply to such transfer or exchange.

“Asset Sale” means any direct or indirect sale, disposition, issuance, conveyance, transfer, lease (other than an operating lease entered into in the ordinary course of business), assignment or other transfer, including a Sale and Leaseback Transaction (each, a “disposition”) by the Company or any Restricted Subsidiary of:

- (a) any Capital Stock other than Capital Stock of the Company; or
- (b) any property or assets (other than cash, Cash Equivalents or Capital Stock) of the Company or any Restricted Subsidiary;

Notwithstanding the preceding, the following will not be deemed to be Asset Sales:

- (1) the disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries as permitted under Section 3.12;

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- (2) any disposition of equipment that is not usable or obsolete or worn out equipment in the ordinary course of business or any disposition of inventory or goods (or other assets) held for sale or no longer used in the ordinary course of business;
 - (3) dispositions of assets in any fiscal year with a Fair Market Value not to exceed U.S.\$25 million in the aggregate;
 - (4) for purposes of Section 3.12 only, the making or disposition of a Permitted Investment or Restricted Payment permitted under Section 3.11;
 - (5) a disposition to the Company or a Restricted Subsidiary, including a Person that is or will become a Restricted Subsidiary immediately after the disposition;
 - (6) the creation of a Lien permitted under this Indenture (other than a deemed Lien in connection with a Sale and Leaseback Transaction);
 - (7) (i) the disposition of Receivables Assets pursuant to a Qualified Receivables Transaction and (ii) the disposition of other accounts receivable in the ordinary course of business;
 - (8) constituted by a license of intellectual property in the ordinary course of business;
 - (9) the disposition of inventory pursuant to an Inventory Financing or similar arrangement that is otherwise permitted under this Indenture;
 - (10) the disposition of any asset compulsorily acquired by a governmental authority; and
 - (11) sales, transfers and other dispositions of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding arrangements.

“Asset Sale Offer” has the meaning assigned to it in Section 3.12(c).

“Asset Sale Offer Amount” has the meaning assigned to it in Section 3.12(c).

“Asset Sale Offer Notice” means notice of an Asset Sale Offer made pursuant to Section 3.12, which shall be mailed first class, postage prepaid, to each record Holder as shown on the Note Register within 20 days following the 365th day after the receipt of Net Cash Proceeds of any Asset Sale, with a copy to the Trustee, which notice shall govern the terms of the Asset Sale Offer, and shall state:

- (1) the circumstances of the Asset Sale or Sales, the Net Cash Proceeds of which are included in the Asset Sale Offer, that an Asset Sale Offer is being made pursuant to Section 3.12(c), and that all Notes that are timely tendered will be accepted for payment;

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- (2) the Asset Sale Offer Amount and the Asset Sale Offer Payment Date, which date shall be a Business Day no earlier than 30 days nor later than 60 days from the date the Asset Sale Offer Notice is mailed (other than as may be required by law);
 - (3) that any Notes or portions thereof not tendered or accepted for payment will continue to accrue interest;
 - (4) that, unless the Company defaults in the payment of the Asset Sale Offer Amount with respect thereto, all Notes or portions thereof accepted for payment pursuant to the Asset Sale Offer shall cease to accrue interest from and after the Asset Sale Offer Payment Date;
 - (5) that any Holder electing to have any Notes or portions thereof purchased pursuant to the Asset Sale Offer will be required to surrender such Notes, with the form entitled "Option of Holder to Elect Purchase" on the reverse of such Notes completed, to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day preceding the Asset Sale Offer Payment Date;
 - (6) that any Holder shall be entitled to withdraw such election if the Paying Agent receives, not later than the close of business on the second Business Day preceding the Asset Sale Offer Payment Date, a facsimile transmission or letter, setting forth the name of the Holder, the principal amount of Notes delivered for purchase, and a statement that such Holder is withdrawing such Holder's election to have such Notes or portions thereof purchased pursuant to the Asset Sale Offer;
 - (7) that any Holder electing to have Notes purchased pursuant to the Asset Sale Offer must specify the principal amount that is being tendered for purchase, which principal amount must be U.S.\$150,000 and in integral multiples of U.S.\$1,000 in excess thereof, in the case of Dollar Notes, and €100,000 and in integral multiples of €1,000 in excess thereof, in the case of Euro Notes;
 - (8) that any Holder of Certificated Notes whose Certificated Notes are being purchased only in part will be issued new Certificated Notes equal in principal amount to the unpurchased portion of the Certificated Note or Notes surrendered, which unpurchased portion will be equal in principal amount to U.S.\$150,000 and in integral multiples of U.S.\$1,000 in excess thereof, in the case of Dollar Notes, and €100,000 and in integral multiples of €1,000 in excess thereof, in the case of Euro Notes;

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- (9) that the Trustee will return to the Holder of a Global Note that is being purchased in part, such Global Note with a notation on the schedule of increases or decreases thereof adjusting the principal amount thereof to be equal to the unpurchased portion of such Global Note; and
- (10) any other information necessary to enable any Holder to tender Notes and to have such Notes purchased pursuant to Section 3.12.

“Asset Sale Offer Payment Date” has the meaning assigned to it in Section 3.12(g).

“Asset Sale Offer Period” has the meaning assigned to it in Section 3.12(e).

“Authenticating Agent” has the meaning assigned to it in Section 2.2(b).

“Authorized Agent” has the meaning assigned to it in Section 12.7(c).

“Axtel Share Forward Transactions” means (a) the Axtel share forward transaction that is governed by a long form confirmation originally dated January 22, 2009, as replaced by a long form confirmation dated September 28, 2010, as further replaced by a long form confirmation dated March 19, 2012, between Credit Suisse International and Centro Distribuidor de Cemento, S.A. de C.V. (References: External ID: 16059563R4-Risk ID: 10008383); and (b) the Axtel share forward transaction that is governed by a long form confirmation dated March 13, 2009, as replaced by a long form confirmation dated September 22, 2009, as replaced by a long form confirmation dated September 28, 2011, between BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer and Centro Distribuidor de Cemento, S.A. de C.V. (Reference: EQS-1428-MX5371953); and, in each case, any replacements, amendments or renewals thereof that are entered into on then prevailing market terms with the underlying amounts not greater than the original underlying amounts.

“Bancomex Facility” means the U.S.\$250,000,000 credit agreement (*Crédito Simple*), dated October 14, 2008, as amended from time to time (*provided* that the principal amount thereof does not increase above the principal amount outstanding as of August 14, 2009 (except by the amount of any capitalized interest if so provided by such facility and on those terms as of August 14, 2009) less the amount of any repayments and prepayments made in respect of such facility), among the Company, as borrower, Banco Nacional de Comercio Exterior, S.N.C., as lender, and CEMEX México, as guarantor, and secured by a mortgage of cement plants in Mérida, Yucatán, Mexico and Ensenada, Baja California, Mexico.

“Bankruptcy Event of Default” means:

- (1) the entry by a court of competent jurisdiction of: (i) a decree or order for relief in respect of any Bankruptcy Party in an involuntary case or proceeding under any Bankruptcy Law or (ii) a decree or order (A) adjudging any Bankruptcy Party a bankrupt or insolvent, in *concurso mercantil* or *quiebra*, (B) approving as properly filed a petition seeking reorganization, *concurso mercantil*, arrangement, adjustment or composition of, or in respect of, any Bankruptcy Party under any

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- Bankruptcy Law, (C) appointing a Custodian of any Bankruptcy Party or of any substantial part of the property of any Bankruptcy Party, or (D) ordering the winding-up or liquidation of the affairs of any Bankruptcy Party, and in each case, the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive calendar days; or
- (2) (i) the commencement by any Bankruptcy Party of a voluntary case or proceeding under any Bankruptcy Law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, in *concurso mercantil* or *quiebra*, (ii) the consent by any Bankruptcy Party to the entry of a decree or order for relief in respect of such Bankruptcy Party in an involuntary case or proceeding under any Bankruptcy Law or to the commencement of any bankruptcy or insolvency case or proceeding against any Bankruptcy Party, (iii) the filing by any Bankruptcy Party of a petition or answer or consent seeking reorganization, *concurso mercantil*, or relief under any Bankruptcy Law, (iv) the consent by any Bankruptcy Party to the filing of such petition or to the appointment of or taking possession by a Custodian of any Bankruptcy Party or of any substantial part of the property of any Bankruptcy Party, (v) the making by any Bankruptcy Party of an assignment for the benefit of creditors, (vi) the admission by any Bankruptcy Party in writing of its inability to pay its debts generally as they become due, or (vii) the approval by stockholders of any Bankruptcy Party of any plan or proposal for the liquidation or dissolution of such Bankruptcy Party, or (viii) the taking of corporate action by any Bankruptcy Party in furtherance of any action referred to in clauses (i) – (vii) above.

“Bankruptcy Law” means Title 11, U.S. Code or any similar Federal, state or non-U.S. law for the relief of debtors, including the Mexican *Ley de Concursos Mercantiles* and Spanish Law 22/2003 of 9 July (*Ley 22/2003 de 9 de julio, Concursal*), as amended.

“Bankruptcy Party” means the Company, the Issuer and any Significant Subsidiary of the Company or group of Subsidiaries that, taken together would constitute a Significant Subsidiary of the Company.

“Banobras Facility” means a revolving loan agreement (*Contrato de Apertura de Crédito en Cuenta Corriente*), dated April 22, 2009, among CEMEX Concretos, S.A. de C.V., as borrower and Banco Nacional de Obras y Servicios Públicos, S.N.C., as lender, as in effect on the Issue Date and as amended from time to time, and secured by a mortgage of Planta Yaqui in Hermosillo, Sonora, Mexico.

“Board of Directors” means, as to any Person, the board of directors, management committee or similar governing body of such Person or any duly authorized committee thereof.

“Business Day” means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City, Mexico City, Madrid, Luxembourg or Amsterdam

are authorized or required by law or other governmental action to remain closed; *provided* that, for purposes of payments to be made under this Indenture, a “Business Day” must also be a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) payment system is open for the settlement of payments.

“C5 Capital” means C5 Capital (SPV) Limited, a restricted purpose company incorporated with limited liability and domiciled in the British Virgin Islands.

“C8 Capital” means C8 Capital (SPV) Limited, a restricted purpose company incorporated with limited liability and domiciled in the British Virgin Islands.

“C10 Capital” means C10 Capital (SPV) Limited, a restricted purpose company incorporated with limited liability and domiciled in the British Virgin Islands.

“C10-EUR Capital” means C10-EUR Capital (SPV) Limited, a restricted purpose company incorporated with limited liability and domiciled in the British Virgin Islands.

“Capital SPVs” means, collectively, C5 Capital, C8 Capital, C10 Capital and C10-EUR Capital.

“Capital Stock” means:

- (1) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, including each class of Common Stock and Preferred Stock of such Person;
- (2) with respect to any Person that is not a corporation, any and all partnership or other equity or ownership interests of such Person; and
- (3) any warrants, rights or options to purchase any of the instruments or interests referred to in clause (1) or (2) above, but excluding any Indebtedness exchangeable into such equity interest in existence on the Issue Date or Incurred pursuant to Section 3.9.

“Capitalized Lease Obligations” means, as to any Person, the obligations of such Person under a lease that are required to be classified and accounted for as capital lease obligations under GAAP. For purposes of the definition, the amount of such obligations at any date will be the capitalized amount of such obligations at such date, determined in accordance with GAAP.

“Cash Equivalents” means:

- (1) marketable direct obligations issued by, or unconditionally guaranteed by, the United States government, the United Kingdom or any member nation of the European Union or issued by any agency thereof and backed by the full faith and credit of the United States, the United Kingdom, such member nation of the European Union or any European Union central bank, in each case maturing within one year from the date of acquisition thereof;

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- (2) marketable direct obligations issued by the Mexican government, or issued by any agency thereof, including but not limited to, *Certificados de la Tesorería de la Federación* (Cetes) or *Bonos de Desarrollo del Gobierno Federal* (Bondes), in each case, issued by the government of Mexico and maturing not later than one year after the acquisition thereof;
 - (3) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within one year from the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from either S&P or Fitch or any successor thereto;
 - (4) commercial paper or corporate debt obligations maturing no more than one year from the date of creation thereof and, at the time of acquisition, having a rating of at least A-1 or AAA from S&P, at least F-1 or AAA from Fitch or P-1 or Aaa from Moody's;
 - (5) demand deposits, certificates of deposit, time deposits or bankers' acceptances or other short-term unsecured debt obligations (and any cash or deposits in transit in any of the foregoing) maturing within one year from the date of acquisition thereof issued by (a) any bank organized under the laws of the United States of America or any state thereof or the District of Columbia, the United Kingdom or any country of the European Union, (b) any U.S. branch of a non-U.S. bank having at the date of acquisition thereof combined capital and surplus of not less than U.S.\$500 million, or (c) in the case of Mexican peso deposits, any financial institution in good standing with Banco de México organized under the laws of Mexico;
 - (6) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clause (1) and (2) above entered into with any bank meeting the qualifications specified in clause (5) above;
 - (7) investments in money market funds which invest substantially all of their assets in securities of the types described in clauses (1) through (6), (8) and (9);
 - (8) certificates of deposit issued by any of Nacional Financiera, S.N.C., Banco Nacional de Comercio Exterior, S.N.C., Banco Nacional de Obras y Servicios Públicos, S.N.C. or any other development bank controlled by the Mexican government;

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- (9) any other debt instrument rated “investment grade” (or the local equivalent thereof according to local criteria in a country in which the Company or a Restricted Subsidiary operates and in which local pensions are permitted by law to invest) with maturities of 12 months or less from the date of acquisition; and
 - (10) Investments in mutual funds, managed by banks, with a local currency credit rating of at least MxAA by S&P or other equally reputable local rating agency, that invest principally in marketable direct obligations issued by the Mexican Government, or issued by any agency or instrumentality thereof.

In the case of Investments by any Restricted Subsidiary, Cash Equivalents will also include (a) investments of the type and maturity described in clauses (1) through (10) of any Restricted Subsidiary outside of Mexico in the country in which such Restricted Subsidiary operates, which Investments or obligors (or the parents of such obligors) have ratings described in such clauses or equivalents ratings from comparable foreign rating agencies, (b) local currencies and other short-term investments utilized by Restricted Subsidiaries in accordance with normal investment practices for cash management in investments analogous to the foregoing investments in clauses (1) through (10) and in this paragraph and (c) investments of the type described in clauses (1) through (9) maturing within one year of the Issue Date.

“CEMEX España” means the corporation named as such in the introductory paragraph to this Indenture and its successors and assigns.

“CEMEX México” means the party named as such in the introductory paragraph to this Indenture and its successors and assigns.

“Certificados Bursátiles” means debt securities issued by the Company guaranteed (por aval) by CEMEX México and Empresas Tolteca de México, S.A. de C.V. in the Mexican capital markets with the approval of the Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*) and listed on the Mexican Stock Exchange (*Bolsa Mexicana de Valores, S.A.B. de C.V.*).

“Certificated Note” means any Note issued in fully registered form, other than a Global Note, which shall be substantially in the form of Exhibit A hereto, in the case of Dollar Notes, and, in the form of Exhibit B hereto, in the case of Euro Notes, with appropriate legends as specified in Section 2.7, Exhibit A hereto and Exhibit B hereto, as applicable.

“Change of Control” means the beneficial ownership (within the meaning of Rule 13d-3 promulgated by the Commission under the Securities Exchange Act of 1934, as amended) of twenty percent (20%) or more in voting power of the outstanding Voting Stock of the Company is acquired by any Person; *provided* that the acquisition of beneficial ownership of Capital Stock of the Company by Lorenzo H. Zambrano or any member of his immediate family shall not constitute a Change of Control.

“Change of Control Notice” means notice of a Change of Control Offer made pursuant to Section 3.8, which shall be mailed first-class, postage prepaid, to each record Holder as shown on the Note Register within 30 days following the date upon which a Change of Control occurred, with a copy to the Trustee, which notice shall govern the terms of the Change of Control Offer and shall state:

- (1) that a Change of Control has occurred, the circumstances or events causing such Change of Control and that a Change of Control Offer is being made pursuant to Section 3.8, and that all Notes that are timely tendered will be accepted for payment;
- (2) the Change of Control Payment, and the Change of Control Payment Date, which date shall be a Business Day no earlier than 30 calendar days nor later than 60 calendar days subsequent to the date such notice is mailed (other than as may be required by law);
- (3) that any Notes or portions thereof not tendered or accepted for payment will continue to accrue interest;
- (4) that, unless the Issuer defaults in the payment of the Change of Control Payment with respect thereto, all Notes or portions thereof accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest from and after the Change of Control Payment Date;
- (5) that any Holder electing to have any Notes or portions thereof purchased pursuant to a Change of Control Offer will be required to tender such Notes, with the form entitled “Option of Holder to Elect Purchase” on the reverse of such Notes completed, to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;
- (6) that any Holder shall be entitled to withdraw such election if the Paying Agent receives, not later than the close of business on the second Business Day preceding the Change of Control Payment Date, a facsimile transmission or letter, setting forth the name of the Holder, the principal amount of Notes delivered for purchase, and a statement that such Holder is withdrawing such Holder’s election to have such Notes or portions thereof purchased pursuant to the Change of Control Offer;
- (7) that any Holder electing to have Notes purchased pursuant to the Change of Control Offer must specify the principal amount that is being tendered for purchase, which principal amount must be U.S.\$150,000 and in integral multiples of U.S.\$1,000 in excess thereof, in the case of Dollar Notes, and €100,000 and in integral multiples of €1,000 in excess thereof, in the case of Euro Notes;

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- (8) that any Holder of Certificated Notes whose Certificated Notes are being purchased only in part will be issued new Certificated Notes equal in principal amount to the unpurchased portion of the Certificated Note or Notes surrendered, which unpurchased portion will be equal in principal amount to U.S.\$150,000 and in integral multiples of U.S.\$1,000 in excess thereof, in the case of Dollar Notes, and €100,000 and in integral multiples of €1,000 in excess thereof, in the case of Euro Notes;
- (9) that the Trustee will return to the Holder of a Global Note that is being purchased in part, such Global Note with a notation on Schedule A thereof adjusting the principal amount thereof to be equal to the unpurchased portion of such Global Note; and
- (10) any other information necessary to enable any Holder to tender Notes and to have such Notes purchased pursuant to Section 3.8(b).

“Change of Control Offer” has the meaning assigned to it in Section 3.8(b).

“Change of Control Payment” has the meaning assigned to it in Section 3.8(a).

“Change of Control Payment Date” has the meaning assigned to it in Section 3.8(b).

“Clearstream” means Clearstream Banking, *société anonyme*, or the successor to its securities clearance and settlement operations.

“Code” means the Internal Revenue Code of 1986, as amended.

“Collateral” means “Transaction Security” as defined in the Intercreditor Agreement from time to time.

“Commission” means the U.S. Securities and Exchange Commission.

“Commodity Price Purchase Agreement” means, in respect of any Person, any forward contract, commodity swap agreement, commodity option agreement or other similar agreement or arrangement designed to protect such Person from fluctuations in commodity prices.

“Common Stock” of any Person means any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person’s common equity interests, whether outstanding on the Issue Date or issued after the Issue Date, and includes, without limitation, all series and classes of such common equity interests.

“Common Depositary” means The Bank of New York Mellon Depositary (Nominees) Limited of 30 Cannon Street, London, EC4M624 United Kingdom or registered assigns as common depositary for Euroclear and/or Clearstream.

“Company” means the party named as such in the introductory paragraph to this Indenture and its successors and assigns, including any Successor Company which becomes such in accordance with Article IV.

“Compensation Related Hedging Obligations” means (i) the obligations of any Person pursuant to any equity option contract, equity forward contract, equity swap, warrant, rights or other similar agreement designed to hedge risks or obligations relating to employee, director or consultant compensation, pension, benefits or similar activities of the Company and/or any of its Subsidiaries and (ii) the obligations of any Person pursuant to any agreement that requires another Person to make payments or deliveries that are otherwise required to be made by the first Person relating to employee, director or consultant compensation, pension, benefits or similar activities of the Company and/or any of its Subsidiaries, in each case in the ordinary course of business.

“Consolidated EBITDA” means, for any Person for any period, Consolidated Net Income for such Person for such period, plus the following, without duplication, to the extent deducted or added in calculating such Consolidated Net Income:

- (1) Consolidated Income Tax Expense for such Person for such period;
- (2) Consolidated Interest Expense for such Person for such period net of consolidated interest income for such period;
- (3) Consolidated Non-cash Charges for such Person for such period;
- (4) the amount of any nonrecurring restructuring charge or reserve deducted in such period in computing Consolidated Net Income;
- (5) the net effect on income or loss in respect of Hedging Obligations or other derivative instruments, which shall include, for the avoidance of doubt, all amounts not excluded from Consolidated Net Income pursuant to the proviso in clause (9) thereof; and
- (6) net income of such Person attributable to minority interests in Subsidiaries of such Person.

less (x) all non-cash credits and gains increasing Consolidated Net Income for such Person for such period and (y) all cash payments made by such Person and its Restricted Subsidiaries during such period relating to Consolidated Non-cash Charges that were added back in determining Consolidated EBITDA in any prior period.

“Consolidated Fixed Charge Coverage Ratio” means, for any Person as of any date of determination (the “Fixed Charge Calculation Date”), the ratio of the aggregate amount of Consolidated EBITDA of such Person for the four most recent full fiscal quarters for which financial statements are available ending prior to the date of such determination (the “Four Quarter Period”) to Consolidated Fixed Charges for such Person for such Four Quarter Period. For purposes of making the computation referred to above, Material Acquisitions and Material Dispositions (as determined in accordance with GAAP) that have been made by the Company or

any of its Restricted Subsidiaries during the Four Quarter Period or subsequent to such Four Quarter Period and on or prior to or simultaneously with the Fixed Charge Calculation Date shall be calculated on a *pro forma* basis assuming that all such Material Acquisitions and Material Dispositions (and the change in any associated fixed charge obligations and the change in Consolidated EBITDA resulting therefrom) had occurred on the first day of the Four Quarter Period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged with or into the Company or any of its Restricted Subsidiaries since the beginning of such period shall have made any Material Acquisition or Material Disposition that would have required adjustment pursuant to this definition, then the Consolidated Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect thereto.

For purposes of this definition, whenever *pro forma* effect is to be given to a Material Acquisition or Material Disposition and the amount of income or earnings relating thereto or with respect to other *pro forma* calculations under this definition, such *pro forma* calculations shall be made in good faith by a responsible financial or accounting officer of the Company. If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Fixed Charge Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness). Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Company to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a *pro forma* basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period except as set forth in the first paragraph of this definition. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Company may designate.

Furthermore, in calculating “Consolidated Fixed Charges” for purposes of determining the denominator (but not the numerator) of this “Consolidated Fixed Charge Coverage Ratio,”

- (a) interest on outstanding Indebtedness determined on a fluctuating basis as of the date of determination and which will continue to be so determined thereafter will be deemed to have accrued at a fixed rate per annum equal to the rate of interest on such Indebtedness in effect on such date of determination;
- (b) if interest on any Indebtedness actually Incurred on such date of determination may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rates, then the interest rate in effect on such date of determination will be deemed to have been in effect during the Four Quarter Period; and

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- (c) notwithstanding clause (a) above, interest on Indebtedness determined on a fluctuating basis, to the extent such interest is covered by Hedging Obligations, will be deemed to accrue at the rate per annum resulting after giving effect to the operation of such agreements.

“Consolidated Fixed Charges” means, for any Person for any period, the sum, without duplication, of:

- (1) Consolidated Interest Expense for such Person for such period, plus
- (2) to the extent not included in (1) above, payments during such period in respect of the financing costs of financial derivatives in the form of equity swaps, plus
- (3) the product of:
 - (a) the amount of all cash and non-cash dividend payments on any series of Preferred Stock or Disqualified Capital Stock of such Person (other than dividends paid in Qualified Capital Stock) or any Subsidiary of such Person (Restricted Subsidiary in the case of the Company) paid, accrued or scheduled to be paid or accrued during such period, excluding dividend payments on Preferred Stock or Disqualified Capital Stock paid, accrued or scheduled to be paid to such Person or another Subsidiary (Restricted Subsidiary in the case of the Company), times
 - (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current effective tax rate of such Person in its principal taxpaying jurisdiction (Mexico, in the case of the Company), expressed as a decimal.

“Consolidated Income Tax Expense” means, with respect to any Person for any period, the provision for federal, state and local income and asset taxes payable, including current and deferred taxes, by such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) for such period as determined on a consolidated basis in accordance with GAAP.

“Consolidated Interest Expense” means, for any Person for any period, the sum of, without duplication determined on a consolidated basis in accordance with GAAP:

- (1) the aggregate of cash and non-cash interest expense of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) for such period determined on a consolidated basis in accordance with GAAP, including, without limitation the following for such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) whether or not interest expense in accordance with GAAP:
 - (a) any amortization or accretion of debt discount or any interest paid on Indebtedness of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) in the form of additional Indebtedness,

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- (b) any amortization of deferred financing costs; *provided* that any such amortization resulting from costs incurred prior to the Issue Date shall be excluded for the calculation of Consolidated Interest Expense,
 - (c) the net costs under Hedging Obligations relating to Indebtedness (including amortization of fees but excluding foreign exchange adjustments on the notional amounts of the Hedging Obligations),
 - (d) all capitalized interest,
 - (e) the interest portion of any deferred payment obligation,
 - (f) commissions, discounts and other fees and charges Incurred in respect of letters of credit or bankers' acceptances or in connection with sales or other dispositions of accounts receivable and related assets,
 - (g) any interest expense on Indebtedness of another Person that is Guaranteed by such Person or one of its Subsidiaries (Restricted Subsidiary in the case of the Company) or secured by a Lien on the assets of such Person or one of its Subsidiaries (Restricted Subsidiaries in the case of the Company), whether or not such Guarantee or Lien is called upon, and
 - (h) any interest accrued in respect of Indebtedness without a maturity date; and
- (2) the interest component of Capitalized Lease Obligations paid, accrued and/or scheduled to be paid or accrued by such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) during such period.

“Consolidated Net Income” means, with respect to any Person for any period, the aggregate net income (or loss) of such Person and its Subsidiaries for such period on a consolidated basis (after deducting (i) the portion of such net income attributable to minority interests in Subsidiaries of such Person and (ii) any interest paid or accrued in respect of Indebtedness without a maturity date), determined in accordance with GAAP; *provided*, that there shall be excluded therefrom:

- (1) net after-tax gains and losses from Asset Sale transactions or abandonments or reserves relating thereto;
- (2) net after-tax items classified as extraordinary gains or losses;

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- (3) the net income (but not loss) of any Subsidiary of such Person (non-Guarantor Subsidiary in the case of the Company) to the extent that a corresponding amount could not be distributed to such Person at the date of determination as a result of any restriction pursuant to the constituent documents of such Subsidiary (non-Guarantor Subsidiary in the case of the Company) or any law, regulation, agreement or judgment applicable to any such distribution;
 - (4) any net income (loss) of any Person (other than the Company) if such Person is not a Restricted Subsidiary, except that the Company's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution to a Restricted Subsidiary, to the limitations contained in this clause);
 - (5) [Reserved];
 - (6) any restoration to income of any contingency reserve, except to the extent that provision for such reserve was made out of Consolidated Net Income accrued at any time following the Issue Date;
 - (7) any gain (or loss) from foreign exchange translation or change in net monetary position;
 - (8) any gain (or loss) from the cumulative effect of changes in accounting principles; and
 - (9) any net gain or loss (after any offset) resulting in such period from Hedging Obligations or other derivative instruments; *provided* that the net effect on income or loss (including in any prior periods) shall be included upon any termination or early extinguishment of such Hedging Obligations or other derivative instrument, other than any Hedging Obligations with respect to Indebtedness (that is not itself a Hedging Obligation) and that are extinguished concurrently with the termination or other prepayment of such Indebtedness.

“Consolidated Non-cash Charges” means, for any Person for any period, the aggregate depreciation, amortization (including amortization of goodwill and other Intangible Assets) and other non-cash expenses or losses of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) for such period, determined on a consolidated basis in accordance with GAAP (excluding any such charge which constitutes an accrual of or a reserve for cash charges for any future period or the amortization of a prepaid cash expense paid in a prior period).

“Consolidated Tangible Assets” means, for any Person at any time, the total consolidated assets of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) as set forth on the balance sheet as of the most recent fiscal quarter of such Person, prepared in accordance with GAAP, less Intangible Assets.

“Corporate Trust Office” means the principal office of the Trustee at which at any time its corporate trust business shall be administered, which office at the date hereof is located at 101 Barclay Street, 4E, New York, New York 10286, Attention: Global Structured Finance Group, or such other address as the Trustee may designate from time to time by notice to the Holders, the Issuer and the Company.

“Covenant Defeasance” has the meaning assigned to it in Section 8.1(c).

“Covenant Suspension Event” has the meaning assigned to it in Section 3.22(b).

“Currency Agreement” means, in respect of any Person, any foreign exchange contract, currency swap agreement or other similar agreement as to which such Person is a party designed to hedge foreign currency risk of such Person.

“Custodian” means any receiver, trustee, *conciliador*, assignee, liquidator, sequestrator or similar official under any Bankruptcy Law.

“Default” means an event or condition the occurrence of which is, or with the lapse of time or the giving of notice or both would be, an Event of Default.

“Defaulted Interest” has the meaning assigned to it in Section 2.13 and Section 1, paragraph 2 of the Form of Reverse Side of Note contained in Exhibit A hereto and Exhibit B hereto.

“Designated Non-cash Consideration” means the Fair Market Value of non-cash consideration received by the Company or a Restricted Subsidiary in connection with an Asset Sale that is so designated as Designated Non-cash Consideration pursuant to an Officer’s Certificate setting forth the basis of such valuation.

“Designation” has the meaning assigned to it in Section 3.14(a).

“Designation Amount” has the meaning assigned to it in clause (iii) of Section 3.14(a).

“Disposition” means, with respect to any property, any sale, lease, Sale and Leaseback Transaction, assignment, conveyance, transfer or other disposition thereof.

“Disqualified Capital Stock” means that portion of any Capital Stock which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the Holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the sole option of the Holder thereof, in any case, on or prior to the 91st day after the final maturity date of the Notes, but excluding with respect to Mexican companies, any

shares of such Mexican company that are part of the variable portion of its Capital Stock and that are redeemable under the Mexican General Law of Business Corporations (*Ley General de Sociedades Mercantiles*).

“Distribution Compliance Period” means, in respect of any Regulation S Global Note (or Certificated Note issued in respect thereof pursuant to Section 2.7(c)), the 40 consecutive days beginning on and including the later of (a) the day on which any Notes represented thereby are offered to persons other than distributors (as defined in Regulation S) pursuant to Regulation S or (b) the issue date for such Notes.

“Dollar Equivalent” means, with respect to any monetary amount in Euros, at any time of determination thereof by the Issuer, the amount of U.S. Legal Tender obtained by converting Euros into U.S. Legal Tender at the spot rate for the purchase of U.S. Legal Tender published in The Wall Street Journal, Eastern Edition (or, if The Wall Street Journal is no longer published, or if such information is no longer available, such source as may be selected in good faith by the Company) on the date of such determination.

“Dollar Notes” means the Issuer’s U.S. Dollar-Denominated 9.875% Senior Secured Notes due 2019 issued and authenticated pursuant to this Indenture.

“DTC” means The Depository Trust Company, its nominees and their respective successors and assigns, or such other depository institution hereinafter appointed by the Company that is a clearing agency registered under the Exchange Act.

“Equity Offering” has the meaning assigned to it in Exhibit A hereto, Section 5.

“Euro Notes” means the Euro-Denominated 9.875% Senior Secured Notes due 2019 issued and authenticated pursuant to this Indenture.

“Euroclear” means Euroclear Bank S.A./N.V., as operator of the Euroclear System, or its successor in such capacity.

“European Government Obligations” means direct non-callable and non-redeemable obligations denominated in Euros (in each case, with respect to the issuer thereof) of any member state of the European Union that is a member of the European Union as of the date of this Indenture.

“Event of Default” has the meaning assigned to it in Section 6.1(a).

“Exchange Act” means the Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

“Existing Senior Notes” means the U.S. Dollar-denominated 9.50% Senior Secured Notes due 2016 guaranteed by the Company, the Euro-denominated 9.625% Senior Secured Notes due 2017 guaranteed by the Company, the U.S. Dollar-denominated 9.25% Senior Secured Notes due 2020 issued by the Issuer, the Euro-denominated 8.875% Senior Secured Notes due 2017 issued by the Issuer, the U.S. Dollar-denominated 9.000% Senior Secured Notes due 2018 issued by the Company and the U.S. Dollar-denominated Floating Rate Senior Secured Notes due 2015 issued by the Company.

“Fair Market Value” means, with respect to any asset, the price (after taking into account any liabilities relating to such assets) which could be negotiated in an arm’s-length free market transaction, for cash, between a willing seller and a willing and able buyer, neither of which is under any compulsion to complete the transaction. Fair Market Value shall be determined, except as otherwise provided, by the Company in good faith.

“Financing Agreement” means the financing agreement, dated as of August 14, 2009, entered into among the Company and certain of its Subsidiaries, the financial institutions and noteholders party thereto, Citibank International PLC, as administrative agent, and Wilmington Trust (London) Limited, as security agent, as such agreement may be amended, modified or waived from time to time.

“Financing Agreement Indebtedness” means the Indebtedness that is subject to and outstanding under the Financing Agreement.

“Fitch” means Fitch Ratings and any successor to its rating agency business.

“Four Quarter Period” has the meaning assigned to it in the definition of “Consolidated Fixed Charge Coverage Ratio” above.

“GAAP” means Mexican Financial Reporting Standards as in effect on September 30, 2009. At any time after the Issue Date, the Company may elect to apply IFRS in lieu of GAAP and, upon any such election, references herein to GAAP shall thereafter be construed to mean IFRS as in effect on the date of such election; *provided* that any such election, once made, shall be irrevocable. The Company shall give notice of any such election to the Trustee.

“Global Note” means any Note issued in fully registered form to DTC, Euroclear or Clearstream (or their respective nominees), as depository for the beneficial owners thereof, which shall be substantially in the form of Exhibit A hereto, in the case of Dollar Notes, and in the form of Exhibit B hereto, in the case of Euro Notes, in each case, with appropriate legends as specified in Section 2.8, Exhibit A hereto and Exhibit B hereto, as applicable.

“Guarantee” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person:

- (1) to purchase or pay, or advance or supply funds for the purchase or payment of, such Indebtedness of such other Person, whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise, or
- (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof, in whole or in part,

provided that “Guarantee” will not include endorsements for collection or deposit in the ordinary course of business. “Guarantee” used as a verb has a corresponding meaning.

“Guaranteed Obligations” has the meaning assigned to it in Section 10.1(a).

“Hedging Obligations” means the obligations of any Person pursuant to any Interest Rate Agreement, Currency Agreement, Commodity Price Purchase Agreement or any Transportation Agreement, in each case, not entered into for speculative purposes.

“Holder” means the Person in whose name a Note is registered in the Note Register.

“IFRS” means the International Financial Reporting Standards as issued by the International Accounting Standards Board.

“Incur” means, with respect to any Indebtedness or other obligation of any Person, to create, issue, incur (including by conversion, exchange or otherwise), assume, Guarantee or otherwise become liable in respect of such Indebtedness or other obligation on the balance sheet of such Person (and “Incurrence,” “Incurred” and “Incurring” will have meanings correlative to the preceding).

“Indebtedness” means with respect to any Person, without duplication:

- (1) the principal amount (or, if less, the accreted value) of all obligations of such Person for borrowed money;
- (2) the principal amount (or, if less, the accreted value) of all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, including any perpetual bonds, debenture notes or similar instruments without regard to maturity date;
- (3) all Capitalized Lease Obligations of such Person;
- (4) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations and all payment obligations under any title retention agreement (but excluding trade accounts payable and other accrued liabilities accounted for as current liabilities (in accordance with GAAP) arising in the ordinary course of business) to the extent of any reimbursement obligations in respect thereof;
- (5) reimbursement obligations with respect to letters of credit, banker’s acceptances or similar credit transactions;
- (6) Guarantees and other contingent obligations of such Person in respect of Indebtedness referred to in clauses (1) through (5) above and clauses (8) through (10) below;

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- (7) all Indebtedness of any other Person of the type referred to in clauses (1) through (6) which is secured by any Lien on any property or asset of the first Person, the amount of such Indebtedness being deemed to be the lesser of the Fair Market Value of such property or asset or the amount of the Indebtedness so secured;
 - (8) all obligations under Hedging Obligations or other derivatives of such Person;
 - (9) all liabilities (contingent or otherwise) of such Person in connection with a sale or other disposition of accounts receivable and related assets (not including Qualified Receivables Transactions, irrespective of their treatment under GAAP or IFRS; and
 - (10) all Disqualified Capital Stock issued by such Person with the amount of Indebtedness represented by such Disqualified Capital Stock being equal to the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price, but excluding accrued dividends, if any; *provided* that:
 - (a) if the Disqualified Capital Stock does not have a fixed repurchase price, such maximum fixed repurchase price will be calculated in accordance with the terms of the Disqualified Capital Stock as if the Disqualified Capital Stock were purchased on any date on which Indebtedness will be required to be determined pursuant to this Indenture, and
 - (b) if the maximum fixed repurchase price is based upon, or measured by, the fair market value of the Disqualified Capital Stock, the fair market value will be the Fair Market Value thereof.

“Indenture” means this Indenture, as amended or supplemented from time to time, including the Exhibits hereto.

“Intangible Assets” means with respect to any Person all unamortized debt discount and expense, unamortized deferred charges, goodwill, patents, trademarks, service marks, trade names, copyrights and all other items which would be treated as intangibles on the consolidated balance sheet of such Person prepared in accordance with GAAP.

“Intercreditor Agreement” means the intercreditor agreement, dated as of August 14, 2009, entered into among the Company and certain of its Subsidiaries, the financial institutions and noteholders party thereto, Citibank International PLC, as administrative agent, and Wilmington Trust (London) Limited, as security agent, as such agreement may be amended from time to time.

“Interest Payment Date” means the stated due date of an installment of interest on the Notes as specified in the Form of Face of Note contained in Exhibit A hereto, in the case of Dollar Notes, and in Exhibit B hereto, in the case of Euro Notes.

“Interest Rate Agreement” of any Person means any interest rate protection agreement (including, without limitation, interest rate swaps, caps, floors, collars, derivative instruments and similar agreements) and/or other types of hedging agreements designed to hedge interest rate risk of such Person.

“Inventory Financing” means a financing arrangement pursuant to which the Company or any of its Restricted Subsidiaries sells inventory to a bank or other institution (or a special purpose vehicle or partnership incorporated or established by or on behalf of such bank or other institution or an Affiliate of such bank or other institution) and has an obligation to repurchase such inventory to the extent that it is not sold to a third party within a specified period.

“Investment” means, with respect to any Person, any (1) direct or indirect loan, advance or other extension of credit (including, without limitation, a Guarantee) to any other Person, (2) capital contribution (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others) to any other Person, or (3) purchase or acquisition by such Person of any Capital Stock, bonds, notes, debentures or other securities or evidences of Indebtedness issued by any other Person. “Investment” will exclude accounts receivable, extensions of credit in connection with supplier or customer financings consistent with industry or past practice, advance payment of capital expenditures arising in the ordinary course of business, deposits arising in the ordinary course of business and transactions (other than (i) any sale, lease, license, transfer or other disposal and (ii) the granting or creation of a Lien or the incurring or permitting to subsist of Indebtedness) conducted in the ordinary course of business on arm’s-length terms.

For purposes of Section 3.11, the Company will be deemed to have made an “Investment” in an Unrestricted Subsidiary at the time of its Designation, which will be valued at the Fair Market Value of the sum of the net assets of such Unrestricted Subsidiary multiplied by the percentage equity ownership of the Company and its Restricted Subsidiaries in such designated Unrestricted Subsidiary at the time of its Designation and the amount of any Indebtedness of such Unrestricted Subsidiary or owed to the Company or any Restricted Subsidiary immediately following such Designation. Any property transferred to or from an Unrestricted Subsidiary will be valued at its Fair Market Value at the time of such transfer. If the Company or any Restricted Subsidiary sells or otherwise disposes of any Capital Stock of a Restricted Subsidiary (including any issuance and sale of Capital Stock by a Restricted Subsidiary) such that, after giving effect to any such sale or disposition, such Restricted Subsidiary would cease to be a Subsidiary of the Company, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to sum of the Fair Market Value of the Capital Stock of such former Restricted Subsidiary held by the Company or any Restricted Subsidiary immediately following such sale or other disposition and the amount of any Indebtedness of such former Restricted Subsidiary Guaranteed by the Company or any Restricted Subsidiary or owed to the Company or any other Restricted Subsidiary immediately following such sale or other disposition. The acquisition by the Company or any Restricted Subsidiary of the Company of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Company or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person. Except as otherwise provided in this Indenture, the amount of an Investment will be determined at the time the Investment is made without giving effect to subsequent changes in value.

“Investment Grade Rating” means a rating equal to or higher than BBB- (or the equivalent) by Fitch, Baa3 (or the equivalent) by Moody’s and BBB- (or the equivalent) by S&P.

“Investment Return” means, in respect of any Investment (other than a Permitted Investment) made after the Issue Date by the Company or any Restricted Subsidiary:

- (1) the cash proceeds received by the Company upon the sale, liquidation or repayment of such Investment or, in the case of a Guarantee, the amount of the Guarantee upon the unconditional release of the Company and its Restricted Subsidiaries in full, less any payments previously made by the Company or any Restricted subsidiary in respect of such Guarantee;
- (2) in the case of the Revocation of the Designation of an Unrestricted Subsidiary, an amount equal to the lesser of:
 - (a) the Company’s Investment in such Unrestricted Subsidiary at the time of such Revocation;
 - (b) that portion of the Fair Market Value of the net assets of such Unrestricted Subsidiary at the time of Revocation that is proportionate to the Company’s equity interest in such Unrestricted Subsidiary at the time of Revocation; and
 - (c) the Designation Amount with respect to such Unrestricted Subsidiary upon its Designation which was treated as a Restricted Payment;
- (3) in the event the Company or any Restricted Subsidiary makes any Investment in a Person that, as a result of or in connection with such Investment, becomes a Restricted Subsidiary, the existing Investment of the Company and its Restricted Subsidiaries in such Person,

in the case of each of (1), (2) and (3), up to the amount of such Investment that was treated as a Restricted Payment under Section 3.11 less the amount of any previous Investment Return in respect of such Investment.

“Issue Date” means the first date of issuance of the Notes under this Indenture and following a Partial Covenant Suspension Event or a Covenant Suspension Event, except under “*Optional Redemption for Changes in Withholding Taxes*” under clause (5) in Exhibit A hereto, in the case of Dollar Notes, and under clause (5) in Exhibit B hereto, in the case of Euro Notes, Section 3.22 and the definition of “Permitted Liens,” the most recent Partial Covenant Reversion Date or Reversion Date, as applicable.

“Issue Date Notes” means the U.S.\$703,861,000 aggregate principal amount of Dollar Notes and the €179,219,000 aggregate principal amount of Euro Notes originally issued on the Issue Date, and any replacement Notes issued therefor in accordance with this Indenture.

“Issuer” means the party named as such in the introductory paragraph to this Indenture and its successors and assigns.

“Issuer Order” has the meaning assigned to it in Section 2.2(c).

“Legal Defeasance” has the meaning assigned to it in Section 8.1(b).

“Legal Holiday” has the meaning assigned to it in Section 12.6.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset. The Company or any Restricted Subsidiary shall be deemed to own, subject to a Lien, any asset that it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, Capitalized Lease Obligations or other title retention lease relating to such asset, or any account receivable transferred by it with recourse (including any such transfer subject to a holdback or similar arrangement that effectively imposes the risk of collectability on the transferor).

“London Paying Agent” means The Bank of New York Mellon, London Branch.

“Luxembourg” means the Grand Duchy of Luxembourg.

“Material Acquisition” means:

- (1) an Investment by the Company or any Restricted Subsidiary in any other Person pursuant to which such Person will become a Restricted Subsidiary, or will be merged with or into the Company or any Restricted Subsidiary;
- (2) the acquisition by the Company or any Restricted Subsidiary of the assets of any Person (other than a Subsidiary of the Company) which constitute all or substantially all of the assets of such Person or comprises any division or line of business of such Person or any other properties or assets of such Person other than in the ordinary course of business; or
- (3) any Revocation with respect to an Unrestricted Subsidiary;

in each case which involves an Investment, Designation or payment of consideration in excess of U.S.\$25,000,000 (or the equivalent in other currencies).

“Material Disposition” means any Asset Sale and, whether or not constituting an Asset Sale, (1) any sale or other disposition of Capital Stock, (2) any Designation with respect to an Unrestricted Subsidiary and (3) any sale or other disposition of property or assets excluded from the definition of Asset Sale by clause (4) of that definition, in each case which involves an Investment, Designation or payment of consideration in excess of U.S.\$25,000,000 (or the equivalent in other currencies).

“Maturity Date” means April 30, 2019.

“Mexican Financial Reporting Standards” means Mexican financial reporting standards (*Normas de Información Financiera Aplicables en México*) as issued by the Mexican Financial Reporting Standards Board (*Consejo Mexicano de Normas de Información Financiera, A.C.*).

“Moody’s” means Moody’s Investors Service, Inc., and any successor to its rating agency business.

“Net Cash Proceeds” means, with respect to any Asset Sale, the proceeds in the form of cash or Cash Equivalents, including payments in respect of deferred payment obligations when received in the form of cash or Cash Equivalents received by the Company or any of its Restricted Subsidiaries from such Asset Sale, net of:

- (1) reasonable out-of-pocket expenses and fees relating to such Asset Sale (including, without limitation, legal, accounting and investment banking fees and sales commissions);
- (2) taxes paid or payable in respect of such Asset Sale after taking into account any reduction in consolidated tax liability due to available tax credits or deductions and any tax sharing arrangements;
- (3) repayment of Indebtedness secured by a Lien permitted under this Indenture that is required to be repaid in connection with such Asset Sale; and
- (4) appropriate amounts to be provided by the Company or any Restricted Subsidiary, as the case may be, as a reserve, in accordance with GAAP, against any liabilities associated with such Asset Sale and retained by the Company or any Restricted Subsidiary, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, but excluding any reserves with respect to Indebtedness.

“New Sunward Holding” means the party named as such in the introductory paragraph to this Indenture and its successors and assigns.

“Non-U.S. Person” means a person who is not a U.S. person, as defined in Regulation S.

“Note Custodian” means the custodian with respect to any Global Note appointed by DTC, Euroclear or Clearstream, or any successor Person thereto, and shall initially be the Trustee.

X. “Note Guarantee” means any guarantee of the Issuer’s Obligations under this Indenture and the Notes by any Note Guarantor pursuant to Article

“Note Guarantors” means, collectively, the Company, CEMEX México and the Additional Note Guarantor.

“Note Register” has the meaning assigned to it in Section 2.3(a).

“Notes” means, collectively, the Dollar Notes and the Euro Notes.

“Obligations” means, with respect to any Indebtedness, any principal, interest (including, without limitation, Post-Petition Interest), penalties, fees, indemnifications, reimbursements, damages, and other liabilities payable under the documentation governing such Indebtedness, including, in the case of the Notes and the Note Guarantees, this Indenture.

“Officer” means, when used in connection with any action to be taken by the Issuer or a Note Guarantor, as the case may be, the Chairman of the Board, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer, the Controller, the Secretary or an attorney-in-fact of the Issuer or such Note Guarantor, as the case may be.

“Officer’s Certificate” means a certificate signed on behalf of a Person by an Officer of such Person, who must be the principal executive officer, the principal financial officer, the treasurer, the Corporate Finance Vice President, the principal accounting officer or an attorney-in-fact of such Person, that meets the requirements set forth in this Indenture.

“Opinion of Counsel” means a written opinion of counsel, who, unless otherwise indicated in this Indenture, may be an employee of or counsel for the Issuer or any Note Guarantor, and who shall be reasonably acceptable to the Trustee.

“Outstanding” means, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, *except*:

- (1) Notes theretofore canceled by the Trustee or delivered to the Trustee for cancellation;
- (2) Notes, or portions thereof, for the payment, redemption or, in the case of an Asset Sale Offer or Change of Control Offer, purchase of which, money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Issuer or an Affiliate of the Issuer) in trust or set aside and segregated in trust by the Issuer or an Affiliate of the Issuer (if the Issuer or such Affiliate is acting as the Paying Agent) for the Holders of such Notes; *provided* that, if Notes (or portions thereof) are to be redeemed or purchased, notice of such redemption or purchase has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;

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- (3) Notes which have been surrendered pursuant to Section 2.9 or Notes in exchange for which or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, other than any such Notes in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Notes are held by a protected purchaser in whose hands such Notes are valid obligations of the Issuer; and
 - (4) solely to the extent provided in Article VIII, Notes which are subject to Legal Defeasance or Covenant Defeasance as provided in Article VIII;

provided, however, that in determining whether the Holders of the requisite aggregate principal amount of the Outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Notes owned by the Issuer, a Note Guarantor or any other obligor upon the Notes or any Affiliate of the Company or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Notes which a Trust Officer of the Trustee actually knows to be so owned shall be so disregarded. Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Notes and that the pledgee is not the Issuer or any other obligor upon the Notes or any Affiliate of the Company or of such other obligor. For the purposes of calculating the aggregate principal amount of Notes Outstanding, the Issuer (acting reasonably and in good faith) shall be entitled to select a determination date as of which the Dollar Equivalent of the principal amount of any Notes shall be calculated.

"Partial Covenant Reversion Date" has the meaning set forth under Section 3.22(e).

"Partial Covenant Suspension Date" has the meaning set forth under Section 3.22(c).

"Partial Covenant Suspension Event" has the meaning set forth under Section 3.22(a).

"Partial Suspended Covenants" has the meaning set forth under Section 3.22(a).

"Partial Suspension Period" has the meaning set forth under Section 3.22(e).

"Paying Agent" has the meaning assigned to it in Section 2.3(a).

"Permitted Asset Swap Transaction" means a transaction consisting substantially of the concurrent (i) disposition by the Company or any of its Restricted Subsidiaries of any asset, property or cash consideration (other than a Restricted Subsidiary) in exchange for assets, property or cash consideration transferred to the Company or a Restricted Subsidiary, to be used in a Permitted Business or (ii) disposition by the Company or any of its Restricted Subsidiaries of Capital Stock of a Restricted Subsidiary in exchange for Capital Stock of another Restricted Subsidiary or of Capital Stock of any Person that becomes a Restricted Subsidiary after giving effect to such transaction; *provided* that any cash or Cash Equivalents received in such a transaction shall constitute Net Cash Proceeds to be applied in accordance with Section 3.12.

“Permitted Business” means the business or businesses conducted by the Company and its Restricted Subsidiaries as of the Issue Date and any business ancillary, complementary or related thereto or any other business that would not constitute a substantial change to the general nature of its business from that carried on as of the Issue Date.

“Permitted Indebtedness” has the meaning set forth in Section 3.9(b).

“Permitted Investments” means:

- (1) Investments by the Company or any Restricted Subsidiary in any Person that is, or that result in any Person becoming, immediately after such Investment, a Restricted Subsidiary or constituting a merger or consolidation of such Person into the Company or with or into a Restricted Subsidiary;
- (2) any Investment in the Company;
- (3) Investments in cash and Cash Equivalents;
- (4) any extension, modification or renewal of any Investments existing as of the Issue Date (but not Investments involving additional advances, contributions or other investments of cash or property or other increases thereof, other than as a result of the accrual or accretion of interest or original issue discount or payment-in-kind pursuant to the terms of such Investment as of the Issue Date);
- (5) Investments permitted pursuant to clause (ii), (vi) or (vii) of Section 3.18(b);
- (6) Investments received as a result of the bankruptcy or reorganization of any Person or taken in settlement of or other resolution of claims or disputes, and, in each case, extensions, modifications and renewals thereof;
- (7) Investments made by the Company or its Restricted Subsidiaries as a result of non-cash consideration permitted to be received in connection with an Asset Sale made in compliance with Section 3.12;
- (8) Investments in the form of Hedging Obligations or Compensation Related Hedging Obligations permitted under clause (v) of Section 3.9(b);
- (9) Investments in existence on the Issue Date or made pursuant to binding commitments in effect on the Issue Date or any Investment consisting of any extension, modification or renewal of any Investment existing on the Issue Date; *provided* that the amount of any such Investment may be increased (a) as required by the terms of such Investment as in existence on the Issue Date or (b) as otherwise permitted by this Indenture;

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- (10) Investments by the Company or any Restricted Subsidiary in a Receivables Entity in connection with a Qualified Receivables Transaction which does not constitute an Asset Sale by virtue of clause (7) of the definition thereof; *provided, however*, that any such Investments are made only in the form of Receivables Assets;
 - (11) Investments in marketable securities or instruments, to fund the Company's or a Restricted Subsidiary's pension and other employee-related obligations in the ordinary course of business pursuant to compensation arrangements approved by the Board of Directors or senior management of the Company;
 - (12) any Investment that:
 - (a) when taken together with all other Investments made pursuant to this clause (12) that are at the time outstanding (net of cash benefits to the Company or a Restricted Subsidiary from Investments pursuant to this clause (12)), does not exceed the greater of U.S.\$250 million and 3% of Consolidated Tangible Assets; or
 - (b) when taken together with all other Investments made pursuant to this clause (12) in any fiscal year that are at the time outstanding, does not exceed U.S.\$100 million in any fiscal year;
 - (13) Investments in the Capital Stock of any Person other than a Restricted Subsidiary that are required to be held pursuant to an involuntary governmental order of condemnation, nationalization, seizure or expropriation or other similar order with respect to Capital Stock of such Person (prior to which order such Person was a Restricted Subsidiary); *provided* that such Person contests such order in good faith in appropriate proceedings;
 - (14) repurchases of Existing Senior Notes or the Notes;
 - (15) Investments in the SPV Perpetuals or the notes related thereto; *provided* that any payment or other contribution to one of the special purpose vehicles issuing the SPV Perpetuals in connection with such Investment is promptly paid or contributed to the Company or a Restricted Subsidiary following receipt thereof;
 - (16) any Investment that constitutes Indebtedness permitted under clause (viii)(E) of Section 3.9(b); and
 - (17) (a) Investments to which the Company or any of its Restricted Subsidiaries is contractually committed as of the Issue Date in any Person

other than a Subsidiary in which the Company or any of its Restricted Subsidiaries maintains an Investment in equity securities; and (b) Investments in any Person other than a Subsidiary in which the Company or any of its Restricted Subsidiaries maintains an Investment in equity securities up to U.S.\$100 million in any calendar year minus the amount of any guarantees under clause (xix) of Section 3.9(b).

“Permitted Liens” means any of the following:

- (1) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics and materialmen incurred in the ordinary course of business for sums not yet due or the payment of which is being contested in good faith by appropriate proceedings promptly initiated and diligently conducted and for which such reserves or other appropriate provision, if any, as shall be required by GAAP, shall have been made and any other Liens created by operation of law;
- (2) Liens Incurred or deposits made in the ordinary course of business in connection with (i) workers’ compensation, unemployment insurance and other types of social security or (ii) other insurance maintained by the Company and its Subsidiaries in compliance with the Financing Agreement;
- (3) Liens for taxes, assessments and other governmental charges the payment of which is being contested in good faith by appropriate proceedings promptly initiated and diligently conducted and for which such reserves or other appropriate provision, if any, as shall be required by GAAP shall have been made;
- (4) any attachment or judgment Lien, unless the judgment it secures shall not, within 60 days after the entry thereof, have been discharged or execution thereof stayed pending appeal, or shall not have been discharged within 60 days after the expiration of any such stay;
- (5) (i) Liens existing on the Issue Date other than in respect of the Collateral and (ii) Liens in respect of the Collateral to the extent equally and ratably securing the Notes and the Permitted Secured Obligations;
- (6) any Lien on property acquired by the Company or its Restricted Subsidiaries after the Issue Date that was existing on the date of acquisition of such property; *provided* that such Lien was not incurred in anticipation of such acquisition, and any Lien created to secure all or any part of the purchase price, or to secure Indebtedness incurred or assumed to pay all or any part of the purchase price, of property acquired by the Company or any of its Restricted Subsidiaries after the Issue Date; *provided further* that (A) any such Lien permitted pursuant to this clause (6) shall be confined solely to the item or items of property so

acquired (including, in the case of any Acquisition of a corporation through the acquisition of 51% or more of the Voting Stock of such corporation, the stock and assets of any Acquired Subsidiary or Acquiring Subsidiary) and, if required by the terms of the instrument originally creating such Lien, other property which is an improvement to, or is acquired for specific use with, such acquired property; and (B) if applicable, any such Lien shall be created within nine months after, in the case of property, its acquisition, or, in the case of improvements, their completion;

- (7) any Liens renewing, extending or refunding any Lien permitted by clause (5)(i) above; *provided* that such Lien is not extended to other property (or, instead, is only extended to equivalent property) and the principal amount of Indebtedness secured by such Lien immediately prior thereto is not increased or the maturity thereof reduced, except that the principal amount secured by any such Lien in respect of:
 - (a) hedging obligations or other derivatives where there are fluctuations in mark-to-market exposures of those hedging obligations or other derivatives,
 - (b) Indebtedness consisting of any “*Certificados Bursátiles de Largo Plazo*” or the Bancomext Facility, or any Refinancing thereof, where principal may increase by virtue of capitalization of interest, and
 - (c) the Banobras Facility to the extent additional amounts are drawn thereunder,may be increased by the amount of such fluctuations, capitalizations or drawings, as the case may be;
- (8) Liens on Receivables Assets or Capital Stock of a Receivables Subsidiary, in each case granted in connection with a Qualified Receivables Transaction;
- (9) Liens granted pursuant to or in connection with any netting or set-off arrangements entered into in the ordinary course of business;
- (10) any Lien permitted by the Trustee, acting pursuant to the instructions of at least 50% of the Holders;
- (11) any Lien granted by the Company or any of its Restricted Subsidiaries to secure Indebtedness under a Permitted Liquidity Facility; *provided* that: (i) such Lien is not granted in respect of the Collateral, and (ii) the maximum amount of such Indebtedness secured by such Lien does not exceed U.S.\$500 million at any time; or

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- (12) in addition to the Liens permitted by the foregoing clauses (1) through (11), Liens securing obligations of the Company and its Restricted Subsidiaries that in the aggregate secure obligations in an amount not in excess of the greater of (i) 5% of Consolidated Tangible Assets and (ii) U.S.\$700 million.

“Permitted Liquidity Facility” means a loan facility or facilities made available to the Company or any Restricted Subsidiary by one or more creditors under the Financing Agreement Indebtedness (or their respective Affiliates); *provided* that the aggregate principal amount of utilized and unutilized commitments under such facilities must not exceed U.S.\$1 billion (or its equivalent in another currency) at any time.

“Permitted Merger Jurisdiction” has the meaning set forth in Section 4.1(a).

“Permitted Secured Obligations” means (i) the Financing Agreement Indebtedness and any refinancing thereof made in accordance with the Financing Agreement that is secured by the Collateral, (ii) notes (or similar instruments, including *Certificados Bursátiles*) outstanding on the date of the Financing Agreement required to be secured by the Collateral pursuant to their terms, or any refinancing thereof permitted by the Financing Agreement, (iii) future Indebtedness secured by the Collateral to the extent permitted by the Financing Agreement and (iv) the Existing Senior Notes.

“Person” means an individual, partnership, limited partnership, corporation, company, limited liability company, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof.

“Pesos” or “Ps” means the lawful money of Mexico.

“Private Placement Legend” has the meaning assigned to it in Section 2.8(b).

“Post-Petition Interest” means all interest accrued or accruing after the commencement of any insolvency or liquidation proceeding (and interest that would accrue but for the commencement of any insolvency or liquidation proceeding) in accordance with and at the contract rate (including, without limitation, any rate applicable upon default) specified in the agreement or instrument creating, evidencing or governing any Indebtedness, whether or not, pursuant to applicable law or otherwise, the claim for such interest is allowed as a claim in such insolvency or liquidation proceeding.

“Preferred Stock” of any Person means any Capital Stock of such Person that has preferential rights over any other Capital Stock of such Person with respect to dividends, distributions or redemptions or upon liquidation.

“Purchase Money Indebtedness” means Indebtedness Incurred for the purpose of financing all or any part of the purchase price or cost of construction of any property other than Capital Stock; *provided* that the aggregate principal amount of such Indebtedness does not exceed the lesser of the Fair Market Value of such property or such purchase price or cost, including any Refinancing of such Indebtedness that does not increase the aggregate principal amount (or accreted amount, if less) thereof as of the date of Refinancing.

“QIB” means a “qualified institutional buyer” as defined in Rule 144A.

“Qualified Capital Stock” means any Capital Stock that is not Disqualified Capital Stock and any warrants, rights or options to purchase or acquire Capital Stock that is not Disqualified Capital Stock that are not convertible into or exchangeable into Disqualified Capital Stock.

“Qualified Receivables Transaction” means any transaction or series of transactions that may be entered into by the Company or any Restricted Subsidiary pursuant to which the Company or any Restricted Subsidiary may sell, convey, assign or otherwise transfer to a Receivables Entity any Receivables Assets to obtain funding for the operations of the Company and its Restricted Subsidiaries:

- (1) for which no term of any portion of the Indebtedness or any other obligations (contingent or otherwise) or securities Incurred or issued by any Person in connection therewith:
 - (a) directly or indirectly provides for recourse to, or any obligation of, the Company or any Restricted Subsidiary in any way, whether pursuant to a Guarantee or otherwise, except for Standard Undertakings,
 - (b) directly or indirectly subjects any property or asset of the Company or any Restricted Subsidiary (other than Capital Stock of a Receivables Subsidiary) to the satisfaction thereof, except for Standard Undertakings, or
 - (c) results in such Indebtedness, other obligations or securities constituting Indebtedness of the Company or a Restricted Subsidiary, including following a default thereunder, and
- (2) for which the terms of any Affiliate Transaction between the Company or any Restricted Subsidiary, on the one hand, and any Receivables Entity, on the other, other than Standard Undertakings and Permitted Investments, are no less favorable than those that could reasonably be expected to be obtained in a comparable transaction at such time on an arm’s length basis from a Person that is not an Affiliate of the Company, and
- (3) in connection with which, neither the Company nor any Restricted Subsidiary has any obligation to maintain or preserve a Receivable Entity’s financial condition, cause a Receivables Entity to achieve certain levels of operating results, fund losses of a Receivables Entity, or except in connection with Standard Undertakings, purchase assets of a Receivables Entity.

“Rating Agencies” mean Fitch, Moody’s and S&P. In the event that Fitch, Moody’s or S&P is no longer in existence or issuing ratings, such organization may be replaced by a nationally recognized statistical rating organization (as defined in Rule 15c3-1(c)(2)(vi)(F) of the Exchange Act or any successor provision) designated by the Company with notice to the Trustee.

“Receivables Assets” means:

- (1) accounts receivable, leases, conditional sale agreements, instruments, chattel paper, installment sale contracts, obligations, general intangibles, and other similar assets, in each case relating to goods, inventory or services of the Company and its Subsidiaries,
- (2) equipment and equipment residuals relating to any of the foregoing,
- (3) contractual rights, Guarantees, letters of credit, Liens, insurance proceeds, collections and other similar assets, in each case related to the foregoing, and
- (4) proceeds of all of the foregoing.

“Receivables Entity” means a Receivables Subsidiary or any other Person not an Affiliate of the Company, in each case whose sole business activity is to engage in Qualified Receivables Transactions, including to issue securities or other interests in connection with a Qualified Receivables Transaction.

“Receivables Subsidiary” means an Unrestricted Subsidiary of the Company that engages in no activities other than Qualified Receivables Transactions and activities related thereto and that is designated by the Issuer as a Receivables Subsidiary. Any such designation by the Issuer will be evidenced to the Trustee by filing with the Trustee an Officer’s Certificate of the Issuer.

“Record Date” has the meaning assigned to it in the Form of Face of Note contained in Exhibit A hereto, in the case of Dollar Notes, and in the Form of Face of Note contained in Exhibit B hereto, in the case of Euro Notes.

“Redemption Date” means, with respect to any redemption of Notes, the date fixed for such redemption pursuant to this Indenture and the Notes.

“Refinance” means, in respect of any Indebtedness, to issue any Indebtedness in exchange for or to refinance, repay, redeem, replace, defease or refund such Indebtedness in whole or in part. “Refinanced” and “Refinancing” will have correlative meanings.

“Refinancing Indebtedness” means Indebtedness of the Company or any Restricted Subsidiary issued to Refinance any other Indebtedness of the Company or a Restricted Subsidiary so long as:

- (1) the aggregate principal amount (or initial accreted value, if applicable) of such new Indebtedness as of the date of such proposed Refinancing does not exceed the aggregate principal amount (or accreted value as of such date, if applicable) of the Indebtedness being Refinanced (plus the amount

of any premium required to be paid under the terms of the instrument governing such Indebtedness and the amount of reasonable expenses incurred by the Company in connection with such Refinancing);

- (2) such new Indebtedness has:
- (a) a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being Refinanced, and
 - (b) a final maturity that is equal to or later than the final maturity of the Indebtedness being Refinanced or, in the case of Indebtedness without a stated maturity, December 14, 2017; and
- (3) if the Indebtedness being Refinanced is:
- (a) Indebtedness of the Issuer, then such Refinancing Indebtedness will be Indebtedness of the Issuer and/or any Note Guarantor,
 - (b) Indebtedness of a Note Guarantor, then such Refinancing Indebtedness will be Indebtedness of the Issuer and/or any Note Guarantor,
 - (c) Indebtedness of any of the Restricted Subsidiaries, then such Refinancing Indebtedness will be Indebtedness of such Restricted Subsidiary, the Issuer and/or any Note Guarantor, and
 - (d) Subordinated Indebtedness, then such Refinancing Indebtedness shall be subordinate to the Notes or the relevant Note Guarantee, if applicable, at least to the same extent and in the same manner as the Indebtedness being Refinanced.

Notwithstanding the foregoing, with respect to any hedging obligations or derivatives outstanding on the Issue Date in respect of the Axtel Share Forward Transactions, “Refinancing Indebtedness” shall mean any replacements, amendments or renewals thereof that are entered into on then prevailing market terms with the underlying amounts not greater than the original underlying amounts.

“Registrar” has the meaning assigned to it in Section 2.3(a).

“Regulation S” means Regulation S under the Securities Act or any successor regulation.

“Regulation S Global Note” has the meaning assigned to it in Section 2.1(e).

“Resale Restriction Termination Date” means for any Restricted Note (or beneficial interest therein), that is (a) not a Regulation S Global Note, the date on which the Company instructs the Trustee in writing to remove the Private Placement Legend from the

Restricted Notes in accordance with the procedures described in [Section 2.9\(h\)](#) (which instruction is expected to be given on or about the one year anniversary of the issuance of the Restricted Notes) or (b) a Regulation S Global Note (or Certificated Note issued in respect thereof pursuant to [Section 2.7\(c\)](#)), the date on which the Distribution Compliance Period therefor terminates.

“[Restricted Note](#)” means any Issue Date Note (or beneficial interest therein) or any Additional Note (or beneficial interest therein) not originally issued and sold pursuant to an effective registration statement under the Securities Act until such time as:

- (i) the Resale Restriction Termination Date therefor has passed; or
- (ii) the Private Placement Legend therefor has otherwise been removed pursuant to [Section 2.9](#) or, in the case of a beneficial interest in a Global Note, such beneficial interest has been exchanged for an interest in a Global Note not bearing a Private Placement Legend.

“[Restricted Payment](#)” has the meaning set forth in [Section 3.11\(a\)](#).

“[Restricted Subsidiary](#)” means any Subsidiary of the Company, which at the time of determination is not an Unrestricted Subsidiary.

“[Reversion Date](#)” has the meaning assigned to in [Section 3.22\(e\)](#).

“[Revocation](#)” has the meaning set forth in [Section 3.14\(c\)](#).

“[Rule 144](#)” means Rule 144 under the Securities Act (or any successor rule).

“[Rule 144A](#)” means Rule 144A under the Securities Act (or any successor rule).

“[Rule 144A Global Note](#)” has the meaning assigned to it in [Section 2.1\(d\)](#).

“[S&P](#)” means Standard & Poor’s Ratings Group and any successor to its rating agency business.

“[Sale and Leaseback Transaction](#)” means any direct or indirect arrangement with any Person or to which any such Person is a party providing for the leasing to the Company or a Restricted Subsidiary of any property, whether owned by the Company or any Restricted Subsidiary at the Issue Date or later acquired, which has been or is to be sold or transferred by the Company or such Restricted Subsidiary to such Person or to any other Person by whom funds have been or are to be advanced on the security of such Property.

“[Securities Act](#)” means the Securities Act of 1933, as amended.

“[Security Agent](#)” means Wilmington Trust (London) Limited, as Security Agent under the Intercreditor Agreement.

“[Security Documents](#)” has the meaning assigned to it in [Section 7.13](#).

“Senior Indebtedness” means (i) the Notes and any other Indebtedness of the Company or any Note Guarantor that ranks equal in right of payment with the Notes or the relevant Note Guarantee, as the case may be or (ii) Indebtedness for borrowed money or constituting Capitalized Lease Obligations of any Restricted Subsidiary other than a Note Guarantor.

“Significant Subsidiary” means a Subsidiary of the Company constituting a “Significant Subsidiary” of the Company in accordance with Rule 1-02(w) of Regulation S-X under the Securities Act in effect on the date hereof.

“Similar Business” means (1) any business engaged in by the Company or any Restricted Subsidiary on the Issue Date, and (2) any business or other activities, including non-profit or charitable activities, that are reasonably similar, ancillary, complementary or related to, or a reasonable extension, development or expansion of, the businesses and activities in which the Company or any Restricted Subsidiary is engaged on the Issue Date, including, but not limited to, infrastructure projects, public works programs and consumer or supplier financing.

“Special Record Date” has the meaning assigned to it in Section 2.13(a).

“SPV Perpetuals” means the perpetual debentures issued by special purpose vehicles in December 2006, February 2007 and March 2007 as amended or supplemented from time to time.

“Standard Undertakings” means representations, warranties, covenants, indemnities and similar obligations, including servicing obligations, entered into by the Company or any Subsidiary of the Company in connection with a Qualified Receivables Transaction, which are customary in similar non-recourse receivables securitization, purchase or financing transactions.

“Subordinated Indebtedness” means, with respect to the Company or any Note Guarantor, any Indebtedness of the Company or such Note Guarantor, as the case may be, which is expressly subordinated in right of payment to the Notes or the relevant Note Guarantee, as the case may be.

“Subsidiary” means with respect to any Person, any corporation, partnership, joint venture, limited liability company, trust, estate or other entity of which (or in which) more than fifty percent (50%) of (a) in the case of a corporation, the issued and outstanding Capital Stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time Capital Stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency that has not occurred and is not in the control of such Person), (b) in the case of a limited liability company, partnership or joint venture, the voting or other power to control the actions of such limited liability company, partnership or joint venture or (c) in the case of a trust or estate, the voting or other power to control the actions of such trust or estate, is at the time directly or indirectly owned or controlled by (X) such Person, (Y) such Person and one or more of its other Subsidiaries or (Z) one or more of such Person’s other Subsidiaries. Unless the context otherwise requires, all references herein to a “Subsidiary” shall refer to a Subsidiary of the Company.

“Successor Company” has the meaning assigned to it in Section 4.1(b).

“Successor Issuer” has the meaning assigned to it in Section 4.1(a).

“Successor Note Guarantor” has the meaning assigned to it in Section 4.1(c).

“Suspended Covenants” has the meaning assigned to it in Section 3.22(b).

“Suspension Date” has the meaning assigned to it in Section 3.22(c).

“Suspension Period” means the period of time between the Suspension Date and the Reversion Date.

“Taxes” has the meaning assigned to it in Section 3.21(a).

“Taxing Jurisdiction” has the meaning assigned to it in Section 3.21(a).

“Transfer Agent” has the meaning assigned to it in Section 2.3(a).

“Transportation Agreements” means, in respect of any Person, any agreement or arrangement designed to protect such Person from fluctuations in prices related to transportation.

“Trust Officer” means, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee, having direct responsibility for the administration of this Indenture, or any other officer of the Trustee to whom any corporate trust matter is referred because of such person’s knowledge of and familiarity with the particular subject.

“Trustee” means the party named as such in the introductory paragraph to this Indenture until a successor replaces it in accordance with the terms of this Indenture and, thereafter, means the successor.

“USA PATRIOT Act” has the meaning assigned to it in Section 12.16.

“U.S. Government Obligations” means direct obligations (or certificates representing an ownership interest in such obligations) of, or guaranteed by, the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and which are not callable or redeemable at the issuer’s option.

“U.S. Legal Tender” means such coin or currency of the United States of America, as at the time of payment shall be legal tender for the payment of public and private debts.

“U.S. Person” means a “U.S. person” as defined in Regulation S.

“Uniform Commercial Code” means the Uniform Commercial Code as in effect from time to time in the State of New York.

“Unrestricted Subsidiary” means any Subsidiary of the Company designated as such pursuant to Section 3.14. Any such Designation may be revoked by the Issuer, subject to the provisions of such covenant.

“Voting Stock” with respect to any Person, means securities of any class of Capital Stock of such Person entitling the holders thereof (whether at all times or only so long as no senior class of stock has voting power by reason of any contingency) to vote in the election of members of the Board of Directors (or equivalent governing body) of such Person.

“Weighted Average Life to Maturity” means, when applied to any Indebtedness at any date, the number of years (calculated to the nearest one-twelfth) obtained by dividing:

- (1) the sum of the products obtained by multiplying:
 - (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payment of principal or liquidation preference, as the case may be, including payment at final maturity, in respect thereof, by
 - (b) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the making of such payment; by
- (2) the then outstanding aggregate principal amount or liquidation preference, as the case may be, of such Indebtedness.

“Wholly Owned Subsidiary” means, for any Person, any Subsidiary (Restricted Subsidiary in the case of the Company) of which at least 99.5% of the outstanding Capital Stock (other than, in the case of a Subsidiary not organized in the United States, directors’ qualifying shares or an immaterial amount of shares required to be owned by other Persons pursuant to applicable law) is owned by such Person or any other Person that satisfies this definition in respect of such Person.

Section 1.2 [Reserved]

Section 1.3 Rules of Construction. Unless the context otherwise requires:

- (1) a term has the meaning assigned to it;
- (2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;
- (3) “or” is not exclusive;
- (4) “including” means including without limitation;

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- (5) words in the singular include the plural and words in the plural include the singular; and
- (6) references to the payment of principal of the Notes shall include applicable premium, if any.

ARTICLE II
THE NOTES

Section 2.1 Form and Dating.

(a) The Issue Date Notes are being originally offered and sold by the Issuer pursuant to a Dealer Manager Agreement, dated as of February 27, 2012, among the Issuer, the Note Guarantors party hereto, New Sunward Holding Financial Ventures, B.V., CEMEX Finance Europe B.V., the Capital SPVs, J.P. Morgan Securities LLC, J.P. Morgan Securities Ltd., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Merrill Lynch International, as Dealer Managers with respect to the Notes, as amended from time to time. The Notes will initially be issued as one or more Global Notes in fully registered form without interest coupons, and only in denominations of U.S.\$150,000 and in integral multiples of U.S.\$1,000 in excess thereof, in the case of Dollar Notes, and €100,000 and in integral multiples of €1,000 in excess thereof, in the case of Euro Notes. Each such Global Note shall constitute a single Note for all purposes under this Indenture. Certificated Notes, if issued pursuant to the terms hereof, will be issued in fully registered certificated form without coupons. The Notes may only be issued in definitive fully registered form without coupons and only in denominations of U.S.\$150,000 and in integral multiples of U.S.\$1,000 in excess thereof, in the case of Dollar Notes, and €100,000 and in integral multiples of €1,000 in excess thereof, in the case of Euro Notes. The Notes and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A hereto, in the case of Dollar Notes, and Exhibit B hereto, in the case of Euro Notes.

(b) The terms and provisions of the Notes, the form of which is in Exhibit A hereto, in the case of Dollar Notes, and Exhibit B hereto, in the case of Euro Notes, shall constitute, and are hereby expressly made, a part of this Indenture, and, to the extent applicable, the Issuer, the Note Guarantors and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. Except as otherwise expressly permitted in this Indenture, all Notes (including Additional Notes) shall be identical in all respects. Notwithstanding any differences among them, all Notes issued under this Indenture shall vote and consent together on all matters as one class and are otherwise treated as a single issue of securities. The Trustee or the Issuer may set a record date for the determination of the Dollar Equivalent amount of Euro Notes in determining whether the Holders of the requisite aggregate principal amount of the Outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver hereunder.

(c) The Notes may have notations, legends or endorsements as specified in Section 2.7 or as otherwise required by law, stock exchange rule or DTC, Euroclear or Clearstream rule or usage. The Issuer and the Trustee shall approve the form of the Notes and any notation, legend or endorsement on them. Each Note shall be dated the date of its authentication.

(d) Notes originally offered and sold to QIBs in reliance on Rule 144A will be issued in the form of one or more permanent Global Notes (each, a “Rule 144A Global Note”).

(e) Notes originally offered and sold outside the United States in reliance on Regulation S will be issued in the form of one or more permanent Global Notes (each, a “Regulation S Global Note”).

(f) Each Global Note shall be deposited on behalf of the purchasers of the Notes represented thereby with the Note Custodian and registered in the name of DTC, Euroclear or Clearstream (or their respective nominees), for credit to the accounts maintained at DTC, Euroclear or Clearstream. In no event shall any Person hold an interest in a Global Note other than in or through accounts maintained at DTC, Euroclear or Clearstream.

Section 2.2 Execution and Authentication.

(a) Any Officer of the Issuer may sign the Notes for the Issuer by manual or facsimile signature. If an Officer whose signature is on a Note no longer holds that office at the time the Trustee authenticates the Note, the Note shall be valid nevertheless.

(b) A Note shall not be valid until manually authenticated by an authorized signatory of the Trustee or an agent appointed by the Trustee (and reasonably acceptable to the Issuer) for such purpose (an “Authenticating Agent”). The signature of an authorized signatory of the Trustee or an Authenticating Agent on a Note shall be conclusive evidence that such Note has been duly and validly authenticated and issued under this Indenture. Unless limited by the terms of its appointment, an Authenticating Agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by an Authenticating Agent.

(c) At any time and from time to time after the execution and delivery of this Indenture, the Trustee shall authenticate and make available for delivery Notes upon a written order of the Issuer signed by an Officer of the Issuer (the “Issuer Order”). An Issuer Order shall specify the amount of the Notes to be authenticated and the date on which the original issue of Notes is to be authenticated.

(d) In case a Successor Issuer has executed an indenture supplemental hereto with the Trustee pursuant to Article IV, any of the Notes authenticated or delivered prior to such transaction may, from time to time, at the request of the Successor Issuer be exchanged for other Notes executed in the name of the Successor Issuer with such changes in phraseology and form as may be appropriate, but otherwise identical to the Notes surrendered for such exchange and of like principal amount; and the Trustee, upon Issuer Order of the Successor Issuer, shall authenticate and deliver Notes as specified in such order for the purpose of such exchange. If Notes shall at any time be authenticated and delivered in any new name of a Successor Issuer pursuant to this Section 2.2 in exchange or substitution for or upon registration of transfer of any Notes, such Successor Issuer, at the option of the Holders but without expense to them, shall provide for the exchange of all Notes at the time Outstanding for Notes authenticated and delivered in such new name.

Section 2.3 Registrar, Paying Agent and Transfer Agent.

(a) The Issuer shall maintain an office or agency in the Borough of Manhattan, City of New York, that shall keep a register of the Notes (the “Note Register”) and of their transfer and exchange (the “Registrar”), where Notes may be presented or surrendered for registration of transfer or for exchange (the “Transfer Agent”), where Notes may be presented for payment (the “Paying Agent”) and for the service of notices and demands to or upon the Issuer in respect of the Notes and this Indenture. The Issuer may have one or more co-Registrars and one or more additional paying agents. The term “Paying Agent” includes any additional paying agent. The Issuer shall maintain an office or agency in London, England where the Notes may be presented for payment. In addition, the Issuer undertakes to the extent possible, to use reasonable efforts to maintain a Paying Agent in a member state of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC regarding taxation of savings income.

(b) The Issuer shall enter into an appropriate agency agreement with any Registrar, Paying Agent or co-Registrar not a party to this Indenture. The agreement shall implement the provisions of this Indenture that relate to such agent. The Issuer shall notify the Trustee of the name and address of each such agent. If the Issuer fails to maintain a Registrar or Paying Agent, the Trustee shall act as such and shall be entitled to appropriate compensation therefor pursuant to Section 7.7. The Issuer or any Affiliate of the Issuer may act as Paying Agent, Registrar or co-Registrar, or transfer agent.

(c) The Issuer initially designates the Corporate Trust Office of the Trustee and the Corporate Trust Office of the London Paying Agent as such offices or agencies of the Issuer as required by Section 2.3(a). The Issuer initially appoints the Corporate Trust Office of the London Paying Agent as a Paying Agent and appoints the Corporate Trust Office of the Trustee as Transfer Agent, Registrar, Paying Agent and agent for service of demands and notices and the parties identified on the signature pages to this Indenture in such capacities as Paying Agents and Transfer Agent in connection with the Notes and this Indenture, until such time as another Person is appointed as such.

Section 2.4 Paying Agent to Hold Money in Trust. The Issuer shall require each Paying Agent (other than the Trustee) to agree in writing that such Paying Agent shall hold in trust for the benefit of Holders or the Trustee all money held by such Paying Agent for the payment of principal of or interest on the Notes and shall notify the Trustee in writing of any Default by the Issuer or any Note Guarantor in making any such payment. If the Issuer or an Affiliate of the Issuer acts as Paying Agent, it shall segregate the money held by it as Paying Agent and hold it as a separate trust fund. The Issuer at any time may require a Paying Agent (other than the Trustee) to pay all money held by it to the Trustee and to account for any funds disbursed by such Paying Agent. Upon complying with this Section 2.4, the Paying Agent (if other than the Issuer or any Affiliate of the Issuer) shall have no further liability for the money delivered to the Trustee. Upon any proceeding under any Bankruptcy Law with respect to the Issuer or any Affiliate of the Issuer, if the Issuer or such Affiliate is then acting as Paying Agent, the Trustee shall replace the Issuer or such Affiliate as Paying Agent.

Section 2.5 Holder Lists. The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders. At any time that the Trustee is not the Registrar the Company shall furnish to the Trustee, in writing at least seven Business Days before each Interest Payment Date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Holders.

Section 2.6 CUSIP and ISIN Numbers. The Issuer in issuing Notes may use “CUSIP” or “ISIN” numbers, as applicable (if then generally in use), and, if so, the Trustee shall use for the Securities “CUSIP” number in notices to the Holders as a convenience to such Holders; *provided* that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice and that reliance may be placed only on the other identification numbers printed on the Notes, and any such notice shall not be affected by any defect in or omission of such numbers. The Issuer will promptly notify the Trustee in writing of any changes in the “CUSIP” and “ISIN” numbers, as applicable.

Section 2.7 Global Note Provisions.

(a) Each Global Note initially shall: (i) be registered in the name of DTC or the nominee of DTC, in the case of Dollar Notes, and the Common Depositary, in the case of Euro Notes, or their respective nominee, as applicable, (ii) be delivered to the Note Custodian and (iii) bear the appropriate legends as set forth in Section 2.8, Exhibit A hereto, in the case of Dollar Notes, and Exhibit B hereto, in the case of Euro Notes. Any Global Note may be represented by one or more certificates. The aggregate principal amount of each Global Note may from time to time be increased or decreased by adjustments made on the records of the Note Custodian, as provided in this Indenture.

(b) Except as provided in clause (iii) of Section 2.7(c), members of, or participants in, DTC, Euroclear or Clearstream (“Agent Members”) shall have no rights under this Indenture with respect to any Global Note held on their behalf by DTC, in the case of Dollar Notes, and Euroclear or Clearstream, in the case of Euro Notes, or by the Note Custodian, and DTC, Euroclear or Clearstream may be treated by the Issuer, any Note Guarantor, the Trustee, the Paying Agent, the Transfer Agent, the Note Custodian, the Registrar and any of their respective agents as the absolute owner of such Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall (i) prevent the Issuer, the Trustee, the Paying Agent, the Transfer Agent, the Note Custodian, the Registrar or any of their respective agents from giving effect to any written certification, proxy or other authorization furnished by DTC, in the case of Dollar Notes, and Euroclear or Clearstream, in the case of Euro Notes, or (ii) impair, as between DTC and its Agent Members or Euroclear or Clearstream, the operation of customary practices of DTC, Euroclear or Clearstream governing the exercise of the rights of an owner of a beneficial interest in any Global Note. The registered Holder of a Global Note may grant proxies and otherwise authorize any person, including DTC, in the case of Dollar Notes, and Euroclear or Clearstream, in the case of Euro Notes, or their respective nominees, Agent Members and persons that may hold interests through Agent Members, to take any action that a Holder is entitled to take under this Indenture or the Notes.

(c) Except as provided in this Section 2.7(c), owners of beneficial interests in Global Notes will not be entitled to receive Certificated Notes in exchange for such beneficial interests.

- (i) Certificated Notes shall be issued to all owners of beneficial interests in a Global Note in exchange for such beneficial interests if (A) DTC, in the case of Dollar Notes, or Euroclear or Clearstream, in the case of Euro Notes, notifies the Issuer that it is unwilling or unable to continue as depository for such Global Note or (B) DTC, Euroclear or Clearstream ceases to be a clearing agency registered under the Exchange Act, at a time when DTC, Euroclear or Clearstream is required to be so registered in order to act as depository, and in each case a successor depository is not appointed by the Issuer within 90 days of such notice. In connection with the exchange of an entire Global Note for Certificated Notes pursuant to this clause (i) of this Section 2.7(c), such Global Note shall be deemed to be surrendered to the Trustee for cancellation, and the Issuer shall execute, and upon Issuer Order, the Trustee shall authenticate and deliver to each beneficial owner identified by DTC, in the case of Dollar Notes, or Euroclear or Clearstream, in the case of Euro Notes, in exchange for its beneficial interest in such Global Note, an equal aggregate principal amount of Certificated Notes of authorized denominations, and the Registrar shall register such exchanges in the Note Register.
- (ii) The owner of a beneficial interest in a Global Note will be entitled to receive Certificated Notes in exchange for such interest if an Event of Default has occurred and is continuing. If an Event of Default has occurred and is continuing, upon receipt by the Registrar of instructions from Agent Members on behalf the owner of a beneficial interest in a Global Note directing the Registrar to exchange such beneficial owner's beneficial interest in such Global Note for Certificated Notes, subject to and in accordance with the Applicable Procedures, the Issuer shall promptly execute, and upon Issuer Order, the Trustee shall authenticate and make available for delivery to such beneficial owner, Certificated Notes in a principal amount equal to such beneficial interest in such Global Note.
- (iii) If (A) an event described in clause (i) of Section 2.7(c) occurs and Certificated Notes are not issued promptly to all beneficial owners or (B) the Registrar receives from a beneficial owner the instructions described in clause (ii) of Section 2.7(c) and Certificated Notes are not issued promptly to any such beneficial owner, the Issuer expressly acknowledges, with respect to the right of any Holder to pursue a remedy pursuant to Section 6.6 hereof, the right of any beneficial

owner of Notes to pursue such remedy with respect to the portion of the Global Note that represents such beneficial owner's Notes as if such Certificated Notes had been issued.

Section 2.8 Legends.

(a) Each Global Note shall bear the legend specified therefor in Exhibit A hereto, in the case of Dollar Notes, and in Exhibit B hereto, in the case of Euro Notes, on the face thereof.

(b) Each Restricted Note shall bear the private placement legend specified therefor in Exhibit A hereto, in the case of Dollar Notes, and in Exhibit B hereto, in the case of Euro Notes, on the face thereof (the "Private Placement Legend").

(c) Each Note shall bear the Mexican law legend specified therefor in Exhibit A hereto, in the case of Dollar Notes, and in Exhibit B hereto, in the case of Euro Notes, on the face thereof.

Section 2.9 Transfer and Exchange.

(a) Transfers of Beneficial Interests in a Rule 144A Global Note. If the owner of a beneficial interest in a Rule 144A Global Note that is a Restricted Note wishes to transfer such interest (or portion thereof) pursuant to Rule 144 (if available) or to a Non-U.S. Person pursuant to Regulation S:

- (i) upon receipt by the Registrar of:
 - (A) instructions from an Agent Member given to DTC, in the case of Dollar Notes, or Euroclear or Clearstream, in the case of Euro Notes, in accordance with the Applicable Procedures directing DTC, Euroclear or Clearstream, as applicable, to credit or cause to be credited a beneficial interest in the Regulation S Global Note in a principal amount equal to the principal amount of the beneficial interest to be transferred,
 - (B) instructions given in accordance with the Applicable Procedures containing information regarding the account to be credited with such increase, and
 - (C) a certificate in the form of Exhibit C or Exhibit E hereto, as applicable, in the case of Dollar Notes, and Exhibit D or Exhibit F hereto, as applicable, in the case of Euro Notes, duly executed by the transferor;
- (ii) the Note Custodian shall increase the Regulation S Global Note and decrease the Rule 144A Global Note in accordance with the foregoing, and the Registrar shall register the transfer in the Note Register.

(b) Transfers of Beneficial Interests in a Regulation S Global Note. If the owner of a beneficial interest in a Regulation S Global Note that is a Restricted Note wishes to transfer such interest (or a portion thereof) to a QIB pursuant to Rule 144A:

- (i) upon receipt by the Registrar of:
 - (A) instructions from an Agent Member given to DTC, in the case of Dollar Notes, or Euroclear or Clearstream, in the case of Euro Notes, in accordance with the Applicable Procedures directing DTC, Euroclear or Clearstream, as applicable, to credit or cause to be credited a beneficial interest in the Rule 144A Global Note in an amount equal to the beneficial interest being transferred,
 - (B) instructions given in accordance with the Applicable Procedures containing information regarding the account to be credited with such increase, and
 - (C) a certificate in the form of Exhibit G hereto, in the case of Dollar Notes, and Exhibit H hereto, in the case of Euro Notes, duly executed by the transferor;
- (ii) the Note Custodian shall increase the Rule 144A Global Note and decrease the Regulation S Global Note in accordance with the foregoing, and the Registrar shall register the transfer in the Note Register.

(c) Other Transfers. Any registration of transfer of Restricted Notes (including Certificated Notes) not described above (other than a transfer of a beneficial interest in a Global Note that does not involve an exchange of such interest for a Certificated Note or a beneficial interest in another Global Note, which must be effected in accordance with applicable law and the Applicable Procedures, but is not subject to any procedure required by this Indenture) shall be made only upon receipt by the Registrar of such opinions of counsel, certificates and such other evidence reasonably required by and satisfactory to it in order to ensure compliance with the Securities Act or in accordance with Section 2.9(d).

(d) Use and Removal of Private Placement Legends. Upon the registration of transfer, exchange or replacement of Notes (or beneficial interests in a Global Note) not bearing (or not required to bear upon such transfer, exchange or replacement) a Private Placement Legend, the Note Custodian and Registrar shall exchange such Notes (or beneficial interests) for beneficial interests in a Global Note or Certificated Notes if they have been issued pursuant to Section 2.7(c) that does not bear a Private Placement Legend. Upon the registration of transfer, exchange or replacement of Notes (or beneficial interests in a Global Note) bearing a Private Placement Legend, the Note Custodian and Registrar shall deliver only Notes (or beneficial interests in a Global Note) that bear a Private Placement Legend unless:

- (i) such Notes (or beneficial interests) are transferred pursuant to Rule 144 upon delivery to the Registrar of a certificate of the

transferor in the form of Exhibit E hereto, in the case of Dollar Notes, and Exhibit F hereto, in the case of Euro Notes, and an Opinion of Counsel reasonably satisfactory to the Registrar;

- (ii) such Notes (or beneficial interests) are transferred, replaced or exchanged after the Resale Restriction Termination Date therefor and, in the case of any such Restricted Notes, the Issuer has complied with the applicable procedures for delegending in accordance with Section 2.9(h); or
- (iii) in connection with such registration of transfer, exchange or replacement the Registrar shall have received an Opinion of Counsel, certificates and such other evidence reasonably satisfactory to the Issuer and the Registrar to the effect that neither such Private Placement Legend nor the related restrictions on transfer are required in order to maintain compliance with the provisions of the Securities Act.

The Holder of a Global Note bearing a Private Placement Legend may exchange an interest therein for an equivalent interest in a Global Note not bearing a Private Placement Legend upon transfer of such interest pursuant to this Section 2.9(d).

(e) Consolidation of Global Notes and Exchange of Certificated Notes for Beneficial Interests in Global Notes. If a Global Note not bearing a Private Placement Legend is Outstanding at the time of a removal of legends pursuant to Section 2.9(h), any interests in a Global Note delegended pursuant to Section 2.9(h) shall be exchanged for interests in such Outstanding Global Note, subject to the proviso at the end of Section 2.14(a).

(f) Retention of Documents. The Registrar and the Trustee shall retain copies of all letters, notices and other written communications received pursuant to this Article II and in accordance with the Trustee's record retention procedures. The Issuer shall have the right to inspect and make copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable written notice to the Registrar or the Trustee, as the case may be.

(g) General Provisions Relating to Transfers and Exchanges.

- (i) Subject to the other provisions of this Section 2.9, when Notes are presented to the Registrar or a co-Registrar with a request to register the transfer of such Notes or to exchange such Notes for an equal principal amount of Notes of other authorized denominations, the Registrar or co-Registrar shall register the transfer or make the exchange as requested if its requirements for such transaction are met; *provided* that any Notes presented or surrendered for registration of transfer or exchange shall be duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Registrar or co-Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing.

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- (ii) To permit registrations of transfers and exchanges and subject to the other terms and conditions of this Article II, the Issuer will execute and upon Issuer Order the Trustee will authenticate and make available for delivery Certificated Notes and Global Notes, as applicable, at the Registrar's or co-Registrar's request.
 - (iii) No service charge shall be made to a Holder for any registration of transfer or exchange, but the Issuer and the Trustee may require payment of a sum sufficient to cover any transfer tax, assessments, or similar governmental charge payable in connection therewith (other than any such transfer taxes, assessments or similar governmental charges payable upon exchange or transfer pursuant to Section 3.8, Section 3.9, Section 5.1 or Section 9.5).
 - (iv) The Registrar or co-Registrar shall not be required to register the transfer of or exchange of (x) any Note for a period beginning (1) 15 days before the mailing of a notice of an offer to repurchase or redeem Notes and ending at the close of business on the day of such mailing or (2) 15 days before an Interest Payment Date and ending on such Interest Payment Date and (y) any Note selected for repurchase or redemption, except the unreurchased or unredeemed portion thereof, if any.
 - (v) Prior to the due presentation for registration of transfer of any Note, the Issuer, the Trustee, the Paying Agent, the Transfer Agent, the Registrar or any co-Registrar may deem and treat the Person in whose name a Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and interest on such Note and for all other purposes whatsoever, whether or not such Note is overdue, and none of the Issuer, the Trustee, the Paying Agent, the Transfer Agent, the Registrar or any co-Registrar or the Note Custodian shall be affected by notice to the contrary.
 - (vi) All Notes issued upon any transfer or exchange pursuant to the terms of this Indenture shall evidence the same debt and shall be entitled to the same benefits under this Indenture as the Notes surrendered upon such transfer or exchange.
 - (vii) Subject to Section 2.7 and this Section 2.9, in connection with the exchange of a portion of a Certificated Note for a beneficial interest in a Global Note, the Trustee shall cancel such Certificated Note, and the Issuer shall execute, and upon Issuer Order the Trustee shall authenticate and make available for delivery to the exchanging Holder, a new Certificated Note representing the principal amount not so exchanged.

(h) Applicable Procedures for Delegating.

- (i) Promptly after one year has elapsed following (A) the Issue Date or (B) if the Issuer has issued Additional Notes with the same terms and the same CUSIP or ISIN numbers, as applicable, as the Issue Date Notes pursuant to this Indenture within one year following the Issue Date, the date of original issuances of such Additional Notes, if the relevant Notes are freely tradable pursuant to Rule 144 under the Securities Act by Holders who are not Affiliates of the Issuer where no conditions of Rule 144 are then applicable (other than the holding period requirement in paragraph (d)(1)(ii) of Rule 144 so long as such holding period requirement is satisfied), the Issuer shall:
- (1) instruct the Trustee in writing to remove the Private Placement Legend from such Notes, and upon such instruction, the Private Placement Legend shall be deemed removed from any Global Notes representing such Notes without further action on the part of Holders;
 - (2) notify Holders of such Notes that the Private Placement Legend has been removed or deemed removed; and
 - (3) instruct DTC, in the case of Dollar Notes, to change the CUSIP for such Dollar Notes to the unrestricted CUSIP, and instruct Euroclear or Clearstream, in the case of Euro Notes, to take such equivalent actions with respect to the ISIN for such Euro Notes.

In no event will the failure of the Issuer to provide any notice set forth in this paragraph or of the Trustee to remove the Private Placement Legend constitute a failure by the Issuer to comply with any of its covenants or agreements set forth in Section 6.1 or otherwise. Any Restricted Note (or security issued in exchange or substitution therefor) as to which such restrictions on transfer shall have expired in accordance with their terms may, upon surrender of such Restricted Note for exchange to the Registrar in accordance with the provisions of Article II of this Indenture, be exchanged for a new Note or Notes, of like tenor and aggregate principal amount, which shall not bear the Private Placement Legend. The Issuer shall notify the Trustee in writing upon occurrence of the Resale Restriction Termination Date for any Note.

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- (ii) In the case of a Regulation S Global Note, after the Resale Restriction Termination Date of any such Regulation S Global Notes, the Issuer may, at its sole option:
- (A) instruct the Trustee in writing to remove the Private Placement Legend from such Regulation S Global Note, and upon such instruction, the Private Placement Legend shall be deemed removed from such Regulation S Global Note without further action on the part of Holders; and
 - (B) instruct DTC, in the case of Dollar Notes, to change the CUSIP for such Dollar Notes to the unrestricted CUSIP, and instruct Euroclear or Clearstream, in the case of Euro Notes, to take such equivalent actions with respect to the ISIN for such Euro Notes.
- (iii) Notwithstanding any provision herein to the contrary, in the event that Rule 144 as promulgated under the Securities Act (or any successor rule) is amended to change the one-year holding period thereunder (or the corresponding period under any successor rule), (A) each reference in this Section 2.9(h) to “one year” and in the Private Placement Legend described in Section 2.8(b), Exhibit A hereto, in the case of Dollar Notes, and Exhibit B hereto, in the case of Euro Notes, to “ONE YEAR” shall be deemed for all purposes hereof to be references to such changed period, and (B) all corresponding references in this Indenture (including the definition of Resale Restriction Termination Date), the Notes and the Private Placement Legends thereon shall be deemed for all purposes hereof to be references to such changed period; *provided* that such changes shall not become effective if they are otherwise prohibited by, or would otherwise cause a violation of, the then-applicable federal securities laws; *provided further* that if such change does not apply to existing Notes, all references to “one year” in this Indenture shall not be deemed for all purposes hereof to be references to such changed period. This Section 2.9(h) shall apply to successive amendments to Rule 144 (or any successor rule) changing the holding period thereunder.
- (i) No Obligation of the Trustee.
- (i) The Trustee shall have no responsibility or obligation to any beneficial owner of an interest in a Global Note, Agent Members or any other Persons with respect to the accuracy of the records of DTC, Euroclear or Clearstream or their nominees or of Agent Members, with respect to any ownership interest in the Notes or with respect to the delivery to any Agent Member, beneficial owner or other Person (other than DTC, Euroclear or Clearstream) of any notice (including any notice of redemption) or the payment of any amount or delivery of any Notes (or other security or property) under or with respect to such Notes. All

notices and communications to be given to the Holders and all payments to be made to Holders in respect of the Notes shall be given or made only to or upon the order of the registered Holders (which shall be DTC, in the case of Dollar Notes, and Euroclear or Clearstream, in the case of Euro Notes, or their nominees in the case of a Global Note). The rights of beneficial owners in any Global Note shall be exercised only through DTC, in the case of Dollar Notes, and Euroclear or Clearstream, in the case of Euro Notes, subject to the applicable rules and procedures of DTC, Euroclear or Clearstream. The Trustee may rely and shall be fully protected in relying upon information furnished by DTC, Euroclear or Clearstream with respect to their Agent Members and any beneficial owners.

- (ii) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among Agent Members or beneficial owners in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

Section 2.10 Mutilated, Destroyed, Lost or Stolen Notes.

(a) If a mutilated Note is surrendered to the Registrar or if the Holder of a Note claims that the Note has been lost, destroyed or wrongfully taken, the Issuer shall execute and upon Issuer Order the Trustee shall authenticate and make available for delivery a replacement Note for such mutilated, lost or stolen Note, of like tenor and principal amount, bearing a number not contemporaneously Outstanding if:

- (i) the requirements of Section 8-405 of the Uniform Commercial Code are met,
- (ii) the Holder satisfies any other reasonable requirements of the Trustee, and
- (iii) neither the Issuer nor the Trustee has received notice that such Note has been acquired by a protected purchaser.

If required by the Trustee or the Issuer, such Holder shall furnish an affidavit of loss and indemnity bond sufficient in the judgment of the Issuer and the Trustee to protect the Issuer, the Trustee, the Paying Agent, the Transfer Agent, the Registrar or any co-Registrar and the Note Custodian from any loss that any of them may suffer if a Note is replaced.

(b) Upon the issuance of any new Note under this Section 2.10, the Issuer may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) in connection therewith.

(c) Every new Note issued pursuant to this Section 2.10 in exchange for any mutilated Note, or in lieu of any destroyed, lost or stolen Note, shall constitute an original additional contractual obligation of the Issuer, any Note Guarantor and any other obligor upon the Notes, whether or not the mutilated, destroyed, lost or stolen Note shall be at any time enforceable by anyone, and shall be entitled to all benefits of this Indenture equally and proportionately with any and all other Notes duly issued hereunder.

Section 2.11 Temporary Notes. Until definitive Notes are ready for delivery, the Issuer may execute and upon Issuer Order the Trustee will authenticate and make available for delivery temporary Notes. Temporary Notes will be substantially in the form of definitive Notes but may have variations that the Issuer considers appropriate for temporary Notes. Without unreasonable delay, the Issuer will prepare and execute and upon Issuer Order the Trustee will authenticate and make available for delivery definitive Notes. After the preparation of definitive Notes, the temporary Notes will be exchangeable for definitive Notes upon surrender of the temporary Notes at any office or agency maintained by the Issuer for that purpose and such exchange shall be without charge to the Holder. Upon surrender for cancellation of any one or more temporary Notes, the Issuer will execute and upon Issuer Order the Trustee will authenticate and make available for delivery in exchange therefor one or more definitive Notes representing an equal principal amount of Notes. Until so exchanged, the Holder of temporary Notes shall in all respects be entitled to the same benefits under this Indenture as a Holder of definitive Notes.

Section 2.12 Cancellation. The Issuer at any time may deliver Notes to the Trustee for cancellation. The Registrar, the Paying Agent and the Transfer Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else shall cancel and dispose of cancelled Notes in accordance with its policy of disposal or, upon written request of the Issuer, return to the Issuer all Notes surrendered for registration of transfer, exchange, payment or cancellation. The Issuer may not issue new Notes to replace Notes it has paid or delivered to the Trustee for cancellation for any reason other than in connection with a registration of transfer or exchange upon Issuer Order.

Section 2.13 Defaulted Interest. When any installment of interest becomes overdue (a "Defaulted Interest"), such installment shall forthwith cease to be payable to the Holders in whose names the Notes were registered on the Record Date applicable to such installment of interest. Defaulted Interest (including any interest on such Defaulted Interest) shall be paid by the Issuer, at its election, as provided in clause (a) or clause (b) below.

(a) The Issuer may elect to make payment of any Defaulted Interest (including any interest payable on such Defaulted Interest) to the Holders in whose names the Notes are registered at the close of business on a special record date for the payment of such Defaulted Interest (a "Special Record Date"), which shall be fixed in the following manner. The Issuer shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid and the date of the proposed payment, and at the same time the Issuer shall deposit with the

Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Holders entitled to such Defaulted Interest as provided in this Section 2.13(a). Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest, which shall be not more than fifteen (15) calendar days and not less than ten (10) calendar days prior to the date of the proposed payment and not less than ten (10) calendar days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be sent, first-class mail, postage prepaid, to each Holder at such Holder's address as it appears in the Note Register, not less than ten (10) calendar days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the Holders in whose names the Notes are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to clause (b) below; or

(b) The Issuer may make payment of any Defaulted Interest (including any interest on such Defaulted Interest) in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Issuer to the Trustee of the proposed payment pursuant to this Section 2.13(b), such manner of payment shall be deemed practicable by the Trustee. The Trustee shall in the name and at the expense of the Issuer cause prompt notice of the proposed payment and the date thereof to be sent, first-class mail, postage prepaid, to each Holder at such Holder's address as it appears in the Note Register.

Section 2.14 Additional Notes.

(a) The Issuer may, from time to time, subject to compliance with any other applicable provisions of this Indenture, without the consent of the Holders, create and issue pursuant to this Indenture additional notes ("Additional Notes") that shall have terms and conditions identical to those of the other Outstanding Notes, except with respect to:

- (i) the Issue Date;
- (ii) the amount of interest payable on the first Interest Payment Date therefor;
- (iii) the issue price; and
- (iv) any adjustments necessary in order to conform to and ensure compliance with the Securities Act (or other applicable securities laws) and any agreement applicable to such Additional Notes, which are not adverse in any material respect to the Holder of any Outstanding Notes (other than such Additional Notes).

The Notes issued on the Issue Date and any Additional Notes shall be treated as a single series for all purposes under this Indenture; *provided* that the Issuer may use different CUSIP, ISIN or other similar numbers among Issue Date Notes, and among Additional Notes to the extent required to comply with securities or tax law requirements, including to permit delegalizing pursuant to Section 2.9(h).

(b) With respect to any Additional Notes, the Issuer will set forth in an Officer's Certificate of the Issuer (the "Additional Note Certificate"), copies of which will be delivered to the Trustee, the following information:

- (i) the aggregate principal amount of such Additional Notes to be authenticated and delivered pursuant to this Indenture;
- (ii) the Issue Date and the issue price of such Additional Notes; *provided* that no Additional Notes may be issued at a price that would cause such Additional Notes to have "original issue discount" within the meaning of Section 1273 of the Code, unless such Additional Notes have a separate CUSIP, ISIN or other similar number from other Notes; and
- (iii) whether such Additional Notes will be subject to transfer restrictions under the Securities Act (or other applicable securities laws).

ARTICLE III

COVENANTS

Section 3.1 Payment of Notes. (a) The Issuer shall pay the principal of and interest (including Defaulted Interest) on the Notes in U.S. Legal Tender, in the case of Dollar Notes, and Euros, in the case of Euro Notes, on the dates and in the manner provided in the Notes and in this Indenture. Prior to 10:00 a.m. New York City time, in the case of the Dollar Notes, and 3:00 p.m. London time, in the case of Euro Notes, on the Business Day prior to each Interest Payment Date and the Maturity Date, the Issuer shall deposit with the applicable Paying Agent in immediately available funds U.S. Legal Tender or Euros, as applicable, sufficient to make cash payments due on such Interest Payment Date or Maturity Date, as the case may be. If the Issuer or an Affiliate of the Issuer is acting as Paying Agent, the Issuer or such Affiliate shall, prior to 10:00 a.m. New York City time, in the case of Dollar Notes, and 3:00 p.m. London time, in the case of Euro Notes, on the Business Day prior to each Interest Payment Date and the Maturity Date, segregate and hold in trust U.S. Legal Tender or Euros, as applicable, sufficient to make cash payments due on such Interest Payment Date or Maturity Date, as the case may be. Principal and interest shall be considered paid on the date due if on such date the Trustee or the relevant Paying Agent (other than the Issuer or an Affiliate of the Issuer) holds in accordance with this Indenture U.S. Legal Tender or Euros, as applicable, designated for and sufficient to pay all principal and interest then due and the Trustee or the relevant Paying Agent, as the case may be, is not prohibited from paying such money to the Holders on that date pursuant to the terms of this Indenture.

(b) The Issuer hereby instructs the Trustee to establish the following two accounts:

- (i) the “Dollar Note Account” for receipt of the U.S. Dollar-denominated interest and principal payments; and
- (ii) the “Euro Note Account” for receipt of the Euro-denominated interest and principal payments.

Section 3.2 Maintenance of Office or Agency.

(a) The Issuer shall maintain each office or agency required under Section 2.3. The Issuer will give prompt written notice to the Trustee of any change in the location of any such office or agency. If at any time the Issuer shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Issuer hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

(b) The Issuer may also from time to time designate one or more other offices or agencies (in or outside of the City of New York) where the Notes may be presented or surrendered for registration of transfer or for exchange and may from time to time rescind any such designation; *provided, however*, that no such designation or rescission shall in any manner relieve the Issuer of its obligation to maintain an office or agency in the City of New York for such purposes. The Issuer will give prompt written notice to the Trustee of any such designation or rescission and any change in the location of any such other office or agency.

Section 3.3 Corporate Existence. Subject to Article IV, the Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence.

Section 3.4 Payment of Taxes and Other Claims. The Company will pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (i) all taxes, assessments and governmental charges levied or imposed upon the Company or any Restricted Subsidiary or for which it or any of them are otherwise liable, or upon the income, profits or property of the Company or any Restricted Subsidiary and (ii) all lawful claims for labor, materials and supplies, which, if unpaid, might by law become a liability or Lien upon the property of the Company or any Restricted Subsidiary; *provided, however*, that the Company shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings and for which appropriate reserves, if necessary (in the good faith judgment of the Company) are being maintained in accordance with GAAP or where the failure to effect such payment will not be disadvantageous to the Holders.

Section 3.5 Compliance Certificate. The Issuer and each Note Guarantor shall deliver to the Trustee within 105 days after the end of each fiscal year of the Company (which fiscal year ends on December 31 of each year, subject to any change in fiscal year following the Issue Date) an Officer’s Certificate stating that in the course of the performance by the signers of their

duties as Officers of the Issuer or such Note Guarantor, as the case may be, they would normally have knowledge of any Default or Event of Default and whether or not the signers know of any Default or Event of Default that occurred during the previous fiscal year. If they do, the certificate shall describe the Default or Event of Default, its status and what action the Issuer or such Note Guarantor is taking or proposes to take with respect thereto.

Section 3.6 Further Instruments and Acts.

(a) The Issuer and each Note Guarantor will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper or as the Trustee may reasonably request to carry out more effectively the purpose of this Indenture.

(b) The Issuer and the Note Guarantors shall take, and shall cause their Subsidiaries party thereto to take, any and all actions required under the Intercreditor Agreement and the Security Documents to cause the Intercreditor Agreement and the Security Documents to create and maintain, as security for the Obligations of the Issuer and the Note Guarantors hereunder, a valid and enforceable perfected security interest on all the Collateral, in favor of the Security Agent for the equal and ratable benefit of the Holders of the Notes, and the other Permitted Secured Obligations, first in priority to any and all security interests at any time granted upon the Collateral, subject in all respects to Liens imposed by law and Liens for judgments, taxes, assessments or governmental charges.

Section 3.7 Waiver of Stay, Extension or Usury Laws. The Issuer and each Note Guarantor covenant (to the fullest extent permitted by applicable law) that they will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury law or other law that would prohibit or forgive the Issuer or such Note Guarantor from paying all or any portion of the principal of or interest on the Notes as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this Indenture. The Issuer and each Note Guarantor hereby expressly waives (to the fullest extent permitted by applicable law) all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 3.8 Change of Control.

(a) Upon the occurrence of a Change of Control, each Holder will have the right to require that the Issuer purchase all or a portion (in integral multiples of €1,000 or U.S.\$1,000, as applicable) of the Holder's Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest thereon through the date of purchase (the "Change of Control Payment").

(b) Within 30 days following the date upon which the Change of Control occurred, the Issuer must send, by first-class mail, a notice to each Holder, with a copy to the Trustee, offering to purchase the Notes as described above (a "Change of Control Offer"). The Change of Control Offer shall state, among other things, the purchase date, which must be no earlier than 30 days nor later than 60 days from the date the notice is mailed, other than as may be required by law (the "Change of Control Payment Date").

(c) On the Change of Control Payment Date, the Issuer will, to the extent lawful:

- (i) accept for payment all Notes or portions thereof properly tendered and not withdrawn pursuant to the Change of Control Offer;
- (ii) deposit with the Paying Agent funds in an amount equal to the Change of Control Payment in respect of all Notes or portions thereof so tendered; and
- (iii) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Issuer.

(d) If only a portion of a Note is purchased pursuant to a Change of Control Offer, a new Note in a principal amount equal to the portion thereof not purchased will be issued in the name of the Holder thereof upon cancellation of the original Note (or appropriate adjustments to the amount and beneficial interests in a Global Note will be made, as appropriate); *provided* that each new Note shall be in a minimum principal amount of U.S.\$150,000 and in integral multiples of U.S.\$1,000 in excess thereof, in the case of Dollar Notes, or €100,000 and in integral multiples of €1,000 in excess thereof, in the case of Euro Notes. Notes (or portions thereof) purchased pursuant to a Change of Control Offer will be cancelled and cannot be reissued.

(e) The Issuer will not be required to make a Change of Control Offer upon a Change of Control if:

- (i) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer, or
- (ii) notice of redemption has been given pursuant to this Indenture as described under Section 5.4 unless and until there is a default in payment of the applicable redemption price.

(f) The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other applicable securities laws and regulations in connection with the purchase of Notes in connection with a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the "Change of Control" provisions of this Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Indenture by doing so.

Section 3.9 Limitation on Incurrence of Additional Indebtedness.

(a) The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Indebtedness, including Acquired Indebtedness, except that the Issuer and/or any of the Note Guarantors may Incur Indebtedness, including Acquired Indebtedness, if, at the time of and immediately after giving *pro forma* effect to the Incurrence thereof and the application of the proceeds therefrom, the Consolidated Fixed Charge Coverage Ratio of the Company is greater than or equal to 2.0 to 1.0.

(b) Notwithstanding clause (a) above, the Company and/or any of its Restricted Subsidiaries, as applicable, may Incur the following Indebtedness (“Permitted Indebtedness”):

- (i) Indebtedness not to exceed U.S.\$703,861,000 in respect of the Dollar Notes, excluding Additional Notes;
- (ii) Indebtedness not to exceed €179,219,000 in respect of the Euro Notes, excluding Additional Notes;
- (iii) Guarantees by (A) any Note Guarantor of Indebtedness of the Issuer or another Note Guarantor permitted under this Indenture and (B) the Issuer of Indebtedness of any Note Guarantor; *provided* that, if any such Guarantee is of Subordinated Indebtedness, then the obligations of the Issuer under the Notes and this Indenture or the Note Guarantee of such Note Guarantor, as applicable, will be senior to the Guarantee of such Subordinated Indebtedness;
- (iv) Indebtedness of the Company and/or any of its Restricted Subsidiaries outstanding on the Issue Date (excluding Indebtedness permitted under clauses (vi), (vii), (viii) or (xi) of this definition of Permitted Indebtedness);
- (v) Hedging Obligations, Compensation Related Hedging Obligations and any Guarantees thereof and any reimbursement obligations with respect to letters of credit related thereto, in each case entered into by the Company and/or any of its Restricted Subsidiaries; *provided* that, upon the drawing of such letters of credit, such obligations are reimbursed within 30 days following such drawing;
- (vi) intercompany Indebtedness between the Company and any Restricted Subsidiary or between any Restricted Subsidiaries; *provided* that, in the event that at any time any such Indebtedness ceases to be held by the Issuer or a Restricted Subsidiary, such Indebtedness shall be deemed to be Incurred and not permitted by this clause (vi) at the time such event occurs;
- (vii) Indebtedness of the Company and/or any of its Restricted Subsidiaries arising from (A) the honoring by a bank or other financial institution

of a check, draft or similar instrument inadvertently drawn against insufficient funds in the ordinary course of business; *provided* that, such Indebtedness is extinguished within five Business Days of Incurrence; or (B) any cash pooling or other cash management agreements in place with a bank or financial institution but only to the extent of offsetting credit balances of the Company and/or its Restricted Subsidiaries pursuant to such cash pooling or other cash management agreement;

- (viii) Indebtedness of the Company and/or any of its Restricted Subsidiaries represented by (A) endorsements of negotiable instruments in the ordinary course of business (excluding an *aval*), (B) documentary credits (including all forms of letter of credit), performance bonds or guarantees, advance payments, bank guarantees, bankers' acceptances, surety or appeal bonds or similar instruments for the account of, or guaranteeing performance by, the Company and/or any Restricted Subsidiary in the ordinary course of business, (C) reimbursement obligations with respect to letters of credit in the ordinary course of business (D) reimbursement obligations with respect to letters of credit and performance Guarantees in the ordinary course of business to the extent required pursuant to the terms of any Investment made pursuant to clause (12) of the definition of "Permitted Investment" and (E) other Guarantees by the Company and/or any Restricted Subsidiary in favor of a bank or financial institution in respect of obligations of that bank or financial institution to a third party in an amount not to exceed U.S.\$500 million at any one time outstanding; *provided* that in the case of clauses (B), (C) and (D), upon the drawing of such letters of credit or the Incurrence of such Indebtedness, such obligations are reimbursed within 30 days following such drawing or Incurrence;
- (ix) Refinancing Indebtedness in respect of:
 - (A) Indebtedness (other than Indebtedness owed to the Company or any Subsidiary of the Company) Incurred pursuant to clause (a) above (it being understood that no Indebtedness outstanding on the Issue Date is Incurred pursuant to such clause (a) above), or
 - (B) Indebtedness Incurred pursuant to clause (i), (ii), (iii) or (iv) above or this clause (ix);
- (x) Capitalized Lease Obligations, Sale and Leaseback Transactions, export credit facilities with a maturity of at least one year and Purchase Money Indebtedness of, including Guarantees of any of the foregoing by, the Company and/or any Restricted Subsidiary, in an aggregate principal amount at any one time outstanding not to exceed U.S.\$1 billion;

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- (xi) Indebtedness arising from agreements entered into by the Company and/or a Restricted Subsidiary providing for bona fide indemnification, adjustment of purchase price or similar obligations not for financing purposes, in each case, Incurred or assumed in connection with the acquisition or disposition of any business, assets or Capital Stock of a Restricted Subsidiary (including minority interests); *provided* that, in the case of a disposition, the maximum aggregate liability in respect of such Indebtedness shall at no time exceed the gross proceeds actually received by the Company and its Restricted Subsidiaries in connection with such disposition;
- (xii) Indebtedness of the Company and/or any of its Restricted Subsidiaries in an aggregate amount not to exceed U.S.\$1 billion at any one time outstanding; *provided* that, no more than U.S.\$250 million of such Indebtedness at any one time outstanding (excluding any Indebtedness under a Permitted Liquidity Facility) may be Incurred by Restricted Subsidiaries that are not the Issuer or Note Guarantors, which amount shall be increased by the corresponding amount of other Indebtedness of Restricted Subsidiaries other than the Issuer and the Note Guarantors outstanding on the Issue Date and subsequently repaid from time to time but in any event not to exceed U.S.\$500 million at any one time outstanding; *provided, further, however*, that (A) the Company and/or any of its Restricted Subsidiaries may Incur Indebtedness under a Permitted Liquidity Facility and (B) in the event that the Company and/or any of its Restricted Subsidiaries shall have Incurred Indebtedness under a Permitted Liquidity Facility that increases the amount outstanding at such time pursuant to this clause (xii) in excess of U.S.\$1 billion, then up to U.S.\$1.2 billion may be Incurred pursuant to this clause (xii) at any one time outstanding;
- (xiii) (A) Indebtedness of the Company and/or any of its Restricted Subsidiaries in respect of factoring arrangements or Inventory Financing arrangements or (B) other Indebtedness of the Company and/or any of its Restricted Subsidiaries with a maturity of 12 months or less for working capital purposes, not to exceed in the aggregate at any one time (calculated as of the end of the most recent fiscal quarter for which consolidated financial information of the Company is available) the greater of:
- (1) The sum of:
- (x) 20% of the net book value of the inventory of the Company and its Restricted Subsidiaries and
 - (y) 20% of the net book value of the accounts receivable of the Company and its Restricted Subsidiaries (excluding accounts receivable pledged to secure Indebtedness or subject to a Qualified Receivables Transaction),

less, in each case, the amount of any permanent repayments or reductions of commitments in respect of such Indebtedness made with the Net Cash Proceeds of an Asset Sale in order to comply with Section 3.12; or

- (2) U.S.\$350 million;
 - (xiv) [Reserved];
 - (xv) Indebtedness of the Company and/or any of its Restricted Subsidiaries for taxes levied, assessments due and other governmental charges required to be paid as a matter of law or regulation in the ordinary course of business; *provided* that such Indebtedness shall be permitted to be Incurred only at such time that the Financing Agreement (or any refinancing thereof) shall contain an exception to allow the Incurrence of Indebtedness to pay taxes;
 - (xvi) Indebtedness Incurred pursuant to the Banobras Facility;
 - (xvii) Indebtedness of the Company and/or any of its Restricted Subsidiaries Incurred and/or issued to refinance Qualified Receivables Transactions in existence on the Issue Date;
 - (xviii) Acquired Indebtedness in an aggregate amount at any one time outstanding under this clause (xviii) not to exceed U.S.\$100 million; and
 - (xix) (A) any Indebtedness that constitutes an Investment that the Company and/or any of its Restricted Subsidiaries is contractually committed to Incur as of the Issue Date in any Person (other than a Subsidiary) in which the Company or any of its Restricted Subsidiaries maintains an Investment in equity securities; and (B) Guarantees up to U.S.\$100 million in any calendar year by the Company and/or any Restricted Subsidiary of Indebtedness of any Person in which the Company or any of its Restricted Subsidiaries maintains an equity Investment minus any Investment other than such guarantees in such Person during such calendar year pursuant to clause (17)(b) of the definition of “Permitted Investments.”
- (c) Notwithstanding anything to the contrary contained in this Section 3.9,
- (i) The Company shall not, and shall not permit any Note Guarantor to, Incur any Permitted Indebtedness pursuant to Section 3.9(b) if the proceeds thereof are used, directly or indirectly, to Refinance any Subordinated Indebtedness unless such Indebtedness shall be subordinated to the Notes or the applicable Note Guarantee, as the case may be, to at least the same extent as such Subordinated Indebtedness.

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- (ii) For purposes of determining compliance with, and the outstanding principal amount of, any particular Indebtedness Incurred pursuant to and in compliance with this Section 3.9, the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined in accordance with GAAP. Accrual of interest, the accretion or amortization of original issue discount, the payment of regularly scheduled interest in the form of additional Indebtedness of the same instrument or the payment of regularly scheduled dividends on Disqualified Capital Stock in the form of additional Disqualified Capital Stock with the same terms will not be deemed to be an Incurrence of Indebtedness for purposes of this Section 3.9. For purposes of determining compliance with this Section 3.9, mark-to-market fluctuations of hedging obligations or derivatives outstanding on the Issue Date shall not constitute Incurrence of Indebtedness.
- (iii) For purposes of determining compliance with this Section 3.9, the principal amount of Indebtedness denominated in foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first committed, in the case of revolving credit Indebtedness; *provided* that if such Indebtedness is Incurred to refinance other Indebtedness denominated in foreign currency, and such refinancing would cause the applicable restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced. Notwithstanding any other provision of this Section 3.9, the maximum amount of Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.
- (iv) For purposes of determining compliance with this Section 3.9:
- (A) in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, including, without limitation, in Section 3.9(a), the Company, in its sole discretion, will classify such item of Indebtedness at the time of Incurrence and only be required to include the amount and type of such Indebtedness in one of the above clauses and may later

reclassify all or a portion of such item of Indebtedness as having been Incurred pursuant to any other clause to the extent such Indebtedness could be Incurred pursuant to such clause at the time of such reclassification; and

- (B) the Company will be entitled to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described above, including, without limitation, Section 3.9(a).

Section 3.10 [Reserved].

Section 3.11 Limitation on Restricted Payments.

(a) The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, take any of the following actions (each, a "Restricted Payment"):

- (i) declare or pay any dividend or return of capital or make any distribution on or in respect of shares of Capital Stock of the Company or any Restricted Subsidiary to holders of such Capital Stock, other than:
 - (A) dividends, distributions or returns on capital payable in Qualified Capital Stock of the Company,
 - (B) dividends, distributions or returns on capital payable to the Company and/or a Restricted Subsidiary,
 - (C) dividends, distributions or returns of capital made on a *pro rata* basis to the Company and its Restricted Subsidiaries, on the one hand, and minority holders of Capital Stock of a Restricted Subsidiary, on the other hand (or on less than a *pro rata* basis to any minority holder);
- (ii) purchase, redeem or otherwise acquire or retire for value:
 - (A) any Capital Stock of the Company, or
 - (B) any Capital Stock of any Restricted Subsidiary held by an Affiliate of the Company or any Preferred Stock of a Restricted Subsidiary, except for:
 - (1) Capital Stock held by the Company or a Restricted Subsidiary, or
 - (2) purchases, redemptions, acquisitions or retirements for value of Capital Stock on a *pro rata* basis from the Company and/or any Restricted Subsidiaries, on the one hand, and minority holders

of Capital Stock of a Restricted Subsidiary, on the other hand, according to their respective percentage ownership of the Capital Stock of such Restricted Subsidiary;

- (iii) make any principal payment on, purchase, defease, redeem, prepay, decrease or otherwise acquire or retire for value, prior to any scheduled final maturity, scheduled repayment or scheduled sinking fund payment, as the case may be, any Subordinated Indebtedness; or
- (iv) make any Investment (other than Permitted Investments);

if at the time of the Restricted Payment immediately after giving effect thereto:

- (A) a Default or an Event of Default shall have occurred and be continuing;
- (B) the Company is not able to Incur at least U.S.\$1.00 of additional Indebtedness pursuant to Section 3.9(a); or
- (C) the aggregate amount (the amount expended for these purposes, if other than in cash, being the Fair Market Value of the relevant property at the time of the making thereof) of the proposed Restricted Payment and all other Restricted Payments made subsequent to the Issue Date up to the date thereof, less any Investment Return calculated as of the date thereof, shall exceed the sum of:
 - (1) 50% of cumulative Consolidated Net Income of the Company or, if cumulative Consolidated Net Income of the Company is a loss, minus (i) 100% of the loss, accrued during the period, treated as one accounting period, beginning on the first full fiscal quarter after the Issue Date to the end of the most recent fiscal quarter for which consolidated financial information of the Company is available and (ii) the amount of cash benefits to the Company or a Restricted Subsidiary that is netted against Investments in Similar Businesses pursuant to clause (12) of the definition of "Permitted Investments"; plus
 - (2) 100% of the aggregate net cash proceeds received by the Company from any Person from any:
 - contribution to the equity capital of the Company (not representing an interest in Disqualified Capital Stock) or issuance and sale of Qualified Capital Stock of the Company, in each case, subsequent to the Issue Date, or
 - issuance and sale subsequent to the Issue Date (and, in the case of Indebtedness of a Restricted Subsidiary, at

such time as it was a Restricted Subsidiary) of any Indebtedness for borrowed money of the Company or any Restricted Subsidiary that has been converted into or exchanged for Qualified Capital Stock of the Company, excluding, in each case, any net cash proceeds:

- received from a Subsidiary of the Company;
- used to redeem Notes under Article V;
- used to acquire Capital Stock or other assets from an Affiliate of the Company; or
- applied in accordance with clause (ii)(B) or (iii)(A) of Section 3.11(b) below.

(b) Notwithstanding Section 3.11(a), this Section 3.11 does not prohibit:

- (i) the payment of any dividend within 60 days after the date of declaration of such dividend if the dividend would have been permitted on the date of declaration pursuant to Section 3.11(a);
- (ii) if no Default or Event of Default shall have occurred and be continuing, the acquisition of any shares of Capital Stock of the Company,
 - (A) in exchange for Qualified Capital Stock of the Company, or
 - (B) through the application of the net cash proceeds received by the Company from a substantially concurrent sale of Qualified Capital Stock of the Company or a contribution to the equity capital of the Company not representing an interest in Disqualified Capital Stock, in each case not received from a Subsidiary of the Company;

provided, that the value of any such Qualified Capital Stock issued in exchange for such acquired Capital Stock and any such net cash proceeds shall be excluded from Section 3.11(a)(iv)(C)(2) (and were not included therein at any time);

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- (iii) if no Default or Event of Default shall have occurred and be continuing, the voluntary prepayment, purchase, defeasance, redemption or other acquisition or retirement for value of any Subordinated Indebtedness:
- (A) solely in exchange for, or through the application of net cash proceeds of a substantially concurrent sale, other than to a Subsidiary of the Company, of Qualified Capital Stock of the Company, or
 - (B) solely in exchange for Refinancing Indebtedness for such Subordinated Indebtedness,
- provided*, that the value of any Qualified Capital Stock issued in exchange for Subordinated Indebtedness and any net cash proceeds referred to above shall be excluded from Section 3.11(a)(iv)(C)(2) (and were not included therein at any time);
- (iv) repurchases by the Company of Common Stock of the Company or options, warrants or other securities exercisable or convertible into Common Stock of the Company from employees or directors of the Company or any of its Subsidiaries or their authorized representatives upon the death, disability or termination of employment or directorship of the employees or directors, in an amount not to exceed U.S.\$5 million in any calendar year and any repurchases other than in connection with compensation of Common Stock of the Company pursuant to binding written agreements in effect on the Issue Date;
- (v) payments of dividends on Disqualified Capital Stock issued pursuant to the covenant described under Section 3.9; *provided, however*, that such dividends shall be excluded in the calculation of the amount of Restricted Payments;
- (vi) non-cash repurchases of Capital Stock deemed to occur upon exercise of stock options, warrants or other similar rights if such Capital Stock represents a portion of the exercise price of such options, warrants or other similar rights;
- (vii) cash payments in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Company;
- (viii) purchases of any Subordinated Indebtedness of the Company (A) at a purchase price not greater than 101% of the principal amount thereof (together with accrued and unpaid interest) in the event of the occurrence of a Change of Control or (B) at a purchase price not greater than 100% of the principal amount thereof (together with

accrued and unpaid interest) in the event of an Asset Sale in accordance with provisions similar to those set forth under Section 3.12 *provided, however*, that prior to such purchase of any such Subordinated Indebtedness, the Company has made the Change of Control Offer as provided under Section 3.8 or Section 3.12, respectively, and has purchased all Notes validly tendered and not properly withdrawn pursuant thereto;

- (ix) recapitalization of earnings on or in respect of the Qualified Capital Stock of the Company pursuant to which additional Qualified Capital Stock of the Company or the right to subscribe for additional Capital Stock of the Company is issued to the existing shareholders of the Company on a *pro rata* basis (which, for the avoidance of doubt, shall not allow any payment in cash to be made in respect of Qualified Capital Stock of the Company pursuant to this clause (ix)); and
- (x) so long as (A) no Default or Event of Default shall have occurred and be continuing (or result therefrom) and (B) the Company could incur at least U.S.\$1.00 of additional Debt pursuant to Section 3.9(a), payment of any dividends on Capital Stock (other than Disqualified Capital Stock) of the Company in an aggregate amount which, when taken together with all dividends paid pursuant to this clause (x), does not exceed U.S.\$50 million in any calendar year; *provided* that such dividends shall be included in the calculation of the amount of Restricted Payments.
- (xi) [Reserved]

In determining the aggregate amount of Restricted Payments made subsequent to the Issue Date, amounts expended pursuant to clauses (i) (without duplication for the declaration of the relevant dividend), (iv), (viii) and (x) above shall be included in such calculation and amounts expended pursuant to clauses (ii), (iii), (v), (vi), (vii) and (ix) above shall not be included in such calculation.

Section 3.12 Limitation on Asset Sales.

- (a) The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:
 - (i) the Company or the applicable Restricted Subsidiary, as the case may be, receives consideration at the time of the Asset Sale at least equal to the Fair Market Value (to be determined as of the date on which such sale is contracted) of the assets sold or otherwise disposed of, and
 - (ii) other than in respect of Permitted Asset Swap Transactions, at least 80% of the consideration received for the assets sold by the Company or the Restricted Subsidiary, as the case may be, in the Asset Sale shall

be in the form of cash or Cash Equivalents received at the time of such Asset Sale; *provided, however*, for the purposes of this clause (ii), the following are also deemed to be cash or Cash Equivalents:

- (A) the assumption of Indebtedness (other than Subordinated Indebtedness) of the Company or any Restricted Subsidiary and the release of the Company or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Sale;
- (B) any securities, notes or obligation received by the Company or any Restricted Subsidiary from the transferee that are, within 180 days after the Asset Sale, converted by the Company or such Restricted Subsidiary into cash, to the extent of cash received in that conversion;
- (C) Capital Stock of a Person who is or who, after giving effect to such Asset Sale, becomes, a Restricted Subsidiary; and
- (D) any Designated Non-cash Consideration received by the Company or such Restricted Subsidiary in connection with such Asset Sale having an aggregate Fair Market Value which, when taken together with the Fair Market Value of all other Designated Non-cash Consideration received pursuant to this clause (D) since the Issue Date, does not exceed the sum of (1) 3.0% of Consolidated Tangible Assets of the Company calculated as of the end of the most recent fiscal quarter for which consolidated financial information is available (with the Fair Market Value of each item of Designated Non-cash Consideration being measured as of the date it was received and without giving effect to subsequent changes in value of any such item of Designated Non-cash Consideration) and (2) the amount of cash or Cash Equivalents received in connection with a subsequent sale of such Designated Non-cash Consideration.

(b) The Company or any Restricted Subsidiary may apply the Net Cash Proceeds of any such Asset Sale within 365 days thereof to:

- (i) repay any Senior Indebtedness for borrowed money or constituting a Capitalized Lease Obligation and permanently reduce the commitments with respect thereto, or
- (ii) purchase:
 - (A) assets (except for current assets as determined in accordance with GAAP or Capital Stock) to be used by the Company or any Restricted Subsidiary in a Permitted Business, or

(B) substantially all of the assets of a Permitted Business or Capital Stock of a Person engaged in a Permitted Business that will become, upon purchase, a Restricted Subsidiary from a Person other than the Company and its Restricted Subsidiaries.

(c) To the extent all or a portion of the Net Cash Proceeds of any Asset Sale are not applied within the 365 days of the Asset Sale as described in clause (i) or (ii) of Section 3.12(b), the Company will make an offer to purchase Notes (the “Asset Sale Offer”), at a purchase price equal to 100% of the principal amount of the Notes to be purchased, plus accrued and unpaid interest thereon, to the date of purchase (the “Asset Sale Offer Amount”). The Company will purchase pursuant to an Asset Sale Offer from all tendering Holders on a *pro rata* basis, and, at the Company’s option, on a *pro rata* basis with the holders of any other Senior Indebtedness with similar provisions requiring the Company to offer to purchase the other Senior Indebtedness with the proceeds of Asset Sales, that principal amount (or accreted value in the case of Indebtedness issued with original issue discount) of Notes and the other Senior Indebtedness to be purchased equal to such unapplied Net Cash Proceeds. The Company may satisfy its obligations under this Section 3.12 with respect to the Net Cash Proceeds of an Asset Sale by making an Asset Sale Offer prior to the expiration of the relevant 365-day period.

(d) Pending the final application of any Net Cash Proceeds pursuant to this Section 3.12, the holder of such Net Cash Proceeds may apply such Net Cash Proceeds temporarily to reduce Indebtedness outstanding under a revolving credit facility or otherwise invest such Net Cash Proceeds in any manner not prohibited by this Indenture.

(e) The purchase of Notes pursuant to an Asset Sale Offer shall occur not less than 20 Business Days following the date thereof, or any longer period as may be required by law, nor more than 45 days following the 365th day following the Asset Sale (the “Asset Sale Offer Period”). The Company may, however, defer an Asset Sale Offer until there is an aggregate amount of unapplied Net Cash Proceeds from one or more Asset Sales equal to or in excess of U.S.\$100 million. At that time, the entire amount of unapplied Net Cash Proceeds, and not just the amount in excess of U.S.\$100 million, shall be applied as required pursuant to this Section 3.12.

(f) Any Net Cash Proceeds payable in respect of the Notes pursuant to Section 3.12 will be apportioned between the Euro Notes and the Dollar Notes in proportion to the respective aggregate principal amounts of Euro Notes and Dollar Notes validly tendered and not withdrawn, based upon the Dollar Equivalent of such principal amount of Euro Notes determined as of a date selected by the Issuer that is within the Asset Sale Offer Period. To the extent that any portion of the Net Cash Proceeds payable in respect of the Notes is denominated in a currency other than the currency in which the relevant Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which such Notes are denominated that is actually received by the Issuer upon converting such portion into such currency.

(g) Each Asset Sale Offer Notice shall be mailed first class, postage prepaid, to the record Holders as shown on the Note Register within 20 days following such 365th day (or such earlier date as the Company shall have elected to make such Asset Sale Offer), with a copy

to the Trustee offering to purchase the Notes as described above. Each notice of an Asset Sale Offer shall state, among other things, the purchase date, which must be no earlier than 30 days nor later than 60 days from the date the notice is mailed, other than as may be required by law (the “Asset Sale Offer Payment Date”). Upon receiving notice of an Asset Sale Offer, Holders may elect to tender their Notes in whole or in part, in minimum denominations of U.S.\$150,000 and in any integral multiples of U.S.\$1,000 in excess thereof, in the case of Dollar Notes, or €100,000 and in any integral multiples of €1,000 in excess thereof, in the case of Euro Notes, in each case, in exchange for cash.

(h) On the Asset Sale Offer Payment Date, the Company shall, to the extent lawful:

- (i) accept for payment all Notes or portions thereof properly tendered pursuant to the Asset Sale Offer;
- (ii) deposit with the Paying Agent funds in an amount equal to the Asset Sale Offer Amount in respect of all Notes or portions thereof so tendered; and
- (iii) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officer’s Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Company.

(i) To the extent Holders of Notes and holders of other Senior Indebtedness, if any, which are the subject of an Asset Sale Offer properly tender and do not withdraw Notes or the other Senior Indebtedness in an aggregate amount exceeding the amount of unapplied Net Cash Proceeds, the Company shall purchase the Notes and the other Senior Indebtedness on a *pro rata* basis (based on amounts tendered). If only a portion of a Note is purchased pursuant to an Asset Sale Offer, a new Note in a principal amount equal to the portion thereof not purchased shall be issued in the name of the holder thereof upon cancellation of the original Note (or appropriate adjustments to the amount and beneficial interests in a global note shall be made, as appropriate). Notes (or portions thereof) purchased pursuant to an Asset Sale Offer shall be cancelled and cannot be reissued.

(j) The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other applicable securities laws in connection with the purchase of Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any applicable securities laws or regulations conflict with this Section 3.12, the Company shall comply with these laws and regulations and shall not be deemed to have breached its obligations under the “Asset Sale” provisions of this Indenture by doing so.

(k) Upon completion of an Asset Sale Offer, the amount of Net Cash Proceeds shall be reset at zero. Accordingly, to the extent that the aggregate amount of Notes and other Indebtedness tendered pursuant to an Asset Sale Offer is less than the aggregate amount of unapplied Net Cash Proceeds, the Company may use any remaining Net Cash Proceeds for general corporate purposes of the Company and its Restricted Subsidiaries.

(l) In the event of the transfer of substantially all (but not all) of the property and assets of the Company and its Restricted Subsidiaries as an entirety to a Person in a transaction permitted under Article IV, the Successor Company shall be deemed to have sold the properties and assets of the Company and its Restricted Subsidiaries not so transferred for purposes of this Section 3.12, and shall comply with the provisions of this Section 3.12 with respect to the deemed sale as if it were an Asset Sale. In addition, the Fair Market Value of properties and assets of the Company or its Restricted Subsidiaries so deemed to be sold shall be deemed to be Net Cash Proceeds for purposes of this Section 3.12.

(m) If at any time any non-cash consideration received by the Company or any Restricted Subsidiary, as the case may be, in connection with any Asset Sale, is converted into or sold or otherwise disposed of for cash (other than interest received with respect to any non-cash consideration), the conversion or disposition shall be deemed to constitute an Asset Sale hereunder and the Net Cash Proceeds thereof shall be applied in accordance with this Section 3.12 within 365 days of conversion or disposition.

Section 3.13 Limitation on the Ownership of Capital Stock of Restricted Subsidiaries. The Company shall not permit any Person other than the Company or another Restricted Subsidiary to, directly or indirectly, own or control any Capital Stock of any Restricted Subsidiary, except for:

- (i) Capital Stock owned by such Person on the Issue Date;
- (ii) directors' qualifying shares;
- (iii) the sale or Disposition of 100% of the shares of the Capital Stock of any Restricted Subsidiary (other than the Issuer) held by the Company and its Restricted Subsidiaries to any Person other than the Company or another Restricted Subsidiary effected in accordance with, as applicable, Section 3.12 and Article IV;
- (iv) in the case of a Restricted Subsidiary other than a Restricted Subsidiary that is a Wholly Owned Subsidiary,
 - (A) the issuance by that Restricted Subsidiary of Capital Stock on a *pro rata* basis to the Company and its Restricted Subsidiaries, on the one hand, and minority holders of Capital Stock of such Restricted Subsidiary, on the other hand (or on less than a *pro rata* basis to any minority holder); or
 - (B) sales, transfers and other dispositions of Capital Stock in a Restricted Subsidiary to the extent required by, or made pursuant to, buy/sell, put/call or similar shareholder arrangements set forth in binding agreements in effect on the Issue Date; and

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- (v) the sale of Capital Stock of a Restricted Subsidiary (other than the Issuer) by the Company or another Restricted Subsidiary or the sale or issuance by a Restricted Subsidiary of its newly-issued Capital Stock if such sale or issuance is made in compliance with Section 3.12 and either:
 - (A) such Restricted Subsidiary is no longer a Subsidiary, and the continuing Investment of the Company and its Restricted Subsidiaries in such former Restricted Subsidiary is in compliance with Section 3.11, or
 - (B) such Restricted Subsidiary continues to be a Restricted Subsidiary.

Section 3.14 Limitation on Designation of Unrestricted Subsidiaries.

- (a) The Company may designate after the Issue Date any Subsidiary of the Company other than the Issuer or a Note Guarantor as an Unrestricted Subsidiary under this Indenture (a “Designation”) only if:
 - (i) no Default or Event of Default shall have occurred and be continuing at the time of or after giving effect to such Designation and any transactions between the Company or any of its Restricted Subsidiaries and such Unrestricted Subsidiary are in compliance with Section 3.18;
 - (ii) at the time of and after giving effect to such Designation, the Company could Incur U.S.\$1.00 of additional Indebtedness pursuant to Section 3.9(a);
 - (iii) the Company would be permitted to make an Investment at the time of Designation (assuming the effectiveness of such Designation and treating such Designation as an Investment at the time of Designation) as a Restricted Payment pursuant to Section 3.11(a) in an amount (the “Designation Amount”) equal to the amount of the Company’s Investment in such Subsidiary on such date; and
 - (iv) the terms of any Affiliate Transaction existing on the date of such Designation between the Subsidiary being designated (and its Subsidiaries) and the Company or any Restricted Subsidiary would be permitted under Section 3.18 if entered into immediately following such Designation.
- (b) Neither the Company nor any Restricted Subsidiary shall at any time:
 - (i) provide credit support for, subject any of its property or assets (other than the Capital Stock of any Unrestricted Subsidiary) to the satisfaction of, or Guarantee, any Indebtedness of any Unrestricted Subsidiary (including any undertaking, agreement or instrument evidencing such Indebtedness);
 - (ii) be directly or indirectly liable for any Indebtedness of any Unrestricted Subsidiary; or

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- (iii) be directly or indirectly liable for any Indebtedness which provides that the Holder thereof may (upon notice, lapse of time or both) declare a default thereon or cause the payment thereof to be accelerated or payable prior to its final scheduled maturity upon the occurrence of a default with respect to any Indebtedness of any Unrestricted Subsidiary.

(c) The Company may revoke any Designation of a Subsidiary as an Unrestricted Subsidiary (a “Revocation”) only if:

- (i) no Default or Event of Default shall have occurred and be continuing at the time of and after giving effect to such Revocation; and
- (ii) all Liens and Indebtedness of such Unrestricted Subsidiary outstanding immediately following such Revocation, if Incurred at such time, would have been permitted to be Incurred for all purposes of this Indenture.

(d) The Designation of a Subsidiary of the Company as an Unrestricted Subsidiary shall be deemed to include the Designation of all of the Subsidiaries of such Subsidiary as Unrestricted Subsidiaries. All Designations and Revocations must be evidenced by an Officer’s Certificate of the Issuer, delivered to the Trustee certifying compliance with the preceding provisions.

Section 3.15 Limitation on Dividends and Other Payment Restrictions Affecting Restricted Subsidiaries .

(a) Except as provided in clause (b) below, the Company shall not, and shall not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

- (i) pay dividends or make any other distributions on or in respect of its Capital Stock to the Company or any other Restricted Subsidiary or pay any Indebtedness owed to the Company or any other Restricted Subsidiary;
- (ii) make loans or advances to, or make any Investment in, the Company or any other Restricted Subsidiary; or
- (iii) transfer any of its property or assets to the Company or any other Restricted Subsidiary.

(b) Section 3.15(a) shall not apply to encumbrances or restrictions existing under or by reason of:

- (i) applicable law, rule, regulation or order;

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- (ii) this Indenture;
 - (iii) any encumbrance or restriction pursuant to an agreement in effect at or entered into on the Issue Date, and any amendments, restatements, renewals, replacements or refinancings thereof; *provided* that any amendment, restatement, renewal, replacement or refinancing is not materially more restrictive with respect to such encumbrances or restrictions than those in existence on the Issue Date as determined in good faith by the Company's senior management;
 - (iv) customary non-assignment provisions of any contract and customary provisions restricting assignment or subletting in any lease governing a leasehold interest of any Restricted Subsidiary, or any customary restriction on the ability of a Restricted Subsidiary to dividend, distribute or otherwise transfer any asset which secures Indebtedness secured by a Lien, in each case permitted to be Incurred under this Indenture;
 - (v) any instrument governing Acquired Indebtedness not Incurred in connection with, or in anticipation or contemplation of, the relevant acquisition, merger or consolidation, which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person or the properties or assets of the Person so acquired;
 - (vi) restrictions with respect to a Restricted Subsidiary of the Company imposed pursuant to a binding agreement which has been entered into for the sale or disposition of Capital Stock or assets of such Restricted Subsidiary; *provided* that such restrictions apply solely to the Capital Stock or assets of such Restricted Subsidiary being sold (and in the case of Capital Stock, its Subsidiaries);
 - (vii) customary restrictions imposed on the transfer of copyrighted or patented materials;
 - (viii) an agreement governing Indebtedness Incurred to Refinance the Indebtedness issued, assumed or Incurred pursuant to an agreement referred to in clause (iii) or (v) of this Section 3.15(b); *provided* that such Refinancing agreement is not materially more restrictive with respect to such encumbrances or restrictions than those contained in the agreement referred to in such clause (iii) or (v) as determined in good faith by the Company's senior management;
 - (ix) Liens permitted to be Incurred pursuant to the provisions of the covenant described under Section 3.17 that limit the right of any person to transfer the assets subject to such Liens;

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- (x) Purchase Money Indebtedness for property acquired in the ordinary course of business and Capitalized Lease Obligations that impose restrictions of the nature discussed in clause (iii) of this Section 3.15(b) above on the property so acquired;
 - (xi) restrictions on cash or other deposits imposed by customers under contracts or other arrangements entered into or agreed to in the ordinary course of business not materially more restrictive than those existing on the Issue Date as determined in good faith by the Company's senior management;
 - (xii) customary provisions in joint venture agreements relating to dividends or other distributions in respect of such joint venture or the securities, assets or revenues of such joint venture;
 - (xiii) restrictions in Indebtedness Incurred by a Restricted Subsidiary in compliance with the covenant described under Section 3.9; *provided* that such restrictions (A) are not materially more restrictive with respect to such encumbrances and restrictions than those such Restricted Subsidiary was subject to in agreements related to obligations referenced in clause (iii) above as determined in good faith by the Company's senior management or (B) constitute financial covenants or similar restrictions that limit the ability to pay dividends or make distributions upon the occurrence or continuance of a default or event of default or that would result in a default or event of default under such Indebtedness upon the declaration or payment of dividends or other distributions; and
 - (xiv) net worth provisions in leases entered into by the Company or any Restricted Subsidiary in the ordinary course of business not materially more restrictive than those existing on the Issue Date as determined in good faith by the Company's senior management.

Section 3.16 Limitation on Layered Indebtedness. The Company shall not, and shall not permit the Issuer or any other Note Guarantor to, directly or indirectly, Incur any Indebtedness that is subordinate in right of payment to any other Indebtedness, unless such Indebtedness is expressly subordinate in right of payment to the Notes or, in the case of a Note Guarantor, its Note Guarantee, to the same extent, on the same terms and for so long (except as a result of the provisions of the Intercreditor Agreement applicable to Financing Agreement Indebtedness and any refinancing thereof) as such Indebtedness is subordinate to such other Indebtedness.

Section 3.17 Limitation on Liens. The Company shall not, and shall not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, incur, grant, assume or suffer to exist any Liens of any kind (except for Permitted Liens) (a) against or upon any of their respective properties or assets, whether owned on the Issue Date or acquired after the Issue Date, or any proceeds therefrom, to secure any Indebtedness or trade payables or (b) deemed to exist in

respect of Capitalized Lease Obligations (including any Capitalized Lease Obligations in respect of Sale and Leaseback Transactions), in each case, unless contemporaneously therewith effective provision is made:

- (i) in the case of the Issuer or any Restricted Subsidiary that is not a Note Guarantor, to secure the Notes and all other amounts due under this Indenture; and
- (ii) in the case of a Note Guarantor, including the Company, to secure such Note Guarantor's Note Guarantee of the Notes and all other amounts due under this Indenture,

in each case, equally and ratably with such Indebtedness or other obligation (or, in the event that such Indebtedness is subordinated in right of payment to the Notes or such Note Guarantee, as the case may be, prior to such Indebtedness or other obligation) with a Lien on the same properties and assets securing such Indebtedness or other obligation for so long as such Indebtedness or other obligation is secured by such Lien.

Section 3.18 Limitation on Transactions with Affiliates.

(a) The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into any transaction or series of related transactions (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with, or for the benefit of, any Affiliate of the Company (each an "Affiliate Transaction"), unless the terms of such Affiliate Transaction are no less favorable than those that could reasonably be expected to be obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate of the Company;

(b) The provisions of Section 3.18(a) above shall not apply to:

- (i) Affiliate Transactions with or among the Company and any Restricted Subsidiary or between or among Restricted Subsidiaries;
- (ii) reasonable fees and compensation paid to, and any indemnity provided on behalf of, officers, directors, employees, consultants or agents of the Company or any Restricted Subsidiary as determined in good faith by the Company's Board of Directors or, to the extent consistent with past practice, senior management;
- (iii) Affiliate Transactions undertaken pursuant to any contractual obligations or rights in existence on the Issue Date (as in effect on the Issue Date with modifications, extensions and replacements thereof not materially adverse to the Company and its Restricted Subsidiaries) as determined in good faith by the Company's senior management;
- (iv) any Restricted Payments in compliance with Section 3.11;

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- (v) payments and issuances of Qualified Capital Stock to any officers, directors and employees of the Company or any Restricted Subsidiary pursuant to any management equity plan or stock option plan or any other stock subscription or shareholder agreement, and any employment agreements, stock option plans or other compensatory arrangements (and any successor plans thereto) and any supplemental executive retirement benefit plans or arrangements with any such officers, directors or employees that are, in each case, approved in good faith by the Board of Directors or, to the extent consistent with past practice, senior management of the Company;
 - (vi) loans and advances to officers, directors and employees of the Company or any Restricted Subsidiary for travel, entertainment, moving and other relocation expenses, in each case made in the ordinary course of business in amounts consistent with the past practice of the Company or such Restricted Subsidiary; and
 - (vii) loans made by the Company or any Restricted Subsidiary to employees or directors in an aggregate amount not to exceed U.S.\$15 million (or its equivalent in another currency) at any time outstanding.

Section 3.19 Conduct of Business. The Company and its Restricted Subsidiaries shall not engage in any business other than a Permitted Business.

Section 3.20 Reports to Holders.

(a) Notwithstanding that the Company may not be subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, so long as any Notes remain outstanding, the Company shall:

- (i) provide the Trustee and the Holders with:
 - (A) annual reports on Form 20-F (or any successor form) containing the information required to be contained therein (or such successor form) within the time period required under the rules of the Commission for the filing of Form 20-F (or any successor form) by “foreign private issuers” (as defined in Rule 3b-4 of the Exchange Act (or any successor rule));
 - (B) reports on Form 6-K (or any successor form) including, whether or not required, unaudited quarterly financial statements (which shall include at least a balance sheet, income statement and cash flow statement) including a discussion of financial condition and results of operations of the Company in accordance with past practice, within 45 days after the end of each of the first three fiscal quarters of each fiscal year;

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- (C) such other reports on Form 6-K (or any successor form) promptly from time to time after the occurrence of an event that would be required to be reported on a Form 6-K (or any successor form); and
 - (D) in case the Company continues to apply Mexican Financial Reporting Standards as in effect on September 30, 2009 for purposes of calculations under this Indenture (and not for purposes of the financial statements provided pursuant to (A) and (B) above), no later than when due under (A) and (B), respectively, (1) a description of the differences between accounting principles in the financial statements provided pursuant to (A) or (B) above and used for calculations under this Indenture and (2) a quantitative reconciliation *provided, however*, that such description and reconciliation shall only be provided to the extent material to the calculation of any amounts under this Indenture; and
- (ii) file with the Commission, to the extent permitted, the information, documents and reports referred to in clause (i) within the periods specified for such filings under the Exchange Act (whether or not applicable to the Company).

(b) In addition, at any time when the Company is not subject to or is not current in its reporting obligations under clause (ii) of Section 3.20(a), the Company shall make available, upon request, to any Holder and any prospective purchaser of Notes the information required pursuant to Rule 144A(d)(4) under the Securities Act.

(c) Notwithstanding anything in this Indenture to the contrary, the Company shall not be deemed to have failed to comply with any of its obligations hereunder for purposes of clause (iv) of Section 6.1(a) or for any other purpose hereunder until 75 days after the date any report hereunder is due.

(d) Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such reports shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officer's Certificates).

Section 3.21 Payment of Additional Amounts.

(a) All payments made by the Issuer or the Note Guarantors under, or with respect to, the Notes shall be made free and clear of, and without withholding or deduction for or on account of any present or future tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and other liabilities related thereto) (collectively, "Taxes") imposed or levied by or on behalf of Spain, Luxembourg, Mexico, the Netherlands, the British Virgin Islands or, in the event that the Issuer appoints additional paying agents, by the jurisdictions of such additional paying agents (a "Taxing Jurisdiction"), unless the Issuer or such Note Guarantor, as the case may be, is required to withhold or deduct Taxes by law or by the official interpretation or administration thereof.

(b) If the Issuer or any Note Guarantor is so required to withhold or deduct any amount for, or on account of, such Taxes from any payment made under or with respect to the Notes, the Issuer or such Note Guarantor, as the case may be, shall pay such additional amounts (“ Additional Amounts”) as may be necessary so that the net amount received by each Holder (including Additional Amounts) after such withholding or deduction shall not be less than the amount such Holder would have received if such Taxes had not been required to be withheld or deducted; *provided, however*, that the foregoing obligation to pay Additional Amounts does not apply to:

- (i) any Taxes imposed solely because at any time there is or was a connection between the Holder and a Taxing Jurisdiction (other than the mere purchase of the Notes, or receipt of a payment or the ownership or holding of a Note),
- (ii) any estate, inheritance, gift, sales, transfer, personal property or similar Tax imposed with respect to the Notes,
- (iii) any Taxes imposed solely because the Holder or any other person fails to comply with any certification, identification or other reporting requirement concerning the nationality, residence, identity or connection with a Taxing Jurisdiction of the Holder or any beneficial owner of the Note if compliance is required by the applicable law of the Taxing Jurisdiction as a precondition to exemption from, or reduction in the rate of, the tax, assessment or other governmental charge and we have given the Holders at least 30 days’ notice that Holders shall be required to provide such information and identification; *provided, however*, this clause (iii) shall not apply if the provision of information, documentation or other evidence described in this clause (iii) would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a Holder or beneficial owner of the Notes than comparable information or other reporting requirements imposed under U.S. tax law, regulation (including proposed regulations) and administrative practice.
- (iv) any Taxes payable otherwise than by deduction or withholding from payments on the Notes,
- (v) any Taxes imposed on a payment to or for the benefit of an individual pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 or any law implementing or complying with, or introduced in order to conform to, such directives,

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- (vi) any Taxes that would have been avoided by presenting for payment (where presentation is required) the relevant Note to another Paying Agent,
 - (vii) any Taxes with respect to such Note presented for payment more than 30 days after the date on which the payment became due and payable or the date on which payment thereof is duly provided for and notice thereof given to Holders, whichever occurs later, except to the extent that the Holders of such Note would have been entitled to such Additional Amounts on presenting such Note for payment on any date during such 30 day period, and
 - (viii) any payment on the Note to a Holder that is a fiduciary or partnership or a person other than the sole beneficial owner of any such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or the beneficial owner of the payment would not have been entitled to the Additional Amounts had the beneficiary, settlor, member or beneficial owner been the Holder of the Note.

(c) The obligations in Section 3.21(a) and Section 3.21(b) shall survive any termination or discharge of this Indenture and shall apply mutatis mutandis to any Taxing Jurisdiction with respect to any successor to the Issuer or any Note Guarantor, as the case may be. The Issuer or such Note Guarantor, as applicable, shall (i) make such withholding or deduction and (ii) remit the full amount deducted or withheld to the relevant Taxing Jurisdiction in accordance with applicable law. The Issuer or such Note Guarantor, as applicable, shall use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Taxing Jurisdiction imposing such Taxes and shall furnish such certified copies to the Trustee within 30 days after the date the payment of any Taxes so deducted or so withheld is due pursuant to applicable law or, if such tax receipts are not reasonably available to the Issuer or such Note Guarantor, as applicable, furnish such other documentation that provides reasonable evidence of such payment by the Issuer or such Note Guarantor, as applicable.

(d) Any reference in this Indenture, any supplemental indenture or the Notes to principal, premium, interest or any other amount payable in respect of the Notes by the Issuer shall be deemed also to refer to any Additional Amount that may be payable with respect to that amount under the obligations referred to in this subsection.

(e) In the event that Additional Amounts actually paid with respect to the Notes pursuant to this Section 3.21 are based on rates of deduction or withholding of withholding taxes in excess of the appropriate rate applicable to the Holder of such Notes, and as a result thereof such Holder is entitled to make a claim for a refund or credit of such excess from the authority imposing such withholding tax, then such Holder shall, by accepting such Notes, and without any further action, be deemed to have assigned and transferred all right, title and interest to any such claim for a refund or credit of such excess to us. However, by making such assignment, the Holder makes no representation or warranty that we shall be entitled to receive such claim for a refund or credit and incurs no other obligation with respect thereto.

Section 3.22 Suspension of Covenants.

(a) During any period of time that the Notes do not have Investment Grade Ratings from two of the Rating Agencies and (i) the Consolidated Leverage Ratio of the Company is less than 3.5:1 and (ii) no Default or Event of Default has occurred and is continuing (the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a “Partial Covenant Suspension Event”), the Company and its Restricted Subsidiaries shall not be subject to the provisions of this Indenture described under Sections 3.12, 3.13, 3.14(b), 3.15, 3.18, 3.19, 4.1(a)(ii) and 4.1(b)(ii) (collectively, the “Partial Suspended Covenants”).

(b) During any period of time that (i) the Notes have Investment Grade Ratings from two of the Rating Agencies and (ii) no Default or Event of Default has occurred and is continuing (the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a “Covenant Suspension Event”), the Company and its Restricted Subsidiaries shall not be subject to the provisions of this Indenture described under Sections 3.9, 3.11, 3.12, 3.13, 3.14(b), 3.15, 3.16, 3.18, 3.19, 4.1(a)(ii) and 4.1(b)(ii) (collectively, the “Suspended Covenants”).

(c) In addition, (x) no Subsidiary that is a Restricted Subsidiary on the date of the occurrence of a Partial Covenant Suspension Event (the “Partial Covenant Suspension Date”) or a Covenant Suspension Event (the “Suspension Date”) may be redesignated as an Unrestricted Subsidiary during the Partial Suspension Period or the Suspension Period, as applicable and (y) the Additional Note Guarantor shall be released from its obligation to guarantee the Notes on the date of a Partial Covenant Suspension Event of a Covenant Suspension Event, as the case may be.

(d) The Additional Note Guarantor shall be released from their obligation to guarantee the Notes upon the occurrence of a Partial Covenant Suspension Event or a Covenant Suspension Event; *provided* that upon the occurrence of a Partial Covenant Reversion Date or a Reversion Date, as applicable, the guarantee of the Notes by the Additional Note Guarantor shall be reinstated in accordance with and subject to the conditions in Section 3.22(e).

(e) In the event that the Company and its Restricted Subsidiaries are not subject to the Partial Suspended Covenants or the Suspended Covenants, as the case may be, for any period of time as a result of the foregoing, and on any subsequent date (in the case of Partial Suspended Covenants, such subsequent date being the “Partial Covenant Reversion Date” and, in the case of Suspended Covenants, such subsequent date being the “Reversion Date”) (i) the Consolidated Leverage Ratio of the Company is not less than 3.5:1 during the applicable Partial Suspension Period or (ii) the Notes do not have Investment Grade Ratings from at least two of the Rating Agencies during the applicable Suspension Period, then in each case in clauses (i) and (ii), the Company and its Restricted Subsidiaries will thereafter again be subject to the Partial Suspended Covenants or the Suspended Covenants, as applicable, and the Notes will again be guaranteed by the Additional Note Guarantor (unless, solely with respect to any Additional Note

Guarantor, the conditions for release as described under Section 10.2 are otherwise satisfied during the Partial Suspension Period or the Suspension Period, as applicable). The Issuer shall cause such Additional Note Guarantor to promptly execute and deliver to the Trustee a supplemental indenture hereto in form and substance reasonably satisfactory to the Trustee in accordance with the provisions of Article IX, evidencing that such Additional Note Guarantor's guarantee on substantially the terms set forth in Article X. The period of time between the Partial Covenant Suspension Date and the Partial Covenant Reversion Date is referred to as the "Partial Suspension Period" and the period of time between the Suspension Date and the Reversion Date is referred to as the "Suspension Period." Notwithstanding that the Partial Suspended Covenants, the Suspended Covenants and the guarantee by the Additional Note Guarantor may be reinstated, no Default or Event of Default will be deemed to have occurred as a result of a failure to comply with the Partial Suspended Covenants during the Partial Suspension Period or the Suspended Covenants during the Suspension Period, as the case may be (or upon termination of the applicable Partial Suspension Period or the Suspension Period or after that time based solely on events that occurred during the applicable Partial Suspension Period or the Suspension Period, as the case may be).

(f) On the Reversion Date, all Indebtedness Incurred during the Suspension Period shall be classified to have been Incurred pursuant to Section 3.9(a) or Section 3.9(b) (to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reversion Date and after giving effect to Indebtedness Incurred prior to the Suspension Period and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be Incurred pursuant to Section 3.9(a) or 3.9(b), such Indebtedness shall be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (iv) of Section 3.9(b). Calculations made after the Reversion Date of the amount available to be made as Restricted Payments under Section 3.11 shall be made as though Section 3.11 had been in effect since the Issue Date and throughout the Suspension Period. The Issuer will give the Trustee written notice of any occurrence of a Reversion Date not later than five (5) Business Days after such Reversion Date. After any such notice of the occurrence of a Reversion Date, the Trustee shall assume the Suspended Covenants apply and are in full force and effect. Accordingly, Restricted Payments made during the Suspension Period will reduce the amount available to be made as Restricted Payments under Section 3.11(a).

(g) The Issuer will give the Trustee written notice of any Partial Covenant Suspension Event or Covenant Suspension Event and in any event not later than five (5) Business Days after such Partial Covenant Suspension Event or Covenant Suspension Event has occurred. In the absence of such notice, the Trustee shall assume that the Partial Suspended Covenants or the Suspended Covenants, as applicable, apply and are in full force and effect.

(h) For purposes of this Section 3.22 only, "Consolidated Leverage Ratio" and all associated definitions shall have the meaning set forth in Exhibit I hereto.

ARTICLE IV

SUCCESSOR ISSUER AND SUCCESSOR COMPANY

Section 4.1 Merger, Consolidation and Sale of Assets.

(a) The Issuer shall not, in a single transaction or series of related transactions, consolidate or merge with or into any Person (whether or not the Issuer is the surviving or continuing Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the Issuer's properties and assets, to any Person unless:

- (i) either:
 - (A) the Issuer shall be the surviving or continuing corporation, or
 - (B) the Person (if other than the Issuer) formed by such consolidation or into which the Issuer is merged or the Person which acquires by sale, assignment, transfer, lease, conveyance or other disposition the properties and assets of the Issuer substantially as an entirety (the "Successor Issuer"):
 - (1) shall be a corporation organized and validly existing under the laws of Mexico, the United States of America, any State thereof or the District of Columbia, Canada, France, Belgium, Germany, Italy, Luxembourg, the Netherlands, Portugal, Spain, Switzerland or the United Kingdom, or any political subdivision thereof (the "Permitted Merger Jurisdictions"); and
 - (2) shall expressly assume, by supplemental indenture (in form and substance satisfactory to the Trustee), executed and delivered to the Trustee, the due and punctual payment of the principal of, and premium, if any, and interest on all of the Notes and the performance and observance of every covenant of the Notes and this Indenture on the part of the Issuer to be performed or observed and provide the Trustee with an Officer's Certificate and Opinion of Counsel, and such transaction is otherwise in compliance with this Indenture;
- (ii) immediately after giving effect to such transaction and the assumption contemplated by clause (i)(B)(2) of this Section 4.1(a) (including giving effect on a *pro forma* basis to any Indebtedness, including any Acquired Indebtedness, Incurred or anticipated to be Incurred or discharged in connection with or in respect of such transaction):
 - (A) the Company shall have a Consolidated Fixed Charge Coverage Ratio that shall be not less than the Consolidated Fixed Charge Coverage Ratio of the Company immediately prior to such transaction; or

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- (B) the Issuer or such Successor Issuer, as the case may be, shall be able to Incur at least U.S.\$1.00 of additional Indebtedness pursuant to Section 3.9(a);
 - (iii) immediately before and immediately after giving effect to such transaction and the assumption contemplated by clause (i)(B)(2) of this Section 4.1(a) (including, without limitation, giving effect on a *pro forma* basis to any Indebtedness, including any Acquired Indebtedness, Incurred or anticipated to be Incurred or discharged and any Lien granted in connection with or in respect of the transaction), no Default or Event of Default shall have occurred or be continuing;
 - (iv) in the case of a transaction resulting in a Successor Issuer, each Note Guarantor has confirmed by supplemental indenture that its Note Guarantee shall apply for Obligations of the Successor Issuer in respect of this Indenture and the Notes; and
 - (v) if the Issuer merges with a corporation, or the Successor Issuer is, organized under the laws of any of the Permitted Merger Jurisdictions, the Issuer or the Successor Issuer shall have delivered to the Trustee an Opinion of Counsel that, as applicable:
 - (A) the Holders of the Notes shall not recognize income, gain or loss for the purposes of the income tax laws of the United States or the applicable Permitted Merger Jurisdiction as a result of the transaction and shall be taxed in the Holder's home jurisdiction in the same manner and on the same amounts (assuming solely for this purpose that no Additional Amounts are required to be paid on the Notes) and at the same times as would have been the case if the transaction had not occurred;
 - (B) any payment of interest or principal under or relating to the Notes or any Guarantees shall be paid in compliance with any requirements under Section 3.21; and
 - (C) no other taxes on income, including capital gains, shall be payable by Holders of the Notes under the laws of the United States or the applicable Permitted Merger Jurisdiction relating to the acquisition, ownership or disposition of the Notes, including the receipt of interest or principal thereon; *provided* that the Holder does not use or hold, and is not deemed to use or hold the Notes in carrying on a business in the United States or the applicable Permitted Merger Jurisdiction.

The provisions of clauses (ii) and (iii) of this Section 4.1(a) will not apply to:

- (x) any transfer of the properties or assets of the Company or a Restricted Subsidiary to the Issuer;
- (y) any merger of the Company or a Restricted Subsidiary into the Issuer; or
- (z) any merger of the Issuer into the Company or a Wholly Owned Subsidiary of the Company.

For purposes of this Section 4.1, the transfer (by lease, assignment, sale or otherwise, in a single transaction or series of transactions) of all or substantially all of the properties or assets of one or more Restricted Subsidiaries of the Issuer, the Capital Stock of which constitutes all or substantially all of the properties and assets of the Issuer (determined on a consolidated basis for the Issuer and its Restricted Subsidiaries), shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer.

The Successor Issuer will succeed to, and be substituted for, such Issuer under this Indenture and the Notes, as applicable. For the avoidance of doubt, compliance with this Section 4.1 will not affect the obligations of the Issuer (including a Successor Issuer, if applicable) under Section 3.8 if applicable.

(b) The Company will not, in a single transaction or series of related transactions, consolidate or merge with or into any Person (whether or not the Company is the surviving or continuing Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the Company's properties and assets (determined on a consolidated basis for the Company and its Restricted Subsidiaries), to any Person unless:

- (i) either:
 - (A) the Company shall be the surviving or continuing corporation, or
 - (B) the Person (if other than the Company) formed by such consolidation or into which the Company is merged or the Person which acquires by sale, assignment, transfer, lease, conveyance or other disposition the properties and assets of the Company and the Restricted Subsidiaries substantially as an entirety (the "Successor Company"):
 - (1) shall be a corporation organized and validly existing under the laws of a Permitted Merger Jurisdiction; and
 - (2) shall expressly assume all of the Obligations of the Company under this Indenture, the Notes and the Company's Note Guarantee by executing a supplemental indenture and provide the Trustee with an Officer's Certificate and Opinion of Counsel, and such transaction is otherwise in compliance this Indenture;

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- (ii) immediately after giving effect to such transaction and the assumption contemplated by clause (i)(B)(2) of this Section 4.1(b) (including giving effect on a *pro forma* basis to any Indebtedness, including any Acquired Indebtedness, Incurred or anticipated to be Incurred or discharged in connection with or in respect of such transaction), the Company or such Successor Company, as the case may be:
 - (A) will have a Consolidated Fixed Charge Coverage Ratio that will be not less than the Consolidated Fixed Charge Coverage Ratio of the Company immediately prior to such transaction; or
 - (B) will be able to Incur at least U.S.\$1.00 of additional Indebtedness pursuant to Section 3.9(a); and
 - (iii) immediately before and immediately after giving effect to such transaction and the assumption contemplated by clause (i)(B)(2) of this Section 4.1(b) (including, without limitation, giving effect on a *pro forma* basis to any Indebtedness, including any Acquired Indebtedness, Incurred or anticipated to be Incurred or discharged and any Lien granted in connection with or in respect of the transaction), no Default or Event of Default shall have occurred or be continuing.

The provisions of clauses (ii) and (iii) of this Section 4.1(b) shall not apply to:

- (x) any transfer of the properties or assets of a Restricted Subsidiary to the Company or a Note Guarantor;
- (y) any merger of a Restricted Subsidiary into the Company or a Note Guarantor; or
- (z) any merger of the Company into another Note Guarantor or a Wholly Owned Subsidiary of the Company.

The Successor Company shall succeed to, and be substituted for such Company under this Indenture, the Notes and/or the Note Guarantee, as applicable.

(c) Each Note Guarantor other than the Company shall not, and the Company shall not cause or permit any such Note Guarantor to, consolidate with or merge into, or sell or dispose of all or substantially all of its assets to, any Person (other than the Issuer) that is not a Note Guarantor unless:

- (i) such Person (if such Person is the surviving entity) (the “Successor Note Guarantor”) assumes all of the obligations of such Note Guarantor in respect of its Note Guarantee by executing a supplemental indenture and providing the Trustee with an Officer’s Certificate and Opinion of Counsel, and such transaction is otherwise in compliance with this Indenture;

(ii) such Note Guarantee is to be released as provided under Section 10.2(b); or

(iii) such sale or other disposition of substantially all of such Note Guarantor's assets is made in accordance with Section 3.12.

Subject to certain limitations described in this Indenture, the Successor Note Guarantor will succeed to, and be substituted for, such Note Guarantor under this Indenture and such Note Guarantor's Note Guarantee. The provisions of clauses (i), (ii) and (iii) of this Section 4.1(c) will not apply to:

- (x) any transfer of the properties or assets of a Note Guarantor to the Issuer or another Note Guarantor;
- (y) any merger of a Note Guarantor into the Issuer or another Note Guarantor; or
- (z) any merger of a Note Guarantor into a Wholly Owned Subsidiary of the Company.

ARTICLE V

OPTIONAL REDEMPTION OF NOTES

Section 5.1 Optional Redemption. The Issuer may redeem the Notes, as a whole or from time to time in part, subject to the conditions and at the redemption prices specified in the Form of Note in Exhibit A hereto, in the case of Dollar Notes, and in Exhibit B hereto, in the case of Euro Notes.

Section 5.2 [Reserved].

Section 5.3 Notices to Trustee. If the Issuer elects to redeem Notes pursuant to the optional redemption provisions of Section 5.1 hereof, it shall furnish to the Trustee, at least 45 days but not more than 60 days before a redemption date, an Officer's Certificate setting forth: (a) the redemption date, (b) the principal amount of Notes to be redeemed, (c) the CUSIP and ISIN numbers of such Notes and (d) the redemption price.

Section 5.4 Notice of Redemption.

(a) The Issuer shall prepare and mail or cause to be mailed a notice of redemption, in the manner provided for in Section 12.1, not less than 30 nor more than 60 days prior to the Redemption Date, to each Holder of Notes to be redeemed.

(b) All notices of redemption shall state:

- (i) the Redemption Date,
- (ii) the redemption price and the amount of any accrued interest payable as provided in Section 5.7,
- (iii) whether or not the Issuer is redeeming all Outstanding Notes,
- (iv) if the Issuer is not redeeming all Outstanding Notes, the aggregate principal amount of Notes that the Issuer is redeeming and the aggregate principal amount of Notes that will be Outstanding after the partial redemption, as well as the identification of the particular Notes, or portions of the particular Notes, that the Issuer is redeeming,
- (v) if the Issuer is redeeming only part of a Note, the notice that relates to that Note shall state that on and after the Redemption Date, upon surrender of that Note, the Holder will receive, without charge, a new Note or Notes of authorized denominations for the principal amount of the Note remaining unredeemed,
- (vi) that on the Redemption Date the redemption price and any accrued interest payable to the Redemption Date as provided in Section 5.7 will become due and payable in respect of each Note, or the portion of each Note, to be redeemed, and, unless the Issuer defaults in making the redemption payment, that interest on each Note, or the portion of each Note, to be redeemed, will cease to accrue on and after the Redemption Date,
- (vii) the place or places where a Holder must surrender Notes for payment of the redemption price and any accrued interest payable on the Redemption Date, and
- (viii) the CUSIP or ISIN number, if any, listed in the notice or printed on the Notes, and that no representation is made as to the accuracy or correctness of such CUSIP or ISIN number.

(c) At the Issuer's request, the Trustee shall give the notice of redemption in the Issuer's names and at its expense; *provided, however*, that the Issuer shall have delivered to the Trustee, at least 45 days prior to the redemption date, an Officer's Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in the preceding Section 5.4(b).

Section 5.5 Selection of Notes to Be Redeemed in Part.

(a) If the Issuer is not redeeming all Outstanding Notes, the Trustee shall select the Notes to be redeemed in compliance with the requirements of the principal national securities exchange, if any, on which the Notes are listed or, if the Notes are not then listed on a

national securities exchange, on a pro rata basis, by lot or by any other method as the Trustee shall deem fair and appropriate; *provided, however*, that if a partial redemption is made with the proceeds of an Equity Offering, selection of the Notes, or portions of the Notes, for redemption shall be made by the Trustee only on a pro rata basis, or on as nearly a pro rata basis as is practicable (subject to the procedures of DTC, Euroclear or Clearstream), unless the method is otherwise prohibited. The Trustee shall make the selection from the then-Outstanding Notes not previously called-for redemption. The Trustee shall promptly notify the Issuer in writing of the Notes selected for redemption and, in the case of any Notes selected for partial redemption, the principal amount of the Notes to be redeemed. In the event of a partial redemption by lot, the Trustee shall select the particular Notes to be redeemed not less than 30 nor more than 60 days prior to the relevant Redemption Date from the then-Outstanding Notes not previously called-for redemption. No Notes of U.S.\$150,000 principal amount or less, in the case of Dollar Notes, and €100,000 principal amount or less, in the case of Euro Notes, shall be redeemed in part. The Trustee may select for redemption portions with minimum denominations of U.S.\$150,000 and in integral multiples of U.S.\$1,000 in excess thereof, in the case of Dollar Notes, and €100,000 and in integral multiples of €1,000 in excess thereof, in the case of Euro Notes.

(b) For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to redemption of Notes shall relate, in the case of any Note redeemed or to be redeemed only in part, to the portion of the principal amount of that Note which has been or is to be redeemed.

Section 5.6 Deposit of Redemption Price. On or prior to 10:00 a.m. New York City time, in the case of Dollar Notes, and 3:00 p.m. London time, in the case of Euro Notes, on the Business Day prior to the relevant Redemption Date, the Issuer shall deposit with the Trustee or with a relevant Paying Agent (or, if the Issuer or a Note Guarantor is acting as the Paying Agent, segregate and hold in trust as provided in Section 2.4) an amount of money in immediately available funds sufficient to pay the redemption price of, and accrued interest on, all the Notes that the Issuer is redeeming on that date.

Section 5.7 Notes Payable on Redemption Date. If the Issuer, or the Trustee on behalf of the Issuer, gives notice of redemption in accordance with this Article V, the Notes, or the portions of Notes, called-for redemption, shall, on the Redemption Date, become due and payable at the redemption price specified in the notice (together with accrued interest, if any, to the Redemption Date), and from and after the Redemption Date (unless the Issuer shall default in the payment of the redemption price and accrued interest) the Notes or the portions of Notes shall cease to bear interest. Upon surrender of any Note for redemption in accordance with the notice, the Issuer shall pay the Notes at the redemption price, together with accrued interest, if any, to the Redemption Date (subject to the rights of Holders of record on the relevant record date to receive interest due on the relevant Interest Payment Date). If the Issuer shall fail to pay any Note called-for redemption upon its surrender for redemption, the principal shall, until paid, bear interest from the Redemption Date at the rate borne by the Notes.

Section 5.8 Unredeemed Portions of Partially Redeemed Note. Upon surrender of a Note that is to be redeemed in part, the Issuer shall execute, and the Trustee shall authenticate and make available for delivery to the Holder of the Note, at the expense of the Issuer, a new Note or Notes, of any authorized denomination as requested by the Holder, in an aggregate

principal amount equal to, and in exchange for, the unredeemed portion of the principal of the Note surrendered, *provided* that, each new Note will be in a principal amount of U.S.\$150,000 and in integral multiples of U.S.\$1,000 in excess thereof, in the case of Dollar Notes, and €100,000 and in integral multiples of €1,000 in excess thereof, in the case of Euro Notes.

ARTICLE VI
DEFAULTS AND REMEDIES

Section 6.1 Events of Default.

(a) Each of the following is an “Event of Default”:

- (i) default in the payment when due of the principal of or premium, if any, on any Notes, including the failure to make a required payment to purchase Notes tendered pursuant to an optional redemption, a Change of Control Offer or an Asset Sale Offer;
- (ii) default for 30 days or more in the payment when due of interest or Additional Amounts on any Notes;
- (iii) the failure to perform or comply with any of the provisions described under Article IV;
- (iv) the failure by the Company or any Restricted Subsidiary to comply with, or in the case of non-guarantor Restricted Subsidiaries, to perform according to, any other covenant or agreement contained in this Indenture or in the Notes for 45 days or more after written notice to the Company and the Issuer from the Trustee or the Holders of at least 25% in aggregate principal amount of the then-Outstanding Notes;
- (v) default by the Company or any Restricted Subsidiary under any Indebtedness which:
 - (A) is caused by a failure to pay principal of (and premium, if any), when due or interest on such Indebtedness prior to the later of the expiration of any applicable grace period provided in such Indebtedness on the date of such default or five (5) days past when due; or
 - (B) results in the acceleration of such Indebtedness prior to its stated maturity;

and the principal or accreted amount of Indebtedness covered by clauses (v)(A) or (v)(B) of this Section 6.1(a) at the relevant time, aggregates U.S.\$50 million or more;

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- (vi) failure by the Company or any of its Restricted Subsidiaries to pay one or more final judgments against any of them, aggregating U.S.\$100 million or more, which judgment(s) are not paid, discharged or stayed for a period of 60 days or more;
 - (vii) a Bankruptcy Event of Default; or
 - (viii) except as permitted herein, any Note Guarantee is held to be unenforceable or invalid in a judicial proceeding or ceases for any reason to be in full force and effect or any Note Guarantor, or any Person acting on behalf of any Note Guarantor, denies or disaffirms such Note Guarantor's obligations under its Note Guarantee.

The foregoing will constitute Events of Default whatever the reason for any such Event of Default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

(b) The Issuer shall deliver within 30 days to the Trustee written notice of any event which would constitute a Default or Event of Default, their status and what action the Issuer is taking or proposes to take in respect thereof.

Section 6.2 Acceleration.

(a) If an Event of Default (other than an Event of Default specified in clause (vii) of Section 6.1(a) above with respect to the Issuer or the Company) shall occur and be continuing, the Trustee or the Holders of at least 25% in principal amount of then-Outstanding Notes may declare the unpaid principal of (and premium, if any) and accrued and unpaid interest on all the Notes to be immediately due and payable by notice in writing to the Issuer, the Company and the Trustee specifying the Event of Default and that it is a "notice of acceleration." If an Event of Default specified in clause (vii) of Section 6.1(a) above occurs with respect to the Company, then the unpaid principal of (and premium, if any) and accrued and unpaid interest on all the Notes will become immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

(b) At any time after a declaration of acceleration with respect to the Notes as described in the preceding paragraph, the Holders of a majority in principal amount of the Notes may rescind and cancel such declaration and its consequences:

- (i) if the rescission would not conflict with any judgment or decree;
- (ii) if all existing Events of Default have been cured or waived, except nonpayment of principal or interest that has become due solely because of the acceleration;
- (iii) to the extent the payment of such interest is lawful, interest on overdue installments of interest and overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid; and

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- (iv) if the Issuer has paid the Trustee its reasonable compensation and reimbursed the Trustee for its reasonable expenses, disbursements and advances.

Section 6.3 Other Remedies.

(a) If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal of and interest on the Notes or to enforce the performance of any provision of the Notes or this Indenture.

(b) The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative to the extent permitted by law.

Section 6.4 Waiver of Past Defaults. Subject to Section 6.2, the Holders of a majority in principal amount of the then-Outstanding Notes may waive any existing Default or Event of Default, and its consequences, except a default in the payment of the principal of, premium, if any, or interest on any Notes.

Section 6.5 Control by Majority. The Holders of a majority in principal amount of the then-Outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. Subject to Section 7.1 and Section 7.2, however, the Trustee may refuse to follow any direction that conflicts with law or this Indenture; *provided, however*, that the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction.

Section 6.6 Limitation on Suits.

(a) No Holder of any Notes shall have any right to institute any proceeding with respect hereto or for any remedy hereunder, unless:

- (i) such Holder gives to the Trustee written notice of a continuing Event of Default;
- (ii) Holders of at least 25% in principal amount of the then-Outstanding Notes make a written request to pursue the remedy;
- (iii) such Holders of the Notes provide to the Trustee indemnity satisfactory to it;
- (iv) the Trustee does not comply within 60 days; and
- (v) during such 60 day period the Holders of a majority in principal amount of the then-Outstanding Notes do not give the Trustee a written direction which, in the opinion of the Trustee, is inconsistent with the request;

provided that a Holder of a Note may institute suit for enforcement of payment of the principal of and premium, if any, or interest on such Note on or after the respective due dates expressed in such Note.

Section 6.7 Rights of Holders to Receive Payment. Notwithstanding any other provision of this Indenture (including, without limitation, Section 6.6), the right of any Holder to receive payment of principal or interest on the Notes held by such Holder, on or after the respective due dates, Redemption Dates or repurchase date expressed in this Indenture or the Notes, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

Section 6.8 Collection Suit by Trustee. If an Event of Default specified in clause (i) and (ii) of Section 6.1(a) occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Issuer and each Note Guarantor for the whole amount then due and owing (together with applicable interest on any overdue principal and, to the extent lawful, interest on overdue interest) and the amounts provided for in Section 7.7.

Section 6.9 Trustee May File Proofs of Claim, etc.

(a) The Trustee may (irrespective of whether the principal of the Notes is then due):

- (i) file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Holders under this Indenture and the Notes allowed in any bankruptcy, insolvency, liquidation or other judicial proceedings relative to the Issuer, any Note Guarantor or any Subsidiary of the Company or their respective creditors or properties; and
- (ii) collect and receive any monies or other property payable or deliverable in respect of any such claims and distribute them in accordance with this Indenture.

Any receiver, trustee, liquidator, sequestrator (or other similar official) in any such proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, taxes, disbursements and advances of the Trustee, its agent and counsel, and any other amounts due to the Trustee pursuant to Section 7.7.

(b) Nothing in this Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10 Priorities. If the Trustee collects any money or property pursuant to this Article VI, it shall pay out the money or property in the following order:

FIRST: to the Trustee for amounts due under Section 7.7;

SECOND: if the Holders proceed against the Issuer directly without the Trustee in accordance with this Indenture, to Holders for their collection costs;

THIRD: to Holders for amounts due and unpaid on the Notes for principal and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal and interest, respectively; and

FOURTH: to the Issuer or, to the extent the Trustee collects any amount pursuant to Article X hereof from any Note Guarantor, to such Note Guarantor, or to such party as a court of competent jurisdiction shall direct.

The Trustee may, upon notice to the Company and the Issuer, fix a record date and payment date for any payment to Holders pursuant to this Section 6.10.

Section 6.11 Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by the Company, a suit by a Holder pursuant to Section 6.7 or a suit by Holders of more than 10% in principal amount of Outstanding Notes.

ARTICLE VII

TRUSTEE

Section 7.1 Duties of Trustee.

(a) If a Default or an Event of Default has occurred and is continuing, the Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) Except during the continuance of a Default or an Event of Default:

- (i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee; and
- (ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the

opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, in the case of any such certificates or opinions that by any provisions hereof are specifically required to be furnished to the Trustee, the Trustee shall examine such certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

- (i) this clause (c) does not limit the effect of clause (b) of this Section 7.1;
- (ii) the Trustee shall not be liable for any error of judgment made in good faith by a Trust Officer unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and
- (iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.2, 6.4 or 6.5.

(d) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Issuer.

(e) Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(f) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(g) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article VII.

(h) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Issuer shall be sufficient if signed by an Officer of the Issuer.

(i) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses (including reasonable attorneys' fees and expenses) and liabilities that might be incurred by it in compliance with such request or direction.

Section 7.2 Rights of Trustee.

Subject to Section 7.1:

(a) The Trustee may rely on any document reasonably believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting at the direction of the Issuer or any Note Guarantor, it may require an Officer's Certificate or an Opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on an Officer's Certificate or Opinion of Counsel.

(c) The Trustee may act through its attorneys and agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers; *provided, however*, that the Trustee's conduct does not constitute willful misconduct or negligence.

(e) The Trustee may consult with counsel of its selection, and the advice or opinion of counsel with respect to legal matters relating to this Indenture and the Notes shall be full and complete authorization and protection from liability in respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(f) If the Trustee shall determine, it shall be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney.

(g) The Trustee shall not be deemed to have notice of any Default or Event of Default unless a Trust Officer of the Trustee has received written notice at the Corporate Trust Office of any event which is in fact such a default, and such notice references the Notes and this Indenture.

(h) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and to each agent, custodian and other Person employed to act hereunder.

(i) The Trustee may request that the Issuer deliver an Officer's Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officer's Certificate may be signed by any Person authorized to sign an Officer's Certificate, including any Person specified as so authorized in any such certificate previously delivered and not superseded.

(j) The permissive rights of the Trustee enumerated herein shall not be construed as duties.

(k) In no event shall the Trustee be liable, directly or indirectly, for any special, indirect, punitive or consequential damages, even if the Trustee has been advised of the possibility of such damages.

(l) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including without limitation, acts of God; earthquakes; fires; floods; wars; civil or military disturbances; sabotage; epidemics; riots, interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority or governmental actions; it being understood that the Trustee shall use its best efforts to resume performance as soon as practicable under the circumstances.

(m) The Trustee shall at no time have any responsibility or liability for or in respect to the legality, validity or enforceability of any Collateral or any arrangement or agreement between the Issuer or the Company and any other Person with respect thereto, or the perfection or priority of any security interest created in any of the Collateral or maintenance of any perfection and priority, or for or with respect to the sufficiency of the Collateral following an Event of Default.

Section 7.3 Individual Rights of Trustee. The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Issuer, the Note Guarantors or any Affiliate of the Issuer with the same rights it would have if it were not Trustee. Any Paying Agent, Transfer Agent, Registrar or co-Registrar may do the same with like rights. However, the Trustee must comply with Section 7.10.

Section 7.4 Trustee's Disclaimer. The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, it shall not be accountable for the Issuer's use of the proceeds from the Notes, and it shall not be responsible for any statement of the Issuer in this Indenture or in any document issued in connection with the sale of the Notes or in the Notes other than the Trustee's certificate of authentication.

Section 7.5 Notice of Defaults. If a Default or Event of Default occurs and is continuing and if a Trust Officer has actual knowledge thereof, the Trustee shall mail to each Holder notice of the Default or Event of Default within 90 days after the occurrence thereof. Except in the case of a Default or Event of Default in payment of principal or interest on any Note (including payments pursuant to the optional redemption or required repurchase provisions of such Note, if any), the Trustee may withhold the notice if and so long as a committee of its Trust Officers in good faith determines that withholding the notice is in the interests of the Holders.

Section 7.6 [Reserved].

Section 7.7 Compensation and Indemnity.

(a) The Issuer shall pay to the Trustee from time to time reasonable compensation for its acceptance of this Indenture and services hereunder as the Issuer and the

Trustee shall from time to time agree in writing. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Issuer shall reimburse the Trustee upon request for all reasonable out-of-pocket expenses incurred or made by it, including costs of collection, costs of preparing and reviewing reports, certificates and other documents, costs of preparation and mailing of notices to Holders and reasonable costs of counsel retained by the Trustee in connection with the review, negotiation, execution and delivery of this Indenture or otherwise, in addition to the compensation for its services. Such expenses shall include the reasonable compensation and expenses, disbursements and advances of the Trustee's agents, counsel, accountants and experts.

(b) The Issuer and each Note Guarantor shall jointly and severally indemnify the Trustee against any and all loss, liability or expense (including reasonable attorneys' fees and expenses) incurred by it without negligence, willful misconduct or bad faith on its part in connection with the acceptance and administration of this trust and the performance of its duties hereunder, including the costs and expenses of enforcing this Indenture (including this Section 7.7) and of defending itself against any claims (whether asserted by any Holder, the Issuer, any Note Guarantor or otherwise). The Trustee shall notify the Issuer and each Note Guarantor promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Issuer or any Note Guarantor shall not relieve the Issuer or any Note Guarantor of its obligations hereunder. The Issuer shall defend the claim and the Trustee may have separate counsel and the Issuer shall pay the fees and expenses of such counsel; *provided* that the Issuer shall not be required to pay such fees and expenses if it assumes the Trustee's defense, and, in the reasonable judgment of outside counsel to the Trustee, there is no conflict of interest between the Issuer and the Trustee in connection with such defense. The Issuer need not reimburse any expense or indemnify against any loss, liability or expense incurred by the Trustee through the Trustee's own willful misconduct, negligence or bad faith.

(c) To secure the Issuer's payment obligations in this Section 7.7, the Trustee shall have a lien prior to the Notes on all money or property held or collected by the Trustee other than money or property held in trust to pay principal of and interest on particular Notes. The Trustee's right to receive payment of any amounts due under this Section 7.7 shall not be subordinate to any other liability or Indebtedness of the Issuer.

(d) The Issuer's payment obligations pursuant to this Section 7.7 shall survive the discharge of this Indenture and the resignation or removal of the Trustee. When the Trustee incurs expenses after the occurrence of a Bankruptcy Event of Default, the expenses are intended to constitute expenses of administration under any Bankruptcy Law; *provided, however*, that this shall not affect the Trustee's rights as set forth in this Section 7.7 or Section 6.10.

Section 7.8 Replacement of Trustee.

(a) The Trustee may resign at any time by so notifying the Company and the Issuer. The Holders of a majority in principal amount of the then-Outstanding Notes may remove the Trustee by so notifying the Trustee and may appoint a successor Trustee reasonably acceptable to the Issuer. The Issuer shall remove the Trustee if:

- (i) the Trustee fails to comply with Section 7.10;

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- (ii) the Trustee is adjudged bankrupt or insolvent;
 - (iii) a receiver or other public officer takes charge of the Trustee or its property; or
 - (iv) the Trustee otherwise becomes incapable of acting.

(b) If the Trustee resigns or is removed by the Issuer or by the Holders of a majority in principal amount of the then-Outstanding Notes and such Holders do not reasonably promptly appoint a successor Trustee, or if a vacancy exists in the office of the Trustee for any reason (the Trustee in such event being referred to herein as the retiring Trustee), the Issuer shall promptly appoint a successor Trustee.

(c) A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Issuer. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided for in Section 7.7(c).

(d) If a successor Trustee does not take office within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee or the Holders of 10% in principal amount of the then-Outstanding Notes may petition, at the Issuer's expense, any court of competent jurisdiction for the appointment of a successor Trustee.

(e) If the Trustee fails to comply with Section 7.10, any Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(f) Notwithstanding the replacement of the Trustee pursuant to this Section 7.8, the Issuer's obligations under Section 7.7 shall continue for the benefit of the retiring Trustee.

Section 7.9 Successor Trustee by Merger.

(a) If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee.

(b) In case at the time such successor or successors to the Trustee shall succeed to the trusts created by this Indenture, any of the Notes shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Notes so authenticated; and in case at that time any of the Notes shall not have been authenticated, any successor to the Trustee may authenticate such Notes either in the name of any predecessor hereunder or in the name of the successor to the Trustee; and in all such cases such certificates of authentication and such delivery shall be valid for purposes of this Indenture.

Section 7.10 Eligibility; Disqualification. The Trustee shall at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of the United States or of any state thereof that is authorized under such laws to exercise corporate trustee power, that is subject to supervision or examination by federal or state authorities and that has, together with parent, a combined capital and surplus of at least U.S.\$50,000,000 as set forth in its most recent published annual report of condition.

Section 7.11 [Reserved].

Section 7.12 [Reserved].

Section 7.13 Authorization and Instruction of the Trustee With Respect to the Collateral. Each Holder and the Issuer authorize and instruct the Trustee (a) to enter into (or cause an agent or grant such powers of attorney to enter into), on its own behalf and on behalf of the Holders of Notes, such documents (the "Security Documents") as are necessary or desirable (which shall be evidenced by a written instruction from the Issuer satisfactory to the Trustee) in order to create and maintain the security interest of the Trustee and the Holders of Notes in the Collateral as may from time to time be provided to equally and ratably secure the Notes, (b) to grant such powers of attorney and to do or cause to be done all such acts and things, on its own behalf and in the name and on behalf of the Holders of Notes, as are necessary or desirable (which shall be evidenced by a written instruction from the Issuer satisfactory to the Trustee) to create and maintain the security interest of the Trustee and the Holders of Notes in such Collateral, (c) to appoint the Security Agent to serve as direct representative of the Trustee and the Holders of Notes in connection with the creation and maintenance of the security interest of the Trustee and the Holders of Notes in such Collateral, (d) to accept the security interest in the Collateral on behalf of each Holder, and (e) to grant powers in favor of an attorney to execute an accession public deed before a Spanish notary public accepting the security interest in the Collateral on behalf of the Holders of Notes. It is understood and acknowledged that in certain circumstances, the Security Documents may be amended, modified or waived without the consent of the Trustee or the Holders of Notes. It is understood and acknowledged that the Security Agent, in addition to being appointed by and acting on behalf of the Trustee and the Holders of Notes, has also been appointed by and is acting on behalf of (and may in the future be appointed by and act on behalf of) other creditors of the Company and its Subsidiaries. The Trustee will not have the right to cause the Security Agent to foreclose on the Collateral upon the occurrence of an Event of Default in respect of the Notes. The Trustee shall at no time have any responsibility or liability for or in respect to the legality, validity or enforceability of any Collateral or any arrangement or agreement between the Issuer or the Company and any other Person with respect thereto, or the perfection or priority of any security interest created in any of the Collateral or maintenance of any perfection and priority, or for or with respect to the sufficiency of the Collateral following an Event of Default.

ARTICLE VIII

DEFEASANCE; DISCHARGE OF INDENTURE

Section 8.1 Legal Defeasance and Covenant Defeasance.

(a) The Issuer may, at its option, at any time, elect to have either Section 8.1(b) or (c) be applied to all Outstanding Notes upon compliance with the conditions set forth in Section 8.2.

(b) Upon the Issuer's exercise under Section 8.1(a) of the option applicable to this clause (b), the Issuer shall, subject to the satisfaction of the conditions set forth in Section 8.2, be deemed to have been discharged from its obligations with respect to all Outstanding Notes on the date all of the conditions set forth in Section 8.2 are satisfied (hereinafter, "Legal Defeasance"). For this purpose, Legal Defeasance means that the Issuer shall be deemed to have paid and discharged the entire Indebtedness represented by the then-Outstanding Notes, which shall thereafter be deemed to be Outstanding only for the purposes of Section 8.3 hereof and the other sections of this Indenture referred to in subclause (i) or (ii) of this clause (b), and to have satisfied all its other obligations under such Notes and this Indenture (and the Trustee, on demand of and at the expense of the Issuer, shall execute proper instruments acknowledging the same), except for the following provisions, which shall survive until otherwise terminated or discharged hereunder:

- (i) the rights of Holders of Outstanding Notes to receive solely from the trust fund described in Section 8.3, and as more fully set forth in Section 2.4 payments in respect of the principal of, premium, if any, and interest on such Notes when such payments are due,
- (ii) the Issuer's obligations with respect to such Notes under Article II and Section 3.2 hereof,
- (iii) the rights, powers, trusts, duties and immunities of the Trustee hereunder and the Issuer's obligations in connection therewith, and
- (iv) this Article VIII.

Subject to compliance with this Article VIII, the Issuer may exercise its option under this clause (b) notwithstanding the prior exercise of its option under Section 8.1(c) hereof.

(c) Upon the Issuer's exercise under Section 8.1(a) hereof of the option applicable to this clause (c), the Issuer shall, subject to the satisfaction of the applicable conditions set forth in Section 8.2, be released from its obligations under Sections 3.4, 3.5, 3.8, 3.9, 3.11, 3.12, 3.13, 3.14, 3.15, 3.16, 3.17, 3.18, 3.19, 3.20, 3.21, 3.22, 4.1(a) and 4.1(b) hereof with respect to the then-Outstanding Notes on and after the date the conditions set forth below are satisfied (hereinafter, "Covenant Defeasance"), and the Notes shall thereafter be deemed not Outstanding for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be Outstanding for all other purposes hereunder (it being understood that such Notes shall not be

deemed Outstanding for accounting purposes). For this purpose, such Covenant Defeasance means that, with respect to the then-Outstanding Notes, the Issuer may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under clause (iii) of Section 6.1(a) (solely with respect to any failure to perform under or comply with clause (ii) or (iii) of Section 4.1(a)), clause (iv) of Section 6.1(a) or clause (v) of Section 6.1(a) hereof, but, except as specified above, the remainder of this Indenture and such Notes shall be unaffected thereby.

Section 8.2 Conditions to Defeasance. The Company or, as applicable, the Issuer, may exercise its Legal Defeasance option or its Covenant Defeasance option only if:

(a) the Issuer has irrevocably deposited with the Trustee, in trust, for the benefit of the Holders cash in U.S. Legal Tender or U.S. Government Obligations, in the case of Dollar Notes, and Euros or European Government Obligations, in the case of Euro Notes, or in each case a combination thereof, in such amounts as will be sufficient without reinvestment, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium, if any, and interest (including Additional Amounts) on the Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be;

(b) in the case of Legal Defeasance, the Issuer has delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) and independent of the Issuer to the effect that:

- (i) the Issuer has received from, or there has been published by, the Internal Revenue Service a ruling; or
- (ii) since the Issue Date, there has been a change in the applicable U.S. federal income tax law,

in either case to the effect that, and based thereon such Opinion of Counsel shall state that, the Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(c) in the case of Covenant Defeasance, the Issuer has delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) to the effect that the Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(d) no Default or Event of Default shall have occurred and be continuing on the date of the deposit pursuant to Section 8.2(a) (except any Default or Event of Default resulting from the failure to comply with Section 3.9 as a result of the borrowing of the funds required to effect such deposit);

(e) the Trustee has received an Officer's Certificate stating that such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under this Indenture or any other material agreement or instrument to which the Issuer or any of its Subsidiaries is a party or by which the Issuer or any of its Subsidiaries is bound;

(f) the Issuer has delivered to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of preferring the Holders over any other creditors of the Issuer or any Subsidiary of the Issuer or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Issuer or others;

(g) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel from counsel reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) and independent of the Issuer, each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with; and

(h) the Issuer has delivered to the Trustee an Opinion of Counsel from counsel reasonably acceptable to the Trustee and independent of the Issuer to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the Investment Company Act of 1940.

Section 8.3 Application of Trust Money. The Trustee shall hold in trust U.S. Legal Tender or U.S. Government Obligations, in the case of Dollar Notes, and Euros or European Government Obligations, in the case of Euro Notes, deposited with it pursuant to this Article VIII. It shall apply the deposited U.S. Legal Tender or U.S. Government Obligations, in the case of Dollar Notes, and Euros or European Government Obligations, in the case of Euro Notes, through the Paying Agent and in accordance with this Indenture to the payment of principal of and interest on the Notes.

Section 8.4 Repayment to Issuer.

(a) The Trustee and the Paying Agent shall promptly turn over to the Issuer upon request any excess money or securities held by them upon payment of all the obligations under this Indenture.

(b) Subject to any applicable abandoned property law, the Trustee and the Paying Agent shall pay to the Issuer upon request any money held by them for the payment of principal of, premium or interest on the Notes that remains unclaimed for two years, and, thereafter, Holders entitled to the money must look to the Issuer for payment as general creditors.

Section 8.5 Indemnity for U.S. Government Obligations and European Government Obligations. The Issuer shall pay and shall indemnify the Trustee against any tax, fee or other charge imposed on or assessed against deposited U.S. Government Obligations, in the case of Dollar Notes, and European Government Obligations, in the case of Euro Notes, or the principal and interest received on such U.S. Government Obligations and European Government Obligations.

Section 8.6 Reinstatement. If the Trustee or Paying Agent is unable to apply any U.S. Legal Tender or U.S. Government Obligations, in the case of Dollar Notes, and Euros or European Government Obligations, in the case of Euro Notes, in accordance with this Article VIII by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the obligations of the Issuer under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to this Article VIII until such time as the Trustee or Paying Agent is permitted to apply all such U.S. Legal Tender and U.S. Government Obligations, in the case of Dollar Notes, and Euros or European Government Obligations, in the case of Euro Notes, in accordance with this Article VIII; *provided, however*, that, if the Issuer has made any payment of principal of, premium or interest on any Notes because of the reinstatement of its obligations, the Issuer shall be subrogated to the rights of the Holders of such Notes to receive such payment from U.S. Legal Tender or U.S. Government Obligations, in the case of Dollar Notes, and Euros or European Government Obligations, in the case of Euro Notes, held by the Trustee or Paying Agent.

Section 8.7 Satisfaction and Discharge. This Indenture will be discharged and will cease to be of further effect (except as to surviving rights of registration of transfer or exchange of the Notes, as expressly provided for in this Indenture) as to all Outstanding Notes when:

(a) either:

- (i) all the Notes theretofore authenticated and delivered (except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust) have been delivered to the Trustee for cancellation; or
- (ii) all Notes not theretofore delivered to the Trustee for cancellation have become due and payable, and the Issuer has irrevocably deposited or caused to be deposited with the Trustee U.S. Legal Tender or U.S. Government Obligations, in the case of Dollar Notes, or Euros or European Government Obligations, in the case of Euro Notes, sufficient without reinvestment to pay and discharge the entire Indebtedness on the Notes not theretofore delivered to the Trustee for cancellation, for principal of, premium, if any, and interest on the Notes to the date of deposit, together with irrevocable instructions from the Issuer directing the Trustee to apply such funds to the payment;

(b) the Issuer has paid all other sums payable under this Indenture and the Notes by it; and

(c) the Issuer has delivered to the Trustee an Officer's Certificate stating that all conditions precedent under this Indenture relating to the satisfaction and discharge of this Indenture have been complied with.

ARTICLE IX
AMENDMENTS

Section 9.1 Without Consent of Holders.

(a) The Issuer, the Note Guarantors and the Trustee may amend or supplement this Indenture, the Notes or the Note Guarantees without notice to or consent of any Holder:

- (i) to cure any ambiguity, omission, defect or inconsistency;
- (ii) to comply with Article IV in respect of the assumption by a Successor Issuer of the obligations of the Issuer under the Notes and this Indenture;
- (iii) to provide for uncertificated Notes in addition to or in place of Certificated Notes; *provided, however*, that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code;
- (iv) to add guarantees with respect to the Notes or to secure the Notes;
- (v) to add to the covenants of the Issuer or the Note Guarantors for the benefit of the Holders or to surrender any right or power herein conferred upon the Issuer or the Note Guarantors;
- (vi) to make any change that does not, in the opinion of the Trustee, adversely affect the rights of any Holder in any material respect;
- (vii) to conform the text of this Indenture, the Note Guarantees or the Notes to any provision of the section "Description of Notes" in the Offering Memorandum to the extent that such provision in such "Description of Notes" was intended to be a verbatim recitation of a provision of this Indenture or the Notes or Note Guarantees;
- (viii) to comply with the requirements of any applicable securities depository;
- (ix) to provide for the issuance of Additional Notes as permitted by Section 2.2(c) and Section 2.14, which will have terms substantially identical to the other Outstanding Notes except as specified in Section 2.13, or Section 2.14, and which will be treated, together with any other Outstanding Notes, as a single issue of securities;

(x) in order to effect and maintain the listing of the Notes on the Global Exchange Market of the Irish Stock Exchange.

(b) After an amendment or supplement under this Section 9.1 becomes effective, the Issuer shall mail to Holders a notice briefly describing such amendment. The failure to give such notice to all Holders, or any defect therein, shall not impair or affect the validity of an amendment under this Section 9.1.

Section 9.2 With Consent of Holders.

(a) The Issuer, the Note Guarantors and the Trustee may amend or supplement this Indenture or the Notes without notice to any Holder but with the written consent of the Holders of at least a majority in principal amount of the then-Outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). Subject to Section 6.4, the Holder or Holders of a majority in aggregate principal amount of the then-Outstanding Notes may waive compliance by the Issuer and the Note Guarantors with any provision of this Indenture or the Notes. However, without the consent of each Holder affected, an amendment, supplement or waiver may not:

- (i) reduce the amount of Notes whose Holders must consent to an amendment, supplement or waiver;
- (ii) reduce the rate of or change or have the effect of changing the time for payment of interest, including Defaulted Interest, on any Notes;
- (iii) reduce the principal of or change or have the effect of changing the fixed maturity of any Notes, or change the date on which any Notes may be subject to redemption, or reduce the redemption price therefor;
- (iv) make any Notes payable in money other than that stated in the Notes;
- (v) make any change in the provisions of this Indenture entitling each Holder to receive payment of principal of, premium, if any, and interest on such Notes on or after the due date thereof or to bring suit to enforce such payment, or permitting Holders of a majority in principal amount of then-Outstanding Notes to waive Defaults or Events of Default;
- (vi) amend, change or modify in any material respect any obligations of the Issuer to make and consummate a Change of Control Offer in respect of a Change of Control that has occurred or make and consummate an Asset Sale Offer with respect to any Asset Sale that has been consummated;
- (vii) make any change in the provisions of this Indenture described under Section 3.21 that adversely affects the rights of any Holder or amend the terms of the Notes in a way that would result in a loss of exemption from Taxes; or

(viii) make any change to the provisions of this Indenture or the Notes that adversely affect the ranking of the Notes.

(b) It shall not be necessary for the consent of the Holders under this Section 9.2 to approve the particular form of any proposed amendment, supplement or waiver but it shall be sufficient if such consent approves the substance thereof.

(c) After an amendment, supplement or waiver under this Section 9.2 becomes effective, the Issuer shall mail to Holders a notice briefly describing such amendment, supplement or waiver. The failure to give such notice to all Holders, or any defect therein, shall not impair or affect the validity of an amendment, supplement or waiver under this Section 9.2.

(d) The Notes issued on the Issue Date, and any Additional Notes part of the same series, will be treated as a single series for all purposes under this Indenture, including with respect to waivers and amendments, except as the relevant amendment, waiver, consent, modification or similar action affects the rights of the Holder of the Dollar Notes and Euro Notes dissimilarly.

Section 9.3 [Reserved].

Section 9.4 Revocation and Effect of Consents and Waivers.

(a) A consent to an amendment, supplement or waiver by a Holder of a Note shall bind the Holder and every subsequent Holder of that Note or portion of the Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent or waiver is not made on the Note. However, any such Holder or subsequent Holder may revoke the consent or waiver as to such Holder's Note or portion of the Note if the Trustee receives the notice of revocation before the date the amendment, supplement or waiver becomes effective. After an amendment, supplement or waiver becomes effective, it shall bind every Holder, except as otherwise provided in this Article IX. An amendment, supplement or waiver shall become effective upon receipt by the Trustee of the requisite number of written consents under Section 9.2.

(b) The Issuer may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to give their consent or take any other action described above or required or permitted to be taken pursuant to this Indenture. If a record date is fixed, then notwithstanding the immediately preceding paragraph, those Persons who were Holders at such record date (or their duly designated proxies), and only those Persons, shall be entitled to give such consent or to revoke any consent previously given or to take any such action, whether or not such Persons continue to be Holders after such record date. No such consent shall be valid or effective for more than 90 days after such record date.

Section 9.5 Notation on or Exchange of Notes. If an amendment or supplement changes the terms of a Note, the Trustee may require the Holder of the Note to deliver it to the Trustee. The Trustee may place an appropriate notation on the Note regarding the changed terms and return it to the Holder. Alternatively, if the Issuer or the Trustee so determines, the Issuer, in exchange for the Note, will execute and upon Issuer Order, the Trustee will authenticate and

make available for delivery a new Note that reflects the changed terms. Failure to make the appropriate notation or to issue a new Note shall not affect the validity of such amendment or supplement.

Section 9.6 Trustee to Sign Amendments and Supplements. The Trustee shall sign any amendment, supplement or waiver authorized pursuant to this Article IX if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may but need not sign it. In signing such amendment, supplement or waiver, the Trustee shall be entitled to receive indemnity reasonably satisfactory to it and to receive, and (subject to Section 7.1 and Section 7.2) shall be fully protected in relying upon, in addition to the documents required by Section 12.4, an Opinion of Counsel and an Officer's Certificate each stating that such amendment, supplement or waiver is authorized or permitted by this Indenture and that all conditions precedent to the execution of such amendment, supplement or waiver have been complied with.

ARTICLE X

NOTE GUARANTEES

Section 10.1 Note Guarantees.

(a) Each Note Guarantor hereby fully and unconditionally guarantees, as primary obligor and not merely as surety, jointly and severally with each other Note Guarantor, to each Holder and the Trustee, the full and punctual payment when due, whether at maturity, by acceleration, by redemption or otherwise, of the Obligations (such guaranteed Obligations, the "Guaranteed Obligations"). Each Note Guarantor further agrees that its Note Guarantee herein constitutes a guarantee of payment when due (and not a guarantee of collection) and agrees to pay, in addition to the amounts stated in Section 10.1(f), any and all expenses (including reasonable counsel fees and expenses) incurred by the Trustee or the Holders in enforcing or exercising any rights under any Note Guarantee.

(b) In no event shall the Trustee or the Holders be obligated to take any action, obtain any judgment or file any claim prior to enforcing or exercising any rights under any Note Guarantee.

(c) Each Note Guarantor further agrees that its Note Guarantee constitutes an absolute and unconditional and continuing guarantee. Each Note Guarantor hereby waives, to the extent permitted by law:

- (i) any claim as to the legality, validity, regularity or enforceability of this Indenture, the Notes or any other agreement;
- (ii) any claim as to the lack of authority of the Issuer to execute or deliver this Indenture, the Notes or any other agreement;
- (iii) diligence, presentation to, demand of payment from and protest to the Issuer of any of the Obligations and notice of protest for nonpayment;

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- (iv) the occurrence of any Default or Event of Default under this Indenture, the Notes or any other agreement;
 - (v) notice of any Default or Event of Default under this Indenture, the Notes or any other agreement;
 - (vi) the failure of the Trustee or any Holder to assert any claim or demand or to enforce any right or remedy against the Issuer or any other Person under this Indenture, the Notes or any other agreement;
 - (vii) any extension or renewal of the Obligations, this Indenture, the Notes or any other agreement;
 - (viii) any rescission, waiver, amendment or modification of any of the terms or provisions of this Indenture, the Notes or any other agreement;
 - (ix) the existence of any bankruptcy, insolvency, reorganization or similar proceedings involving the Issuer;
 - (x) any setoff, counterclaim, recoupment, termination or defense of any kind or nature which may be available to or asserted by any Note Guarantor or the Issuer against the Holders or the Trustee;
 - (xi) any impairment, taking, furnishing, exchange or release of, or failure to perfect or obtain protection of any security interest in, any collateral securing this Indenture and the Notes and any right to require that any resort be had by the Trustee or any Holder to any such collateral;
 - (xii) the failure of the Trustee or any Holder to exercise any right or remedy against any other Note Guarantor;
 - (xiii) any change in the ownership of the Issuer;
 - (xiv) any change in the laws, rules or regulations of any jurisdiction;
 - (xv) any present or future action of any governmental authority or court amending, varying, reducing or otherwise affecting, or purporting to amend, vary, reduce or otherwise affect, any of the obligations of the Issuer under this Indenture or the Notes or of any Note Guarantor under its Note Guarantee; and
 - (xvi) any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of each Note Guarantor or would otherwise operate as a discharge of such Note Guarantor as a matter of law or equity.

(d) Each of the Note Guarantors further expressly waives irrevocably and unconditionally:

- (i) Any right it may have to first require any Holder to proceed against, initiate any actions before a court of law or any other judge or authority, or enforce any other rights or security or claim payment from the Issuer or any other Person (including any Note Guarantor or any other guarantor of the Notes) before claiming from it under this Indenture;
- (ii) Any right to which it may be entitled to have the assets of the Issuer or any other Person (including any Note Guarantor or any other guarantor of the Notes) first be used, applied or depleted as payment of the Issuer's or the Note Guarantors' obligations hereunder, prior to any amount being claimed from or paid by any of the Note Guarantors hereunder;
- (iii) Any right to which it may be entitled to have claims hereunder divided between the Note Guarantors;
- (iv) To the extent applicable, the benefits of *orden*, *excusión*, *división*, *quita* and *espera* and any right specified in articles 2814, 2815, 2817, 2818, 2819, 2820, 2821, 2822, 2823, 2826, 2837, 2838, 2839, 2840, 2845, 2846, 2847 and any other related or applicable articles that are not explicitly set forth herein because of Note Guarantor's knowledge thereof of the *Código Civil Federal* of Mexico, and the *Código Civil* of each State of the Mexican Republic and the Federal District of Mexico.

(e) The obligations assumed by each Note Guarantor hereunder shall not be affected by the absence of judicial request of payment by a Holder to the Issuer or by whether any such person takes timely action pursuant to articles 2848 and 2849 of the *Código Civil Federal* of Mexico and the *Código Civil* of each State of the Mexican Republic and the Federal District of Mexico and each Note Guarantor hereby expressly waives the provisions of such articles.

(f) The obligations of each Note Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason (other than payment of the Obligations in full), including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense of setoff, counterclaim, recoupment or termination whatsoever or by reason of the invalidity, illegality or unenforceability of the Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each Note Guarantor herein shall not be discharged or impaired or otherwise affected by the failure of any Holder to assert any claim or demand or to enforce any remedy under this Indenture, the Notes or any other agreement, by any waiver or modification of any thereof, by any default, failure or delay, willful or otherwise, in the performance of the Obligations, or by any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of such Note Guarantor or would otherwise operate as a discharge of such Note Guarantor as a matter of law or equity.

(g) Except as provided in Section 10.2, the obligations of each Note Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason other than payment of the Obligations in full.

(h) Each Note Guarantor further agrees that its Note Guarantee herein shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of principal of or interest on any of the Obligations is rescinded or must otherwise be restored by any Holder upon the bankruptcy or reorganization of the Issuer or otherwise.

(i) In furtherance of the foregoing and not in limitation of any other right which the Trustee or any Holder has at law or in equity against each Note Guarantor by virtue hereof, upon the failure of the Issuer to pay any of the Obligations when and as the same shall become due, whether at maturity, by acceleration, by redemption or otherwise, each Note Guarantor hereby promises to and will, upon receipt of written demand by the Trustee, forthwith pay, or cause to be paid, in cash, to the Holders an amount equal to the sum of:

- (i) the unpaid amount of such Obligations then due and owing; and
- (ii) accrued and unpaid interest on such Obligations then due and owing (but only to the extent not prohibited by law);

provided that any delay by the Trustee in giving such written demand shall in no event affect any Note Guarantor's obligations under its Note Guarantee.

(j) Each Note Guarantor further agrees that, as between such Note Guarantor, on the one hand, and the Holders, on the other hand:

- (i) the maturity of the Obligations guaranteed hereby may be accelerated as provided in this Indenture for the purposes of its Note Guarantee herein, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Obligations guaranteed hereby; and
- (ii) in the event of any such declaration of acceleration of such Obligations, such Obligations (whether or not due and payable) shall forthwith become due and payable by the Note Guarantor for the purposes of this Note Guarantee.

Section 10.2 Limitation on Liability; Termination, Release and Discharge.

(a) The obligations of each Note Guarantor hereunder will be limited to the maximum amount as will, after giving effect to all other contingent and fixed liabilities of such Note Guarantor and after giving effect to any collections from or payments made by or on behalf of any other Note Guarantor in respect of the obligations of such other Note Guarantor under its Note Guarantee or pursuant to its contribution obligations under this Indenture, result in the obligations of such Note Guarantor under its Note Guarantee not constituting a fraudulent conveyance or fraudulent transfer under federal or state law.

(b) A Note Guarantor will be released and relieved of its obligations under its Note Guarantee in the event that:

- (i) there is a Legal Defeasance of the Notes pursuant to Article VIII;
- (ii) with respect to any Note Guarantor other than the Company, there is a sale or other disposition of Capital Stock of such Note Guarantor following which such Note Guarantor is no longer a direct or indirect Subsidiary of the Company;
- (iii) with respect to any Note Guarantor other than the Company, such Note Guarantor is designated as an Unrestricted Subsidiary in accordance with Section 3.14;
- (iv) solely with respect to the Additional Note Guarantor, either (A) the Financing Agreement Indebtedness has been repaid in full and the Additional Note Guarantor is not a guarantor of the Indebtedness Incurred to refinance such Financing Agreement Indebtedness or (B) at least 85% of the outstanding Indebtedness of the Company and its Restricted Subsidiaries is not guaranteed by such Additional Note Guarantor; or
- (v) solely with respect to the Additional Note Guarantor, upon the occurrence of a Partial Covenant Suspension Event or Covenant Suspension Event until the occurrence of a Partial Covenant Reversion Date or a Reversion Date, as applicable, at which time the guarantee of the Notes by such Additional Note Guarantor shall be reinstated unless such Additional Note Guarantor would have been released at any time during the Partial Suspension Period or the Suspension Period, as applicable, pursuant to clause (i), (ii), (iii) or (iv) of this Section 10.2(b).

Section 10.3 Right of Contribution. Each Note Guarantor that makes a payment or distribution under a Note Guarantee will be entitled to a contribution from each other Note Guarantor in a *pro rata* amount, based on the net assets of each Note Guarantor determined in accordance with GAAP. The provisions of this Section 10.3 shall in no respect limit the obligations and liabilities of each Note Guarantor to the Trustee and the Holders and each Note Guarantor shall remain liable to the Trustee and the Holders for the full amount guaranteed by such Note Guarantor hereunder.

Section 10.4 No Subrogation. Each Note Guarantor agrees that it shall not be entitled to any right of subrogation in respect of any Guaranteed Obligations until payment in full in cash or Cash Equivalents of all Obligations. If any amount shall be paid to any Note Guarantor on account of such subrogation rights at any time when all of the Obligations shall not have been

paid in full in cash or Cash Equivalents, such amount shall be held by such Note Guarantor in trust for the Trustee and the Holders, segregated from other funds of such Note Guarantor, and shall, forthwith upon receipt by such Note Guarantor, be turned over to the Trustee in the exact form received by such Note Guarantor (duly endorsed by such Note Guarantor to the Trustee, if required), to be applied against the Obligations.

ARTICLE XI

COLLATERAL

Section 11.1 The Collateral. Subject to Section 11.2, the Issuer and the Note Guarantors agree that the Notes will be at all times secured by a first-priority security interest in the Collateral on at least an equal and ratable basis with the Permitted Secured Obligations.

Section 11.2 Release of the Collateral.

(a) The Notes will cease to be secured by a security interest in the Collateral in accordance with the provisions of the Intercreditor Agreement.

(b) In addition to the Collateral release provisions set forth in the Intercreditor Agreement, the Notes will cease to be secured by a security interest on the Collateral upon:

- (i) (A) payment in full of the principal of, any accrued and unpaid interest on, the Notes and all other amounts or Obligations that are due and payable at or prior to the time such principal, accrued and unpaid interest, if any, are paid, (B) a satisfaction and discharge of this Indenture or (C) a Legal Defeasance or Covenant Defeasance pursuant to Article VIII; or
- (ii) a refinancing of the Financing Agreement Indebtedness in full as a result of which the Collateral does not secure Indebtedness Incurred to refinance such Financing Agreement Indebtedness.

ARTICLE XII
MISCELLANEOUS

Section 12.1 Notices.

(a) Any notice or communication shall be in writing and delivered in person or mailed by first-class mail, postage prepaid, addressed as follows:
if to the Issuer and the Note Guarantors:

c/o CEMEX, S.A.B. de C.V.
Av. Ricardo Margáin Zozaya #325
Colonia Valle del Campestre
Garza García, Nuevo León
México 66265
Attention: Chief Financial Officer
Fax: +1 52 81 8888 4417

if to the Trustee:

The Bank of New York Mellon
101 Barclay Street – 4E
New York, NY 10286
Attention: Global Structured Finance Group
Fax: 212-815-5915

The Issuer or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications.

(b) All notices to Holders of Notes will be validly given if mailed to them at their respective addresses in the register of the Holders of such Notes, if any, maintained by the Registrar. For so long as any Notes are represented by Global Notes, all notices to Holders of the Notes will be delivered to Euroclear, Clearstream and DTC, delivery of which shall be deemed to satisfy the requirements of this paragraph.

(c) Each such notice shall be deemed to have been given on the date of delivery or mailing. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to them if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

(d) Subject to Section 7.1(c) and Section 7.2(a), the Trustee shall accept electronic transmissions; *provided* that (i) the Trustee shall not have any duty or obligation to verify or confirm that the Person sending instructions, directions, reports, notices or other communications or information by electronic transmission is, in fact, a Person authorized to give

such instructions, directions, reports, notices or other communications or information on behalf of the party purporting to send such electronic transmission; and the Trustee shall not have any liability for any losses, liabilities, costs or expenses incurred or sustained by any party as a result of such reliance upon or compliance with such instructions, directions, reports, notices or other communications or information and (ii) each other party agrees to assume all risks arising out of the use of electronic methods to submit instructions, directions, reports, notices or other communications or information to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, notices, reports or other communications or information, and the risk of interception and misuse by third parties.

(e) Any notice or communication mailed to a registered Holder shall be mailed to the Holder at the Holder's address as it appears on the Note Register and shall be sufficiently given if so mailed within the time prescribed.

(f) Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

(g) Any notice or communication delivered to the Issuer or the Company under the provisions herein shall constitute notice to the Note Guarantors.

Section 12.2 Communication by Holders with Other Holders. Holders may communicate with other Holders with respect to their rights under this Indenture (including the Note Guarantees) or the Notes.

Section 12.3 Certificate and Opinion as to Conditions Precedent. Upon any request or application by the Issuer to the Trustee to take or refrain from taking any action under this Indenture, the Issuer shall furnish to the Trustee:

(a) an Officer's Certificate in form and substance reasonably satisfactory to the Trustee stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(b) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

Section 12.4 Statements Required in Certificate or Opinion. Each certificate or opinion, including an Opinion of Counsel or Officer's Certificate, with respect to compliance with a covenant or condition provided for in this Indenture shall include:

(a) a statement that the individual making such certificate or opinion has read such covenant or condition;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether or not, in the opinion of such individual, such covenant or condition has been complied with.

In giving an Opinion of Counsel, counsel may rely as to factual matters on an Officer's Certificate or on certificates of public officials.

Section 12.5 Rules by Trustee, Paying Agent, Transfer Agent and Registrar. The Trustee may make reasonable rules for action by, or a meeting of, Holders. The Paying Agent, Transfer Agent and the Registrar may make reasonable rules for their functions.

Section 12.6 Legal Holidays. A "Legal Holiday" is a Saturday, a Sunday or other day on which commercial banking institutions are authorized or required to be closed in New York City, Mexico, Madrid, Luxembourg and Amsterdam. If a payment date is a Legal Holiday, payment shall be made on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period. If a regular record date is a Legal Holiday, the record date shall not be affected.

Section 12.7 Governing Law, etc.

(a) THIS INDENTURE (INCLUDING EACH NOTE GUARANTEE) AND THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK. THE PARTIES HERETO EACH HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS INDENTURE, THE NOTES OR EACH NOTE GUARANTEE OR ANY TRANSACTION RELATED HERETO OR THERETO TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW.

(b) Each of the parties hereto hereby:

- (i) agrees that any suit, action or proceeding against it arising out of or relating to this Indenture (including the Note Guarantees) or the Notes, as the case may be, may be instituted in any Federal or state court sitting in the City of New York and in the courts of its own corporate domicile, in respect of actions brought against it as a defendant,
- (ii) waives to the fullest extent permitted by applicable law, any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding, any claim that any suit, action or proceeding in such a court has been brought in an inconvenient forum, and any right to which it may be entitled, on account of place of residence or domicile,
- (iii) irrevocably submits to the jurisdiction of such courts in any suit, action or proceeding,

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- (iv) agrees that final judgment in any such suit, action or proceeding brought in such a court shall be conclusive and binding may be enforced in the courts of the jurisdiction of which it is subject by a suit upon judgment, and
 - (v) agrees that service of process by mail to the addresses specified herein shall constitute personal service of such process on it in any such suit, action or proceeding.

(c) The Issuer and the Note Guarantors have appointed CEMEX NY Corporation, 590 Madison Avenue, 41st Floor, New York, NY 10022, as its authorized agent (the “Authorized Agent”) upon whom all writs, process and summonses may be served in any suit, action or proceeding arising out of or based upon this Indenture or the Notes which may be instituted in any state or federal court in the City of New York, New York. The Issuer and the Note Guarantors hereby represent and warrant that the Authorized Agent has accepted such appointment and has agreed to act as said agent for service of process, and the Issuer and the Note Guarantors agree to take any and all action, including the filing of any and all documents, that may be necessary to continue each such appointment in full force and effect as aforesaid so long as the Notes remain outstanding. The Issuer and the Note Guarantors agree that the appointment of the Authorized Agent shall be irrevocable so long as any of the Notes remain outstanding or until the irrevocable appointment by the Issuer and the Note Guarantors of a successor agent in the City of New York, New York as each of their authorized agent for such purpose and the acceptance of such appointment by such successor. Service of process upon the Authorized Agent shall be deemed, in every respect, effective service of process upon the Issuer and the Note Guarantors.

(d) To the extent that any of the Issuer and the Note Guarantors have or hereafter may acquire any immunity (sovereign or otherwise) from any legal action, suit or proceeding, from jurisdiction of any court or from set-off or any legal process (whether service or notice, attachment in aid or otherwise) with respect to itself or any of its property, the Issuer and the Note Guarantors hereby irrevocably waive and agree not to plead or claim such immunity in respect of their obligations under this Indenture or the Notes.

(e) Nothing in this Section 12.7 shall affect the right of the Trustee or any Holder of the Notes to serve process in any other manner permitted by law.

Section 12.8 Spanish Capital Companies Law (Ley de Sociedades de Capital). Since the New Senior Secured Notes are governed by the Law of the State of New York as per Section 12.7 above, holders of New Senior Secured Notes (i) will not benefit from (a) any right as a holder of New Senior Secured Notes arising from article 411 of the Spanish Capital Companies Law (*Ley de Sociedades de Capital*), (b) the constitution of a syndicate of holders (*sindicato de obligacionistas*) and (c) the appointment of a commissioner (*comisario*), both regulated in articles 403 and 419 *et seq.* of the Spanish Capital Companies Law; and (ii) will be deemed to have irrevocably instructed the Trustee to take any action and/or to sign or execute and deliver any documents or notices that may be necessary or desirable to comply and give effect to (i).

Section 12.9 No Recourse Against Others. An incorporator, director, officer, employee, stockholder or controlling person, as such, of the Issuer or any Note Guarantor shall not have any liability for any obligations of the Issuer or any Note Guarantor under the Notes or this Indenture or for any claims based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder shall waive and release all such liability.

Section 12.10 Successors. All agreements of the Issuer and any Note Guarantor in this Indenture and the Notes shall bind their respective successors. All agreements of the Trustee in this Indenture shall bind its successors.

Section 12.11 Duplicate and Counterpart Originals. The parties may sign any number of copies of this Indenture. One signed copy is enough to prove this Indenture. This Indenture may be executed in any number of counterparts, each of which so executed shall be an original, but all of them together represent the same agreement.

Section 12.12 Severability. In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 12.13 [Reserved].

Section 12.14 Currency Indemnity.

(a) U.S. Legal Tender is the sole currency of account and payment for all sums payable by the Issuer and any Note Guarantor under or in connection with the Dollar Notes or this Indenture, including damages. Any amount received or recovered in currency other than U.S. Legal Tender in respect of the Dollar Notes (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, a Note Guarantor or any Subsidiary of the Issuer or otherwise) by any Holder of the Dollar Notes in respect of any sum expressed to be due to it from the Issuer or any Note Guarantor shall only constitute a discharge of them under the Dollar Notes and this Indenture only to the extent of the U.S. Legal Tender amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that U.S. Legal Tender amount is less than the U.S. Legal Tender amount expressed to be due to the recipient under the Dollar Notes or this Indenture, the Issuer and the Note Guarantors shall jointly and severally indemnify and hold harmless the recipient, to the greatest extent permitted by law, against any loss or cost sustained by it in making any such purchase. For the purposes of this Section 12.14, it will be sufficient for the Holder of a Dollar Note to certify that it would have suffered a loss had an actual purchase of U.S. Legal Tender been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of U.S. Legal Tender on such date had not been practicable, on the first date on which it would have been practicable).

(b) The Euro is the sole currency of account and payment for all sums payable by the Issuer and any Note Guarantor under or in connection with the Euro Notes or this Indenture, including damages. Any amount received or recovered in currency other than Euros

in respect of the Euro Notes (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, a Note Guarantor or any Subsidiary of the Issuer or otherwise) by any Holder of the Euro Notes in respect of any sum expressed to be due to it from the Issuer or any Note Guarantor shall only constitute a discharge of them under the Euro Notes and this Indenture only to the extent of the Euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that Euro amount is less than the Euro amount expressed to be due to the recipient under the Euro Notes or this Indenture, the Issuer and the Note Guarantors shall jointly and severally indemnify and hold harmless the recipient, to the greatest extent permitted by law, against any loss or cost sustained by it in making any such purchase. For the purposes of this Section 12.14, it will be sufficient for the Holder of a Euro Note to certify that it would have suffered a loss had an actual purchase of Euro been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of Euro on such date had not been practicable, on the first date on which it would have been practicable).

(c) The indemnities of the Issuer and the Note Guarantors contained in this Section 12.14, to the extent permitted by law: (i) constitute a separate and independent obligation from the other obligations of the Issuer and the Note Guarantors under this Indenture and the Notes; (ii) shall give rise to a separate and independent cause of action against the Issuer and the Note Guarantors; (iii) shall apply irrespective of any waiver granted by any Holder of the Notes or the Trustee from time to time; and (iv) shall continue in full force and effect notwithstanding any other judgment, order, claim or proof of claim for a liquidated amount in respect of any sum due under the Notes or this Indenture or any other judgment or order.

Section 12.15 Table of Contents; Headings. The table of contents and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not intended to be considered a part hereof and shall not modify or restrict any of the terms or provisions hereof.

Section 12.16 USA PATRIOT Act. The parties hereto acknowledge that, in accordance with Section 326 of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law on October 26, 2001)) (as amended, modified or supplemented from time to time, the “USA PATRIOT Act”), the Trustee, like all financial institutions, is required to obtain, verify, and record information that identifies each person or legal entity that opens an account. The parties to this Agreement agree that they will provide the Trustee with such information as the Trustee may request in order for the Trustee to satisfy the requirements of the USA PATRIOT Act.

IN WITNESS WHEREOF, the parties have caused this Indenture to be duly executed as of the date first written above.

CEMEX España, S.A., acting through its Luxembourg
branch,
CEMEX España, S.A., Luxembourg Branch, as Issuer

By: /s/ José A. González

Name: José A. González

Title: Attorney-in-Fact

By: /s/ Héctor Vela Dib

Name: Héctor Vela Dib

Title: Attorney-in-Fact

CEMEX, S.A.B. de C.V., as Note Guarantor

By: /s/ José A. González

Name: José A. González

Title: Attorney-in-Fact

CEMEX México, S.A. de C.V., as Note Guarantor

By: /s/ Héctor Vela Dib

Name: Héctor Vela Dib

Title: Attorney-in-Fact

New Sunward Holding B.V., as Note Guarantor

By: /s/ Héctor Vela Dib

Name: Héctor Vela Dib

Title: Attorney-in-Fact

THE BANK OF NEW YORK MELLON, as Trustee

By: /s/ Catherine F. Donohue

Name: Catherine F. Donohue

Title: Vice President

Solely for the purposes of accepting the appointment of the London Paying Agent, together with the rights, protections and immunities granted to the Trustee under Article VII, which shall apply *mutatis mutandis* to the London Paying Agent,

THE BANK OF NEW YORK MELLON, LONDON
BRANCH, as a Paying Agent

By: /s/ Catherine F. Donohue

Name: Catherine F. Donohue

Title: Vice President

FORM OF DOLLAR NOTE

[Include the following legend for Global Notes only:

“THIS IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE REFERRED TO HEREINAFTER.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), NEW YORK, NEW YORK, TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR’S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.”]

[Include the following legend on all Notes that are Restricted Notes:

“THE NOTES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND *[Include the following on all Regulation S Notes that are Restricted Notes:* , PRIOR TO THE EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT),] MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) (1) TO CEMEX ESPAÑA, S.A., ACTING THROUGH ITS LUXEMBOURG BRANCH, CEMEX ESPAÑA, S.A., LUXEMBOURG BRANCH, (2) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A AND TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS MADE IN RELIANCE ON RULE 144A, (3) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT,

(4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE), OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. THIS LEGEND CAN ONLY BE REMOVED AT THE OPTION OF THE ISSUER.

[Include the following on all Regulation S Notes that are Restricted Notes: PRIOR TO THE EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT),] EACH PERSON ACQUIRING AN OWNERSHIP INTEREST IN THE NOTES (1) SHALL BE DEEMED TO REPRESENT AND WARRANT THAT IT EITHER (A) IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), (B) IS NOT A U.S. PERSON (AS DEFINED IN REGULATION S) AND IS OUTSIDE THE UNITED STATES OR (C) IS ACQUIRING SUCH OWNERSHIP INTEREST PURSUANT TO A VALID REGISTRATION STATEMENT OR IN ANOTHER TRANSACTION EXEMPT FROM SUCH REGISTRATION; (2) AGREES THAT [Include the following on all Regulation S Notes that are Restricted Notes: PRIOR TO THE EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT),] (X) IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT IN ACCORDANCE WITH THE FOREGOING RESTRICTIONS, AND IN ANY CASE IN COMPLIANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION; (Y) PRIOR TO SUCH TRANSFER, IT WILL FURNISH TO THE BANK OF NEW YORK MELLON, AS TRUSTEE (OR A SUCCESSOR TRUSTEE, AS APPLICABLE), SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS THE TRUSTEE MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND (Z) IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "UNITED STATES", "U.S. PERSON" AND "OFFSHORE TRANSACTION" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.]

[Include the following legend on all Notes as Mexican law legend:

"THE NOTES EVIDENCED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE NATIONAL SECURITIES REGISTRY (REGISTRO NACIONAL DE VALORES) MAINTAINED BY THE MEXICAN NATIONAL BANKING AND SECURITIES COMMISSION (COMISIÓN NACIONAL BANCARIA Y DE VALORES, OR CNBV), AND MAY NOT BE OFFERED OR SOLD PUBLICLY, OR OTHERWISE BE SUBJECT TO BROKERAGE, ACTIVITIES, IN MEXICO, EXCEPT THAT THE NOTES MAY BE OFFERED IN MEXICO TO QUALIFIED OR INSTITUTIONAL INVESTORS PURSUANT TO THE PRIVATE PLACEMENT

EXEMPTION SET FORTH UNDER ARTICLE 8 OF THE MEXICAN SECURITIES MARKET LAW (*LEY DEL MERCADO DE VALORES*). THE NOTES EVIDENCED HEREBY AND THIS OFFERING MEMORANDUM RELATED THERETO ARE SOLELY OUR RESPONSIBILITY AND HAVE NOT BEEN REVIEWED OR AUTHORIZED BY THE CNBV.

FORM OF FACE OF NOTE

9.875% U.S. Dollar-denominated Senior Secured Notes Due 2019

No. []

Principal Amount U.S.\$[]

*[If the Note is a Global Note include the following two lines:
as revised by the Schedule of Increases and
Decreases in Global Note attached hereto]*

CUSIP NO. 144A 151288AB3
Regulation S E28087AC3

CEMEX España, S.A., acting through its Luxembourg Branch, CEMEX España, S.A., Luxembourg Branch (together with its successors and assigns, the “Issuer”) promises to pay to Cede & Co., or registered assigns, the principal sum of [] U.S. Dollars *[If the Note is a Global Note, add the following*, as revised by the Schedule of Increases and Decreases in Global Note attached hereto], on April 30, 2019.

Interest Payment Dates: April 30 and October 31, commencing October 31, 2012

Record Dates: April 15 and October 15

Additional provisions of this Note are set forth on the other side of this Note.

Executed in New York, New York, U.S.A.

CEMEX España, S.A., acting through its Luxembourg branch, CEMEX España, S.A., Luxembourg Branch

By: _____

Name:

Title:

By: _____

Name:

Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

The Bank of New York Mellon as Trustee, certifies that this is one of the Dollar Notes referred to in the Indenture.

By: _____

Authorized Signatory

Date: _____

FORM OF REVERSE SIDE OF NOTE

9.875% U.S. Dollar-denominated Senior Secured Notes Due 2019

Capitalized terms used but not defined herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

The Notes will be deemed to have been issued in the State of New York (U.S.A.).

1. Interest

CEMEX España, S.A., acting through its Luxembourg Branch, CEMEX España, S.A., Luxembourg Branch (together with its successors and assigns, the “Issuer”) promises to pay interest on the principal amount of this Note at the rate per annum shown above.

The Issuer will pay interest semiannually in arrears on each Interest Payment Date of each year commencing October 31, 2012; *provided* that if any such Interest Payment Date is not a Business Day, then such payment shall be made on the next succeeding Business Day. Interest on the Notes will accrue from the most recent date to which interest has been paid on the Notes or, if no interest has been paid, from March 28, 2012; *provided* that if there is no existing Default or Event of Default on the payment of interest, and if this Note is authenticated between a Record Date referred to on the face hereof and the next succeeding Interest Payment Date (but after March 28, 2012), interest shall accrue from such next succeeding Interest Payment Date, except in the case of the original issuance of Notes, in which case interest shall accrue from March 28, 2012. The Issuer shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal at the then applicable interest rate on the Notes to the extent lawful; it shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest (“Defaulted Interest”), without regard to any applicable grace period, at the same rate to the extent lawful. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

All payments made by the Issuer in respect of the Notes will be made free and clear of and without deduction or withholding for or on account of any Taxes imposed or levied by or on behalf of any Taxing Authority, unless such withholding or deduction is required by law or by the interpretation or administration thereof. In that event, the Issuer will pay to each Holder of the Notes Additional Amounts as provided in the Indenture subject to the limitations set forth in the Indenture.

2. Method of Payment

By at least 10:00 a.m. (New York City time) on the Business Day prior to the date on which any principal of or interest on any Dollar Note is due and payable, the Issuer shall irrevocably deposit with the Trustee or the Paying Agent money sufficient to pay such principal and/or interest. The Issuer will pay interest (except Defaulted Interest) on the applicable Interest Payment Date to the Persons who are registered Holders of Dollar Notes at the close of business on the Record Date preceding the Interest Payment Date even if Dollar Notes are canceled, repurchased or redeemed after the Record Date and on or before the relevant Interest Payment Date, except as provided in Section 2.13 with respect to Defaulted Interest. Holders must surrender Dollar Notes to a Paying Agent to collect principal payments. The Issuer will pay principal and interest in U.S. Legal Tender.

Payments in respect of Dollar Notes represented by a Global Note (including principal and interest) will be made by the transfer of immediately available funds to the accounts specified by the DTC. The Issuer will make all payments in respect of a Certificated Note (including principal and interest) by mailing a check to the registered address of each registered Holder thereof as set forth in the Note Register; *provided, however*, that payments on the Dollar Notes may also be made, in the case of a Holder of at least U.S.\$1,000,000 aggregate principal amount of Dollar Notes, by wire transfer to a U.S. dollar account maintained by the payee with a bank in the United States if such Holder elects payment by wire transfer by giving written notice to the Trustee or the Paying Agent to such effect designating such account no later than 15 days immediately preceding the relevant due date for payment (or such other date as the Trustee may accept in its discretion).

3. Paying Agent and Registrar

Initially, The Bank of New York Mellon, the Trustee under the Indenture, will act as Trustee, Paying Agent and Registrar and The Bank of New York Mellon, London Branch, as an additional Paying Agent. The Issuer may appoint and change any Paying Agent, Registrar or co-Registrar without notice to any Holder. The Issuer, any Note Guarantor or any of their respective Affiliates may act as Paying Agent, Registrar or co-Registrar.

4. Indenture

The Issuer issued the Notes under an Indenture, dated as of March 28, 2012 (as it may be amended or supplemented from time to time in accordance with the terms thereof, the "Indenture"), among the Issuer, the Note Guarantors and the Trustee. The terms of the Notes include those stated in the Indenture. The Notes are subject to all such terms, and Holders are referred to the Indenture for a statement of those terms. Each Holder, by accepting a Note, agrees to be bound by all of the terms and provisions of the Indenture, as amended or supplemented from time to time.

The Notes are general senior obligations, which are secured by a first priority security interest in the Collateral on an equal and ratable basis with the other Permitted Secured Obligations, subject to the Collateral release provisions set forth in the Intercreditor Agreement. U.S.\$ [] in aggregate principal amount of Notes will be initially issued on the Issue Date. Subject to the conditions set forth in the Indenture and without the consent of the Holders, the Issuer may issue Additional Notes. All Notes will be treated as a single class of securities under the Indenture. The Indenture imposes certain limitations on, among other things, the ability of the Issuer and its Restricted Subsidiaries to: Incur Indebtedness, make Restricted Payments, incur Liens, designate Unrestricted Subsidiaries, make Asset Sales, enter into transactions with Affiliates, or consolidate or merge or transfer or convey all or substantially all of the Issuer's assets.

To guarantee the due and punctual payment of the principal of (and premium, if any) and interest on the Notes and all other amounts payable by the Issuer under the Indenture

and the Notes when and as the same shall be due and payable, whether at maturity, by acceleration or otherwise, according to the terms of the Notes and the Indenture, CEMEX, S.A.B. de C.V., CEMEX México, S.A. de C.V. and New Sunward Holding B.V. have unconditionally guaranteed, jointly and severally, such obligations pursuant to the terms of the Indenture. Each Note Guarantee will be subject to release as provided in the Indenture.

The obligations of each Note Guarantor in respect of its Note Guarantee will be limited to the maximum amount as will, after giving effect to all other contingent and fixed liabilities of such Note Guarantor and after giving effect to any collections from or payments made by or on behalf of any other Note Guarantor in respect of the obligations of such other Note Guarantor under its Note Guarantee or pursuant to its contribution obligations under the Indenture, result in the obligations of such Note Guarantor under its Note Guarantee not constituting a fraudulent conveyance, fraudulent transfer, or similar illegal transfer under federal or state law or the law of the jurisdiction or formation and incorporation of such Note Guarantors.

5. Optional Redemption

Except as stated below, the Issuer may not redeem the Dollar Notes. The Issuer may redeem the Dollar Notes, at its option, in whole at any time or in part from time to time, on and after April 30, 2016, at the following redemption prices, expressed as percentages of the principal amount thereof, if redeemed during the twelve-month period commencing on April 30 of any year set forth below, plus any accrued and unpaid interest on the principal amount of the Dollar Notes to the date of redemption:

	<u>Percentage</u>
2016	104.94%
2017	102.47%
2018 and thereafter	100.00%

provided, however, that the Issuer shall not have the right to exercise any such optional redemption at any time when the Company is prohibited from having such an option under the Financing Agreement.

Prior to April 30, 2016, the Issuer will have the right, at its option, to redeem any of the Dollar Notes, in whole or in part, at any time or from time to time prior to their maturity at a redemption price equal to the greater of (1) 100% of the principal amount of such Dollar Notes and (2) the sum of the present value of each remaining scheduled payment of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 50 basis points, plus any accrued and unpaid interest on the principal amount of the Dollar Notes to the date of redemption, *provided, however*, that the Issuer shall not have the right to exercise any such optional redemption at any time when the Company is prohibited from having such an option under the Financing Agreement.

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

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

“Independent Investment Banker” means one of the Reference Treasury Dealers appointed by the Issuer.

“Comparable Treasury Price” means, with respect to any redemption date (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotation or (2) if the Independent Investment Banker or Issuer obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

“Reference Treasury Dealer” means any one of J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated or their respective affiliates which are primary United States government securities dealers and not less than two other leading primary United States government securities dealers in New York City reasonably designated by the Issuer; *provided, however*, that if any of the foregoing shall cease to be a primary United States government securities dealer in New York City (a “Primary Treasury Dealer”), the Issuer will substitute therefore another Primary Treasury Dealer.

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

Optional Redemption upon Equity Offerings. At any time, or from time to time, on or prior to April 30, 2016, the Issuer may, at its option, use the net cash proceeds of one or more Equity Offerings to redeem in the aggregate up to 35% of the aggregate principal amount of the Dollar Notes issued pursuant to the Indenture at a redemption price equal to 109.875% of the principal amount thereof plus any accrued and unpaid interest on the principal amount of the Dollar Notes to the date of redemption; *provided*, that:

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

-
- the Issuer shall make such redemption not more than 90 days after the consummation of such Equity Offering;

provided, however, that the Issuer shall not have the right to exercise any such optional redemption at any time when the Company is prohibited from exercising such an option under the Financing Agreement.

“Equity Offering” means any public or private sale of Qualified Capital Stock after the Issue Date for cash other than issuances to any Subsidiary of the Company.

Optional Redemption for Changes in Withholding Taxes. If, as a result of any amendment to, or change in, the laws (or any rules or regulations thereunder) of a Taxing Jurisdiction affecting taxation, or any amendment to or change in an official interpretation or application of such laws, rules or regulations that has a general effect, which amendment to or change of such laws, rules or regulations becomes effective on or after the Issue Date (which, in the case of a merger, consolidation or other transaction permitted and described under Article IV shall be treated for this purpose as the date of such transaction) we would be obligated, after taking all reasonable measures to avoid this requirement, to pay Additional Amounts in excess of those attributable to a withholding tax rate of 10% with respect to the Notes (see “Additional Amounts”), then, at our option, all, but not less than all, of the Notes may be redeemed at any time on giving not less than 30 nor more than 60 days’ notice, at a redemption price equal to 100% of the outstanding principal amount, plus any accrued and unpaid interest on the principal amount of the Notes to the date of redemption; *provided, however*, that (1) no notice of redemption for tax reasons may be given earlier than 90 days prior to the earliest date on which we would be obligated to pay these Additional Amounts if a payment on the Notes were then due, and (2) at the time such notice of redemption is given such obligation to pay such Additional Amounts remains in effect; *provided, further, however*, that the Issuer shall not have the right to exercise any such optional redemption at any time when the Company is prohibited from having such an option under the Financing Agreement.

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

- an Officer’s Certificate stating that we are entitled to effect the redemption and setting forth a statement of facts showing that the conditions precedent to our right to redeem have occurred, and
- an opinion of outside legal counsel of recognized standing in the affected Taxing Jurisdiction to the effect that we have or will become obligated to pay such Additional Amounts as a result of such change or amendment.

This notice, once delivered by us to the Trustee, will be irrevocable.

In the case of any partial redemption, selection of the Notes for redemption will be made in accordance with Article V of the Indenture. On and after the redemption date, interest will cease to accrue on Notes or portions thereof called-for redemption as long as the Issuer has deposited with the Paying Agent funds in satisfaction of the applicable redemption price pursuant to the Indenture.

6. Mandatory Repurchase Provisions

Change Of Control Offer. Upon the occurrence of a Change of Control, each Holder of Dollar Notes will have the right to require that the Issuer purchase all or a portion (in integral multiples of U.S.\$1,000) of the Holder's Dollar Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest through the date of purchase. Within 30 days following the date upon which the Change of Control occurred, the Issuer must make a Change of Control Offer pursuant to a Change of Control Notice. As more fully described in the Indenture, the Change of Control Notice shall state, among other things, the Change of Control Payment Date, which must be no earlier than 30 days nor later than 60 days from the date the notice is mailed, other than as may be required by applicable law.

Asset Sale Offer. The Indenture imposes certain limitations on the ability of the Company and its Restricted Subsidiaries to make Asset Sales. In the event the proceeds from a permitted Asset Sale exceed certain amounts and are not applied as specified in the Indenture, the Company will be required to make an Asset Sale Offer to purchase to the extent of such remaining proceeds each Holder's Notes together with holders of certain other Indebtedness at 100% of the principal amount thereof, plus accrued interest (if any) to the Asset Sale Offer Payment Date, as more fully set forth in the Indenture.

7. Denominations; Transfer; Exchange

The Dollar Notes are in fully registered form without coupons, and only in denominations of principal amount of U.S.\$150,000 and in integral multiples of U.S.\$1,000 in excess thereof. A Holder may transfer or exchange Notes in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar shall not be required to register the transfer or exchange of (x) any Note for a period beginning: (1) 15 days before the mailing of a notice of an offer to repurchase or redeem Notes and ending at the close of business on the day of such mailing or (2) 15 days before an Interest Payment Date and ending on such Interest Payment Date and (y) any Note selected for repurchase or redemption, except the unreurchased or unredeemed portion thereof, if any.

8. Persons Deemed Owners

The registered holder of this Note may be treated as the owner of it for all purposes.

9. Unclaimed Money

If money for the payment of principal or interest remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Issuer at its request unless an abandoned property law designates another Person. After any such payment, Holders entitled to the money must look only to the Issuer and not to the Trustee for payment.

10. Discharge Prior to Redemption or Maturity

Subject to certain conditions set forth in the Indenture, the Issuer at any time may terminate some or all of its obligations under the Dollar Notes and the Indenture if the Issuer deposits with the Trustee U.S. Legal Tender or U.S. Government Obligations for the payment of principal of and interest on the Dollar Notes to redemption or maturity, as the case may be.

11. Amendment, Waiver

Subject to certain exceptions set forth in the Indenture, (i) the Indenture or the Notes may be amended or supplemented with the written consent of the Holders of at least a majority in principal amount of the then-Outstanding Notes and (ii) any default (other than with respect to nonpayment or in respect of a provision that cannot be amended or supplemented without the written consent of each Holder affected) or noncompliance with any provision may be waived with the written consent of the Holders of a majority in aggregate principal amount of the then-Outstanding Notes. Subject to certain exceptions set forth in the Indenture, without the consent of any Holder, the Issuer and the Trustee may amend or supplement the Indenture or the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, or to comply with Article IV of the Indenture, or to provide for uncertificated Notes in addition to or in place of certificated Notes, or to add guarantees with respect to the Notes or to secure the Notes, or to add additional covenants or surrender rights and powers conferred on the Issuer or the Note Guarantors, or to make any change that does not adversely affect the rights of any Holder, or to provide for the issuance of Additional Notes.

12. Defaults and Remedies

If an Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the Outstanding Notes may declare all the Notes to be due and payable immediately. A Bankruptcy Event of Default will result in the Notes being due and payable immediately upon the occurrence of such Bankruptcy Event of Default.

Holdings may not enforce the Indenture or the Notes except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Notes unless it receives reasonable indemnity or security. Subject to certain limitations, Holders of a majority in principal amount of the Outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders notice of any continuing Default or Event of Default (except a Default or Event of Default in payment of principal or interest) if it determines that withholding notice is in their interest.

13. Trustee Dealings with the Issuer and the Note Guarantors

Subject to certain limitations set forth in the Indenture, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Issuer, any Note Guarantor or its Affiliates and may otherwise deal with the Issuer, any Note Guarantor or its Affiliates with the same rights it would have if it were not Trustee.

14. No Recourse Against Others

An incorporator, director, officer, employee, stockholder or controlling person, as such, of the Issuer or any Note Guarantor shall not have any liability for any obligations of the Issuer or any Note Guarantor under the Notes or the Indenture or for any claims based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each holder waives and releases all such liability.

15. Authentication

Any Officer of the Issuer may sign the Notes for the Issuer by manual or facsimile signature. This Note shall not be valid until an authorized signatory of the Trustee (or an Authenticating Agent) manually signs the certificate of authentication on the other side of this Note.

16. Abbreviations

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (= tenants in common), TEN ENT (= tenants by the entirety), JT TEN (= joint tenants with rights of survivorship and not as tenants in common), CUST (=custodian) and U/G/M/A (= Uniform Gift to Minors Act).

17. CUSIP Numbers

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures the Issuer has caused CUSIP or other similar numbers to be printed on the Dollar Notes and has directed the Trustee to use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Dollar Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

18. Governing Law

This Note shall be governed by, and construed in accordance with, the laws of the State of New York.

19. Currency of Account; Conversion of Currency.

U.S. Legal Tender is the sole currency of account and payment for all sums payable by the Issuer and the Note Guarantors under or in connection with the Dollar Notes or the Indenture, including damages. The Issuer and the Note Guarantors will indemnify the Holders as provided in respect of the conversion of currency relating to the Dollar Notes and the Indenture.

20. Agent for Service; Submission to Jurisdiction; Waiver of Immunities.

The Issuer and the Note Guarantors have agreed that any suit, action or proceeding against the Issuer or any Note Guarantor brought by any Holder or the Trustee

arising out of or based upon the Indenture or the Notes may be instituted in any state or federal court in the City of New York, New York. The Issuer and the Note Guarantors have irrevocably submitted to the jurisdiction of such courts for such purpose and waived, to the fullest extent permitted by law, trial by jury and any objection it may now or hereafter have to the laying of venue of any such proceeding, and any claim it may now or hereafter have that any proceeding in any such court is brought in an inconvenient forum. The Issuer and the Note Guarantors have appointed CEMEX NY Corporation, 590 Madison Avenue, 41st Floor, New York, NY 10022, as each of their authorized agent upon whom all writs, process and summonses may be served in any suit, action or proceeding arising out of or based upon the Indenture or the Notes which may be instituted in any state or federal court in the City of New York, New York. To the extent that any of the Issuer and the Note Guarantors have or hereafter may acquire any immunity (sovereign or otherwise) from any legal action, suit or proceeding, from jurisdiction of any court or from set-off or any legal process (whether service or notice, attachment in aid or otherwise) with respect to itself or any of its property, the Issuer and the Note Guarantors have irrevocably waived and agreed not to plead or claim such immunity in respect of its obligations under the Indenture or the Notes.

The Issuer will furnish to any Holder upon written request and without charge to the Holder a copy of the Indenture which has in it the text of this Note in larger type. Requests may be made to:

CEMEX España, S.A., acting through
its Luxembourg Branch,
CEMEX España, S.A.,
Luxembourg Branch
Rue Sainte Zithe 43-49, L-2763 Luxembourg

c/o CEMEX, S.A.B. de C.V.
Av. Ricardo Margáin Zozaya # 325
Colonia Valle del Campestre
Garza García, Nuevo León, México 66265
Tel: +5281-8888-8888

ASSIGNMENT FORM

To assign this Note, fill in the form below:

I or we assign and transfer this Note to

 (Print or type assignee's name, address and zip code)

 (Insert assignee's soc. sec. or tax I.D. No.)

and irrevocably appoint _____ as agent to transfer this Note on the books of the Issuer. The agent may substitute another to act for him.

Date: _____

Your Signature: _____

Signature Guarantee: _____
 (Signature must be guaranteed)

Sign exactly as your name appears on the other side of this Note.

The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program), pursuant to Exchange Act Rule 17Ad-15.

To be attached to Global Notes only:

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL NOTE

The following increases or decreases in this Global Note have been made:

<u>Date of Exchange</u>	<u>Amount of decrease in Principal Amount of this Global Note</u>	<u>Amount of increase in Principal Amount of this Global Note</u>	<u>Principal Amount of this Global Note following such decrease or increase</u>	<u>Signature of authorized signatory of Trustee or Note Custodian</u>

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Issuer pursuant to Section 3.12 or 3.8 of the Indenture, check either box:

Section 3.12

Section 3.8

If you want to elect to have only part of this Note purchased by the Issuer pursuant to Section 3.12 of the Indenture, state the principal amount (which must be an integral multiple of U.S.\$1,000): U.S.\$ _____

Date: _____ Your Signature _____
(Sign exactly as your name appears on the other side of the Note)

Signature Guarantee: _____
(Signature must be guaranteed)

The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program), pursuant to Exchange Act Rule 17Ad-15.

FORM OF EURO NOTE

[Include the following legend for Global Notes only:

“THIS IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE REFERRED TO HEREINAFTER.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE COMMON DEPOSITARY (AS DEFINED IN THE INDENTURE), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF THE COMMON DEPOSITARY OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE COMMON DEPOSITARY (AND ANY PAYMENT IS MADE TO THE COMMON DEPOSITARY OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE COMMON DEPOSITARY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, THE COMMON DEPOSITARY HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF THE COMMON DEPOSITARY OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR’S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.”]

[Include the following legend on all Notes that are Restricted Notes:

“THE NOTES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND *[Include the following on all Regulation S Notes that are Restricted Notes:* , PRIOR TO THE EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT),] MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) (1) TO CEMEX ESPAÑA, S.A., ACTING THROUGH ITS LUXEMBOURG BRANCH, CEMEX ESPAÑA, S.A., LUXEMBOURG BRANCH, (2) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A AND TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS MADE IN RELIANCE ON RULE 144A, (3) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903

OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE), OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. THIS LEGEND CAN ONLY BE REMOVED AT THE OPTION OF THE ISSUER.

[Include the following on all Regulation S Notes that are Restricted Notes: PRIOR TO THE EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT),] EACH PERSON ACQUIRING AN OWNERSHIP INTEREST IN THE NOTES (1) SHALL BE DEEMED TO REPRESENT AND WARRANT THAT IT EITHER (A) IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), (B) IS NOT A U.S. PERSON (AS DEFINED IN REGULATION S) AND IS OUTSIDE THE UNITED STATES OR (C) IS ACQUIRING SUCH OWNERSHIP INTEREST PURSUANT TO A VALID REGISTRATION STATEMENT OR IN ANOTHER TRANSACTION EXEMPT FROM SUCH REGISTRATION; (2) AGREES THAT [Include the following on all Regulation S Notes that are Restricted Notes: PRIOR TO THE EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT),] (X) IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT IN ACCORDANCE WITH THE FOREGOING RESTRICTIONS, AND IN ANY CASE IN COMPLIANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION; (Y) PRIOR TO SUCH TRANSFER, IT WILL FURNISH TO THE BANK OF NEW YORK MELLON, AS TRUSTEE (OR A SUCCESSOR TRUSTEE, AS APPLICABLE), SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS THE TRUSTEE MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND (Z) IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS “UNITED STATES”, “U.S. PERSON” AND “OFFSHORE TRANSACTION” HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.”]

[Include the following legend on all Notes as Mexican law legend:

“THE NOTES EVIDENCED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE NATIONAL SECURITIES REGISTRY (*REGISTRO NACIONAL DE VALORES*) MAINTAINED BY THE MEXICAN NATIONAL BANKING AND SECURITIES COMMISSION (*COMISIÓN NACIONAL BANCARIA Y DE VALORES*, OR CNBV), AND MAY NOT BE OFFERED OR SOLD PUBLICLY, OR OTHERWISE BE SUBJECT TO BROKERAGE, ACTIVITIES, IN MEXICO, EXCEPT THAT THE NOTES MAY BE OFFERED IN MEXICO TO QUALIFIED OR

INSTITUTIONAL INVESTORS PURSUANT TO THE PRIVATE PLACEMENT EXEMPTION SET FORTH UNDER ARTICLE 8 OF THE MEXICAN SECURITIES MARKET LAW (*LEY DEL MERCADO DE VALORES*). THE NOTES EVIDENCED HEREBY AND THIS OFFERING MEMORANDUM RELATED THERETO ARE SOLELY OUR RESPONSIBILITY AND HAVE NOT BEEN REVIEWED OR AUTHORIZED BY THE CNBV.

FORM OF FACE OF NOTE

9.875% Euro-Denominated Senior Secured Notes Due 2019

No. []

Principal Amount €[]

*[If the Note is a Global Note include the following two lines:
as revised by the Schedule of Increases and
Decreases in Global Note attached hereto]*

ISIN NO. 144A XS0752095843
Regulation S XS0752095686

CEMEX España, S.A., acting through its Luxembourg Branch, CEMEX España, S.A., Luxembourg Branch (together with its successors and assigns, the “Issuer”), promises to pay to The Bank of New York Mellon Depository (Nominees) Limited, as common depository for Euroclear and/or Clearstream, or registered assigns, the principal sum of [] Euros *[If the Note is a Global Note, add the following*, as revised by the Schedule of Increases and Decreases in Global Note attached hereto], on April 30, 2019.

Interest Payment Dates: April 30 and October 31, commencing October 31, 2012 Record Dates: April 15 and October 15

Additional provisions of this Note are set forth on the other side of this Note.

Executed in New York, New York, U.S.A.

CEMEX España, S.A., acting through its Luxembourg
branch, CEMEX España, S.A., Luxembourg Branch

By: _____

Name:

Title:

By: _____

Name:

Title:

TRUSTEE'S CERTIFICATE OF
AUTHENTICATION

The Bank of New York Mellon
as Trustee, certifies
that this is one of
the Euro Notes referred
to in the Indenture.

By: _____

Authorized Signatory

Date: _____

FORM OF REVERSE SIDE OF NOTE

9.875% Euro-Denominated Senior Secured Notes Due 2019

Capitalized terms used but not defined herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

The Notes will be deemed to have been issued in the State of New York (U.S.A.).

1. Interest

CEMEX España, S.A. acting through its Luxembourg Branch, CEMEX España, S.A., Luxembourg Branch (together with its successors and assigns, the “Issuer”), promises to pay interest on the principal amount of this Note at the rate per annum shown above.

The Issuer will pay interest semiannually in arrears on each Interest Payment Date of each year commencing October 31, 2012; *provided* that if any such Interest Payment Date is not a Business Day, then such payment shall be made on the next succeeding Business Day. Interest on the Notes will accrue from the most recent date to which interest has been paid on the Notes or, if no interest has been paid, from March 28, 2012; *provided* that if there is no existing Default or Event of Default on the payment of interest, and if this Note is authenticated between a Record Date referred to on the face hereof and the next succeeding Interest Payment Date (but after March 28, 2012), interest shall accrue from such next succeeding Interest Payment Date, except in the case of the original issuance of Notes, in which case interest shall accrue from March 28, 2012. The Issuer shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal at the then applicable interest rate on the Notes to the extent lawful; it shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest (“Defaulted Interest”), without regard to any applicable grace period, at the same rate to the extent lawful. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

All payments made by the Issuer in respect of the Notes will be made free and clear of and without deduction or withholding for or on account of any Taxes imposed or levied by or on behalf of any Taxing Authority, unless such withholding or deduction is required by law or by the interpretation or administration thereof. In that event, the Issuer will pay to each Holder of the Notes Additional Amounts as provided in the Indenture subject to the limitations set forth in the Indenture.

2. Method of Payment

By at least 3:00 p.m. (London time) on the Business Day prior to the date on which any principal of or interest on any Euro Note is due and payable, the Issuer shall irrevocably deposit with the Trustee or the Paying Agent money sufficient to pay such principal and/or interest. The Issuer will pay interest (except Defaulted Interest) on the applicable Interest Payment Date to the Persons who are registered Holders of Notes at the close of business on the Record Date preceding the Interest Payment Date even if Euro Notes are canceled, repurchased or redeemed after the Record Date and on or before the relevant Interest Payment Date, except as provided in Section 2.13 with respect to Defaulted Interest. Holders must surrender Euro Notes to a Paying Agent to collect principal payments. The Issuer will pay principal and interest in Euros.

Payments in respect of Euro Notes represented by a Global Note (including principal and interest) will be made by the transfer of immediately available funds to the accounts specified by Euroclear or Clearstream. The Issuer will make all payments in respect of a Certificated Note (including principal and interest) by SWIFT transfer using payment instructions provided by each registered Holder thereof as set forth in the Note Register.

3. Paying Agent and Registrar

Initially, The Bank of New York Mellon, the Trustee under the Indenture, will act as Trustee, Paying Agent and Registrar and The Bank of New York Mellon, London Branch, as an additional Paying Agent. The Issuer may appoint and change any Paying Agent, Registrar or co-Registrar without notice to any Holder. The Issuer, any Note Guarantor or any of their respective Affiliates may act as Paying Agent, Registrar or co-Registrar.

4. Indenture

The Issuer issued the Notes under an Indenture, dated as of March 28, 2012 (as it may be amended or supplemented from time to time in accordance with the terms thereof, the “Indenture”), among the Issuer, the Note Guarantors and the Trustee. The terms of the Notes include those stated in the Indenture. The Notes are subject to all such terms, and Holders are referred to the Indenture for a statement of those terms. Each Holder, by accepting a Note, agrees to be bound by all of the terms and provisions of the Indenture, as amended or supplemented from time to time.

The Notes are general senior obligations, which are secured by a first priority security interest in the Collateral on an equal and ratable basis with the other Permitted Secured Obligations, subject to the Collateral release provisions set forth in the Intercreditor Agreement. €[] in aggregate principal amount of Notes will be initially issued on the Issue Date. Subject to the conditions set forth in the Indenture and without the consent of the Holders, the Issuer may issue Additional Notes. All Notes will be treated as a single class of securities under the Indenture. The Indenture imposes certain limitations on, among other things, the ability of the Issuer and its Restricted Subsidiaries to: Incur Indebtedness, make Restricted Payments, incur Liens, designate Unrestricted Subsidiaries, make Asset Sales, enter into transactions with Affiliates, or consolidate or merge or transfer or convey all or substantially all of the Issuer’s assets.

To guarantee the due and punctual payment of the principal of (and premium, if any) and interest on the Notes and all other amounts payable by the Issuer under the Indenture and the Notes when and as the same shall be due and payable, whether at maturity, by acceleration or otherwise, according to the terms of the Notes and the Indenture, CEMEX, S.A.B. de C.V., CEMEX México, S.A. de C.V. and New Sunward Holding B.V. have unconditionally guaranteed, jointly and severally, such obligations pursuant to the terms of the Indenture. Each Note Guarantee will be subject to release as provided in the Indenture.

The obligations of each Note Guarantor in respect of its Note Guarantee will be limited to the maximum amount as will, after giving effect to all other contingent and fixed liabilities of such Note Guarantor and after giving effect to any collections from or payments made by or on behalf of any other Note Guarantor in respect of the obligations of such other Note Guarantor under its Note Guarantee or pursuant to its contribution obligations under the Indenture, result in the obligations of such Note Guarantor under its Note Guarantee not constituting a fraudulent conveyance, fraudulent transfer, or similar illegal transfer under federal or state law or the law of the jurisdiction of formation and incorporation of such Note Guarantors.

5. Optional Redemption

Except as stated below, the Issuer may not redeem the Euro Notes. The Issuer may redeem the Euro Notes, at its option, in whole at any time or in part from time to time, on and after April 30, 2016, at the following redemption prices, expressed as percentages of the principal amount thereof, if redeemed during the twelve-month period commencing on April 30, of any year set forth below, plus any accrued and unpaid interest on the principal amount of the Euro Notes to the date of redemption:

<u>Year</u>	<u>Percentage</u>
2016	104.94%
2017	102.47%
2018 and thereafter	100.00%

provided, however, that the Issuer shall not have the right to exercise any such optional redemption at any time when the Company is prohibited from having such an option under the Financing Agreement.

Prior to April 30, 2016, the Issuer will have the right, at its option, to redeem any of the Euro Notes, in whole or in part, at any time or from time to time prior to their maturity at a redemption price equal to the greater of (1) 100% of the principal amount of such Euro Notes and (2) the sum of the present value of each remaining scheduled payment of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Bund Rate (as defined below) plus 50 basis points, plus any accrued and unpaid interest on the principal amount of the Euro Notes to the date of redemption, *provided, however*, that the Issuer shall not have the right to exercise any such optional redemption at any time when the Company is prohibited from having such an option under the Financing Agreement.

“Bund Rate” means, as of any redemption date, the yield to maturity as of such redemption date of the Comparable German Bund Issue with a constant maturity most nearly equal to the period from the redemption date to the Stated Maturity assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such redemption date.

“Comparable German Bund Issue” means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to and that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of Euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Euro Notes and of a maturity most nearly equal to April 30, 2019; *provided, however*, that, if the period from such redemption date to April 30, 2019 is not equal to the fixed maturity of the German Bundesanleihe security selected by such Reference German Bund Dealer, the Bund Rate shall be determined by linear interpolation (calculated to the nearest one-twelfth of a year) from the yields of German Bundesanleihe securities for which such yields are given, except that if the period from such redemption date to April 30, 2019 is less than one year, a fixed maturity of one year shall be used.

“Comparable German Bund Price” means, with respect to any redemption date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Issuer obtains fewer than four such Reference German Bund Dealer Quotations, the average of such quotations.

“Reference German Bund Dealer” means any dealer of German Bundesanleihe securities appointed by the Issuer in good faith.

“Reference German Bund Dealer Quotations” means, with respect to each Reference German Bund Dealer and any redemption date, the average, as determined by the Issuer in good faith of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by such Reference German Bund Dealer at 3:30 p.m. Frankfurt, Germany, time on the third Business Day preceding the redemption date.

Optional Redemption upon Equity Offerings. At any time, or from time to time, on or prior to April 30, 2016, the Issuer may, at its option, use the net cash proceeds of one or more Equity Offerings to redeem in the aggregate up to 35% of the aggregate principal amount of the Euro Notes issued pursuant to the Indenture at a redemption price equal to 109.875% of the principal amount thereof plus any accrued and unpaid interest on the principal amount of the Euro Notes to the date of redemption; *provided*, that:

- after giving effect to any such redemption at least 65% of the aggregate principal amount of the Euro Notes issued under the Indenture remains outstanding; and
- the Issuer shall make such redemption not more than 90 days after the consummation of such Equity Offering;

provided, however, that the Issuer shall not have the right to exercise any such optional redemption at any time when the Company is prohibited from exercising such an option under the Financing Agreement.

“Equity Offering” means any public or private sale of Qualified Capital Stock after the Issue Date for cash other than issuances to any Subsidiary of the Company.

Optional Redemption for Changes in Withholding Taxes. If, as a result of any amendment to, or change in, the laws (or any rules or regulations thereunder) of a Taxing Jurisdiction affecting taxation, or any amendment to or change in an official interpretation or application of such laws, rules or regulations that has a general effect, which amendment to or change of such laws, rules or regulations becomes effective on or after the Issue Date (which, in the case of a merger, consolidation or other transaction permitted and described under Article IV shall be treated for this purpose as the date of such transaction) we would be obligated, after taking all reasonable measures to avoid this requirement, to pay Additional Amounts in excess of those attributable to a withholding tax rate of 10% with respect to the Notes (see “Additional Amounts”), then, at our option, all, but not less than all, of the Notes may be redeemed at any time on giving not less than 30 nor more than 60 days’ notice, at a redemption price equal to 100% of the outstanding principal amount, plus any accrued and unpaid interest on the principal amount of the Notes to the date of redemption; *provided, however*, that (1) no notice of redemption for tax reasons may be given earlier than 90 days prior to the earliest date on which we would be obligated to pay these Additional Amounts if a payment on the Notes were then due, and (2) at the time such notice of redemption is given such obligation to pay such Additional Amounts remains in effect; *provided, further, however*, that the Issuer shall not have the right to exercise any such optional redemption at any time when the Company is prohibited from having such an option under the Financing Agreement.

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

- an Officer’s Certificate stating that we are entitled to effect the redemption and setting forth a statement of facts showing that the conditions precedent to our right to redeem have occurred, and
- an opinion of outside legal counsel of recognized standing in the affected Taxing Jurisdiction to the effect that we have or will become obligated to pay such Additional Amounts as a result of such change or amendment.

This notice, once delivered by us to the Trustee, will be irrevocable.

In the case of any partial redemption, selection of the Notes for redemption will be made in accordance with Article V of the Indenture. On and after the redemption date, interest will cease to accrue on Notes or portions thereof called-for redemption as long as the Issuer has deposited with the Paying Agent funds in satisfaction of the applicable redemption price pursuant to the Indenture.

6. Mandatory Repurchase Provisions

Change Of Control Offer. Upon the occurrence of a Change of Control, each Holder of Euro Notes will have the right to require that the Issuer purchase all or a portion (in integral multiples of €1,000) of the Holder’s Euro Notes at a purchase price equal to 101% of the

principal amount thereof, plus accrued and unpaid interest through the date of purchase. Within 30 days following the date upon which the Change of Control occurred, the Issuer must make a Change of Control Offer pursuant to a Change of Control Notice. As more fully described in the Indenture, the Change of Control Notice shall state, among other things, the Change of Control Payment Date, which must be no earlier than 30 days nor later than 60 days from the date the notice is mailed, other than as may be required by applicable law.

Asset Sale Offer. The Indenture imposes certain limitations on the ability of the Company and its Restricted Subsidiaries to make Asset Sales. In the event the proceeds from a permitted Asset Sale exceed certain amounts and are not applied as specified in the Indenture, the Company will be required to make an Asset Sale Offer to purchase to the extent of such remaining proceeds each Holder's Notes together with holders of certain other Indebtedness at 100% of the principal amount thereof, plus accrued interest (if any) to the Asset Sale Offer Payment Date, as more fully set forth in the Indenture.

7. Denominations; Transfer; Exchange

The Euro Notes are in fully registered form without coupons, and only in denominations of principal amount of €100,000 and in integral multiples of €1,000 in excess thereof. A Holder may transfer or exchange Notes in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar shall not be required to register the transfer or exchange of (x) any Note for a period beginning: (1) 15 days before the mailing of a notice of an offer to repurchase or redeem Notes and ending at the close of business on the day of such mailing or (2) 15 days before an Interest Payment Date and ending on such Interest Payment Date and (y) any Note selected for repurchase or redemption, except the unrepurchased or unredeemed portion thereof, if any.

8. Persons Deemed Owners

The registered holder of this Note may be treated as the owner of it for all purposes.

9. Unclaimed Money

If money for the payment of principal or interest remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Issuer at its request unless an abandoned property law designates another Person. After any such payment, Holders entitled to the money must look only to the Issuer and not to the Trustee for payment.

10. Discharge Prior to Redemption or Maturity

Subject to certain conditions set forth in the Indenture, the Issuer at any time may terminate some or all of its obligations under the Euro Notes and the Indenture if the Issuer deposits with the Trustee Euros or European Government Obligations for the payment of principal of and interest on the Euro Notes to redemption or maturity, as the case may be.

11. Amendment, Waiver

Subject to certain exceptions set forth in the Indenture, (i) the Indenture or the Notes may be amended or supplemented with the written consent of the Holders of at least a majority in principal amount of the then-Outstanding Notes and (ii) any default (other than with respect to nonpayment or in respect of a provision that cannot be amended or supplemented without the written consent of each Holder affected) or noncompliance with any provision may be waived with the written consent of the Holders of a majority in aggregate principal amount of the then-Outstanding Notes. Subject to certain exceptions set forth in the Indenture, without the consent of any Holder, the Issuer and the Trustee may amend or supplement the Indenture or the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, or to comply with Article IV of the Indenture, or to provide for uncertificated Notes in addition to or in place of certificated Notes, or to add guarantees with respect to the Notes or to secure the Notes, or to add additional covenants or surrender rights and powers conferred on the Issuer or the Note Guarantors, or to make any change that does not adversely affect the rights of any Holder, or to provide for the issuance of Additional Notes.

12. Defaults and Remedies

If an Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the Outstanding Notes may declare all the Notes to be due and payable immediately. A Bankruptcy Event of Default will result in the Notes being due and payable immediately upon the occurrence of such Bankruptcy Event of Default.

Holders may not enforce the Indenture or the Notes except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Notes unless it receives reasonable indemnity or security. Subject to certain limitations, Holders of a majority in principal amount of the Outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders notice of any continuing Default or Event of Default (except a Default or Event of Default in payment of principal or interest) if it determines that withholding notice is in their interest.

13. Trustee Dealings with the Issuer and the Note Guarantors

Subject to certain limitations set forth in the Indenture, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Issuer, any Note Guarantor or its Affiliates and may otherwise deal with the Issuer, any Note Guarantor or its Affiliates with the same rights it would have if it were not Trustee.

14. No Recourse Against Others

An incorporator, director, officer, employee, stockholder or controlling person, as such, of the Issuer or any Note Guarantor shall not have any liability for any obligations of the Issuer or any Note Guarantor under the Notes or the Indenture or for any claims based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each holder waives and releases all such liability.

15. Authentication

Any Officer of the Issuer may sign the Notes for the Issuer by manual or facsimile signature. This Note shall not be valid until an authorized signatory of the Trustee (or an Authenticating Agent) manually signs the certificate of authentication on the other side of this Note.

16. Abbreviations

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (= tenants in common), TEN ENT (= tenants by the entirety), JT TEN (= joint tenants with rights of survivorship and not as tenants in common), CUST (=custodian) and U/G/M/A (= Uniform Gift to Minors Act).

17. ISIN Numbers

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures the Issuer has caused ISIN or other similar numbers to be printed on the Euro Notes and has directed the Trustee to use ISIN numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Euro Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

18. Governing Law

This Note shall be governed by, and construed in accordance with, the laws of the State of New York.

19. Currency of Account; Conversion of Currency.

Euros is the sole currency of account and payment for all sums payable by the Issuer and the Note Guarantors under or in connection with the Euro Notes or the Indenture, including damages. The Issuer and the Note Guarantors will indemnify the Holders as provided in respect of the conversion of currency relating to the Euro Notes and the Indenture.

20. Agent for Service; Submission to Jurisdiction; Waiver of Immunities.

The Issuer and the Note Guarantors have agreed that any suit, action or proceeding against the Issuer or any Note Guarantor brought by any Holder or the Trustee arising out of or based upon the Indenture or the Notes may be instituted in any state or federal court in the City of New York, New York. The Issuer and the Note Guarantors have irrevocably submitted to the jurisdiction of such courts for such purpose and waived, to the fullest extent permitted by law, trial by jury and any objection it may now or hereafter have to the laying of venue of any such proceeding, and any claim it may now or hereafter have that any proceeding in any such court is brought in an inconvenient forum. The Issuer and the Note Guarantors have appointed CEMEX NY Corporation, 590 Madison Avenue, 41st Floor, New York, NY 10022, as each of their authorized agent upon whom all writs, process and summonses may be served in any suit, action or proceeding arising out of or based upon the Indenture or the Notes which may

be instituted in any state or federal court in the City of New York, New York. To the extent that any of the Issuer and the Note Guarantors have or hereafter may acquire any immunity (sovereign or otherwise) from any legal action, suit or proceeding, from jurisdiction of any court or from set-off or any legal process (whether service or notice, attachment in aid or otherwise) with respect to itself or any of its property, the Issuer and the Note Guarantors have irrevocably waived and agreed not to plead or claim such immunity in respect of its obligations under the Indenture or the Notes.

The Issuer will furnish to any Holder upon written request and without charge to the Holder a copy of the Indenture which has in it the text of this Note in larger type. Requests may be made to:

CEMEX España, S.A., acting through
its Luxembourg Branch,
CEMEX España, S.A., Luxembourg Branch
Rue Sainte Zithe 43-49, L-2763 Luxembourg

c/o CEMEX, S.A.B. de C.V.
Av. Ricardo Margáin Zozaya # 325
Colonia Valle del Campestre
Garza García, Nuevo León, México 66265
Tel: +5281-8888-8888

ASSIGNMENT FORM

To assign this Note, fill in the form below:

I or we assign and transfer this Note to

(Print or type assignee's name, address and zip code)

(Insert assignee's soc. sec. or tax I.D. No.)

and irrevocably appoint

as agent to transfer this Note on the books of the Issuer. The agent may substitute another to act for him.

Date:

Your Signature:

Signature Guarantee:

(Signature must be guaranteed)

Sign exactly as your name appears on the other side of this Note.

The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program), pursuant to Exchange Act Rule 17Ad-15.

To be attached to Global Notes only:

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL NOTE

The following increases or decreases in this Global Note have been made:

<u>Date of Exchange</u>	<u>Amount of decrease in Principal Amount of this Global Note</u>	<u>Amount of increase in Principal Amount of this Global Note</u>	<u>Principal Amount of this Global Note following such decrease or increase</u>	<u>Signature of authorized signatory of Trustee or Note Custodian</u>

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Issuer pursuant to Section 3.12 or 3.8 of the Indenture, check either box:

Section 3.12

Section 3.8

If you want to elect to have only part of this Note purchased by the Issuer pursuant to Section 3.12 of the Indenture, state the principal amount (which must be an integral multiple of €1,000): €

Date: _____ Your Signature _____
(Sign exactly as your name appears on the other side of the Note)

Signature Guarantee: _____
(Signature must be guaranteed)

The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program), pursuant to Exchange Act Rule 17Ad-15.

FORM OF CERTIFICATION FOR TRANSFER PURSUANT TO REGULATION S
(DOLLAR NOTES)

[Date]

The Bank of New York Mellon
101 Barclay Street – 4E
New York, NY 10286
Attention: Structured Finance Group

Re: 9.875% U.S. Dollar-Denominated Senior Secured Notes due 2019 (the “Dollar Notes”) of
CEMEX España, S.A., acting through its Luxembourg Branch, CEMEX España, S.A.,
Luxembourg Branch (the “Issuer”), CUSIP No. 151288AB3

Ladies and Gentlemen:

Reference is hereby made to the Indenture, dated as of March 28, 2012 (as amended and supplemented from time to time, the “Indenture”), among the Issuer, the Note Guarantors party thereto and The Bank of New York Mellon, as Trustee. Capitalized terms used but not defined herein shall have the meanings given them in the Indenture or Regulation S under the Securities Act of 1933, as amended (the “Securities Act”), as the case may be.

In connection with our proposed transfer of U.S.\$ aggregate principal amount of the Dollar Notes, which represent an interest in a Rule 144A Global Note beneficially owned by the undersigned (“Transferor”), we confirm that such transfer has been effected pursuant to and in accordance with Regulation S and, accordingly, we represent that:

- (a) the offer of the Dollar Notes was not made to a person in the United States;
- (b) either (i) at the time the buy order was originated, the transferee was outside the United States or we and any person acting on our behalf reasonably believed that the transferee was outside the United States or (ii) the transaction was executed in, on or through the facilities of a designated off-shore securities market and neither we nor any person acting on our behalf knows that the transaction has been pre-arranged with a buyer in the United States;
- (c) no directed selling efforts have been made in the United States in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S, as applicable;
- (d) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act; and
- (e) we are the beneficial owner of the principal amount of Dollar Notes being transferred.

In addition, if the transfer is made during a Distribution Compliance Period and the provisions of Rule 904(b)(1) or Rule 904(b)(2) of Regulation S are applicable thereto, we confirm that such transfer has been made in accordance with the applicable provisions of Rule 904(b)(1) or Rule 904(b)(2), as the case may be.

You, the Issuer and the Note Guarantors are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

Very truly yours,

[Name of Transferor]

By: _____

Authorized Signature]

Signature Guarantee: _____

(Signature must be guaranteed)

The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program), pursuant to Exchange Act Rule 17Ad-15.

FORM OF CERTIFICATION FOR TRANSFER PURSUANT TO REGULATION S
(EURO NOTES)

[Date]

The Bank of New York Mellon
101 Barclay Street – 4E
New York, NY 10286
Attention: Global Structured Finance Group

Re: 9.875% Euro-Denominated Senior Secured Notes due 2019 (the “Euro Notes”) of
CEMEX España, S.A., acting through its Luxembourg Branch, CEMEX España, S.A.,
Luxembourg Branch (the “Issuer”), ISIN XS0752095843

Ladies and Gentlemen:

Reference is hereby made to the Indenture, dated as of March 28, 2012 (as amended and supplemented from time to time, the “Indenture”), among the Issuer, the Note Guarantors party thereto and The Bank of New York Mellon, as Trustee. Capitalized terms used but not defined herein shall have the meanings given them in the Indenture or Regulation S under the Securities Act of 1933, as amended (the “Securities Act”), as the case may be.

In connection with our proposed transfer of € aggregate principal amount of the Euro Notes, which represent an interest in a Rule 144A Global Note beneficially owned by the undersigned (“Transferor”), we confirm that such transfer has been effected pursuant to and in accordance with Regulation S and, accordingly, we represent that:

(a) the offer of the Euro Notes was not made to a person in the United States;

(b) either (i) at the time the buy order was originated, the transferee was outside the United States or we and any person acting on our behalf reasonably believed that the transferee was outside the United States or (ii) the transaction was executed in, on or through the facilities of a designated off-shore securities market and neither we nor any person acting on our behalf knows that the transaction has been pre-arranged with a buyer in the United States;

(c) no directed selling efforts have been made in the United States in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S, as applicable;

(d) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act; and

(e) we are the beneficial owner of the principal amount of Euro Notes being transferred.

In addition, if the transfer is made during a Distribution Compliance Period and the provisions of Rule 904(b)(1) or Rule 904(b)(2) of Regulation S are applicable thereto, we confirm that such transfer has been made in accordance with the applicable provisions of Rule 904(b)(1) or Rule 904(b)(2), as the case may be.

You, the Issuer and the Note Guarantors are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

Very truly yours,

[Name of Transferor]

By: _____

Authorized Signature]

Signature Guarantee: _____

(Signature must be guaranteed)

The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program), pursuant to Exchange Act Rule 17Ad-15.

FORM OF CERTIFICATION FOR TRANSFER PURSUANT TO RULE 144
(DOLLAR NOTES)

[Date]

The Bank of New York Mellon
101 Barclay Street – 4E
New York, NY 10286
Attention: Global Structured Finance Group

Re: 9.875% U.S. Dollar-Denominated Senior Secured Notes due 2019 (the “Dollar Notes”) of
CEMEX España, S.A., acting through its Luxembourg Branch, CEMEX España, S.A.,
Luxembourg Branch (the “Issuer”), CUSIP No. 151288AB3

Ladies and Gentlemen:

Reference is hereby made to the Indenture, dated as of March 28, 2012 (as amended and supplemented from time to time, the “Indenture”), among the Issuer, the Note Guarantors named therein and The Bank of New York Mellon, as Trustee. Capitalized terms used but not defined herein shall have the meanings given them in the Indenture.

In connection with our proposed transfer of U.S.\$ _____ aggregate principal amount of the Dollar Notes, which represent an interest in a 144A Global Note beneficially owned by the undersigned (“Transferor”), we confirm that such transfer has been effected pursuant to and in accordance with Rule 144 under the Securities Act.

You, the Issuer and the Note Guarantors are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

Very truly yours,

[Name of Transferor]

By: _____

Authorized Signature

Signature Guarantee: _____
(Signature must be guaranteed)

The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program), pursuant to Exchange Act Rule 17Ad-15.

FORM OF CERTIFICATION FOR TRANSFER PURSUANT TO RULE 144 (EURO NOTES)

[Date]

The Bank of New York Mellon
101 Barclay Street – 4E
New York, NY 10286
Attention: Global Structured Finance Group

Re: 9.875% Euro-Denominated Senior Secured Notes due 2019 (the “Euro Notes”) of
CEMEX España, S.A., acting through its Luxembourg Branch, CEMEX España, S.A.,
Luxembourg Branch (the “Issuer”), ISIN XS0752095843

Ladies and Gentlemen:

Reference is hereby made to the Indenture, dated as of March 28, 2012 (as amended and supplemented from time to time, the “Indenture”), among the Issuer, the Note Guarantors named therein and The Bank of New York Mellon, as Trustee. Capitalized terms used but not defined herein shall have the meanings given them in the Indenture.

In connection with our proposed transfer of € _____ aggregate principal amount of the Euro Notes, which represent an interest in a 144A Global Note beneficially owned by the undersigned (“Transferor”), we confirm that such transfer has been effected pursuant to and in accordance with Rule 144 under the Securities Act.

You, the Issuer and the Note Guarantors are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

Very truly yours,

[Name of Transferor]

By: _____

Authorized Signature

Signature Guarantee: _____
(Signature must be guaranteed)

The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program), pursuant to Exchange Act Rule 17Ad-15.

FORM OF CERTIFICATION FOR TRANSFER PURSUANT TO RULE 144A
(DOLLAR NOTES)

[Date]

The Bank of New York Mellon
 101 Barclay Street – 4E
 New York, NY 10286
 Attention: Global Structured Finance Group

Re: 9.875% U.S. Dollar-Denominated Senior Secured Notes due 2019 (the “Dollar Notes”) of
 CEMEX España, S.A., acting through its Luxembourg Branch, CEMEX España, S.A.,
 Luxembourg Branch (the “Issuer”), CUSIP No. E28087 AC3

Ladies and Gentlemen:

Reference is hereby made to the Indenture, dated as of March 28, 2012 (as amended and supplemented from time to time, the “Indenture”), among the Issuer, the Note Guarantors named therein and The Bank of New York Mellon, as Trustee. Capitalized terms used but not defined herein shall have the meanings given them in the Indenture.

In connection with our proposed transfer of U.S.\$ _____ aggregate principal amount of the Dollar Notes, which represent an interest in a Regulation S Global Note beneficially owned by the undersigned (“Transferor”), we confirm that such transfer has been effected pursuant to and in accordance with Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”) and, accordingly, we represent that the beneficial interest will be transferred to a Person that we reasonably believe is purchasing the beneficial interest for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and such transfer is in compliance with any applicable blue sky securities laws of any state of the United States.

You, the Issuer and the Note Guarantors are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

Very truly yours,

[Name of Transferor]

By: _____

Authorized Signature

Signature Guarantee:

_____ (Signature must be guaranteed)

The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program), pursuant to Exchange Act Rule 17Ad-15.

FORM OF CERTIFICATION FOR TRANSFER PURSUANT TO RULE 144A
(EURO NOTES)

[Date]

The Bank of New York Mellon
101 Barclay Street – 4E
New York, NY 10286
Attention: Global Structured Finance Group

Re: 9.875% Euro-Denominated Senior Secured Notes due 2019 (the “Euro Notes”) of
CEMEX España, S.A., acting through its Luxembourg Branch, CEMEX España, S.A.,
Luxembourg Branch (the “Issuer”), ISIN: XS0752095686

Ladies and Gentlemen:

Reference is hereby made to the Indenture, dated as of March 28, 2012 (as amended and supplemented from time to time, the “Indenture”), among the Issuer, the Note Guarantors named therein and The Bank of New York Mellon, as Trustee. Capitalized terms used but not defined herein shall have the meanings given them in the Indenture.

In connection with our proposed transfer of € _____ aggregate principal amount of the Euro Notes, which represent an interest in a Regulation S Global Note beneficially owned by the undersigned (“Transferor”), we confirm that such transfer has been effected pursuant to and in accordance with Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”) and, accordingly, we represent that the beneficial interest will be transferred to a Person that we reasonably believe is purchasing the beneficial interest for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and such transfer is in compliance with any applicable blue sky securities laws of any state of the United States.

You, the Issuer and the Note Guarantors are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

Very truly yours,

[Name of Transferor]

By: _____

Authorized Signature

Signature Guarantee:

_____ (Signature must be guaranteed)

The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program), pursuant to Exchange Act Rule 17Ad-15.

“CONSOLIDATED LEVERAGE RATIO” AND RELATED DEFINITIONS

The definition of “Consolidated Leverage Ratio” comes from the Financing Agreement as of the date hereof and is to be used solely for purposes of calculating the Consolidated Leverage Ratio in the context of determining whether a Partial Covenant Suspension Event has occurred.

“**2012 CB Amount**” means an aggregate amount equal to the Relevant Existing Financial Indebtedness maturing on or prior to the 2012 CB Maturity Date.

“**2012 CB Maturity Date**” means the final maturity date of the Relevant Existing Financial Indebtedness maturing in September, 2012 (being 21 September, 2012).

“**Acceptable Bank**” means:

- (a) a bank or financial institution which has a rating for its long-term unsecured and non-credit-enhanced debt obligations of A- or higher by S&P or A- or higher by Fitch or A3 or higher by Moody’s or a comparable rating from an internationally recognised credit rating agency;
- (b) any other bank or financial institution in a jurisdiction in which a member of the Group conducts commercial operations where such member of the Group, in the ordinary course of trading, subscribes for certificates of deposit issued by such bank or financial institution; or
- (c) any other bank or financial institution approved by the Administrative Agent.

“**Accession Letter**” means a document substantially in the form set out in Schedule 4 (*Form of Accession Letter*) of the Financing Agreement.

“**Additional Guarantor**” means a company that becomes an Additional Guarantor in accordance with Clause 28 (*Changes to the Obligors*) of the Financing Agreement.

“**Additional Security Provider**” means a company that becomes an Additional Security Provider in accordance with Clause 28 (*Changes to the Obligors*) of the Financing Agreement.

“**Administrative Agent**” means Citibank International PLC, as administrative agent of the Finance Parties (other than itself) under the Financing Agreement.

“**Affiliate**” means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

“**Applicable GAAP**” means:

- (a) in the case of the Company, Mexican FRS or, if adopted by the Company in accordance with Clause 22.3 (*Requirements as to financial statements*) of the Financing Agreement, IFRS;
- (b) in the case of CEMEX España, Spanish GAAP or, if adopted by CEMEX España in accordance with Clause 22.3 (*Requirements as to financial statements*) of the Financing Agreement, IFRS; and
- (c) in the case of any other Obligor, the generally accepted accounting principles applying to it in the country of its incorporation or in a jurisdiction agreed to by the Administrative Agent or, if adopted by the relevant Obligor, IFRS.

“**Authorised Signatory**” means, in relation to any Obligor, any person who is duly authorised and in respect of whom the Administrative Agent has received a certificate signed by a director or another Authorised Signatory of such Obligor setting out the name and signature of such person and confirming such person’s authority to act.

“**Banobras Facility**” means a revolving loan agreement (*Contrato de Apertura de Crédito en Cuenta Corriente*) between CEMEX CONCRETOS, S.A. de C.V., as borrower and Banco Nacional de Obras y Servicios Públicos, Sociedad Nacional de Crédito, Institución de Banca de Desarrollo, as lender (“**Banobras**”), in an aggregate principal amount equal to Mex\$5,000,000,000.00 (five billion pesos), dated April 22, 2009, which was formalized by means of public deeds number 116,380 and 116,381 dated April 22, 2009, granted before Mr. José Angel Villalobos Magaña, notary public number 9 for Mexico, Federal District, as such facility may be amended from time to time.

“**Base Currency**” means US dollars.

“**Base Currency Amount**” means on any date:

- (a) in relation to an amount or Exposure denominated in the Base Currency, that amount or the amount of that Exposure; and
- (b) in relation to an amount or Exposure denominated in a currency other than the Base Currency, that amount or the amount of that Exposure converted into the Base Currency at:
 - (i) for the purposes of determining the Majority Participating Creditors, the exchange rate displayed on the appropriate Reuters screen at or about 11:00 a.m. on the date on which such determination is made (or if the agreed page is replaced or services cease to be available, the Administrative Agent may specify another page or service displaying the appropriate rate after consultation with the Company and the Participating Creditors); and
 - (ii) for all other purposes, the exchange rate displayed on the appropriate Reuters screen at or about 11:00 a.m. on the date which is five Business Days before that date (or if the agreed page is replaced or services cease to be available, the Administrative Agent may specify another page or service displaying the appropriate rate after consultation with the Company and the Participating Creditors).

“**Bilateral Bank Facilities**” means the facilities described in Part IB of Part II of Schedule 1 (*The Original Participating Creditors*) of the Financing Agreement.

“**Borrower**” means an Original Borrower unless it has ceased to be a Borrower in accordance with Clause 28.2 (*Resignation of a Borrower*) of the Financing Agreement.

“**Business Day**” means a day (other than a Saturday or Sunday) on which banks are open for general business in London, Madrid, New York, Amsterdam and Mexico City (in the case of Mexico City, if applicable, as specified by a governmental authority), and:

- (a) (in relation to any date for payment or lending or purchase of, or the determination of an interest rate or rate of exchange in relation to, a currency other than euro) the principal financial centre of the country of that currency; or
- (b) (in relation to any date for payment or lending or purchase of, or the determination of an interest rate or rate of exchange in relation to, euro) any TARGET Day.

“**Business Plan**” means the five year business plan of the Group delivered in conjunction with the Financing Agreement.

“**Capital Expenditure**” means any expenditure or obligation in respect of expenditure which, in accordance with Applicable GAAP of the Company, is treated as capital expenditure (and including the capital element of any expenditure or obligation incurred in connection with a Capital Lease) (and, solely for the purposes of paragraph (c) of Clause 23.2 (*Financial condition*) of the Financing Agreement, the maximum amount of Capital Expenditure

of the Group permitted in the Financial Year ending on or about 31 December 2009 will be increased by an amount not exceeding \$50,000,000 in aggregate to the extent necessary to take into account currency fluctuations or additional costs and expenses contemplated by (or that have occurred since the date of) the Business Plan).

“**Capital Lease**” means, as to any person, the obligations of such person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of the Company under Applicable GAAP and the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with Applicable GAAP of the Company.

“**Capital Stock**” means any and all shares, interests, participations or other equivalents (however designed) of capital stock of a corporation, any and all equivalent ownership interests in a person (other than a corporation) and any and all warrants, rights or options to purchase any of the foregoing.

“**Cash Equivalent Investments**” means at any time:

- (a) certificates of deposit maturing within one year after the relevant date of calculation and issued by an Acceptable Bank;
- (b) any investment in marketable debt obligations issued or expressly guaranteed by the government of Mexico, the United States of America (or any state thereof (including any political subdivision of such state)), the United Kingdom, any member state of the European Economic Area or any Participating Member State or any member state of NAFTA (or any other jurisdiction in which a member of the Group conducts commercial operations if that member of the Group makes investments in such debt obligations in the ordinary course of its trading) or by an instrumentality or agency of any of them having an equivalent credit rating, maturing within one year after the relevant date of calculation and not convertible or exchangeable to any other security;
- (c) commercial paper not convertible into or exchangeable for any other security:
 - (i) for which a recognised trading market exists;
 - (ii) issued by an issuer incorporated in Mexico, the United States of America (or any state thereof (including any political subdivision of such state)), the United Kingdom, any member state of the European Economic Area or any Participating Member State or any member state of NAFTA (or any other jurisdiction in which a member of the Group makes investments in such debt obligations in the ordinary course of trading);
 - (iii) which matures within one year after the relevant date of calculation; and
 - (iv) which has a credit rating of either A-1 or higher by S&P or F1 or higher by Fitch or P-1 or higher by Moody’s, or, if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long-term unsecured and non-credit enhanced debt obligations, an equivalent rating;
- (d) sterling bills of exchange eligible for rediscount at the Bank of England and accepted by an Acceptable Bank (or their dematerialised equivalent);
- (e) any investment in money market funds which (i) have a credit rating of either A-1 or higher by S&P or F1 or higher by Fitch or P-1 or higher by Moody’s, (ii) which invest substantially all their assets in securities of the types described in paragraphs (a) to (d) above and (f) and (g) below and (iii) can be turned into cash on not more than 30 days’ notice; or
- (f) any deposit issued by any of Nacional Financiera, S.N.C., Banco Nacional de Comercio Exterior, S.N.C., Banco Nacional de Obras y Servicios Publicos, S.N.C. or any other development bank controlled by the Mexican government;

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- (g) any other debt instrument rated “investment grade” (or the local equivalent thereof according to local criteria in a country in which any member of the Group conducts commercial operations and in which local pensions are permitted by law to invest) with maturities of 12 months or less from the date of acquiring such investment;
 - (h) investments in mutual funds, managed by banks or financial institutions, with a local currency credit rating of at least MxAA by S&P or equivalent by any other reputable local rating agency, that invest principally in marketable direct obligations issued by the Mexican government, or issued by any agency or instrumentality thereof; and
 - (i) any other debt security, certificate of deposit, commercial paper, bill of exchange, investment in money market funds or material funds approved by the Majority Participating Creditors,

in each case, to which any member of the Group is alone (or together with other members of the Group) beneficially entitled at that time and which is not issued or guaranteed by any member of the Group or subject to any Security (other than Security arising under the Transaction Security Documents).

“**CB Cash Replenishment Amount**” means, for a particular Relevant Prepayment Period, the amount of cash in hand of the Company on a consolidated basis to be applied by the Company to the CB Reserve pursuant to paragraph (b) of Clause 13.3 (*Mandatory prepayments: Certificados Bursatiles Reserve*) of the Financing Agreement at any time during that Relevant Prepayment Period **provided that** such amount, together with the CB Disposal Proceeds Replenishment Amount applicable to that Relevant Prepayment Period, may not exceed the CB Reserve Shortfall at that time.

“**CB Disposal Proceeds Replenishment Amount**” means for a particular Relevant Prepayment Period, the amount of any Disposal Proceeds received by any member of the Group during that Relevant Prepayment Period to be applied by the Company to the CB Reserve pursuant to paragraph (b) of Clause 13.3 (*Mandatory prepayments: Certificados Bursatiles Reserve*) of the Financing Agreement **provided that** such amount, together with the CB Cash Replenishment Amount applicable to that Relevant Prepayment Period, may not exceed the CB Reserve Shortfall at that time.

“**CB Reserve**” means the reserve created by the Company or any of its Subsidiaries for the purposes of holding the proceeds of any Permitted Fundraising that, as set out in the relevant CB Reserve Certificate, are to be applied in accordance with Clause 13.3 (*Mandatory prepayments: Certificados Bursatiles Reserve*) of the Financing Agreement.

“**CB Reserve Certificate**” means a certificate signed by a Responsible Officer of the Company setting out, with respect to a Permitted Fundraising the net cash proceeds of which are to be applied in accordance with Clause 13.3 (*Mandatory prepayments: Certificados Bursatiles Reserve*) of the Financing Agreement:

- (i) the amount of proceeds from the relevant Permitted Fundraising that the Company wishes to be applied to the CB Reserve (such amount to not exceed the aggregate amount of the Relevant Existing Financial Indebtedness that is due to mature within the Relevant Prepayment Period to which it applies); and
- (ii) specific details of the Relevant Existing Financial Indebtedness to which any amounts are designated by the Company to be applied including the total aggregate amount of such Relevant Existing Financial Indebtedness and the date on which such Relevant Existing Financial Indebtedness matures.

“**CB Reserve Shortfall**” means at any time, for a particular Relevant Prepayment Period, an amount equal to the lower of:

- (i) the aggregate amount of (A) any voluntary prepayments made to Participating Creditors pursuant to Clause 12.2 (*Voluntary prepayment of Exposures*) of the Financing Agreement from proceeds standing to the credit of the CB Reserve in that Relevant Prepayment Period and (B) the 2012 CB Amount; and

(ii) the principal amount of any Relevant Existing Financial Indebtedness then outstanding in that Relevant Prepayment Period.

“**Change of Control**” means that the beneficial ownership (within the meaning of Rule 13d-3 promulgated by the SEC under the Securities Exchange Act of 1934, as amended) of 20 per cent. or more in voting power of the outstanding voting stock of the Company is acquired by any person, **provided that** the acquisition of beneficial ownership of capital stock of the Company by Lorenzo H. Zambrano or any member of his immediate family shall not constitute a Change of Control.

“**Charged Property**” means all of the assets of the Security Providers which from time to time are, or are expressed to be, the subject of the Transaction Security.

“**Compliance Certificate**” means a certificate substantially in the form set out in Schedule 5 (*Form of Compliance Certificate*) of the Financing Agreement.

“**Consolidated Coverage Ratio**” means, on any date of determination, the ratio of (a) EBITDA for the one (1) year period ending on such date to (b) Consolidated Interest Expense for the one (1) year period ending on such date.

“**Consolidated Debt**” means, at any date, the sum (without duplication) of (a) the aggregate amount of all Debt of the Company and its Subsidiaries at such date, which shall include the amount of any recourse in respect of Inventory Financing permitted under paragraph (e) of the definition of Permitted Financial Indebtedness, *plus* (b) to the extent not included in Debt, the aggregate net mark-to-market amount of all derivative financing in the form of equity swaps outstanding at such date (except to the extent such exposure is cash collateralized to the extent permitted under the Finance Documents).

“**Consolidated Funded Debt**” means, for any period, Consolidated Debt less the sum (without duplication) of (i) all obligations of such person to pay the deferred purchase price of property or services, (ii) all obligations of such person as lessee under Capital Leases, and (iii) all obligations of such person with respect to product invoices incurred in connection with export financing.

“**Consolidated Interest Expense**” means, for any period, the sum of the (1) total gross cash and non-cash interest expense of the Company and its consolidated Subsidiaries relating to Consolidated Funded Debt of such persons, (2) any amortization or accretion of debt discount or any interest paid on Consolidated Funded Debt of such person and its Subsidiaries in the form of additional Financial Indebtedness (but excluding any amortization of deferred financing and debt issuance costs), (3) the net costs under Treasury Transactions in respect of interest rates (but excluding amortization of fees), (4) any amounts paid in cash on preferred stock, and (5) any interest paid or accrued in respect of Consolidated Funded Debt without a maturity date, regardless of whether considered interest expense under Applicable GAAP of the Company. For purposes of calculating Consolidated Interest Expense for the Reference Period ending 30 June 2010, \$131,406,696.17 shall be deducted, constituting the amount of interest paid in respect of perpetual debentures on 1 July 2009 for the period ending 30 June 2009.

“**Consolidated Leverage Ratio**” means, on any date of determination, the ratio of (a) Consolidated Funded Debt on such date to (b) EBITDA for the one (1) year period ending on such date.

“**Core Bank Facilities**” means the Syndicated Bank Facilities, the Bilateral Bank Facilities and the Promissory Notes.

“**Creditor’s Representative**” means:

- (a) with respect to each of the Syndicated Bank Facilities, the person appointed as the agent of the creditors in relation to such Facility under the Existing Finance Documents relating to such Facility;

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- (b) with respect to each other Core Bank Facility, the Participating Creditor with an Exposure under that Facility; and
 - (c) with respect to each USPP Note, the Participating Creditor with an Exposure under that USPP Note.

“**Debt**” of any person means, without duplication, (i) all obligations of such person for borrowed money, (ii) all obligations of such person evidenced by bonds, debentures, notes or other similar instruments, including the perpetual bonds, (iii) the aggregate net mark-to-market of Treasury Transactions (except to the extent such exposure is cash collateralized to the extent permitted under the Finance Documents) of such person but excluding Treasury Transactions relating to the rate or price of energy or any commodity, (iv) all obligations of such person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of trading, (v) all obligations of such person as lessee under Capital Leases, (vi) all Debt of others secured by Security on any asset of such person, up to the value of such asset, (vii) all obligations of such person with respect to product invoices incurred in connection with export financing, (viii) all obligations of such person under repurchase agreements for the stock issued by such person or another person, (ix) all obligations of such person in respect of Inventory Financing permitted under paragraph (e) of the definition of Permitted Financial Indebtedness and (x) all guarantees of such person in respect of any of the foregoing **provided, however**, that for the purposes of calculating the Consolidated Funded Debt element of the Consolidated Leverage Ratio, Relevant Convertible/Exchangeable Obligations shall be excluded from each of the foregoing paragraphs (i) to (x) inclusive (provided that, in the case of outstanding Financial Indebtedness under any Relevant Convertible/Exchangeable Obligations (1) only the principal amount thereof shall be excluded and (2) such exclusion shall apply only for so long as such amounts remain subordinated in accordance with the terms of that definition) and (b) amounts falling within paragraph (v) of the definition of Excluded Fundraising Proceeds, for the period in which they are held by the Company or any member of the Group pending application in accordance with the terms of the Financing Agreement, shall be deducted from the aggregate Debt calculation resulting from this definition. For the avoidance of doubt, all letters of credit, banker’s acceptances or similar credit transactions, including reimbursement obligations in respect thereof are not Debt until they are required to be funded.

“**Debt Documents**” means the Finance Documents, the “Refinancing Documents” (as defined in the Intercreditor Agreement) and the “Noteholder Documents” (as defined in the Intercreditor Agreement).

“**Debt Reduction Satisfaction Date**” means the first date following 30 September 2010 on which:

- (a) the Base Currency Amount of the Exposures of Participating Creditors under the Facilities (calculated as at the date that any reduction of Exposures occurs and in accordance with the Financing Agreement) has been reduced by an aggregate amount equal to at least US\$1,000,000,000 compared to the Exposures of Participating Creditors under the Facilities as at 30 September 2010; and
- (b) the amount of Consolidated Funded Debt is at least US\$1,000,000,000 (or its equivalent in any other currency) lower than the level of Consolidated Funded Debt as at 30 September 2010 (for the avoidance of doubt, when used in this sub-paragraph, Consolidated Funded Debt shall not include any Relevant Convertible/Exchangeable Obligations),

with notification of the occurrence of such date being provided by the Parent delivering a certificate to the Administrative Agent signed by an Authorised Signatory confirming that (a) and (b) above have been met.

“**Delegate**” means any delegate, agent, attorney or co-trustee appointed by the Security Agent.

“**Discontinued EBITDA**” means, for any period, the sum for Discontinued Operations of (a) operating income (*utilidad de operación*), and (b) depreciation and amortization expense, in each case determined in accordance with Applicable GAAP of the Company consistently applied for such period.

“**Discontinued Operations**” means operations that are accounted for as discontinued operations pursuant to Applicable GAAP of the Company for which the Disposal of such assets has not yet occurred.

“**Disposal**” means a sale, lease, license, transfer, loan or other disposal by a person of any asset (including shares in any Subsidiary or other company), undertaking or business (whether by a voluntary or involuntary single transaction or series of transactions).

“**Disposal Proceeds**” means:

- (i) the cash consideration received by any member of Group (including any amount received from a person who is not a member of the Group in repayment of intercompany debt save to the extent that the creditor in respect of the intercompany debt is obliged to repay that amount to the purchaser at or about completion of the Disposal) for any Disposal;
- (ii) any proceeds of any Disposal received in the form of Marketable Securities that are required to be disposed of for cash (after deducting reasonable expenses incurred by the party disposing of those Marketable Securities to persons other than members of the Group) pursuant to the criteria set out at paragraph (h) of the definition of Permitted Disposal; and
- (iii) any proceeds of any Disposal received in any other form to the extent disposed of or otherwise converted into cash within 90 days of receipt; and
- (iv) any consideration falling within paragraphs (i) to (iii) above that is received by any member of the Group from the Disposal of assets of the Group in Venezuela prior to the date of the Financing Agreement,

but excluding any Excluded Disposal Proceeds and, in every case, after deducting:

- (1) any reasonable expenses which are incurred by the disposing party of such assets with respect to that Disposal to persons who are not members of the Group;
- (2) any Tax incurred and required to be paid by the disposing party in connection with that Disposal (as reasonably determined by the disposing party on the basis of rates existing at the time of the disposal and taking account of any available credit, deduction or allowance);

“**EBITDA**” means, for any period, the sum for the Company and its Subsidiaries, determined on a consolidated basis of (a) operating income (*utilidad de operacion*), and (b) depreciation and amortization expense, in each case determined in accordance with Applicable GAAP of the Company, subject to the adjustments herein, consistently applied for such period and adjusted for Discontinued EBITDA as follows: if the amount of Discontinued EBITDA is a positive amount, then EBITDA shall increase by such amount, and if the amount of Discontinued EBITDA is a negative amount, then EBITDA shall decrease by the absolute value of such amount. For the purposes of calculating EBITDA for any applicable period pursuant to any determination of the Consolidated Leverage Ratio (but not the Consolidated Coverage Ratio): (A) (i) if at any time during such applicable period the Borrower or any of its Subsidiaries shall have made any Material Disposal, the EBITDA for such applicable period shall be reduced by an amount equal to the EBITDA (if positive) attributable to the property that is the subject of such Material Disposal for such applicable period (but when the Material Disposal is by way of lease, income received by the Company or any of its Subsidiaries under such lease shall be included in EBITDA) and (ii) if at any time during such applicable period the Company or any of its Subsidiaries shall have made any Material Acquisition, EBITDA for such applicable period shall be calculated after giving *pro forma* effect thereto as if such Material Acquisition had occurred on the first day of such applicable period. Additionally, if since the beginning of such applicable period any person that subsequently shall have become a Subsidiary or was merged or consolidated with the Company or any of its Subsidiaries as a result of a Material Acquisition occurring during such applicable period shall have made any Material Disposal or Material Acquisition of property that would have required an adjustment pursuant to clause (i) or (ii) above if made by the Company or any of its Subsidiaries during such applicable period, EBITDA for such period shall be calculated after giving *pro forma* effect thereto as if such Material Disposal or Material Acquisition had occurred on the first day of such applicable period; and (B) EBITDA will be recalculated by multiplying each month’s EBITDA by the Ending Exchange Rate and dividing the amount obtained thereto by the exchange rate used by the Company in preparation of its monthly financial statements in accordance with Applicable GAAP of the Company to convert \$ into Mexican pesos (such recalculated EBITDA being the “**Recalculated EBITDA**”).

“Ending Exchange Rate” means the exchange rate at the end of a Reference Period for converting \$ into Mexican pesos as used by the Company and its auditors in preparation of the Company’s financial statements in accordance with Applicable GAAP of the Company.

“Excluded Disposal Proceeds” means any CB Disposal Proceeds Replenishment Amount and the proceeds of any Disposal of:

- (i) inventory or trade receivables in the ordinary course of trading of the disposing entity;
- (ii) assets pursuant to a Permitted Securitisation programme existing as at the date of the Financing Agreement (or any rollover or extension of such a Permitted Securitisation);
- (iii) any asset from any member of the Group to another member of the Group on arm’s length terms and for fair market or book value;
- (iv) any assets the consideration for which (when aggregated with the consideration for any related Disposals) is less than \$5,000,000 (or its equivalent in any other currency);
- (v) assets leased or licensed to any director, officer or employee of any member of the Group in connection with and as part of the ordinary course of the service or employment arrangements of the Group;
- (vi) Marketable Securities (other than Marketable Securities received as consideration for a Disposal as envisaged in paragraphs (ii) and (iii) of the definition of Disposal Proceeds); and
- (vii) any cash or other assets arising out of or in connection with any Permitted Put/Call Transaction, including, but not limited to any settlement, disposal, transfer, assignment, closeout or other termination of such Permitted Put/Call Transaction.

“Excluded Fundraising Proceeds” means the proceeds of:

- (i) a Permitted Fundraising falling within paragraph (f)(i) of the definition of Permitted Financial Indebtedness entered into for the purpose of refinancing or extending the maturity of Existing Financial Indebtedness falling within paragraph (a) of the definition thereof (or paragraph (b) of the definition thereof, to the extent that it relates to Short Term Certificados Bursatiles) (and, in the case of a refinancing, where the proceeds that would, but for this paragraph (i), constitute “Permitted Fundraising Proceeds,” are actually applied for such purpose as soon as reasonably practicable (and in any event within 90 days) following receipt of those proceeds by any member of the Group);
- (ii) a Permitted Fundraising falling within paragraph (f)(ii) of the definition of Permitted Financial Indebtedness entered into for the purpose of refinancing or extending the maturity of Existing Financial Indebtedness falling within paragraphs (a) to (e) of the definition thereof (and, in the case of a refinancing, where the proceeds that would, but for this paragraph (ii), constitute “Permitted Fundraising Proceeds,” are actually applied for such purpose as soon as reasonably practicable (and in any event within 90 days) following receipt of those proceeds by any member of the Group).
- (iii) any transaction between members of the Group;
- (iv) Permitted Securitisations;

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- (v) prior to the Debt Reduction Satisfaction Date, a Permitted Fundraising falling within paragraph (c) of that definition or, after the Debt Reduction Satisfaction Date, a Permitted Fundraising falling within paragraphs (a), (b) or (c) of that definition provided that any Relevant Existing Financial Indebtedness due to mature within the particular Relevant Prepayment Period and the proceeds of such Permitted Fundraising are to be applied in accordance with Clause 13.3 (*Mandatory prepayments: Certificados Bursatiles Reserve*) of the Financing Agreement;
 - (vi) subject to Clause 13.4(ii) of the Financing Agreement, a Permitted Fundraising falling within paragraph (c) of that definition and applied or to be applied in accordance with Clause 13.4 (*Mandatory prepayments: Relevant Convertible/Exchangeable Obligations*) of the Financing Agreement; and
 - (vii) a Permitted Fundraising arising out of or in connection with any Permitted Put/Call Transaction, including, but not limited to, any settlement, disposal, transfer, assignment, close-out or other termination of such Permitted Put/Call Transaction.

“**Executive Compensation Plan**” means any stock option plan, restricted stock plan or retirement plan which the Company or any other Obligor customarily provides to its employees, consultants and directors.

“**Existing Facility Agreements**” means the facility agreements and other documents described in Part II, Schedule 1 (*The Original Participating Creditors*) of the Financing Agreement.

“**Existing Finance Documents**” means each Existing Facility Agreement, the USPP Note Guarantee, the “Finance Documents” as defined in any Existing Facility Agreement and the “Facility Transaction Documents” as defined in Exhibit H to the NY Law Amendment Agreement (but in each case excluding any document that is designated a “**Finance Document**” or “**Facility Transaction Document**” by an Obligor and the relevant Creditor’s Representative under an Existing Facility Agreement after the date of the Financing Agreement).

“**Existing Financial Indebtedness**” means:

- (a) the Financial Indebtedness described in Part I of Schedule 10 (*Existing Financial Indebtedness*) of the Financing Agreement **provided that** the principal amount of such Financial Indebtedness does not increase above the principal amount outstanding as at the date of the Financing Agreement (except by the amount of any capitalised interest under any facility or instrument that provided for capitalisation of interest on those terms as at the date of the Financing Agreement) less the amount of any repayments and prepayments made in respect of such Financial Indebtedness;
- (b) the Financial Indebtedness described in Part II of Schedule 10 (*Existing Financial Indebtedness*) of the Financing Agreement and any Short-Term Certificados Bursatiles, working capital or other operating facilities that replace or refinance such Financial Indebtedness;
- (c) the Financial Indebtedness described in Part III of Schedule 10 (*Existing Financial Indebtedness*) of the Financing Agreement and any Capital Leases that replace (and relate to the same or similar assets as) such Financial Indebtedness;
- (d) the Financial Indebtedness described in Part IV of Schedule 10 (*Existing Financial Indebtedness*) of the Financing Agreement and any Inventory Financing or factoring arrangements that replace (and relate to the same or similar assets as) such Financial Indebtedness; and
- (e) the Banobras Facility and any other facility that replaces or refinances such facility provided that any such replacement or refinancing facility is (i) with a development bank controlled by the Mexican Government or (ii) with any other financial institution to finance public works or infrastructure assets,

provided that (i) the aggregate principal amount of such Existing Financial Indebtedness falling under each of paragraphs (b) to (e) of this definition shall not be increased above the principal amount of Financial Indebtedness

committed or capable of being drawn down under the Financial Indebtedness referred to in that paragraph of this definition as at the date of the Financing Agreement (except by the amount of any capitalised interest under any facility or instrument that provided for capitalisation of interest on those terms as at the date of the Financing Agreement) and (ii), for the avoidance of doubt, any refinancing or replacement of Existing Financial Indebtedness falling within paragraphs (b) to (d) above need not satisfy the requirements of paragraph (f) of the definition of Permitted Financial Indebtedness.

“Exposure” means, at any time:

- (a) in relation to a Participating Creditor and a Syndicated Bank Facility or Bilateral Bank Facility, that Participating Creditor’s participation in Loans made under the relevant Facility at that time;
- (b) in relation to Participating Creditor and a Promissory Note, the principal amount owed to that Participating Creditor under that Promissory Note at that time; and
- (c) in relation to a Participating Creditor and a USPP Note, the principal amount owed to that Participating Creditor under that USPP Note at that time.

“Facility” means a Core Bank Facility and each USPP Note.

“Fee Letter” means any letter or agreement between the Administrative Agent or Security Agent and the Company setting out (i) the upfront fee and (ii) the level of fees payable in respect of the services and obligations performed by those agents under the relevant New Finance Documents.

“Finance Document” means each New Finance Document and each Existing Finance Document.

“Finance Party” means the Administrative Agent, the Security Agent, each Creditor’s Representative or a Participating Creditor.

“Financial Indebtedness” means any indebtedness for or in respect of:

- (a) moneys borrowed and debit balances at banks or other financial institutions;
- (b) any acceptance under any acceptance credit or bill discounting facility (or dematerialised equivalent);
- (c) any amount raised pursuant to a note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument (including, without limitation, any perpetual bonds);
- (d) the amount of any liability in respect of any lease or hire purchase contract which would (in accordance with Applicable GAAP of the Company) be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis and meet any requirement for de-recognition under Applicable GAAP of the Company);
- (f) any Treasury Transaction (and, when calculating the value of that Treasury Transaction, only the mark-to-market value (or, if any actual amount is due as a result of the termination or close-out of that Treasury Transaction, that amount) shall be taken into account);
- (g) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;
- (h) any amount raised by the issue of redeemable shares which are redeemable (other than at the option of the issuer) before the Termination Date or are otherwise classified as borrowings under Applicable GAAP of the Company;

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- (i) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind entering into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 60 days after the date of supply;
 - (j) any arrangement pursuant to which an asset sold or otherwise disposed of by that person may be re-acquired by a member of the Group (whether following the exercise of an option or otherwise) and any Inventory Financing;
 - (k) any amount raised under any other transaction (including any forward sale or purchase, sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing or otherwise classified as borrowings under Applicable GAAP of the Company; and
 - (l) the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (a) to (k) above.

“**Financial Quarter**” means the period commencing on the day after one Quarter Date and ending on the next Quarter Date.

“**Financial Year**” means the annual accounting period of the Company ending on or about 31 December in each year.

“**Fitch**” means Fitch Ratings Limited or any successor thereto from time to time.

“**Group**” means the Company and each of its Subsidiaries for the time being.

“**Guarantors**” means the Original Guarantors and any Additional Guarantor other than any Original Guarantor or Additional Guarantor which has ceased to be a Guarantor pursuant to Clause 28.4 (*Resignation of Guarantor*) of the Financing Agreement and has not subsequently become an Additional Guarantor pursuant to Clause 28.3 (*Additional Guarantors and Additional Security Providers*) of the Financing Agreement and “**Guarantor**” means any of them.

“**Holding Company**” means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary.

“**IFRS**” means international accounting standards within the meaning of IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

“**Intellectual Property**” means:

- (a) any patents, trademarks, service marks, designs, business names, copyrights, design rights, data-base rights, inventions, knowhow and other intellectual property rights and interests, whether registered or unregistered; and
- (b) the benefit of all applications and rights to use such assets of each member of the Group.

“**Intercreditor Agreement**” means the intercreditor agreement dated on or about the date of the Financing Agreement and made between, among others, the Company, Wilmington Trust (London) Limited as Security Agent, Citibank International PLC as Administrative Agent, the Participating Creditors and any other creditors of the Group that may accede to it from time to time in accordance with its terms, as such agreement may be amended from time to time.

“**Inventory Financing**” means a financing arrangement pursuant to which a member of the Group sells inventory to a bank or other institution (or a special purpose vehicle or partnership incorporated or established by or on behalf of such bank or other institution or an Affiliate of such bank or other institution) and has an obligation to repurchase such inventory to the extent that it is not sold to a third party within a specified period.

“**Joint Venture**” means any joint venture entity, whether a company, unincorporated firm, undertaking, association, joint venture or partnership or any other entity.

“**Joint Venture Investment**” has the meaning given to such term in sub-paragraph (b) (ii) of the definition of Permitted Joint Venture.

“**Loan**” means:

- (a) in relation to a Syndicated Bank Facility or Bilateral Bank Facility, a loan made or to be made under such Facility or the principal amount outstanding for the time being of that loan; and
- (b) in relation to a Promissory Note, the Exposure of the Participating Creditors for the time being under that Promissory Note.

“**Majority Participating Creditors**” means, at any time, a Participating Creditor or Participating Creditors the Base Currency Amount of whose Exposures under the Facilities at that time aggregate 66.67 per cent. or more of the Base Currency Amount of all the Exposures of the Participating Creditors under all of the Facilities at that time.

“**Marketable Securities**” means securities (whether equity, debt or other securities) which are listed on a stock exchange or for which a trading market exists (whether on market or over the counter) but excluding: (A) shares in any member of the Group, and (B) any shares in Axtel, S.A.B. de C.V.

“**Material Acquisition**” means any (a) acquisition of property or series of related acquisitions of property that constitutes assets comprising all or substantially all of an operating unit, division or line of business or (b) acquisition of or other investment in the Capital Stock of any Subsidiary or any person which becomes a Subsidiary or is merged or consolidated with the Borrower or any of its Subsidiaries, in each case, which involves the payment of consideration by the Borrower and its Subsidiaries in excess of \$100,000,000 (or the equivalent in other currencies).

“**Material Disposal**” means any Disposal of property or series of related Disposals of property that yields gross proceeds to the Company or any of its Subsidiaries in excess of \$100,000,000 (or the equivalent in other currencies).

“**Mexican FRS**” means Mexican Financial Reporting Standards (*Normas de Información Financiera*) as in effect from time to time and consistent with those used in the preparation of the most recent audited financial statements referred to in Clause 22.1 (Financial Statements).

“**Mexican pesos**,” “**Mex\$**,” “**MXN**” and “**pesos**” means the lawful currency of Mexico.

“**Mexico**” means the United Mexican States.

“**Moody’s**” means Moody’s Investor Services Limited or any successor to its ratings business.

“**NAFTA**” means the North American Free Trade Agreement.

“**New Finance Document**” means the Financing Agreement, the NY Law Amendment Agreement, the Intercreditor Agreement, each Transaction Security Document, any Accession Letter, any Fee Letter, any Resignation Letter and any other document designated as a “**New Finance Document**” by the Administrative Agent and the Company.

“**New Equity Securities**” means

- (i) The US\$977.5 million aggregate principal amount of 3.25% convertible subordinated notes due 2016, including US\$177.5 million notes issued pursuant to an over-allotment option in connection with those subordinated notes due 2016; and
- (ii) US\$690 million aggregate principal amount of 3.75% convertible subordinated notes due 2018, including US\$90 million notes issued pursuant to an over-allotment option in connection with those subordinated notes due 2018.

in each case, issued on 15 March 2011 by the Company.

“**NY Law Amendment Agreement**” means the omnibus amendment agreement dated on or about the date of the Financing Agreement between, among others, the Company and the Participating Creditors with Exposures under those Existing Facility Agreements (other than the USPP Note Agreement) that are governed by the laws of the State of New York, as such agreement may be amended from time to time.

“**Obligors**” means the Borrowers, the Guarantors and the Security Providers and “**Obligor**” means any of them.

“**Original Borrowers**” means, together with the Company, the Subsidiaries of the Company listed in Part I of Schedule 1 (*The Original Parties*) of the Financing Agreement as borrowers or issuers.

“**Original Financial Statements**” means (a) in relation to the Company, its audited unconsolidated and consolidated financial statements for its Financial Year ended 31 December 2008 accompanied by an audit opinion of KPMG Cardenas Dosal, S.C.; (b) in relation to CEMEX España, its audited consolidated financial statements for its financial year ended 31 December 2008; and (c) in relation to any other borrower or guarantor under the Financing Agreement, its most recent annual financial statements (audited, if available).

“**Original Guarantors**” means the Subsidiaries of the Company listed in Part I of Schedule 1 (*The Original Parties*) of the Financing Agreement as guarantors, together with the Company.

“**Original Participating Creditors**” means the financial institutions and noteholders listed in Part II of Schedule 1 (*The Original Participating Creditors*) of the Financing Agreement as creditors.

“**Original Security Providers**” means the Subsidiaries of the Company listed in Part I of Schedule 1 (*The Original Parties*) of the Financing Agreement as security providers.

“**Participating Creditor**” means:

- (a) any Original Participating Creditor; and
- (b) any person which has become a Party in accordance with Clause 27 (*Changes to the Participating Creditors*), of the Financing Agreement,

which in each case has not ceased to be a Party in accordance with the terms of the Financing Agreement.

“**Participating Member State**” means any member state of the European Union that adopts or has adopted the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

“**Party**” means a party to the Financing Agreement.

“**Permitted Acquisition**” means:

- (a) an acquisition by a member of the Group of an asset sold, leased, transferred or otherwise disposed of by another member of the Group in circumstances constituting a Permitted Disposal;
- (b) an acquisition of shares or securities pursuant to a Permitted Share Issue;
- (c) an acquisition of cash or securities which are Cash Equivalent Investments;
- (d) an acquisition to which a member of the Group is contractually committed as at the date of the Financing Agreement, with the material terms of those acquisitions requiring consideration payable in excess of \$10,000,000 described in the list delivered to the Administrative Agent under paragraph 4(f) of Part I (Initial Conditions Precedent) of Schedule 2 of the Financing Agreement (**provided that** there has been or is no material change to the terms of such acquisition subsequent to the date of the Financing Agreement);

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- (e) the incorporation of a company which on incorporation becomes a member of the Group or which is a special purpose vehicle, whether a member of the Group or not;
 - (f) an acquisition that constitutes a Permitted Joint Venture;
 - (g) an acquisition of assets and, if applicable, cash, in exchange for other assets and, if applicable, cash, of equal or higher value provided that: (i) the cash element of any such acquisition must not be more than 20 per cent. of the aggregate consideration for the acquisition; and (ii) the maximum aggregate market value of the assets acquired pursuant to all such transactions must not be more than \$100,000,000 (or its equivalent in any other currency) in any Financial Year;
 - (h) any acquisition of shares of the Company pursuant to an obligation in respect of any Executive Compensation Plan;
 - (i) any other acquisition consented to by the Administrative Agent acting on the instructions of the Majority Participating Creditors;
 - (j) an acquisition of shares in the Company to the extent that a member of the Group has an obligation to deliver such shares to any holder(s) of convertible securities falling within paragraph (f)(i) of the definition of Permitted Financial Indebtedness pursuant to the terms of such convertible securities; and
 - (k) any other acquisition of a company, of shares, securities or a business or undertaking (or, in each case, any interest in any of them) **provided that** the aggregate amount of the consideration for such acquisitions (when aggregated with the aggregate amount of Joint Venture Investment falling within paragraph (b)(iii)(1) of the definition of Permitted Joint Venture in that Financial Year) does not exceed \$100,000,000 (or its equivalent in any other currencies) in any Financial Year.

“Permitted Disposal” means any sale, lease, licence, transfer or other disposal which, except in the case of Disposals as between members of the Group, is on arm’s length terms:

- (a) of trading stock or cash made by any member of the Group in the ordinary course of trading of the disposing entity;
- (b) of any asset by a member of the Group (the **“Disposing Company”**) to another member of the Group (the **“Acquiring Company”**), but if:
 - (i) the Disposing Company is an Obligor, the Acquiring Company must also be an Obligor;
 - (ii) the Disposing Company had given Transaction Security over the asset, the Acquiring Company must give equivalent Transaction Security over that asset; and
 - (iii) the Disposing Company is a Guarantor, the Acquiring Company must be a Guarantor guaranteeing at all times an amount no less than that guaranteed by the Disposing Company,

provided that the conditions set out in paragraphs (i), (ii) and (iii) above shall only apply if the applicable assets are shares or if all or substantially all of the assets of the Disposing Company are being disposed of;

- (c) of obsolete or redundant vehicles, machinery, parts and equipment in the ordinary course of trading;
- (d) of cash or Cash Equivalent Investments for cash or in exchange for other Cash Equivalent Investments;
- (e) constituted by a licence of Intellectual Property in the ordinary course of trading;

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- (f) to a Joint Venture, to the extent permitted by Clause 24.17 (*Joint ventures*) of the Financing Agreement;
 - (g) arising as a result of any Permitted Security;
 - (h) of any shares in a member of the Group (provided that all such shares in that entity owned by a member of the Group are the subject of the Disposal) or of any other asset, in each case on arm's length terms and for full market value where:
 - (i) no less than 85 per cent. of the consideration for the Disposal is payable to the Group in cash or Marketable Securities paid or received by a member of the Group at completion of the Disposal (**provided that** where a portion of that 85 per cent. is comprised of Marketable Securities, those Marketable Securities must be disposed of for cash to a person that is not a member of the Group within 90 days of completion);
 - (ii) if the aggregate consideration for the Disposal (when aggregated with the consideration for any related Disposals) is equal to 5 per cent. or more of the value of consolidated assets of the Group, the Company has delivered to the Administrative Agent a certificate signed by an Authorised Signatory confirming that, on a *pro forma* basis, assuming that the Disposal had been completed and the proceeds had been applied in accordance with Clause 13 (*Mandatory Prepayment*) of the Financing Agreement immediately prior to the first day of the most recent Reference Period for which a Compliance Certificate has been or is required to have been delivered under the Financing Agreement, the Company would have been in compliance with the financial covenants in paragraphs (a) and (b) of Clause 23.2 (*Financial condition*) of the Financing Agreement as at the last day of the most recent Reference Period for which a Compliance Certificate has been or is required to have been delivered under the Financing Agreement; and
 - (iii) the Disposal Proceeds received by members of the Group are applied (to the extent required) in accordance with Clause 13 (*Mandatory prepayment*) of the Financing Agreement;
 - (i) of any asset compulsorily acquired by a governmental authority provided that the Disposal Proceeds received by members of the Group are applied (to the extent required) in accordance with Clause 13 (*Mandatory prepayment*) of the Financing Agreement;
 - (j) of any receivables disposed of pursuant to a factoring or similar receivables financing arrangement that is otherwise permitted under the Financing Agreement (including, for the avoidance of doubt, the Banobras Facility);
 - (k) of any inventory disposed of pursuant to an Inventory Financing or similar arrangement that is otherwise permitted under the Financing Agreement;
 - (l) of any plant or equipment disposed of pursuant to a sale and lease-back arrangement that is otherwise permitted under the Financing Agreement;
 - (m) of any asset to which a member of the Group was contractually committed as at the date of the Financing Agreement, with all material terms of those disposals which relate to the disposal of assets with a value of at least \$10,000,000 being described in Schedule 14 (*Disposals*) of the Financing Agreement (**provided that** there has been or is no material change to the terms of such Disposal subsequent to the date of the Financing Agreement);
 - (n) of receivables disposed of pursuant to a Permitted Securitisation;
 - (o) of land or buildings arising as a result of lease or licence in the ordinary course of its trading;

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- (p) of any shares of the Company pursuant to an obligation in respect of any Executive Compensation Plan;
 - (q) of shares, common equity securities in the Company or reference property in connection with the same to the extent that a member of the Group has an obligation to deliver such shares, common equity securities or reference property to any holder(s) of convertible or exchangeable securities falling within paragraph (f)(i) of the definition of Permitted Financial Indebtedness pursuant to the terms of such convertible or exchangeable securities or to any counterparty pursuant to the terms of any Permitted Put/Call Transaction;
 - (r) of assets and, if applicable, cash in exchange for other assets and, if applicable, cash, of equal or higher value provided that: (i) the cash element of any such Disposal must not be more than 20 per cent. of the aggregate consideration for the Disposal; and (ii) the maximum aggregate market value of all assets disposed of in such transactions must not be more than \$100,000,000 (or its equivalent in any other currencies) in any Financial Year; or
 - (s) otherwise approved by the Administrative Agent acting on the instructions of the Majority Participating Creditors.

“**Permitted Financial Indebtedness**” means Financial Indebtedness:

- (a) incurred or arising under the Finance Documents;
- (b) that is Existing Financial Indebtedness;
- (c) owed to a member of the Group;
- (d) that constitutes a Permitted Securitisation;
- (e) arising under Capital Leases, factoring arrangements, Inventory Financing arrangements or export credit facilities for the purchase of equipment (**provided that** any Security granted in relation to any such facility relates solely to equipment, the purchase of which was financed under such Facility) or pursuant to sale and lease-back transactions **provided that** the maximum aggregate Financial Indebtedness of members of the Group under such transactions (excluding any Existing Financial Indebtedness) does not exceed \$350,000,000 at any time;
- (f) arising:
 - (i) pursuant to an issuance of bonds, notes or other debt securities, or of convertible or exchangeable securities by:
 - (A) in the case of bonds, notes or other debt securities or convertible or exchangeable securities issued to refinance or replace Existing Financial Indebtedness falling within Part I of Schedule 10 (Existing Financial Indebtedness) of the Financing Agreement, one or more Obligors (other than CEMEX Materials LLC and CEMEX, Inc.) or the same member of the Group (including, where applicable, CEMEX Materials LLC and CEMEX, Inc.) that issued the relevant Existing Financial Indebtedness that is being refinanced or replaced (whether acting as co-issuers or otherwise but, for the avoidance of doubt, with several liability only); or
 - (B) in the case of bonds, notes or other debt securities or convertible or exchangeable securities issued so as to be applied in repayment or prepayment of the Exposures of the Participating Creditors under the Facilities, one or more Obligors (other than CEMEX Materials LLC and CEMEX, Inc.) whether acting as co-issuers or otherwise,

(and, for the avoidance of doubt, such securities may be issued with an original issue discount) on the capital markets in each case subscribed or paid for in full in cash on issue (unless such securities are exchanged on issue for other securities that constitute Existing Financial Indebtedness falling within paragraph (a) of the definition thereof on issue) provided that (other than any conversion into common equity securities of the Company) no principal repayments are scheduled (and no call options can be exercised) in respect thereof until after the Termination Date;

- (ii) under a loan facility in respect of which the only borrowers are:
 - (A) in the case of loan facilities entered into to refinance or replace Existing Financial Indebtedness falling within Part I of Schedule 10 (*Existing Financial Indebtedness*) of the Financing Agreement one or more Obligors (other than CEMEX Materials LLC and CEMEX, Inc.) or the same member of the Group (including, where applicable, CEMEX Materials LLC and CEMEX, Inc.) that borrowed the relevant Existing Financial Indebtedness that is being refinanced or replaced, (whether acting as joint or multiple borrowers but for the avoidance of doubt, with several liability only); or
 - (B) in the case of loan facilities entered into so as to refinance or replace the Exposures of the Participating Creditors under the Facilities, one or more Obligors (other than CEMEX Materials LLC and CEMEX, Inc.) whether acting as joint or multiple borrowers, **provided that** no principal repayments are scheduled (and no mandatory prepayment obligations arise save as a result of unlawfulness affecting a creditor in respect of such loan facility) in respect thereof until after the Termination Date, and further **provided that** (1) the terms applicable to such issuance under paragraph (f)(i) (excluding pricing, but including, without limitation, as to prepayments, representations, covenants, events of default, guarantees and security) taken as a whole are no more restrictive or onerous than the terms applicable to the Facilities, and the terms applicable to such incurrence under paragraph (f)(ii) (excluding pricing, but including, without limitation, as to prepayments, representations, covenants, events of default, guarantees and security) are no more restrictive or onerous than the terms applicable to the Facilities; (2) the proceeds of such issuance or incurrence are applied (to the extent required) in accordance with Clause 13 (*Mandatory prepayment*) of the Financing Agreement; (3) if proceeds of such issuance or incurrence are, to the extent required under the Financing Agreement, being used to replace or refinance (x) Financial Indebtedness which shares in the Transaction Security or (y) the CEMEX España Euro Notes, such Financial Indebtedness issued or incurred shall be entitled to share in the Transaction Security in accordance with (and on the terms of) the Intercreditor Agreement, provided that in the case of Financial Indebtedness issued or incurred to replace or refinance the CEMEX España Euro Notes, such Financial Indebtedness shall only be entitled to share in the Transaction Security if, prior to the first replacement or refinancing of the CEMEX España Euro Notes, the Debt Reduction Satisfaction Date has occurred; and (4) for the avoidance of doubt, any refinancing or replacement of Existing Financial Indebtedness falling within paragraphs (b) to (d) of the definition of Existing Financial Indebtedness need not satisfy the requirements of this paragraph (f);
- (g) that constitutes a Permitted Liquidity Facility;
- (h) that becomes Financial Indebtedness solely as a result of any change in Applicable GAAP of the Company after the date of the Financing Agreement and that existed prior to the date of such change in Applicable GAAP of the Company (or that replaces, and is on substantially the same terms as, such Financial Indebtedness);

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- (i) of any person acquired by a member of the Group pursuant to an acquisition falling within paragraphs (d) or (f) of the definition of Permitted Acquisition **provided that:** (i) such Financial Indebtedness existed prior to the date of the acquisition and was not incurred, increased or extended in contemplation of, or since, the acquisition; and (ii) the aggregate amount of any such Financial Indebtedness of members of the Group does not exceed \$100,000,000 at any time;
 - (j) under Treasury Transactions entered into in accordance with Clause 24.26 (*Treasury Transactions*) of the Financing Agreement;
 - (k) incurred pursuant to or in connection with any cash pooling or other cash management agreements in place with a bank or financial institution, but only to the extent of offsetting credit balances of the Company or its Subsidiaries pursuant to such cash pooling or other cash management arrangement;
 - (l) constituting Financial Indebtedness for taxes levied, assessments due and other governmental charges required to be paid as a matter of law or regulation in the ordinary course of trading;
 - (m) that constitutes a Permitted Joint Venture;
 - (n) approved by the Administrative Agent acting on the instructions of the Majority Participating Creditors; and
 - (o) that, when aggregated with the principal amount of any other Financial Indebtedness not falling within paragraphs (a) to (n) above, does not exceed \$200,000,000 (or its equivalent in other currencies) in aggregate at any time.

“Permitted Fundraising” means:

- (a) any issuance of equity securities by the Company paid for in full in cash on issue (and, for the avoidance of doubt, such securities may be issued with an original issue discount) and not redeemable on or prior to the Termination Date and where such issue does not lead to a Change of Control;
- (b) any issuance of equity-linked securities issued by any member of the Group that are linked solely to, and result only in the issuance of, equity securities of the Company otherwise entitled to be issued under this definition (and that do not, for the avoidance of doubt, result in the issuance of any equity securities by such member of the Group) and that are paid for in full in cash on issue (and, for the avoidance of doubt, such securities may be issued with an original issue discount) and where such issue does not lead to a Change of Control (**provided that** such securities do not provide for the payment of interest in cash and are not redeemable on or prior to the Termination Date); and
- (c) any incurrence of Financial Indebtedness falling within paragraph (f) of the definition of Permitted Financial Indebtedness.

“Permitted Fundraising Proceeds” means the cash proceeds received by any member of the Group from a Permitted Fundraising other than Excluded Fundraising Proceeds after deducting:

- (i) any reasonable expenses which are incurred by the relevant member(s) of the Group with respect to that Permitted Fundraising owing to persons who are not members of the Group; and
- (ii) any Tax incurred and required to be paid by the relevant member(s) of the Group with respect to that Permitted Fundraising (as reasonably determined by the relevant member(s) of the Group on the basis of rates existing at the time and taking account of any available credit, deduction or allowance).

“Permitted Joint Venture” means any investment in any Joint Venture where:

- (a) such investment exists or a member of the Group is contractually committed to such investment at the date of the Financing Agreement and, if the value of the Group’s investment in such Joint Venture is \$50,000,000 or greater (as shown in the Original Financial Statements of the Company) is detailed in Schedule 12 (Permitted Joint Ventures) of the Financing Agreement; or
- (b) such investment is made after the date of the Financing Agreement and:
 - (i) either the investment has been consented to by the Administrative Agent acting on the instructions of the Majority Participating Creditors or the Joint Venture is engaged in a business substantially the same as that carried on by the Group; and
 - (ii) in any Financial Year of the Company, the aggregate of:
 - (1) all amounts subscribed for shares in, lent to, or invested in all such Joint Ventures by any member of the Group;
 - (2) the contingent liabilities of any member of the Group under any guarantee given in respect of the liabilities of any such Joint Venture; and
 - (3) the market value of any assets transferred by any member of the Group to any such Joint Venture, minus
 - (4) from and including 1 January 2010, an amount up to, but not exceeding, \$100,000,000 (or its equivalent in other currencies) in any Financial Year that represents all cash amounts received by any member of the Group (i) relating to dividends, repayment of loans or distributions of any other nature in respect of any such Joint Ventures in that Financial Year and (ii) as a result of or in relation to any disposals of shares, interests or participations, divestments, capital reductions or any similar decreases of interest in any such Joint Ventures in that Financial Year, does not exceed \$100,000,000 (or its equivalent in other currencies) or such greater amount as the Administrative Agent (acting on the instructions of the Majority Participating Creditors) may agree (such amount being the “Joint Venture Investment”); and
 - (iii) the Company has (by written notice to the Administrative Agent prior to the end of the Financial Year in which the investment is made) designated the Joint Venture Investment as counting against:
 - (1) paragraph (k) of the definition of Permitted Acquisition; or
 - (2) the maximum amount of Capital Expenditure permitted in that Financial Year under paragraph (c) of Clause 23.2 (*Financial condition*) of the Financing Agreement.

“Permitted Liquidity Facilities” means a loan facility or facilities made available to one or more members of the Group by one or more Participating Creditors (or their respective Affiliates) **provided that** the aggregate principal amount of utilised and unutilised commitments under such facilities must not exceed \$1,000,000,000 (or its equivalent in any other currency) at any time.

“**Permitted Put/Call Transaction**” means any call option, call spread, capped call transaction, put option, put spread, capped put transaction or any combination of the foregoing and/or any other Treasury Transaction or transactions having a similar effect to any of the foregoing, in each case entered into, sold or purchased not for speculative purposes but for the purposes of managing specific risks or exposures associated with any issuance of Relevant Convertible Securities/Exchangeable Obligations.

“**Permitted Securitizations**” means a transaction or series of related transactions providing for the securitisation of receivables and related assets by the Company or its Subsidiaries, including a sale at a discount, **provided that** (i) such receivables have been transferred, directly or indirectly, by the originator thereof to a person that is not a member of the Group in a manner that satisfies the requirements for an absolute conveyance (or, where the originator is organised in Mexico, a true sale), and not merely a pledge, under the laws and regulations of the jurisdiction in which such originator is organised; and (ii) except for customary representations, warranties, covenants and indemnities, such sale, transfer or other securitisation is carried out on a non-recourse basis or on a basis where recovery is limited solely to the collection of the relevant receivables.

“**Permitted Security**” means:

- (A) Security for taxes, assessments and other governmental charges the payment of which is being contested in good faith by appropriate proceedings promptly initiated and diligently conducted and for which such reserves or other appropriate provision, if any, as shall be required by Applicable GAAP of the Company shall have been made;
- (B) Security granted pursuant to or in connection with any netting or set-off arrangements entered into in the ordinary course of trading (including, for the avoidance of doubt, any cash pooling or cash management arrangements in place with a bank or financial institution falling within paragraph (k) of the definition of Permitted Financial Indebtedness);
- (C) statutory liens of landlords and liens of carriers, warehousemen, mechanics and materialmen incurred in the ordinary course of business for sums not yet due or the payment of which is being contested in good faith by appropriate proceedings promptly initiated and diligently conducted and for which such reserves or other appropriate provision, if any, as shall be required by Applicable GAAP of the Company shall have been made;
- (D) liens incurred or deposits made in the ordinary course of business in connection with (1) workers’ compensation, unemployment insurance and other types of social security, or (2) other insurance maintained by the Group in accordance with Clause 24.9 (*Insurance*) of the Financing Agreement;
- (E) any attachment or judgment lien, unless the judgment it secures shall not, within 60 days after the entry thereof, have been discharged or execution thereof stayed pending appeal, or shall not have been discharged within 60 days after the expiration of any such stay;
- (F) Security and Quasi-Security existing on the date of the Financing Agreement as described in Schedule 6 (*Existing Security and Quasi-Security*) of the Financing Agreement (or any replacement of Security or Quasi-Security in accordance with paragraph 3 of Schedule 15 (*Hedging Parameters*) of the Financing Agreement or any equivalent Security or Quasi-Security for Existing Financial Indebtedness that is a refinancing or replacement of Existing Financial Indebtedness) **provided that** the principal amount secured thereby is not increased (save that principal amounts secured by Security or Quasi-Security in respect of:
 - (1) Treasury Transactions where there are fluctuations in the mark-to-market exposures of those Treasury Transactions;
 - (2) Existing Financial Indebtedness under paragraph (a) of the definition where principal may increase by virtue of capitalisation of interest; and,

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- (3) the Banobras Facility, where further drawings may be made **provided that** the maximum amount outstanding under such facility does not exceed Mex\$5,000,000,000 at any time,
may be increased by the amount of such fluctuations or capitalisations, as the case may be);
- (G) any Security or Quasi-Security permitted by the Administrative Agent, acting on the instructions of the Majority Participating Creditors;
- (H) any Security created or deemed created pursuant to a Permitted Securitisation;
- (I) any Security granted by any member of the Group to secure Financial Indebtedness under a Permitted Liquidity Facility **provided that**: (1) such Security is not granted in respect of assets that are the subject of the Transaction Security; and (2) the maximum aggregate amount of the Financial Indebtedness secured by such Security does not exceed \$500,000,000 at any time;
- (J) any Security granted by the Company or any member of the Group incorporated in Mexico in favour of a Mexican development bank (*sociedad nacional de crédito*) controlled by the government of Mexico (including Banco Nacional de Comercio Exterior, S.N.C., and Banco Nacional de Obras y Servicios Públicos, S.N.C.) securing indebtedness of the members of the Group in an aggregate additional amount of such indebtedness not exceeding \$250,000,000 (or its equivalent in any other currency);
- (K) any Security or Quasi-Security granted in connection with any Treasury Transaction, excluding any Treasury Transaction described in Schedule 6 (*Existing Security and Quasi-Security*) of the Financing Agreement, that constitutes Permitted Financial Indebtedness **provided that** the aggregate value of the assets that are the subject of such Security or Quasi-Security does not exceed \$200,000,000 (or its equivalent in other currencies) at any time;
- (L) Security or Quasi-Security granted or arising over receivables, inventory, plant or equipment that are the subject of an arrangement falling within paragraph (e) of the definition of Permitted Financial Indebtedness;
- (M) the Transaction Security including, for the avoidance of doubt, any sharing in the Transaction Security referred to in paragraph (f) of the definition of Permitted Financial Indebtedness;
- (N) any Quasi-Security that is created or deemed created on shares of the Company under paragraph (q) of the definition of Permitted Disposals by virtue of such shares being held on trust for the holders of the convertible securities pending exercise of any conversion option, where such Quasi-Security is customary for such transaction;
- (O) in addition to the Security and Quasi-Security permitted by the foregoing paragraphs (A) to (N), Security or Quasi-Security securing indebtedness of the Company and its Subsidiaries (taken as a whole) not in excess of \$500,000,000.

“Permitted Share Issue” means:

- (a) a Permitted Fundraising falling within paragraphs (a) or (b) of the definition thereof;
- (b) an issue of shares by a member of the Group which is a Subsidiary of the Company to another member of the Group or the Company (and, where the member of the Group has a minority shareholder, to that minority shareholder on a pro rata basis) where (if the existing shares of the Subsidiary are the subject of the Transaction Security) the newly-issued shares also become subject to the Transaction Security on the same terms;
- (c) an issue of shares by the Company to comply with an obligation in respect of any Executive Compensation Plan; or

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- (d) an issue of common equity securities of the Company either (i) by the Company or (ii) to any member of the Group where the Company or that member of the Group has an obligation to deliver such shares to a counterparty pursuant to the terms of a Permitted Put/Call Transaction or an obligation to deliver such shares to the holder(s) of convertible or exchangeable securities falling within paragraph (f)(i) of the definition of Permitted Financial Indebtedness pursuant to the terms of such convertible or exchangeable securities.

“**Promissory Notes**” means the promissory notes described in Part II of Schedule 1 (*The Original Participating Creditors*) of the Financing Agreement.

“**Quarter Date**” means each of 31 March, 30 June, 30 September and 31 December.

“**Quasi Security**” means an arrangement or transaction in which the Company or any Subsidiary:

- (i) sells, transfers or otherwise disposes of any of its assets on terms whereby they are or may be leased to or re-acquired by an Obligor or any other member of the Group;
- (ii) sells, transfers or otherwise disposes of any of its receivables on recourse terms;
- (iii) enters into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
- (iv) enters into any other preferential arrangement having a similar effect,
in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.

“**Receiver**” means a receiver or receiver and manager or administrative receiver of the whole or any part of the Charged Properties.

“**Reference Period**” means a period of four consecutive Financial Quarters.

“**Relevant Convertible/Exchangeable Obligations**” means: (a) any Financial Indebtedness incurred by any person the terms of which provide that satisfaction of the principal amount owing under such Financial Indebtedness (whether on or prior to its maturity and whether as a result of bankruptcy, liquidation or other default by such person or otherwise) shall occur solely by delivery of shares or common equity securities in the Company; and (b) any Financial Indebtedness under any Subordinated Optional Convertible Securities.

“**Relevant Existing Financial Indebtedness**” means any Existing Financial Indebtedness set out in:

- (i) paragraph (a) of the definition of Existing Financial Indebtedness to the extent that it relates to Part I.C (*Mexican Public Debt Instruments*) of Schedule 10 (*Existing Financial Indebtedness*) of the Financing Agreement; and/or
- (ii) paragraph (b) of the definition of Existing Financial Indebtedness to the extent it relates to Part II.A (*Short Term Certificados Bursatiles*) of Schedule 10 (*Existing Financial Indebtedness*) of the Financing Agreement and any Short-Term Certificados Bursatiles that replace or refinance such Existing Financial Indebtedness.

“**Relevant Prepayment Period**” means the period commencing on the date of receipt of the proceeds of a Permitted Fundraising by a member of the Group and ending on the later of:

- (a) the date falling 364 days thereafter; and
- (b) the 2012 CB Maturity Date.

“**Resignation Letter**” means a document substantially in the form set out in Part I of Schedule 11 (*Form of Resignation Letter*) of the Financing Agreement.

“**Responsible Officer**” means the Chief Financial Officer and/or Chief Controlling Officer of the Company or a person holding equivalent status (or higher).

“**S&P**” means Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc., or any successor thereto from time to time.

“**SEC**” means the U.S. Securities Exchange Commission and any successor thereto.

“**Secured Parties**” means each Finance Party from time to time to the Financing Agreement and any Receiver or Delegate.

“**Security**” means a mortgage, charge, pledge, lien, security trust or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

“**Security Agent**” means Wilmington Trust (London) Limited as security agent of the Secured Parties.

“**Security Providers**” means the Original Security Providers and any Additional Security Provider other than any Original Security Provider or Additional Security Provider which has ceased to be a Security Provider pursuant to Clause 28.6 (*Resignation of a Security Provider*) of the Financing Agreement and has not subsequently become an Additional Security Provider pursuant to Clause 28.3 (*Additional Guarantors and Additional Security Providers*) of the Financing Agreement, and “**Security Provider**” means any of them.

“**Short-Term Certificados Bursatiles**” means any securities with a term of not more than 12 months issued by the Company in the Mexican capital markets with the approval of the Mexican National Banking and Securities Banking and Securities Commission and listed on the Mexican Stock Exchange.

“**Spanish GAAP**” means the Spanish General Accounting Plan (*Plan general Contable*) approved by Royal Decree 1514/2007 as in effect from time to time and consistent with those used in the preparation of the most recent audited financial statements referred to in Clause 22.1 (*Financial Statements*) of the Financing Agreement.

“**Subordinated Optional Convertible Securities**” means any Financial Indebtedness incurred by any member of the Group meeting the requirements of paragraph (f)(i) of the definition of Permitted Financial Indebtedness (including that no principal repayments are scheduled (and no call options can be exercised) until after the Termination Date) (which may, for the avoidance of doubt, include a fundraising the proceeds of which are applied in accordance with Clause 13.4 (*Mandatory prepayments: Relevant Convertible/Exchangeable Obligations*) of the Financing Agreement)) the terms of which provide that such indebtedness is capable of optional conversion into equity securities of the Company and that repayment of principal and accrued but unpaid interest thereon is subordinated (under terms customary for an issuance of such Financial Indebtedness) to all senior Financial Indebtedness of the Company (including, but not limited to, all Exposures of Participating Creditors) except for: (i) indebtedness that states, or is issued under a deed, indenture, agreement or other instrument that states, that it is subordinated to or ranks equally with any Subordinated Optional Convertible Securities and (ii) indebtedness between or among members of the Group.

“**Subsidiary**” means in relation to any company or corporation, a company or corporation:

- (a) which is controlled, directly or indirectly, by the first mentioned company or corporation;
- (b) more than half the issued share capital of which is beneficially owned, directly or indirectly by the first mentioned company or corporation; or
- (c) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation,

and for this purpose, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

“**Syndicated Bank Facilities**” means the facilities described in Part IA of Part II of Schedule 1 (*The Original Participating Creditors*) of the Financing Agreement.

“**TARGET2**” means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system, which utilizes a single shared platform and which was launched on 19 November 2007.

“**TARGET Day**” means any day on which TARGET2 is open for the settlement of payments in euro.

“**Tax**” means any tax, levy, impost, duty or other charge, deduction or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

“**Termination Date**” means 14 February 2014.

“**Transaction Security**” means the Security created or expressed to be created in favour of the Security Agent pursuant to the Transaction Security Documents.

“**Transaction Security Documents**” means each of the documents listed as being a Transaction Security Document in paragraph 2(e) of Part I of Schedule 2 (*Conditions Precedent*) of the Financing Agreement and any document required to be delivered to the Administrative Agent under paragraph 3(d) of Part II of Schedule 2 (*Conditions Precedent*) of the Financing Agreement together with any other document entered into by any Obligor creating or expressed to create any Security over all or any part of its assets in respect of the obligations of any of the Obligors under any of the Finance Documents (and any other Debt Documents).

“**Treasury Transactions**” means any derivatives transaction (i) that is a rate swap transaction, swap option, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread transaction, repurchase transaction, reverse repurchase transaction, buy/sell-back transaction, securities lending transaction, weather index transaction or forward purchase or sale of a security, commodity or other financial instrument or interest (including any option with respect to any of these transactions), (ii) that is a type of transaction that is similar to any transaction referred to in clause (i) above that is currently, or in the future becomes, recurrently entered into in the financial markets and that is a forward, swap, future, option or other derivative (including one or more spot transactions that are equivalent to any of the foregoing) on one or more rates, currencies, commodities, equity securities or other equity instruments, debt securities or other debt instruments, economic indices or measures of economic risk or value, or other benchmarks against which payments or deliveries are to be made or (iii) that is a combination of these transactions, it being understood that any Executive Compensation Plan permitted by the Financing Agreement is not a Treasury Transaction.

“**USPP Note**” means a note issued under the USPP Note Agreement.

“**USPP Note Agreement**” means the consolidated, amended and restated note purchase agreement described in Part II of Schedule 1 (*Original Participating Creditors*) of the Financing Agreement.

“**USPP Note Guarantee**” means the consolidated, amended and restated note guarantee granted in favour of the USPP Noteholders.

“**USPP Noteholders**” means the holders from time to time of the notes issued pursuant to the USPP Note Agreement.

Exhibit 8.1

The following is a list of the significant subsidiaries of CEMEX, S.A.B. de C.V. as of December 31, 2011, including the name of each subsidiary and its country of incorporation.

1. CEMEX Mexico, S.A. de C.V.	MEXICO
2. CEMEX España, S.A.	SPAIN
3. CEMEX Construction Materials Florida, LLC	USA
4. CEMEX Materials, LLC	USA
5. CEMEX Agregados, S.A. de C.V.	MEXICO
6. CEMEX Central, S.A. de C.V.	MEXICO
7. CEMEX Concretos, S.A. de C.V.	MEXICO
8. Servicios Cemento CEMEX, S.A. de C.V.	MEXICO
9. CEMEX Finance LLC	USA
10. CEMEX Colombia, S.A.	COLOMBIA
11. Assiut Cement Company	EGYPT
12. CEMEX, Inc.	USA
13. CEMEX Construction Materials Pacific, LLC	USA
14. Gulf Coast Portland Cement Co.	USA

**Certification of the Principal Executive Officer of
CEMEX, S.A.B. de C.V.
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

CERTIFICATIONS

I, Lorenzo H. Zambrano, certify that:

1. I have reviewed this annual report on Form 20-F of CEMEX, S.A.B. de C.V.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

-
- (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 30, 2012

/s/ Lorenzo H. Zambrano

Lorenzo H. Zambrano
Chief Executive Officer
CEMEX, S.A.B. de C.V.

**Certification of the Principal Financial Officer of
CEMEX, S.A.B. de C.V.
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

CERTIFICATIONS

I, Fernando A. González, certify that:

1. I have reviewed this annual report on Form 20-F of CEMEX, S.A.B. de C.V.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

-
- (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 30, 2012

/s/ Fernando A. González

Fernando A. González,
Executive Vice President of Finance and
Administration and Chief Financial Officer
CEMEX, S.A.B. de C.V.

**Certification of the Principal Executive and Financial Officers of
CEMEX, S.A.B. de C.V.
Pursuant to 18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report on Form 20-F of CEMEX, S.A.B. de C.V. (the "Company") for the year ended December 31, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Lorenzo H. Zambrano, as Chief Executive Officer of the Company, and Fernando A. González, as Executive Vice President of Finance and Administration and Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and periods set forth therein.

/s/ Lorenzo H. Zambrano

Name: Lorenzo H. Zambrano
Title: Chief Executive Officer
Date: April 30, 2012

/s/ Fernando A. González

Name: Fernando A. González
Title: Executive Vice President of Finance and
Administration and Chief Financial Officer
Date: April 30, 2012

This certification is furnished as an exhibit to the Report and accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
CEMEX, S.A.B. de C.V.:

We hereby consent to the incorporation by reference in (i) the Registration Statement on Form S-8 (File No. 333-13970) of CEMEX, S.A.B. de C.V., (ii) the Registration Statement on Form S-8 (File No. 333-83962) of CEMEX, S.A.B. de C.V., (iii) the Registration Statement on Form S-8 (File No. 333-86090) of CEMEX, S.A.B. de C.V., (iv) the Registration Statement on Form S-8 (File No. 333-128657) of CEMEX, S.A.B. de C.V. and (v) the Registration Statement on Form F-3 (File No. 333-161787) of CEMEX, S.A.B. de C.V. of our reports dated April 27, 2012, with respect to the consolidated balance sheets of CEMEX, S.A.B. de C.V. and subsidiaries (the Company) as of December 31, 2011 and 2010 and January 1, 2010, and the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows for the years ended December 31, 2011 and 2010, and the effectiveness of internal control over financial reporting as of December 31, 2011, which reports appear in the December 31, 2011 Annual Report on Form 20-F of CEMEX, S.A.B. de C.V.

KPMG Cárdenas Dosal, S.C.

/s/ Celin Zorrilla Rizo

Monterrey, N.L., Mexico
April 27, 2012

Disclosure of Mine Safety and Health Administration (“MSHA”) Safety Data

Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”) requires certain disclosures by companies required to file periodic reports under the Securities Exchange Act of 1934 that operate mines regulated under the Mine Act. CEMEX’s U.S. quarry and mining operations are subject to MSHA regulation under the U.S. Federal Mine Safety and Health Act of 1977 (the “Mine Act”). MSHA inspects our U.S. quarries and mines on a regular basis and issues various citations and orders when it believes a violation has occurred under the Mine Act. Whenever MSHA issues a citation or order, it also generally proposes a civil penalty, or fine, related to the alleged violation. Citations or orders can be contested and appealed, and as part of that process, are often reduced in severity and amount, and are sometimes dismissed.

In January 2012, the SEC issued final rules and regulations implementing the mine safety disclosure requirements of Section 1503(a) of the Dodd-Frank Act. Pursuant to those rules and regulations, we have provided the information below for mining operations in the United States only. The Dodd-Frank Act and the implementing rules and regulations thereunder do not apply to mining and quarry operations outside the U.S.

The information in the table below reflects citations and orders MSHA issued to our U.S. subsidiaries during the year ended December 31, 2011. The data was compiled primarily from the data maintained on MSHA’s public website as of April 12, 2012. In evaluating this information, consideration should also be given to factors such as: (i) the number of citations and orders may vary depending on the size and operation of the mine, (ii) the number of citations issued may vary from inspector to inspector and mine to mine, and (iii) citations and orders may be contested and appealed, and in that process, may be reduced in severity and amount, and may be dismissed.

Mine ID number ⁽¹⁾	Mine or Operating Name	Section 104 Significant and Substantial Citations ⁽²⁾	Section 104(b) Orders ⁽³⁾	Section 104(d) Citations and Orders ⁽⁴⁾	Section 110(b)(2) Violations ⁽⁵⁾	Section 107(a) Orders ⁽⁶⁾	Total dollar value of MSHA assessments proposed ⁽⁷⁾	Total number of Mining Related Fatalities	Received Notice of Pattern of Violations Under Section 104(e) yes/no	Received Notice of Potential to Have Pattern under section 104(e) yes/no
1500040	Kosmos Cement Battletown Quarry	1	0	0	0	0	583	0	no	no
3503596	West Salem Aggregate	1	0	0	0	0	1,565	0	no	no
3300161	Cemex Fairborn Cement Plant	2	0	0	0	0	1,024	0	no	no
4000840	Knoxville Cement Plant	5	0	0	0	0	14,632	0	no	no

Mine ID number ⁽¹⁾	Mine or Operating Name	Section 104 Significant and Substantial Citations ⁽²⁾	Section 104(b) Orders ⁽³⁾	Section 104(d) Citations and Orders ⁽⁴⁾	Section 110(b)(2) Violations ⁽⁵⁾	Section 107(a) Orders ⁽⁶⁾	Total dollar value of MSHA assessments proposed ⁽⁷⁾	Total number of Mining Related Fatalities	Received Notice of Pattern of Violations Under Section 104(e) yes/no	Received Notice of Potential to Have Pattern under section 104(e) yes/no
4402341	Eden Quarry	0	0	0	0	0	1,268	0	no	no
800024	Brooksville Quarry	0	0	0	0	0	562	0	no	no
800075	St Catherine Mine	0	0	0	0	0	200	0	no	no
800800	Brooksville Cement Plant	1	0	0	0	0	634	0	no	no
801035	Inglis Quarry	1	0	0	0	0	748	0	no	no
801269	Lake Wales Sand Mine	0	0	0	0	0	100	0	no	no
801271	Davenport Sand Mine	0	0	0	0	0	100	0	no	no
3800127	Deerfield Sand	1	0	0	0	0	262	0	no	no
800046	Miami Cement Plant	3	0	0	0	1	48,576	0	no	no
402763	Cache Creek Quarry	0	0	0	0	0	5,740	0	no	no
401891	Eliot Plant	15	0	4	0	0	50,908	0	no	no
401897	Rockfield Plant	0	0	0	0	0	570	0	no	no
402843	Lapis Plant	1	0	0	0	0	2,947	0	no	no
403623	Red Hill	1	0	0	0	0	2,095	0	no	no
404140	Moorpark Quarry	1	0	0	0	0	685	0	no	no
405216	Lytle Creek Pit	1	0	0	0	0	408	0	no	no

Mine ID number ⁽¹⁾	Mine or Operating Name	Section 104 Significant and Substantial Citations ⁽²⁾	Section 104(b) Orders ⁽³⁾	Section 104(d) Citations and Orders ⁽⁴⁾	Section 110(b)(2) Violations ⁽⁵⁾	Section 107(a) Orders ⁽⁶⁾	Total dollar value of MSHA assessments proposed ⁽⁷⁾	Total number of Mining Related Fatalities	Received Notice of Pattern of Violations Under Section 104(e) yes/no	Received Notice of Potential to Have Pattern under section 104(e) yes/no
800078	Alico Road Quarry	1	0	0	0	0	460	0	no	no
800511	Card Sound Quarry	1	0	0	0	0	200	0	no	no
800519	FEC Quarry	5	0	0	0	0	5,583	0	no	no
800918	S C L Quarry	0	0	0	0	0	100	0	no	no
801015	Krome Quarry	0	0	0	0	0	300	0	no	no
801216	Palmdale Sand Mine	0	0	0	0	0	238	0	no	no
801287	Brooksville South Cement Plant	4	0	0	0	0	9,566	0	no	no
400173	Clayton Plant	10	0	0	0	0	54,489	0	no	no
400281	Victorville Cement Plant	6	0	0	0	0	4,672	0	no	no
401895	Tracy Kerlinger Plant	2	0	0	0	0	3,339	0	no	no
401896	Lemon Cove Plant	1	0	0	0	0	4,974	0	no	no
403871	Mayhew Plant	0	0	0	0	0	100	0	no	no
405701	Black Mountain Quarry	21	0	3	0	0	60,723	0	no	no
2600789	CEMEX - Paiute Pit	8	0	0	0	0	4,436	0	no	no
2602082	CEMEX - Sierra Stone Quarry	4	0	0	0	0	9,620	0	no	no
3503508	Canby Pit	0	0	0	0	0	400	0	no	no

Mine ID number ⁽¹⁾	Mine or Operating Name	Section 104 Significant and Substantial Citations ⁽²⁾	Section 104(b) Orders ⁽³⁾	Section 104(d) Citations and Orders ⁽⁴⁾	Section 110(b)(2) Violations ⁽⁵⁾	Section 107(a) Orders ⁽⁶⁾	Total dollar value of MSHA assessments proposed ⁽⁷⁾	Total number of Mining Related Fatalities	Received Notice of Pattern of Violations Under Section 104(e) yes/no	Received Notice of Potential to Have Pattern under section 104(e) yes/no
4503381	Portable Crusher	0	0	0	0	0	100	0	no	no
4503424	Granite Falls Quarry	0	0	0	0	0	427	0	no	no
4503692	Portable #2	0	0	0	0	0	100	0	no	no
401696	Azusa Quarry	0	0	0	0	0	400	0	no	no
200717	CEMEX - Casa Grande	1	0	0	0	0	762	0	no	no
200722	CEMEX - Hwy 95	0	0	0	0	0	300	0	no	no
200758	Rinker Materials Bullhead	1	0	0	0	0	778	0	no	no
200988	CEMEX - 19th Ave	0	0	0	0	1	2,124	0	no	no
201249	CEMEX - Globe / Bixby	2	0	0	0	0	1,295	0	no	no
202062	CEMEX - Sierra Vista	1	0	0	0	0	969	0	no	no
202355	CEMEX - Maricopa	3	0	0	0	0	1,263	0	no	no
202466	CEMEX - Sheephill Plant	1	0	0	0	0	640	0	no	no
202571	CEMEX - McCormick	0	0	0	0	0	400	0	no	no
202585	CEMEX - APEX	1	0	0	0	0	476	0	no	no
202606	CEMEX - Camp Verde	1	0	0	0	0	1,515	0	no	no
202670	CEMEX - Pima	1	0	0	0	0	2,207	0	no	no

Mine ID number ⁽¹⁾	Mine or Operating Name	Section 104 Significant and Substantial Citations ⁽²⁾	Section 104(b) Orders ⁽³⁾	Section 104(d) Citations and Orders ⁽⁴⁾	Section 110(b)(2) Violations ⁽⁵⁾	Section 107(a) Orders ⁽⁶⁾	Total dollar value of MSHA assessments proposed ⁽⁷⁾	Total number of Mining Related Fatalities	Received Notice of Pattern of Violations Under Section 104(e) yes/no	Received Notice of Potential to Have Pattern under section 104(e) yes/no
202753	CEMEX - West Valley	9	0	0	0	0	3,100	0	no	no
202849	CEMEX - Prescott / Fain	1	0	0	0	0	693	0	no	no
202851	CEMEX - Gray Mountain	1	0	0	0	0	685	0	no	no
202896	CEMEX - Coolidge	0	0	0	0	0	534	0	no	no
2900445	La Luz Pit	1	0	0	0	0	376	0	no	no
2902128	Vado Quarry	4	0	0	0	0	1,908	0	no	no
4100046	Mc Kelligon Canyon	4	0	0	0	0	2,589	0	no	no
4100060	Odessa Cement Plant	8	0	0	0	0	14,839	0	no	no
4101066	McCombs Quarry	0	0	0	0	0	217	0	no	no
4103278	South Quarry	3	0	0	0	0	4,071	0	no	no
4103816	East Loop 375 Sand Pit	0	0	0	0	0	1,089	0	no	no
4104331	Mobile Crusher #1	0	0	0	0	0	100	0	no	no
4100994	Balcones Quarry	0	0	0	0	0	600	0	no	no
4102885	Balcones Plant	2	0	0	0	0	1,494	0	no	no
4104308	West Quarry	3	0	0	0	0	1,549	0	no	no
100016	Demopolis Plant Cemex Inc	2	0	0	0	0	3,347	0	no	no

Mine ID number ⁽¹⁾	Mine or Operating Name	Section 104 Significant and Substantial Citations ⁽²⁾	Section 104(b) Orders ⁽³⁾	Section 104(d) Citations and Orders ⁽⁴⁾	Section 110(b)(2) Violations ⁽⁵⁾	Section 107(a) Orders ⁽⁶⁾	Total dollar value of MSHA assessments proposed ⁽⁷⁾	Total number of Mining Related Fatalities	Received Notice of Pattern of Violations Under Section 104(e) yes/no	Received Notice of Potential to Have Pattern under section 104(e) yes/no
500344	Lyons Cement Plant Cemex Inc	31	2	0	0	1	498,140	0	no	no
1504469	KOSMOS Cement Co.	7	1	0	0	0	67,271	0	no	no
0900053	Clinchfield Plant	8	0	0	0	0	39,439	0	no	no
0100578	Donnell Pit*	0	0	0	0	0	6,200	0	no	no
0103130	B & R Sand & Gravel*	0	0	0	0	0	300	0	no	no
0103359	Tuscaloosa Sand*	1	0	0	0	0	363	0	no	no
0801384	Mossy Head West*	0	0	0	0	0	300	0	no	no
0103302	Sardine South Pit #505*	0	0	0	0	0	300	0	no	no
0103290	Reed Pit #509*	2	0	0	0	0	538	0	no	no

* Sites acquired by our U.S. subsidiaries effective August 1, 2011 as part of our U.S. subsidiaries purchase of the outstanding membership interest in Ready Mix USA, LLC. This data represents citations, orders, violations, assessments, etc. for the reporting period, including the period before the foregoing transaction.

- (1) MSHA assigns an identification number to each mine or operation and may or may not assign a separate identification number to related facilities. The information provided in this table is presented by mine identification number.
- (2) Represents the total number of citations issued by MSHA for violation of health or safety standards that could significantly and substantially contribute to a serious injury if left unabated.

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- (3) Represents the total number of orders issued, which represents a failure to abate a citation under section 104(a) within the period prescribed by MSHA. This results in an order of immediate withdrawal from the area of the mine affected by the condition until MSHA determines that the violation has been abated.
 - (4) Represents the total number of citation and orders issued by MSHA for unwarrantable failure to comply with mandatory health or safety standards.
 - (5) Represents the total number of flagrant violations identified.
 - (6) Represents the total number of imminent danger orders issued under section 107(a) of the Mine Act.
 - (7) Amounts represent the total dollar value of proposed assessments received from MSHA and do not necessarily relate to the citations or orders issued by MSHA. during the period, or to the pending legal actions reported below.

The table below sets forth the total number of reportable legal actions for the twelve months ended December 31, 2011.

Mine ID Number	Mine or Operating Name	Legal Actions Pending as of Last Day of Period (December 31, 2011) (#) ⁽⁸⁾						Legal Actions Initiated During Period (#)	Legal Actions Resolved During Period (#)
		Contests of Citations / Orders	Contests of Proposed Penalties	Complaints for Compensation	Complaints of Discharge / Discrimination / Interference	Application for Temporary Relief	Appeals to FMSHRC		
4000840	Knoxville Cement Plant	63	63	0	0	0	0	8	6
4402341	Eden Quarry	3	3	0	0	0	0	3	0
800024	Brooksville Quarry	0	0	0	0	0	0	0	1
800075	St Catherine Mine	0	0	0	0	0	0	0	3
800750	Center Hill Mine	1	1	0	0	0	0	0	0
801035	Inglis Quarry	1	1	0	0	0	0	1	1
801271	Davenport Sand Mine	0	0	0	0	0	0	0	8
900912	Union Sand Mine	0	0	0	0	0	0	0	1
800046	Miami Cement Plant	57	57	0	0	0	0	11	149
401891	Eliot Plant	7	7	0	0	0	0	6	0
401897	Rockfield Plant	0	0	0	0	0	0	0	2
800078	Alico Road Quarry	10	10	0	0	0	0	1	0
800511	Card Sound Quarry	1	1	0	0	0	0	0	0
800519	FEC Quarry	10	10	0	0	0	0	7	5

800918	S C L Quarry	1	1	0	0	0	0	0	0
801015	Krome Quarry	1	1	0	0	0	0	1	2
801216	Palmdale Sand Mine	2	2	0	0	0	0	0	0
801287	Brooksville South Cement Plant	14	14	0	0	0	0	3	4
400173	Clayton Plant	19	19	0	0	0	0	19	0
400281	Victorville Cement Plant	1	1	0	0	0	0	1	1
401895	Tracy Kerlinger Plant	0	0	0	0	0	0	0	2
401896	Lemon Cove Plant	3	3	0	0	0	0	1	0
405701	Black Mountain Quarry	71	71	0	0	0	0	41	57
2600789	CEMEX - Paiute Pit	0	0	0	0	0	0	0	3
2602082	CEMEX - Sierra Stone Quarry	3	3	0	0	0	0	3	1
4503424	Granite Falls Quarry	2	2	0	0	0	0	0	0
200722	CEMEX - Hwy 95	0	0	0	0	0	0	0	1
200988	CEMEX - 19th Ave	0	0	0	0	0	0	0	2
4100046	Mc Kelligon Canyon	13	13	0	0	0	0	0	0
4100060	Odessa Cement Plant	16	16	0	0	0	0	7	2
4101066	McCombs Quarry	0	1	0	0	0	0	1	1
4103278	South Quarry	1	1	0	0	0	0	1	0
4100994	Balcones Quarry	0	0	0	0	0	0	0	3
4102885	Balcones Plant	0	0	0	0	0	0	0	14

500344	Lyons Cement Plant Cemex Inc	58	58	0	0	0	0	58	13
1504469	KOSMOS Cement Co.	6	6	0	0	0	0	6	3
0900053	Clinchfield Plant	3	3	0	0	0	0	1	8
0100578	Donnell Pit*	13	13	0	0	0	0	13	1

(8) Pending legal actions before the Federal Mine Safety and Health Review Commission (the "Commission") as required to be reported by Section 1503(a)(3) of the Act.

The following provides additional information regarding the types or categories of proceedings that may be brought before the commission.

- A Contest Proceedings - a contest proceeding may be filed with the Commission by an operator to challenge the issuance of a citation or order issued by MSHA;
- B Civil Penalty Proceedings - a civil penalty proceeding may be filed with the Commission by an operator to challenge a civil penalty MSHA has proposed for a violation contained in a citation or order;
- C Compensation Proceedings - a compensation proceeding may be filed with the Commission by miners entitled to compensation when a mine is closed by certain closure orders issued by MSHA. The purpose of the proceeding is to determine the amount of compensation if any, due to miners idled by the orders.
- D
 - (i) Discrimination Proceedings - a discrimination proceeding involves a miner's allegation that he or she has suffered adverse employment action because he or she engaged in activity protected under the Mine Act, such as making a safety complaint;

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- (ii) Temporary Reinstatement Proceedings - a temporary reinstatement proceeding involves cases in which a miner has filed a complaint with MSHA stating that he or she has suffered discrimination and the miner has lost his or her position; and

 - E Applications for Temporary Relief-applications for temporary relief of any order issued under Section 104

 - F Appeals of judges' decisions or orders to the FMSHRC