

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, 2016
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, San Pedro Garza García,
Nuevo León, México 66265
(Address of principal executive offices)

Roger Saldaña Madero,
+52 81 8888-8888, +52 81 8888-4399,
Avenida Ricardo Margáin Zozaya #325, Colonia Valle del Campestre, San Pedro Garza García,
Nuevo León, México 66265
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
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.

14,039,298,127 CPOs
28,121,583,148 Series A shares (including Series A shares underlying CPOs)
14,060,791,574 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, a non-accelerated filer or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act (check one).

Large accelerated filer Accelerated filer Non-accelerated filer Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act.

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

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 (“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 1 to our 2016 audited 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 (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

The regulations of the United States Securities and Exchange Commission (the “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. Generally Accepted Accounting Principles (“U.S. GAAP”).

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, and, unless otherwise indicated, references to “Ps,” “Mexican Pesos” and “Pesos” are to Mexican Pesos. References to “billion” mean one thousand million. References in this annual report to “CPOs” are to CEMEX, S.A.B. de C.V.’s *Certificados de Participación Ordinarios*. The Dollar amounts provided below, unless otherwise indicated elsewhere in this annual report, are translations of Peso amounts at an exchange rate of Ps20.72 to U.S.\$1.00, the CEMEX accounting rate (as defined herein) as of December 31, 2016. However, in the case of transactions conducted in Dollars, we have presented the U.S. Dollar amount of the transaction and in most cases, when such amounts are presented in our consolidated financial statements, the corresponding Peso amount 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 Mexican Peso amounts actually represent those Dollar amounts or could be converted into Dollars at the rate indicated. Between January 1, 2017 and April 21, 2017, the Mexican Peso appreciated by approximately 9% against the U.S. Dollar, based on the noon buying rate for Pesos. See “Item 3—Key Information—Selected Consolidated Financial Information.”

The noon buying rate for Mexican Pesos on December 31, 2016 was Ps20.62 to U.S.\$1.00 and on April 21, 2017, was Ps18.84 to U.S.\$1.00.

References in this annual report to total debt plus other financial obligations (which include debt under the Credit Agreement (as defined herein)) do not include debt and other financial obligations of ours held by us. See notes 2F and 16B to our 2016 audited 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 the Credit Agreement.

We also refer in various places within this annual report to non-IFRS measures, including “Operating EBITDA.” “Operating EBITDA” equals operating earnings before other expenses, net, plus amortization and depreciation expenses, as more fully explained in “Item 5—Operating and Financial Review and Prospects.” The presentation of these non-IFRS measures is not meant to be considered in isolation or as a substitute for our consolidated financial results prepared in accordance with IFRS as issued by the IASB.

CERTAIN TECHNICAL TERMS

When used herein, the terms set forth below mean the following:

- **Aggregates** are sand and gravel, which are mined from quarries. They give ready-mix concrete its necessary volume and add to its overall strength. Under normal circumstances, one cubic meter of fresh concrete contains two metric tons of gravel and sand.
- **Clinker** is an intermediate cement product made by sintering limestone, clay, and iron oxide in a kiln at around 1,450 degrees Celsius. One metric ton of clinker is used to make approximately 1.1 metric tons of gray portland cement.
- **Gray portland cement**, used for construction purposes, is a hydraulic binding agent with a composition by weight of at least 95% clinker and up to 5% of a minor component (usually calcium sulfate) which, when mixed with sand, stone or other aggregates and water, produces either concrete or mortar.
- **Petroleum coke (pet coke)** is a by-product of the oil refining coking process.
- **Ready-mix concrete** is a mixture of cement, aggregates, and water.
- **Tons** means metric tons. One metric ton equals 1.102 short tons.
- **White cement** is a specialty cement used primarily for decorative purposes.

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 Most Important Transactions since the 2009 Refinancing

On August 14, 2009, CEMEX, S.A.B. de C.V. and certain of its subsidiaries entered into a financing agreement (the “2009 Financing Agreement”), which extended the final maturities of approximately U.S.\$15 billion in syndicated and bilateral loans and private placement notes to February 14, 2014. On July 5, 2012, CEMEX, S.A.B. de C.V. and certain of its subsidiaries launched an exchange offer and consent request (the “2012 Exchange Offer and Consent Request”), to eligible creditors under the 2009 Financing Agreement pursuant to which eligible creditors were requested to consent to certain amendments to the 2009 Financing Agreement (together, the “2012 Amendment Consents”). In addition, CEMEX, S.A.B. de C.V. and certain of its subsidiaries offered to exchange the indebtedness owed to such creditors under the 2009 Financing Agreement that were eligible to participate in the 2012 Exchange Offer and Consent Request (the “Participating Creditors”) for (i) new loans (or, in the case of the private placement notes, new private placement notes) or (ii) up to U.S.\$500 million of CEMEX, S.A.B. de C.V.’s 9.50% Senior Secured Notes due 2018 issued on September 17, 2012 (the “June 2018 U.S. Dollar Notes”), in each case, in transactions exempt from registration under the Securities Act of 1933, as amended (the “Securities Act”).

On September 17, 2012, CEMEX, S.A.B. de C.V. and certain of its subsidiaries successfully completed the refinancing transactions contemplated by the 2012 Exchange Offer and Consent Request (collectively, the “2012 Refinancing Transaction”), and CEMEX, S.A.B. de C.V. and certain of its subsidiaries entered into (a) an amendment and restatement agreement, dated September 17, 2012 (the “2012 Amendment and Restatement Agreement”), pursuant to which the 2012 Amendment Consents with respect to the 2009 Financing Agreement were given effect, and (b) a facilities agreement, dated September 17, 2012 (as amended from time to time, the “2012 Facilities Agreement”), pursuant to which CEMEX, S.A.B. de C.V. and certain of its subsidiaries were deemed to borrow loans from those Participating Creditors participating in the 2012 Exchange Offer and Consent Request in principal amounts equal to the principal amounts of indebtedness subject to the 2009 Financing Agreement that was extinguished by such Participating Creditors. As a result of the 2012 Refinancing Transaction, Participating Creditors received (i) approximately U.S.\$6,155 million in aggregate principal amount of new loans and new private placement notes and (ii) U.S.\$500 million aggregate principal amount of the June 2018 U.S. Dollar Notes. In addition, approximately U.S.\$525 million aggregate principal amount of loans and private placement notes, which had remained outstanding under the 2009 Financing Agreement as of September 17, 2012, were subsequently repaid in full, as a result of prepayments made in accordance with the 2012 Facilities Agreement.

On September 29, 2014, CEMEX, S.A.B. de C.V. and certain of its subsidiaries entered into a facilities agreement, as amended and restated (the “Credit Agreement”) for U.S.\$1.35 billion with nine of the main lending banks from its 2012 Facilities Agreement. On November 3, 2014, five additional banks joined the Credit Agreement as lenders with aggregate commitments of U.S.\$515 million, increasing the total amount of the Credit Agreement from U.S.\$1.35 billion to U.S.\$1.87 billion (increasing the revolving tranche of the Credit Agreement proportionally to U.S.\$746 million).

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On July 30, 2015, CEMEX, S.A.B. de C.V. repaid in full the total amount outstanding of approximately U.S.\$1.94 billion under the 2012 Facilities Agreement with new funds from 17 financial institutions, which joined new tranches under the Credit Agreement.

In February 2016, CEMEX, S.A.B. de C.V. and certain of its subsidiaries launched a consent request to lenders under the Credit Agreement, pursuant to which lenders were requested to consent to certain amendments to the Credit Agreement, including certain amendments in relation to the implementation of CEMEX's plan to divest certain assets in the Philippines, certain amendments to financial covenants, and other related technical amendments (together, the "2016 Credit Agreement Amendments"). On March 7, 2016, CEMEX, S.A.B. de C.V. and certain of its subsidiaries obtained the requisite consents from lenders under the Credit Agreement to make the 2016 Credit Agreement Amendments. The 2016 Credit Agreement Amendments became effective when certain customary conditions precedent were fulfilled on March 17, 2016.

On July 12, 2016, International Finance Corporation ("IFC") joined the Credit Agreement as a lender granting CEMEX a loan of €106 million to support CEMEX's sustainable investment programs in emerging markets. The funds will support CEMEX projects designed to enhance environmental performance with 60% of the funds allocated for projects relating to the reduction of CEMEX's greenhouse gas emissions.

On November 30, 2016, CEMEX, S.A.B. de C.V. prepaid U.S.\$373 million outstanding under the Credit Agreement and corresponding to the September 2017 amortization thereunder. With this prepayment, and as part of an agreement reached with a group of existing lenders under the Credit Agreement, U.S.\$664 million (Ps13,758 million) of funded commitments maturing in 2018 were exchanged into a revolving facility, maintaining their original amortization schedule and the same terms and conditions. As of December 31, 2016, total commitments under the Credit Agreement included (i) approximately €746 million (approximately U.S.\$785 million or approximately Ps16,259 million) and (ii) approximately U.S.\$2,826 million (Ps58,555 million), out of which about U.S.\$1,413 million (Ps29,277 million) were in the revolving credit facility. The Credit Agreement currently has an amortization profile, considering all commitments, of approximately U.S.\$783 million in 2018, U.S.\$883 million in 2019 and U.S.\$1,096 million in 2020. See note 16A to our 2016 audited consolidated financial statements included elsewhere in this annual report.

CEMEX, S.A.B. de C.V. and certain of its subsidiaries have pledged under pledge agreements or transferred to a trustee under a security trust substantially all the shares of CEMEX México, S.A. de C.V. ("CEMEX México"), Cemex Operaciones México, S.A. de C.V. ("Cemex Operaciones México"), CEMEX TRADEMARKS HOLDING Ltd. ("CTH"), New Sunward Holding B.V. ("New Sunward"), and CEMEX España, S.A. ("CEMEX España"), as collateral (together, the "Collateral"), and all proceeds of such Collateral, to secure our payment obligations under the Credit Agreement, the Senior Secured Notes (as defined herein) and under several other financing arrangements. These subsidiaries whose shares were pledged or transferred as part of the Collateral collectively own, directly or indirectly, substantially all our operations worldwide. See "Item 3—Key Information—Risk Factors—Risks Relating to Our Business—We pledged the capital stock of subsidiaries that represent substantially all of our business as collateral to secure our payment obligations under the Credit Agreement, the Senior Secured Notes and other financing arrangements."

Since 2009, CEMEX, S.A.B. de C.V. and certain of its subsidiaries have completed a number of capital markets transactions, the majority of the proceeds of which have been used to repay indebtedness, to improve our liquidity position and for general corporate purposes. The most relevant capital markets transactions we completed consisted of:

- in September 2009, the sale of a total of 1,495 million CPOs, directly or in the form of American Depositary Shares of CEMEX, S.A.B. de C.V. ("ADSs"), in a global offering for approximately U.S.\$1.8 billion in net proceeds;
- in December 2009 and January 2010, the issuance by CEMEX Finance LLC of U.S.\$1.75 billion aggregate principal amount of its 9.50% U.S. Dollar-Denominated Senior Secured Notes due 2016 and €350 million aggregate principal amount of its 9.625% Euro-Denominated Senior Secured Notes due 2017;

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- 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 due 2019 (the “November 2019 Mandatory Convertible Mexican Peso Notes”), in exchange for promissory notes previously issued by CEMEX, S.A.B. de C.V. in the Mexican capital markets (Certificados Bursátiles) (“CBs”) with maturities between 2010 and 2012;
- in March 2010, the issuance by CEMEX, S.A.B. de C.V. of U.S.\$715 million aggregate principal amount of its 4.875% Convertible Subordinated Notes due 2015, including the full exercise of the U.S.\$65 million over-allotment option granted to the initial purchasers of the notes (the “March 2015 Optional Convertible Subordinated U.S. Dollar Notes”);
- 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% U.S. Dollar-Denominated Senior Secured Notes due 2020 and €115,346,000 aggregate principal amount of its 8.875% Euro-Denominated Senior Secured Notes due 2017, in exchange for the U.S. Dollar-Denominated 6.196% Fixed-to-Floating Rate Callable Perpetual Debentures issued by C5 Capital (SPV) Limited, U.S. Dollar-Denominated 6.640% Fixed-to-Floating Rate Callable Perpetual Debentures issued by C8 Capital (SPV) Limited, U.S. Dollar-Denominated 6.722% Fixed-to-Floating Rate Callable Perpetual 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 (collectively, the “Perpetual Debentures”), pursuant to a private placement exchange offer directed to the holders of Perpetual Debentures;
- in January 2011, the issuance by CEMEX, S.A.B. de C.V. of U.S.\$1.0 billion aggregate principal amount of its 9.000% Senior Secured Notes due 2018 (the “January 2018 U.S. Dollar Notes”);
- in March 2011, the issuance by CEMEX España, acting through its Luxembourg branch, of an additional U.S.\$125,331,000 aggregate principal amount of its 9.25% U.S. Dollar-Denominated Senior Secured Notes due 2020;
- in March 2011, the issuance by CEMEX, S.A.B. de C.V. of U.S.\$1,667.5 million aggregate principal amount of its 3.250% Convertible Subordinated Notes due 2016 (the “March 2016 Optional Convertible Subordinated U.S. Dollar Notes”) and 3.750% Convertible Subordinated Notes due 2018 (the “March 2018 Optional Convertible Subordinated U.S. Dollar Notes”);
- in April 2011, the issuance by CEMEX, S.A.B. de C.V. of U.S.\$800 million aggregate principal amount of its Floating Rate Senior Secured Notes due 2015;
- in July 2011, the issuance by CEMEX, S.A.B. de C.V. of an additional U.S.\$650 million aggregate principal amount of its January 2018 U.S. Dollar Notes;
- in March 2012, the issuance by CEMEX España, acting through its Luxembourg branch, of U.S.\$703,861,000 aggregate principal amount of its 9.875% U.S. Dollar-Denominated Senior Secured Notes Due 2019 (the “April 2019 U.S. Dollar Notes”) and €179,219,000 aggregate principal amount of its 9.875% Euro-Denominated Senior Secured Notes Due 2019 (the “April 2019 Euro Notes”) and, together with the April 2019 U.S. Dollar Notes, the “April 2019 U.S. Dollar and Euro Notes”), in exchange for Perpetual Debentures and 4.75% Notes due 2014 (the “Eurobonds”) issued by CEMEX Finance Europe B.V. pursuant to separate private placement exchange offers directed to the holders of Perpetual Debentures and Eurobonds;
- in September 2012, the issuance by CEMEX, S.A.B. de C.V. of U.S.\$500 million aggregate principal amount of the June 2018 U.S. Dollar Notes;
- in October 2012, the issuance by CEMEX Finance LLC of U.S.\$1.5 billion aggregate principal amount of its 9.375% Senior Secured Notes due 2022 (the “October 2022 U.S. Dollar Notes”);
- in November 2012, CEMEX Latam Holdings, S.A. (“CEMEX Latam”), a then wholly-owned subsidiary of CEMEX España, completed the sale of newly issued common shares in a concurrent

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public offering to investors in Colombia and a private placement to eligible investors outside of Colombia (together, the “CEMEX Latam Offering”), representing approximately 26.65% of CEMEX Latam’s outstanding common shares. CEMEX Latam’s common shares are listed on the Colombian Stock Exchange (*Bolsa de Valores de Colombia S.A.*). The net proceeds to CEMEX Latam from its public offering were approximately U.S.\$960 million after deducting estimated underwriting discounts and commissions, and other estimated offering expenses payable by CEMEX Latam. CEMEX Latam used the net proceeds from the offering to repay a portion of the indebtedness owed to us, which we used for general corporate purposes, including the repayment of indebtedness. CEMEX Latam is the holding company for CEMEX’s operations in Brazil, Colombia, Costa Rica, Guatemala, Nicaragua, Panama and El Salvador. As of December 31, 2016, CEMEX España owned approximately 73.31% of CEMEX Latam’s outstanding common shares, excluding shares held in treasury;

- in March 2013, the issuance by CEMEX, S.A.B. de C.V. of U.S.\$600 million aggregate principal amount of its 5.875% Senior Secured Notes due 2019;
- in August 2013, the issuance by CEMEX, S.A.B. de C.V. of U.S.\$1.0 billion aggregate principal amount of its 6.5% Senior Secured Notes due 2019 (the “December 2019 U.S. Dollar Notes”);
- in October 2013, the issuance by CEMEX, S.A.B. de C.V. of U.S.\$1.0 billion aggregate principal amount of its 7.25% Senior Secured Notes due 2021 (the “January 2021 U.S. Dollar Notes”) and U.S.\$500 million aggregate amount of its Floating Rate Senior Secured Notes due 2018 (the “October 2018 U.S. Dollar Notes” and, together with the January 2021 U.S. Dollar Notes, the “January 2021 and October 2018 U.S. Dollar Notes”);
- in April 2014, CEMEX Finance LLC issued U.S.\$1.0 billion aggregate principal amount of its 6.000% U.S. Dollar-Denominated Senior Secured Notes due 2024 (the “April 2024 U.S. Dollar Notes”) and €400 million aggregate principal amount of its 5.250% Euro-Denominated Senior Secured Notes due 2021 (the “April 2021 Euro Notes” and, together with the April 2024 U.S. Dollar Notes, the “April 2024 U.S. Dollar and April 2021 Euro Notes”);
- in September 2014, the issuance by CEMEX, S.A.B. de C.V. of U.S.\$1.1 billion aggregate principal amount of its 5.7% Senior Secured Notes due 2025 (the “January 2025 U.S. Dollar Notes”) and €400 million aggregate principal amount of its 4.750% Senior Secured Notes due 2022 (the “January 2022 Euro Notes” and, together with the January 2025 U.S. Dollar Notes, the “January 2025 U.S. Dollar and January 2022 Euro Notes”);
- in October 2014, the private offering by CEMEX, S.A.B. de C.V. of 200,000 Contingent Convertible Units (“CCUs”), each with a stated amount of U.S.\$1,000. The proceeds of the CCUs were applied to subscribe for the First March 2020 Optional Convertible Subordinated U.S. Dollar Notes (as defined below), the proceeds of which, in turn, were used to finance payment of U.S.\$200 million of the principal amount of the March 2015 Optional Convertible Subordinated U.S. Dollar Notes that matured without conversion;
- in March 2015, the issuance by CEMEX, S.A.B. de C.V. of U.S.\$750 million aggregate principal amount of its 6.125% Senior Secured Notes due 2025 (the “May 2025 U.S. Dollar Notes”) and €550 million aggregate amount of its 4.375% Senior Secured Notes due 2023 (the “March 2023 Euro Notes” and, together with the May 2025 U.S. Dollar Notes, the “May 2025 U.S. Dollar and March 2023 Euro Notes”);
- in March 2015, the issuance by CEMEX, S.A.B. de C.V. of U.S.\$200 million aggregate principal amount of its 3.72% Convertible Subordinated Notes due March 2020 (the “First March 2020 Optional Convertible Subordinated U.S. Dollar Notes”) subscribed with the proceeds of the CCUs;
- in May 2015, a series of private exchange transactions by CEMEX, S.A.B. de C.V. in respect of U.S.\$626 million aggregate principal amount of its March 2016 Optional Convertible Subordinated U.S. Dollar Notes held by certain institutional investors for (i) U.S.\$321 million aggregate principal

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amount of its 3.72% Convertible Subordinated Notes due March 2020 (the “Second March 2020 Optional Convertible Subordinated U.S. Dollar Notes” and, together with the First March 2020 Optional Convertible Subordinated U.S. Dollar Notes, the “March 2020 Optional Convertible Subordinated U.S. Dollar Notes”) and (ii) an estimated 42 million ADSs;

- in March 2016, the repayment of the full outstanding amount (U.S.\$352 million) of the March 2016 Optional Convertible Subordinated U.S. Dollar Notes;
- in March 2016, the issuance by CEMEX, S.A.B. de C.V. of U.S.\$1.0 billion aggregate principal amount of its 7.75% Senior Secured Notes due 2026 (the “April 2026 U.S. Dollar Notes”). A portion of the net proceeds from the offering of the April 2026 U.S. Dollar Notes of approximately U.S.\$830 million were used to fund the redemption of the remaining April 2019 U.S. Dollar and Euro Notes (such redemption, the “April 2019 U.S. Dollar and Euro Notes Redemption”), and the remaining net proceeds from the issuance of the April 2026 U.S. Dollar Notes were used to fund the redemption of the remaining June 2018 U.S. Dollar Notes (the “June 2018 U.S. Dollar Notes Redemption”);
- in April 2016, CEMEX España, acting through its Luxembourg branch, issued an irrevocable notice of redemption with respect to the April 2019 U.S. Dollar and Euro Notes, pursuant to which it redeemed the remaining U.S.\$603.7 million aggregate principal amount of the April 2019 U.S. Dollar Notes;
- in April 2016, the cancelation of U.S.\$217.3 million aggregate principal amount of Perpetual Debentures;
- in May 2016, the cancelation of U.S.\$7.8 million and €6.1 million aggregate principal amount of Perpetual Debentures;
- in May 2016, the purchase of approximately U.S.\$178.5 million aggregate principal amount of the October 2018 U.S. Dollar Notes and U.S.\$218.9 million aggregate principal amount of the December 2019 U.S. Dollar Notes through a cash tender offer (the “May 2016 Tender Offer”);
- in June 2016, the issuance by CEMEX Finance LLC of €400 million of 4.625% Senior Secured Notes due 2024 denominated in Euros (the “June 2024 Euro Notes”);
- in June 2016, the June 2018 U.S. Dollar Notes Redemption;
- in July 2016, the purchase of approximately U.S.\$355.3 million aggregate principal amount of the October 2022 U.S. Dollar Notes through a cash tender offer (the “July 2016 Tender Offer”);
- in July 2016, CEMEX Holdings Philippines, Inc. (“CHP”) closed its initial public offering of 45% of its common shares in the Philippines, and 100% of CHP’s common shares started trading on the Philippine Stock Exchange under the ticker “CHP.” CEMEX Asian South East Corporation (“CASE”), an indirect subsidiary of CEMEX España, directly owns approximately 55% of CHP’s outstanding common shares. The net proceeds to CHP from its initial public offering were approximately U.S.\$506.8 million after deducting estimated underwriting discounts and commissions, and other estimated offering expenses payable by CHP. CHP used the net proceeds from the initial public offering to repay existing indebtedness owed to BDO Unibank, Inc. (“BDO Unibank”) and to an indirect subsidiary of CEMEX;
- in August 2016, the redemption of the remaining 5.875% Senior Secured Notes due 2019;
- in October 2016, the purchase of approximately U.S.\$241.9 million aggregate principal amount of the January 2021 U.S. Dollar Notes through a cash tender offer (the “October 2016 Tender Offer”); and
- in 2016, the repurchase of U.S.\$198.5 million aggregate principal amount of the following Senior Secured Notes (all of which have been canceled):
 - U.S.\$2.1 million aggregate principal amount of June 2018 U.S. Dollar Notes;
 - U.S.\$46.1 million aggregate principal amount of CEMEX, S.A.B. de C.V.’s 5.875% Senior Secured Notes due 2019;

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- U.S.\$61.0 million aggregate principal amount of December 2019 U.S. Dollar Notes;
- U.S.\$22.9 million aggregate principal amount of April 2019 U.S. Dollar Notes;
- U.S.\$28.9 million aggregate principal amount of October 2022 U.S. Dollar Notes;
- U.S.\$6.1 million aggregate principal amount of October 2018 U.S. Dollar Notes; and
- U.S.\$31.4 million aggregate principal amount of January 2021 U.S. Dollar Notes.

As of December 31, 2016, our reported total debt plus other financial obligations in our balance sheet were Ps273,862 million (U.S.\$13,217 million) (principal amount Ps276,716 million (U.S.\$13,355 million), excluding deferred issuance costs), which does not include approximately Ps9,075 million (U.S.\$438 million), which represents the nominal amount of outstanding Perpetual Debentures.

Since the beginning of 2017, we have engaged in the following significant capital markets transactions and debt related activities, which are not reflected in our 2016 audited consolidated financial statements included elsewhere in this annual report:

- in January 2017, in connection with the offer and takeover bid (the “Offer”) by Sierra Trading (“Sierra”), one of CEMEX, S.A.B. de C.V.’s indirect subsidiaries, to all shareholders of Trinidad Cement Limited (“TCL”), a company publicly listed in Trinidad and Tobago, Jamaica and Barbados, to acquire up to 132,616,942 ordinary shares in TCL, Sierra presented a change and variation notice amending the Offer (the “Amended Offer”). Pursuant to the Amended Offer, Sierra offered 5.07 Trinidad and Tobago Dollars (“TTS”) in cash per TCL share (the “Revised Offer Price”) and, except for shareholders of TCL in Barbados, shareholders of TCL were granted the option of being paid in either TTS or U.S.\$ in Trinidad, and Jamaican Dollars or U.S.\$ in Jamaica. The Revised Offer Price represented a premium of 50% over the December 1, 2016 closing price of TCL’s shares on the Trinidad and Tobago Stock Exchange. The total number of TCL shares tendered and accepted in response to the Offer was 113,629,723 which, together with Sierra’s pre-existing shareholding in TCL (147,994,188 shares), represent approximately 69.83% of the outstanding TCL shares. The total cash payment by Sierra for the tendered shares was approximately U.S.\$86.36 million. CEMEX started consolidating TCL for financial reporting purposes on February 1, 2017. TCL has de-listed from the Jamaica and Barbados stock exchanges.
- in February 2017, CHP announced that it had entered into a senior unsecured peso term loan facility agreement with BDO Unibank for a Philippine Peso denominated amount equal to approximately U.S.\$280 million, to refinance a majority of CHP’s outstanding long-term loan with New Sunward. The term loan provided by BDO Unibank has a tenor of seven years and consists of a fixed rate tranche and a floating rate tranche. CHP drew the full amount of the term loan during the first quarter of 2017 to repay a portion of its existing indebtedness as described below.
- in February 2017, we sold 45,000,000 shares of common stock of Grupo Cementos de Chihuahua, S.A.B. de C.V. (“GCC”) at a price of Ps95 per share in a public offering to investors in Mexico authorized by the *Comisión Nacional Bancaria y de Valores* (Mexican National Banking and Securities Commission) (the “CNBV”) and in a concurrent private placement to eligible investors outside of Mexico. Prior to the offerings, CEMEX, S.A.B. de C.V. owned a 23% direct interest in GCC and a minority interest in CAMCEM, an entity which owns a majority interest in GCC. After the offerings, CEMEX, S.A.B. de C.V. owned a 9.47% direct interest in GCC and a minority interest in CAMCEM.
- in March 2017, the purchase of U.S.\$89.9 million aggregate principal amount of the December 2019 U.S. Dollar Notes and U.S.\$385.1 million aggregate principal amount of the January 2021 U.S. Dollar Notes through a cash tender offer and, during the first quarter of 2017, the open market repurchase of U.S.\$9 million aggregate principal amount of the Senior Secured Notes (all of which have been canceled).

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- in the first quarter of 2017, drawdowns and repayments under the revolving tranche of the Credit Agreement resulting in a reduction of Ps11,686 million (U.S.\$564 million) of outstanding indebtedness under the revolving tranche of the Credit Agreement, which was financed primarily from the proceeds of our asset divestitures. As of March 31, 2017, we had an aggregate amount of Ps43,407 million (U.S.\$1,413 million) available under the revolving tranche of our Credit Agreement.

We refer to the October 2018 U.S. Dollar Notes, December 2019 U.S. Dollar Notes, January 2021 U.S. Dollar Notes, April 2021 Euro Notes, January 2022 Euro Notes, October 2022 U.S. Dollar Notes, March 2023 Euro Notes, April 2024 U.S. Dollar Notes, June 2024 Euro Notes, January 2025 U.S. Dollar Notes, May 2025 U.S. Dollar Notes and April 2026 U.S. Dollar Notes collectively, as the “Senior Secured 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 of March 31, 2017, our total debt plus other financial obligations were Ps237,459 million (U.S.\$12,678 million) (principal amount Ps239,781 million (U.S.\$12,802 million)), which does not include approximately Ps8,222 million (U.S.\$439 million), which represents the nominal amount of Perpetual Debentures.

Risk Factors

We are subject to various risks mainly resulting from changing economic, environmental, political, industry, business, financial and climate conditions. The following risk factors are not the only risks we face, and any of the risk factors described below could significantly and adversely affect our business, results of operations or financial condition.

Risks Relating To Our Business

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 effect 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 mainly in the United States, Mexico, South, Central America and the Caribbean (“SAC”), Europe, Asia, Middle East and Africa. Accordingly, the economic conditions in some of the countries where we operate have had and may continue to have a material adverse effect on our business, financial condition and results of operations throughout our operations worldwide.

The main sources of risks in the current global economy are: (i) an inward shift in political activities, including toward protectionism, which may lead to lower global growth caused by reduced trade and cross-border investment flows, (ii) a faster-than-expected pace of interest rate increases in the United States, which could trigger a more rapid tightening in global financial conditions and a sharp Dollar appreciation, and its impact on the global economy, emerging markets, risk aversion, foreign exchange markets, volatility and financial markets, (iii) economic vulnerability of emerging market economies, (iv) uncertainty about the performance of oil prices, (v) China’s economic performance and the ability of the Chinese authorities to manage an economic transition and vulnerabilities in China’s financial system associated with fast credit growth, (vi) economic and political uncertainties in Europe, including the United Kingdom’s decision to withdraw from the European Union (“EU”), electoral processes in France, Germany and Italy, the ongoing refugee crisis, financial uncertainty in Greece and a lack of confidence in the EU’s banking system, that may threaten the region’s integration and economic growth and (vii) geopolitical risks in the Middle East and other regions experiencing political turmoil.

The U.S. economy continues to grow at near trend pace. The U.S. Federal Reserve System increased short-term interest rates in December 2015, December 2016 and March 2017. There is a risk that further interest rate hikes could cause Dollar appreciation, a manufacturing slowdown and economic deceleration. On the other hand,

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a slower than warranted pace of increase in interest rates could result in inflation acceleration and the disanchoring of inflation expectations leading to swift monetary policy tightening and a potential recession. The housing sector supply constraints associated in part with labor shortages could result in a slower pace of growth in housing starts. Federal budget disputes could lead to lesser than FAST Act-authorization spending levels for highways and roads. The global risks mentioned herein could lead to market volatility and consumer spending retrenchment in the U.S. The U.S. presidential election of Donald Trump has increased uncertainty about key policies, such as trade (potential protectionism and re-negotiation of the North American Free Trade Agreement (“NAFTA”)), immigration (anti-immigration rhetoric and a stated intention to build a wall on the border with Mexico) or fiscal (stated intentions to reduce tax rates and increase infrastructure expenditures) policy. In particular, there is uncertainty around the implications of a tax reform for the fiscal deficit and national debt. All of these uncertainties can have a significant impact on CEMEX’s business, both in the United States and worldwide.

Many emerging market economies have undergone periods of financial volatility over the past few years. Some large commodity exporters and other stressed economies have also experienced substantial exchange rate movements. The tightening of financial conditions across emerging market economies in the immediate aftermath of the U.S. elections in 2016 is a reminder that many countries from this group remain vulnerable to sudden shifts in global market sentiment. There is a risk of new episodes of market volatility, increased risk aversion and capital outflows from emerging markets, which could cause emerging markets currencies to further depreciate. The high level of U.S. Dollar denominated corporate indebtedness in emerging markets constitutes an additional source of instability. Emerging markets would face higher global risk premiums and substantial capital outflows, putting particular pressure on economies with domestic debt imbalances. The risk of contagion effect across emerging markets could be significant.

Chinese authorities are expected to maintain emphasis on protecting macroeconomic stability in the run-up to the leadership transition in 2017. Progress with demand-side rebalancing and reduction of excess industrial capacity has continued, but so has the reliance on stimulus measures to maintain high rates of growth and the Chinese economy’s dependence on rapidly expanding credit, intermediated through an increasingly opaque and complex financial system. Recent months have seen a return of capital outflows, reflecting market expectations of renminbi depreciation against the Dollar and narrowing yield. External triggers, such as a shift toward protectionism in advanced economies or domestic shocks, could lead to a broader tightening of financial conditions in China. Such tightening could be exacerbated by capital outflow pressures, causing an adverse impact on demand and output. The consequences for emerging market economies of weaker economic performance and increased policy uncertainty in China could be significant (as demonstrated by market fluctuations in the second half of 2015 and early 2016, spillovers from turbulence in China into other economies can be significant, operating mainly through commodity prices and global financial risk aversion).

Since the start of 2016, the Mexican economy has been immersed in an atmosphere of uncertainty. Concerns grew about Mexico’s fiscal accounts amid high public expenditure, falling oil revenues and increased cost of debt as monetary policy began a path towards normalization. Also, manufacturing lost steam as external demand waned and doubts emerged about whether private consumption could remain solid in a prolonged period of industrial fragility. Additionally, worries arose that steep depreciation of the Mexican Peso could eventually lead to higher inflation and, accordingly, to higher interest rates. This uncertainty reached new heights after the conclusion of the U.S. elections in late 2016. Protectionist stances, previously subdued, emerged as a significant risk for future economic growth. In the case of Mexico, a potential overhaul or repeal of NAFTA poses a threat to exports, foreign and domestic investment and job creation (especially of relatively high-paying jobs). Furthermore, remittance inflows became vulnerable to potential taxes and tighter immigration controls in the U.S. Confidence indicators declined, the Mexican Peso plummeted,¹ and analysts revised downwardly their

¹ The Mexican Peso depreciated against the U.S. Dollar by approximately 20% in 2016. However, between January 1, 2017 and April 21, 2017, the Peso appreciated by approximately 9%. See “Item 3—Key Information—Selected Consolidated Financial Information.” So far, the adjustment has happened orderly, with liquidity prevailing in market operations. Currently, Peso-denominated government bonds held by non-residents have remained stable.

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forecasts of Mexico's GDP growth. Mexican authorities reassure its commitment to improving Mexico's fiscal position and to accelerated monetary tightening to prevent abnormal volatility of the Mexican Peso and capital outflows; however, additional depreciation of the Mexican Peso cannot be ruled out. Political tensions between Mexican and U.S. administrations appear to have diminished, and we expect changes to NAFTA to be less disruptive. This notwithstanding, it is too early to rule out an economic downturn, given that many of the aforementioned risks are still prevalent and definitive actions on crucial topics like NAFTA and immigration are pending.

In summary, the short-term risks for the Mexican economy are as follows: (i) Potential hardening of the U.S. stance on renegotiation of NAFTA could deter manufacturing activity and investment in Mexico and significantly decrease the value of the Mexican Peso. (ii) A possible tax or other restrictions on remittances and immigration in the United States could hinder private consumption in Mexico. (iii) Lower dynamism of car manufacturing and car sales in the United States could hold back the ongoing recovery of manufacturing in Mexico. (iv) Private consumption in Mexico could retreat amid each or several of the following: increased inflation (due to further gasoline price increases and sharper depreciation of the Mexican Peso), higher interest rates and/or extended weakness of the industrial sector. (v) The downward adjustment of international oil prices and the exacerbation of the decline in domestic oil production could negatively affect the Mexican economy. (vi) Further adjustment of the total fixed investment due to the adoption of tighter fiscal and monetary policies in Mexico could negatively affect the Mexican economy. (vii) A deterioration of Mexico's debt position could lead to a downgrade of Mexico's sovereign credit rating. (viii) New episodes of global risk aversion due to geopolitical instability could spur capital outflows and affect the value of the Mexican Peso.

In Colombia, the anticipated correction in domestic demand is occurring and its weakness is expected to persist in 2017. Macroeconomic imbalances are beginning to be corrected: inflation is decreasing (4.7% in March 2017), helped by the reversion of climatic shocks and the stabilization of the exchange rate; and the current account deficit is narrowing (4.5% of GDP) helped by the weakness of domestic demand. Nonetheless, inflation and current account remain above comfort levels. Colombia's approved fiscal reform was less "structural" than required, so there is a risk that another "fiscal reform" will be needed in 2018/19. The increase in value-added tax rate could have a negative impact on inflation and on private consumption, with domestic demand cooling off. The risk of protectionism in the U.S. could negatively impact on the Colombian economy. The risk of further depreciation of the Colombian Peso against the U.S. Dollar is non-negligible. A sudden stop of flows cannot be ruled out.

The European Central Bank (the "ECB") continued with the policy of monetary easing. The environment of negative deposit rates is distorting financial markets and creates uncertain consequences for the banking sector. There is a risk that negative rates will erode bank profitability and curb lending across the countries that currently use the Euro as their currency (the "Eurozone"), creating other systemic risks to European economies. The economic activity in the Eurozone started to recover last year and inflation expectations had recovered some of the ground lost since the summer of last year. However, it is too early to confirm that a turning point has been reached in underlying inflation. According to some analysts, it is expected that the ECB could announce a tapering process at the end of 2017. There is a risk, however, that the ECB concludes the policy of easing too early. Uncertainty about the Euro's performance remains.

The Eurozone's economic growth and European integration are challenged by a number of uncertainties, including (i) delays in implementing the needed structural reforms in some European countries, (ii) the political uncertainty regarding elections in France, Germany and Italy and their effects on the European integration, (iii) unresolved political and financial risks associated with Greece, (iv) uncertainty regarding the profitability of the European banking system in general and the Italian banking sector in particular, (v) the process of the United Kingdom's exit from the EU, and (vi) the ongoing refugee crisis. All these factors could impact market confidence and could limit the benefit of the economic tailwinds and monetary policy stimulus. Regarding our operations in Europe, the United Kingdom's expected exit from the EU is already affecting financial markets and increasing foreign exchange volatility. The United Kingdom's exit from the EU may have a significant adverse

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impact on its economic activity. Such decision could result in substantial uncertainty weighing on investment and import cost. This situation could impact our business. In Poland, there is a risk that the populist measures of the new government could eventually restrain foreign investment and growth, which could negatively impact our operations in the region. In Spain, although political gridlock was overcome in the fourth quarter of 2016, the government is in minority and early elections cannot be ruled out.

Significant trade links with Western Europe render some of the Eastern European countries susceptible to economic and political pressures from Western Europe. Additionally, in the coming years, Central European countries might experience a reduction in the proceeds they receive from the EU's Structural Funds, which could hinder infrastructure investment in such countries.

In the Middle East, political risk could moderate economic growth and adversely affect construction investments. In Egypt, the current government has brought a certain degree of political stability to the country. During the last year, the government has undertaken several economic reforms to combat Egypt's economic imbalances including: (i) exchange rate liberalization (to face the shortage of foreign exchange and precariously low reserves), (ii) implementation of a VAT law (to increase fiscal revenues) and (iii) cuts in fuel subsidies (leading to a reduction of the budget deficit). In return, the Egyptian government obtained a loan from the International Monetary Fund. Although these reforms improved Egypt's economic performance (reserves have significantly increased and the budget deficit is expected to improve), they are now negatively affecting Egypt's population. During 2016, the Egyptian pound ("EGP") reached 19.6 EGP per US\$1 (it depreciated by 120%) and inflation is growing at 30%. All this has also affected our business: there is a foreign exchange shortage for capital repatriation, and cement demand in the country has plummeted in the first quarter of 2017. In 2018, presidential elections are scheduled to occur, but there is a risk that the current president may try to avoid them, in which case a rebound of social unrest cannot be ruled out. In Israel, potential conflicts with Hamas in Gaza, that may affect our operations, cannot be ruled out.

In the Philippines, the latest presidential elections resulted in a new government markedly different from the previous one. Although the new government is more focused on security issues, it is also expected to be committed to the infrastructure projects needed in the country. However, there is a risk of underspending that could affect our projections of business growth.

Demand for our products is strongly related to construction levels and depends, in large part, on residential and commercial construction activity, as well as private and public infrastructure spending, in the countries where we operate. Public and private infrastructure spending in countries dependent on revenue generated by the energy sector is exposed to decreases in energy prices. Therefore, decreases in energy prices could affect public and private infrastructure spending which, in turn, could affect the construction industry. Declines in the construction industry are correlated with declines in general economic conditions. As a result, deterioration in economic conditions in the countries where we operate could have a material adverse effect on our business, financial condition and results of operations. In addition, we cannot assure you that growth in the gross domestic product of the countries where we operate will translate into a correlated increase in demand for our products.

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 of the Eurozone. Although this risk appears to have declined, concerns persist regarding the debt burden of certain Eurozone countries, such as Greece, 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 and the United Kingdom's decision to exit the EU.

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.

We are subject to the effects of general global economic and market conditions that are beyond our control. If these conditions remain challenging or deteriorate, our business, financial condition and results of operations could be adversely affected. Possible consequences from macroeconomic global challenges such as the debt crisis in certain countries in the EU could have an adverse impact on our business, financial condition and results of operations.

The Credit Agreement contains several restrictions and covenants. Our failure to comply with such restrictions and covenants could have a material adverse effect on our business and financial conditions.

The Credit Agreement requires us to comply with several financial ratios and tests, including a minimum consolidated coverage ratio of Operating EBITDA to interest expense (including interest accrued on Perpetual Debentures) and a maximum consolidated leverage ratio of total debt (including Perpetual Debentures and guarantees, excluding subordinated optional convertible securities and financial leases plus or minus the fair value of derivative financial instruments, among other adjustments) to Operating EBITDA, as described below. Our ability to comply with these ratios may be affected by economic conditions and volatility in foreign exchange rates, as well as by overall conditions in the financial and capital markets and the construction sector.

On March 17, 2016, CEMEX, S.A.B. de C.V., in line with CEMEX's initiatives of enhancing financial flexibility and reducing risk, obtained the required consents to amend its Credit Agreement, in order to delay the scheduled tightening in its consolidated financial leverage and coverage ratio limits by one year. Pursuant to the amendment, the leverage ratio covenant in the Credit Agreement remained at 6.0 times until and including March 31, 2017, and will gradually decline to 4.0 times by June 30, 2020, and the margin grid in the Credit Agreement was modified such that if the consolidated leverage ratio is greater than 5.50 times in the reference periods ending on December 31, 2016, March 31, 2017, June 30, 2017, and September 30, 2017, the applicable margin will be 425 bps instead of 400 bps. All other levels in the margin grid remained unchanged. In addition, the Credit Agreement was amended to allow CEMEX the right, subject to meeting local requirements in the Philippines, to sell a minority stake in CHP.

The Credit Agreement requires us to comply with a consolidated coverage ratio of Operating EBITDA to interest expense (including interest accrued on Perpetual Debentures), for the following periods, measured quarterly, of not less than (i) 1.85:1 for the period ending December 31, 2016, up to and including the period ending March 31, 2017, (ii) 2:00:1 for the period ending on June 30, 2017 up to and including the period ending on September 30, 2017 and (iii) 2.25:1 for the period ending December 31, 2017, and each subsequent reference period. In addition, the Credit Agreement allows us a maximum consolidated leverage ratio of total debt (including Perpetual Debentures and guarantees, excluding subordinated optional convertible securities and financial leases plus or minus the fair value of derivative financial instruments, among other adjustments) to Operating EBITDA for each period of four consecutive fiscal quarters (measured quarterly) not to exceed (i) 6.00:1 for the period ending December 31, 2016, up to and including the period ending on March 31, 2017, (ii) 5.75:1 for the period ending June 30, 2017, up to and including the period ending September 30, 2017, (iii) 5.50:1 for the period ending December 31, 2017, up to and including the period ending March 31, 2018, (iv) 5.25:1 for the period ending June 30, 2018, up to and including the period ending September 30, 2018; (v) 5.00:1 for the period ending December 31, 2018, up to and including the period ending March 31, 2019; (vi) 4.50:1 for the period ending June 30, 2019, up to and including the period ending September 30, 2019; (vii) 4.25:1 for the period ending December 31, 2019, up to and including the period ending March 31, 2020; and

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(viii) 4.00:1 for the period ending June 30, 2020 and each subsequent reference period. For the period ended December 31, 2016, we reported to the lenders under the Credit Agreement a consolidated coverage ratio of 3.18 and a consolidated leverage ratio of 4.22, each as calculated pursuant to the Credit Agreement. See “Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Our Indebtedness.”

Pursuant to the Credit Agreement, we are limited in relation to making aggregate annual capital expenditures in excess of U.S.\$1 billion (excluding certain capital expenditures, joint venture investments and acquisitions to be made by each of CEMEX Latam and/or CHP and their respective subsidiaries), which capital expenditures, joint venture investments and acquisitions at any time then incurred are subject to a separate aggregate limit of U.S.\$500 million (or its equivalent) for each of CEMEX Latam and its subsidiaries and CHP and its subsidiaries, in each case, the amounts of which allowed for permitted acquisitions and investments in joint ventures cannot exceed U.S.\$400 million per year.

We are also subject to a number of negative covenants under the Credit Agreement 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 (in each case, as defined in the Credit 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) enter into certain derivatives transactions; and (xii) 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.

The Credit Agreement also contains a number of affirmative covenants that, among other things, require us to provide periodic financial information to our creditors. Pursuant to the Credit Agreement, however, a number of those covenants and restrictions will, if CEMEX so elects, automatically cease to apply or become less restrictive if (i) our consolidated leverage ratio for the two most recently completed quarterly testing periods is less than 4.00:1; and (ii) no default under the Credit Agreement is continuing, as applicable. At that point, the consolidated leverage ratio must not exceed 4.25:1. 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 repay existing financial indebtedness, declare or pay cash dividends and distributions to shareholders; certain asset sale restrictions, and restrictions on exercising call options in relation to any perpetual bonds we issue and on the issuance of certain convertible and exchangeable obligations. At such time, several baskets and caps relating to negative covenants will also increase, including baskets or caps related to 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 Credit Agreement.

The Credit Agreement contains events of default, some of which may be outside of our control. Such events of default include defaults, subject to certain exceptions, 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 (*quiebra*) or insolvency (*concurso mercantil*) of CEMEX, S.A.B. de C.V., any other obligor under the Credit Agreement or any other of our material subsidiaries (as defined in the Credit 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) certain changes to the ownership of any of the obligors under the Credit Agreement, unless the proceeds of such disposal are used to prepay the Credit 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) restrictions not in effect on September 29, 2014 are imposed that limit the ability of obligors to transfer foreign exchange for purposes of performing material obligations under the Credit Agreement; (xii) any material adverse change arising in the financial condition of CEMEX, which two thirds or more of the Credit Agreement’s creditors

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determine would result in our failure, taken as a whole, to perform payment obligations under the Credit Agreement; and (xiii) failure to comply with laws or our obligations under the Credit Agreement cease to be legal. If an event of default occurs and is continuing, upon the authorization of two thirds or more of the Credit Agreement creditors, the creditors have the ability to accelerate all outstanding amounts due under the Credit Agreement. 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 Credit 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, financial condition and results of operation.

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

CEMEX, S.A.B. de C.V. and certain of its subsidiaries have pledged under pledge agreements or transferred to a trustee under a security trust substantially all the shares of CEMEX México, Cemex Operaciones México, CTH, New Sunward, and CEMEX España as Collateral and all proceeds of the Collateral to secure our payment obligations under the Credit Agreement, the Senior Secured Notes and under a number of other financing arrangements for the benefit of the creditors and holders of debt, and other obligations that benefit from provisions in their instruments requiring that their obligations be equally and ratably secured.

As of March 31, 2017, the Collateral and all proceeds of such Collateral secured (i) Ps190,147 million (U.S.\$10,152 million) (principal amount Ps191,720 million (U.S.\$10,236 million)) of debt under the Credit Agreement, the Senior Secured Notes and other financing arrangements and (ii) Ps8,222 million (U.S.\$439 million) aggregate principal amount of Perpetual Debentures. These subsidiaries collectively own, directly or indirectly, substantially all of our operations worldwide. Provided that no default has occurred which is continuing under the Credit Agreement, the Collateral will be released automatically if we meet specified debt reduction and financial covenant targets.

We have a substantial amount of debt and other financial obligations maturing in the next several years. 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 principal 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 March 31, 2017, our total debt plus other financial obligations were Ps237,459 million (U.S.\$12,678 million) (principal amount Ps239,781 million (U.S.\$12,802 million)), which does not include approximately Ps8,222 million (U.S.\$439 million), which represents the nominal amount of Perpetual Debentures. Of such total debt plus other financial obligations amount, Ps1,929 million (U.S.\$103 million) (principal amount Ps1,910 million (U.S.\$102 million)) matures during 2017; Ps32,871 million (U.S.\$1,755 million) (principal amount Ps33,414 million (U.S.\$1,784 million)) matures during 2018; Ps29,387 million (U.S.\$1,569 million) (principal amount Ps29,668 million (U.S.\$1,584 million)) matures during 2019; Ps32,047 million (U.S.\$1,711 million) (principal amount Ps32,553 million (U.S.\$1,738 million)) matures during 2020; and Ps141,225 million (U.S.\$7,540 million) (principal amount Ps142,236 million (U.S.\$7,594 million)) matures after 2020.

If we are unable to comply with our upcoming principal maturities under our indebtedness, 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, financial condition and results of operations. As a result of the restrictions under the Credit Agreement, the indentures that govern our Senior Secured Notes and other debt instruments, the current global economic environment and uncertain market conditions, we may not be able to complete asset sales on terms that we find economically attractive or at all. Volatility in the credit and capital

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markets could significantly affect us due to its effect on the 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 sales 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 and receivables and inventory financing facilities, proceeds of debt and equity offerings and proceeds from asset sales.

As of December 31, 2016, we had U.S.\$535 million funded under our securitization programs in Mexico, the United States, France and the United Kingdom. We cannot assure you that, going forward, we will be able to, if needed, roll over or renew these programs, which could adversely affect our liquidity.

The weakness of the global economic environment and its adverse effects on our operating results may negatively affect our credit rating and the market value of CEMEX, S.A.B. de C.V.'s common stock, CPOs and ADSs. If current economic pressures continue or worsen, 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 in the recent past, 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 Credit Agreement restricts us from incurring additional debt, subject to several exceptions. The Credit Agreement requires proceeds from asset disposals, issuances of equity and incurrences of debt to be applied to the prepayment of indebtedness under the Credit Agreement, unless the proceeds are used to reinvest in our business and/or refinance existing indebtedness for proceeds from asset disposals and issuances of equity, and for cash replenishment or to refinance existing indebtedness for the prepayment of the indebtedness on the terms set forth in the Credit Agreement.

We 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 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 or amendments, if requested, will be obtained. If we 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 business and financial condition.

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

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resources prove inadequate, we could face liquidity problems and may not be able to comply with our upcoming principal payments 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 March 31, 2017, there were U.S.\$6,126 million and €1,750 million aggregate principal amount of Senior Secured Notes outstanding under the indentures governing such notes. 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.

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

Most of the covenants are 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 any of 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 such accelerated indebtedness or our other indebtedness.

Furthermore, upon the occurrence of any event of default under the Credit Agreement, the indentures governing our Senior Secured Notes 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 would be sufficient to repay in full those amounts or to satisfy our other liabilities.

In addition, in connection with the entry into new financings or amendments to existing financing arrangements, our 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.

Aside from operating certain assets in Mexico, CEMEX, S.A.B. de C.V. is a holding company that owns the stock of its direct and indirect subsidiaries and has 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 and funds from its wholly-owned and non-wholly-owned subsidiaries. Even though our debt agreements and instruments restrict us from entering into any agreement or arrangement that limits the

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ability of any subsidiary of CEMEX, S.A.B. de C.V. to declare or pay dividends or repay or capitalize intercompany indebtedness, 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 Credit 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 or have been 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 compensation or absorption 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 it will negatively affect its 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, such as in the case of CEMEX Latam, CHP and TCL. Various disadvantages may result from the participation of non-controlling shareholders whose interests may not always be aligned 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 Dollars with revenues generated in Mexican 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 Dollars. This could adversely affect our ability to service our obligations in the event of a devaluation or depreciation in the value of the Mexican Peso, or any of the other currencies of the countries in which we operate, compared to the U.S. Dollar. In addition, our consolidated reported results and outstanding indebtedness are significantly affected by fluctuations in exchange rates between the Mexican Peso and other currencies.

A substantial portion of our total debt plus other financial obligations is denominated in Dollars. As of March 31, 2017, our debt plus other financial obligations denominated in Dollars represented approximately 74% of our total debt plus other financial obligations, which does not include U.S.\$371 million of Dollar-denominated Perpetual Debentures. Our Dollar-denominated debt must be serviced with funds generated by CEMEX, S.A.B. de C.V.'s subsidiaries. Although we have substantial operations in the U.S., we continue to rely on our non-U.S.

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assets to generate revenues to service our Dollar-denominated debt. Consequently, we have to use revenues generated in Mexican Pesos, Euros or other currencies to service our Dollar-denominated obligations. See “Item 5—Operating and Financial Review and Prospects—Quantitative and Qualitative Market Disclosure—Interest Rate Risk, Foreign Currency Risk and Equity Risk—Foreign Currency Risk.” A devaluation or depreciation in the value of the Mexican Peso, Euro, British Pound, Colombian Peso or any of the other currencies of the countries in which we operate, compared to the U.S. Dollar, could adversely affect our ability to service our Dollar-denominated debt. In 2016, our operations in Mexico, the United Kingdom, Germany, France, Spain, the Rest of Europe, Colombia, Egypt, the Philippines, the Rest of Asia, Middle East and Africa (as described in “Item 4—Information on the Company—Business Overview”), which are our main non-Dollar-denominated operations, together generated approximately 60% of our total net sales in Mexican Peso terms (approximately 20%, 8%, 4%, 5%, 2%, 4%, 5%, 3%, 4%, and 5%, respectively) before eliminations resulting from consolidation. In 2016, approximately 26% of our net sales in Mexican Peso terms were generated in the United States. During 2016, the Mexican Peso depreciated approximately 20% against the U.S. Dollar, the Euro depreciated approximately 3% against the U.S. Dollar and the British Pound depreciated approximately 20% against the U.S. 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 Mexican Peso and other currencies, as those fluctuations influence the amount of our indebtedness when translated into Mexican Pesos and also result in foreign exchange gains and losses as well as gains and losses on derivative contracts, including those entered into to hedge our exchange rate exposure. The Credit Agreement and other debt instruments significantly restrict our ability to enter into derivative transactions. For a description of these restrictions, see “Item 3—Key Information—Risk Factors—Risks Relating To Our Business—Our use of derivative financial instruments has negatively affected, and any new derivative financial instruments could negatively affect, our operations, especially in volatile and uncertain markets.”

In addition, as of March 31, 2017, our Euro-denominated total debt plus other financial obligations represented approximately 22% of our total debt plus other financial obligations, which does not include the €64 million aggregate principal amount of Euro-denominated Perpetual Debentures.

Our use of derivative financial instruments has negatively affected, and any new derivative financial instruments could negatively affect, 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. The Credit Agreement and other debt instruments significantly restrict our ability to enter into derivative transactions.

As of December 31, 2016, our derivative financial instruments consisted of equity derivatives on shares of CEMEX, S.A.B. de C.V. (including the capped call transactions in connection with the March 2018 Optional Convertible Subordinated U.S. Dollar Notes), forward contracts, interest rate derivatives related to energy projects and fuel price hedging, which had an impact on our other financial income, net. The fair value changes of our derivative financial instruments are reflected in our statement of operations, which could introduce volatility in our controlling interest net income and our related ratios. For the years ended December 31, 2015 and 2016, the recognition of changes in the fair value of derivative financial instruments during the applicable period represented net losses of approximately Ps2,981 million (U.S.\$173 million) and approximately Ps317 million (U.S.\$17 million), respectively.

CEMEX has significantly decreased its use of derivatives instruments related to debt, both currency and interest rate derivatives, thereby reducing the risk of cash margin calls. See notes 2F, 16D and 16E to our 2016 audited consolidated financial statements included elsewhere in this annual report. However, with respect to our

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existing financial derivatives, we may incur net losses and be subject to margin calls that do not require a substantial amount of cash to cover such margin calls. If we enter into new derivative financial instruments, we may incur net losses and be subject to margin calls in which the cash required to cover margin calls may be substantial and may reduce the funds available to us for our operations or other capital needs. In addition, as with any derivative position, CEMEX assumes the creditworthiness risk of the counterparty, including the risk that the counterparty may not honor its obligations to us.

We are subject to the laws and regulations of the countries where we operate and any material changes in such laws and regulations and/or any significant delays in our assessing the impact and/or adapting to such changes may have an adverse effect on our business, financial condition and results of operations.

Our operations are subject to the laws and regulations of the countries where we operate and such laws and regulations, and/or governmental interpretations of such laws and regulations, may change. Any such change may have a material adverse effect on our business, financial condition and results of operations. Furthermore, changes in laws and regulations and/or governmental interpretations of such laws and regulations in the countries where we operate may require us to devote a significant amount of time and resources to assess and, if required, to adjust our operations to any such changes, which could have a material adverse effect on our business, financial condition and results of operations. In addition, any significant delays in assessing the impact and/or, if required, in adapting to changes in laws and regulations and/or governmental interpretations of such laws and regulations may also have a material adverse effect on our business, financial condition and results of operations.

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 approvals, licenses, permits and certificates required in the conduct of our business, or that we will continue to satisfy the conditions to which such approvals, licenses, permits and certificates are granted. There may also be delays on the part of regulatory and administrative bodies in reviewing our applications and granting approvals. If previously obtained approvals, licenses, permits and certificates are revoked and/or if we fail to obtain and/or maintain the necessary approvals, licenses, permits 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 or mineral extraction locations, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may fail to secure certain materials required to run our business.

We increasingly use in our business certain by-products of industrial processes produced by third parties, such as pet coke, fly-ash, slag and synthetic gypsum. While we are not dependent on our suppliers and while we try to secure the supply of the required materials through long-term renewable contracts and framework agreements, which ensure better management of supplies, short-term contracts are however entered into in certain countries where we operate. Should existing suppliers cease operations or reduce or eliminate production of these by-products, sourcing costs for these materials could increase significantly or require us to find alternative sources for these materials, which could have a material adverse effect on our business, financial condition, results of operations and prospects. Additionally, scarcity of natural resources (such as water and aggregates reserves) in some of the countries where we operate could have a material adverse effect on our costs and results of operations.

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.

Even though we have not made any major acquisitions in recent years, our ability to realize the expected benefits from acquisitions depends, in large part, on our ability to integrate acquired operations with our existing

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operations in a timely and effective manner. These efforts may not be successful. Although we are currently seeking to dispose assets to reduce our overall leverage, the Credit Agreement and other debt instruments restrict our ability to acquire assets, and 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 could be materially and adversely affected.

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

Our operations consume significant amounts of power and fuel. Power and fuel prices generally reflect certain volatility, particularly in times of political turbulence in Iran, Iraq, Egypt and other countries in South America, the Middle East and Africa. Even though energy and fuel prices have recently decreased, we cannot assure you that our operations would not be materially adversely affected in the future if energy and fuel costs increase to levels that existed prior to the recent significant decreases in the price of oil and other fuels.

In addition, if our efforts to increase our use of alternative fuels are unsuccessful, we would be required to use traditional fuels, which may increase our energy and fuel costs and could have a material adverse effect on our business, financial condition and results of operations.

The introduction of substitutes for cement, concrete or aggregates into the market and the development of new construction techniques could have a material adverse effect on our business, financial condition and results of operations.

Materials such as plastic, aluminum, ceramics, glass, wood and steel can be used in construction as a substitute for cement, concrete or aggregates. In addition, other construction techniques, such as the use of dry wall, could decrease the demand for cement, concrete and/or aggregates. Further, research aimed at developing new construction techniques and modern materials may introduce new products in the future that reduce the demand for cement, concrete and/or aggregates. The use of substitutes for cement, concrete or aggregates could cause a significant reduction in the demand and prices for our products.

We operate in highly competitive markets and if we do not compete effectively, our results of operations will be harmed.

The markets in which we operate are highly competitive and are served by a variety of established companies with recognized brand names, as well as new market entrants and increasing imports. Companies in these markets compete based on a variety of factors, often employing aggressive pricing strategies to gain market share. Our ability to increase our net sales depends, in part, on our ability to compete effectively. We compete with different types of companies and based on different factors in each market. For example, in the relatively consolidated cement and ready-mix concrete industries, we generally compete based on quality and value proposition. In the more fragmented market for aggregates, we generally compete based on capacity and price. In certain areas of the markets in which we compete, some of our competitors may be more established, benefit from greater brand recognition or have greater manufacturing and distribution channels and other resources than we do. In addition, if our competitors were to combine, they may be able to compete more effectively with us and they may dispose of assets, which could lead to new market entrants that increase competition in our markets. For example, Lafarge, S.A. (“Lafarge”) and Holcim Ltd. (“Holcim”) finalized their merger in 2015, and Ireland’s CRH plc (“CRH”) acquired the vast majority of the assets disposed by Lafarge and Holcim pursuant to the requirements of regulators. Another example is HeidelbergCement AG’s (“Heidelberg”) acquisition of Italcementi S.p.A. (“Italcementi”), which was completed in July 2016.

If we are not able to compete effectively, we may lose substantial market share, our net sales could decline or grow at a slower rate and our business and results of operations would be harmed.

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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 or industry conditions deteriorate further, additional impairment charges may be recognized.

Our 2016 audited consolidated financial statements included elsewhere in this annual report, have been prepared in accordance with IFRS as issued by the IASB, under which goodwill is not amortized and is 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 groups of cash-generating units to which goodwill balances have been allocated, which consists of the higher of such groups of cash-generating units fair value, less cost to sell, and their corresponding value in use, represented by the discounted amount of estimated future cash flows expected to be generated by such groups of cash-generating units to which goodwill has been allocated. An impairment loss is recognized under IFRS if the recoverable amount is lower than the net book value of the groups of cash-generating units to which goodwill has been allocated within other expenses, net. We determine the discounted amount of estimated future cash flows over periods of five years. In specific circumstances, when, according to our experience, actual results for a given cash-generating unit do not fairly reflect historical performance and most external economic variables provide us with confidence that a reasonably determinable improvement in the mid-term is expected in their operating results, management uses cash flow projections over a period of up to ten years, to the point in which future expected average performance resembles the historical average performance and to the extent we have detailed, explicit and reliable financial forecasts and is confident and can demonstrate its ability, based on past experience, to forecast cash flows accurately over that longer period. If the value in use of a group of cash-generating units to which goodwill has been allocated 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, among others. Impairment tests are significantly sensitive to, among other factors, the estimation of future prices of our products, trends in 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, among others. We use specific pre-tax discount rates for each group of cash-generating units to which goodwill is allocated, which are applied to pre-tax cash flows. The amounts of estimated undiscounted cash flows are significantly sensitive to the growth rates in perpetuity applied. Likewise, the amounts of discounted future cash flows are significantly sensitive to the weight average cost of capital (discount rate) applied. The higher the growth rate in perpetuity applied, the higher the amount of undiscounted future cash flows by group of cash-generating units obtained. Conversely, the higher the discount rate applied, the lower the amount of discounted estimated future cash flows by group of cash-generating units obtained. During the last quarters of each of 2014, 2015 and 2016, we performed our annual goodwill impairment test. Based on these analyses, we did not determine impairment losses of goodwill in any of the reported periods. See note 15C to our 2016 audited consolidated financial statements included elsewhere in this annual report.

Considering the important role that economic factors play in testing goodwill for impairment, we cannot assure that an eventual downturn in the economies where we operate will not necessitate further impairment tests and a possible downward readjustment of our goodwill for impairment under IFRS. Such an impairment test could result in 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 are and 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,” we are currently subject to a number of significant legal proceedings, including, but not limited to, those relating to an SEC investigation concerning a new cement plant being built by CEMEX Colombia, S.A. (“CEMEX Colombia”) in the Antioquia department of the Municipality of Maceo, Colombia, as well as antitrust investigations in countries in which we operate. In addition, our main operating subsidiary in Egypt, Assiut Cement Company (“ACC”), is involved in

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certain Egyptian legal proceedings relating to the acquisition of ACC. 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.

We have concluded that our internal control over financial reporting was not effective as of December 31, 2016, and our remediation efforts are ongoing. As a result, our ability to report our results of operations accurately, including our ability to make required filings with government authorities, may be adversely affected if our remediation efforts are not adequate. In addition, the trading price of our securities may be adversely affected by a related negative market reaction.

We have identified a material weakness in our internal control over financial reporting. Our management, including CEMEX, S.A.B. de C.V.'s Chief Executive Officer and Executive Vice President of Finance and Chief Financial Officer, has concluded that our disclosure controls and procedures were not effective as of December 31, 2016 to achieve their intended objectives. We have identified the following material weakness in our internal control over financial reporting: our risk assessment process did not operate effectively to implement controls that would prevent, or detect and correct, misstatements resulting from apparent collusion or management override of controls in relation to significant unusual transactions. In addition, we did not design and operate effective monitoring controls to detect non-compliance with our policies related to the financial reporting of significant unusual transactions. This material weakness relates, in part, to the previously disclosed irregular payments to a non-governmental individual made in connection with the construction by CEMEX Colombia of a new integrated cement plant in the Antioquia department near the municipality of Maceo, Colombia (the "Maceo Project"). As of December 31, 2016, the investigations of this failure, and the implementation of our remediation plan to address it, were not far enough advanced to provide a sufficient level of assurance that such circumvention or override of controls and misuse of funds by management would be prevented. For more information, see "Item 15—Controls and Procedures." As of the date of this annual report, the process of designing, implementing and validating remedial measures related to the material weakness is ongoing. If our efforts to remediate this material weakness are not successful, we may be unable to report our results of operations accurately and make our required filings with government authorities, including the SEC. Furthermore, our business and operating results and the price of our securities may be adversely affected by related negative market reactions. We cannot be certain that in the future additional material weaknesses will not exist or otherwise be discovered.

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. These laws and regulations impose 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 laws and regulations expose us to the risk of substantial environmental costs and liabilities, including fines and other sanctions, the payment of compensation to third parties, remediation costs and damage to reputation. Moreover, the enactment of stricter laws and regulations, stricter interpretation of existing laws or regulations, or new enforcement initiatives, 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 ("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 required Portland cement plants to limit mercury emissions, total hydrocarbons, hydrochloric acid and particulate matter by September 2013. The rule was challenged in federal court, and in December 2011, the D.C. Circuit Court of Appeals remanded the Portland Cement NESHAP to EPA and directed the agency to recompute the standards. In February 2013, EPA issued a revised final Portland Cement NESHAP rule that relaxed emissions limits for particulate matter and moved the compliance deadline to September 2015. In April

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2013, environmental groups again challenged the revised Portland Cement NESHAP rule in federal court. In April 2014, the D.C. Circuit issued a ruling upholding both the revised particulate matter emission limits and the September 2015 compliance deadline. Prior to the September 2015 compliance deadline, we requested and received an additional 12 months to demonstrate compliance. Portland Cement NESHAP compliance-related work continues in 2017 in several of our plants, for which we have received extensions to the compliance deadline. Compliance could require us to utilize significant resources, which could have a material adverse impact on our results of operations, liquidity and financial condition; however, we expect that such impact would be consistent with the impact on the cement industry as a whole.

In February 2013, EPA issued revised final emissions standards under the CAA for commercial and industrial solid waste incinerators (“CISWI”). Under the CISWI rule, if a material being used in a cement kiln as an alternative fuel is classified as a solid waste, the plant must comply with CISWI standards. The CISWI rule covers nine pollutants, and imposes more stringent emissions limits on certain pollutants that also are regulated under the Portland Cement NESHAP. The CISWI rule was challenged by both industrial and environmental groups in federal court. In July 2016, the D.C. Circuit issued a ruling upholding portions of the rule and remanding other portions to EPA for further consideration. In December 2016, the D.C. Circuit rejected the motions for reconsideration. If the CISWI rule takes effect in its current form, and if kilns at CEMEX plants are determined to be CISWI kilns due to the use of certain alternative fuels, the emissions standards imposed by the CISWI rule could have a material impact on our business operations.

Under certain environmental laws and regulations, liability associated with investigation or remediation of hazardous substances can arise at a broad range of properties, including properties currently or formerly owned or operated by CEMEX, as well as facilities to which we sent hazardous substances or wastes for treatment, storage or disposal. Such laws and regulations may apply 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 assure you that existing or future circumstances or developments with respect to contamination will not require us to make significant remediation or restoration expenditures.

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. Therefore, efforts to address climate change through federal, state, regional, EU and international laws and regulations requiring reductions in emissions of greenhouse gases (“GHGs”) can create economic risks and uncertainties for our business. Such risks could include the cost of purchasing allowances or credits to meet GHG emission caps, the cost of installing equipment to reduce emissions to comply with GHG limits or required technological standards, decreased profits or losses arising from decreased demand for our goods and higher production costs resulting directly or indirectly from the imposition of legislative or regulatory controls. To the extent that financial markets view climate change and GHG emissions as a financial risk, this could have a material adverse effect on our cost of and access to capital. Given the uncertain nature of the actual or potential statutory and regulatory requirements for GHG emissions at the federal, state, regional, EU 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. For more information on the laws and regulations addressing climate change that we are, or could become, subject to, and the impacts to our operations arising therefrom, see “Item 4—Information on the Company—Regulatory Matters and Legal Proceedings—Environmental Matters.”

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Cement production raises a number of health and safety issues. 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). As part of our annual due diligence, we work with our stakeholders to verify that certain health and safety protocols are in place as regards the management of silica and its health effects. Nonetheless, under various laws we may be subject to future claims related to exposure to these or other substances.

Other health and safety issues related to our business include: burns arising from contact with hot cement kiln dust or dust on preheater systems; air borne hazards related to our aggregates mining activities; noise, including from chutes and hoppers, milling plants, exhaust fans and blowers; the potential for dioxin formation if chlorine-containing alternative fuels are introduced into kilns; plant cleaning and maintenance activities involving working at height or in confined or other awkward locations, and the storage and handling of coal, pet coke and certain alternative fuels, which, in their finely ground state, can pose a risk of fire or explosion; and health hazards associated with operating ready-mix concrete trucks. While we actively seek to minimize the risk posed by these issues, personal injury claims may be made, and substantial damages awarded, against us. We may also be required to change our operational practices, involving material capital expenditure.

As part of our insurance-risk governance approach, from time to time we evaluate the need to address the financial consequences of environmental laws and regulations through the purchase of insurance. As a result we do arrange certain types of environmental impairment insurance policies for both site-specific, as well as multi-site locations. We also organize non-specific environmental impairment insurance as part of the provision of a broader corporate insurance strategy. These latter insurance policies are designed to offer some assistance to our financial flexibility to the extent that the specifics of an environmental incident could give rise to a financial liability. However, we cannot assure you that a given environmental incident will be covered by the environmental insurance we have in place, or that the amount of such insurance will be sufficient to offset the liability arising from the incident.

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 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 business, financial condition and results of operations.

As of December 31, 2016, we had operations in Mexico, the United States, the United Kingdom, France, Germany, Spain, the Rest of Europe, Colombia, the Rest of SAC, the Philippines, Egypt, and the Rest of Asia, Middle East and Africa (as described in “Item 4—Information on the Company—Business Overview”).

For a geographic breakdown of our net sales for the year ended December 31, 2016, see “Item 4—Information on the Company—Geographic Breakdown of Net Sales for the Year Ended December 31, 2016.”

Our operations in Egypt, the United Arab Emirates (“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

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region. We cannot assure you that political turbulence in Egypt, Syria, 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 addition, our operations in Egypt are subject to political risks, such as confiscation, expropriation and/or nationalization. See “Item 4—Information on the Company—Regulatory Matters and Legal Proceedings—Other Legal Proceedings—Egypt Share Purchase Agreement.”

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 dissolved the Egyptian parliament, suspended the nation’s constitution, and formed a committee to recommend constitutional changes to facilitate a political transition through democratic elections. Following some delays, elections for a new parliament took place between November 2011 and January 2012. Elections held in May and June of 2012 witnessed the victory of Mohamed Morsi as the fifth president of Egypt. Despite a return to civilian rule, demonstrations and protests continued to take place across Egypt following Mr. Morsi’s election, culminating in large-scale anti-Morsi protests in June 2013. On July 3, 2013, the Egyptian military, led by General Abdel Fattah el-Sisi removed Mr. Morsi from office and suspended the Egyptian constitution. The Egyptian military then appointed Chief Justice Adly Mansour as the interim president of Egypt, and charged him with forming a transitional technocratic government. In May 2014, presidential elections took place, having elected General Abdel Fattah el-Sisi. In November and December 2015, parliamentary elections to the House of Representatives took place. 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 and exchange rate volatility, which could have a material adverse effect on our operations in Egypt.

In recent years, concerns over global economic conditions, energy costs, geopolitical issues, political uncertainty, the availability and cost of credit and the international financial markets have contributed to economic uncertainty and reduced expectations for the global economy. In addition, military activities in Ukraine and on its borders, including Russia effectively taking control of Crimea (followed by Crimea’s independence vote and absorption by Russia) have combined with Ukraine’s very weak economic conditions to create great uncertainty in Ukraine and the global markets. In response to the annexation of the Crimean region of Ukraine by Russia, other nations, including the U.S., have imposed, and may continue imposing further, economic sanctions on Russia and Ukraine. Presently, concerns related to ongoing unrest in Ukraine have prompted calls for increasing levels of economic sanctions against Russia and Ukraine. Resolution of Ukraine’s political and economic conditions may not occur for some time, and the situation could deteriorate into increased violence and/or economic collapse. While not directly impacting territories where we had operations as of December 31, 2016, this dispute could negatively affect the economies of the countries in which we operate, including through its impact on the surrounding region, the global economy and the impact it might have on the access to Russian energy supplies by the countries in which we operate. Further, potential responses by Russia to those sanctions could adversely affect European economic conditions, which could have a material adverse effect on our operations in Europe. Meanwhile, the continued political unrest in Venezuela, the continued hostilities in the Middle East and the occurrence or threat of terrorist attacks also could adversely affect the global economy.

There is considerable political instability in Taiwan related to its disputes with China and in South Korea related to its disputes with North Korea. In addition, several Asian countries, particularly Japan, have experienced significant economic instability. A major outbreak of hostilities or other political upheaval in China, Taiwan, North Korea or South Korea could adversely affect the global economy, which could have a material adverse effect on our business, financial condition or result of operation.

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.

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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 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 as has been the case in early 2017 for our operations in the Philippines. Such adverse weather conditions can adversely affect our business, financial condition and results of operations if they occur with unusual intensity, during abnormal periods, or last longer than usual in our major markets, especially during peak construction periods.

We will be adversely affected by any significant or prolonged disruption to our production facilities.

Any prolonged and/or significant disruption to our production facilities, whether due to repair, maintenance or servicing, industrial accidents, unavailability of raw materials such as energy, mechanical equipment failure, human error or otherwise, will disrupt and adversely affect our operations. Additionally, any major or sustained disruptions in the supply of utilities such as water or electricity or any fire, flood or other natural calamities or communal unrest or acts of terrorism may disrupt our operations or damage our production facilities or inventories and could adversely affect our business, financial condition and results of operations.

We typically shut down our facilities to undertake maintenance and repair work at scheduled intervals. Although we schedule shut downs such that not all of our facilities are shut down at the same time, the unexpected shut down of any facility may nevertheless affect our business, financial condition and results of operations from one period to another.

We are dependent on information technology and our systems and infrastructure, as well as those provided by third-party service providers; face certain risks, including cyber security 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 of 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 outage time. Our systems, as well as those provided by our third-party service providers, may be vulnerable to damage, disruption or intrusion caused by circumstances beyond our control, such as physical or electronic break-ins, catastrophic events, power outages, natural disasters, computer system or network failures, viruses or malware, unauthorized access and cyber-attacks. Although we take actions to secure our systems and electronic information and also have disaster recovery plans in case of incidents that could cause major disruptions to our business, these measures may not be sufficient. As of December 31, 2016, our third-party service providers have not informed us of any relevant event that has materially damaged, disrupted or resulted in an intrusion of our systems. Any significant information leakages or theft of information could affect our compliance with data privacy laws and damage our relationship with our employees, customers and suppliers, and also adversely impact our business, financial condition and results of operations. As of December 31, 2016, our insurance does not cover any risk associated with any cyber security risks. In addition, any significant disruption to our systems could adversely affect our business, financial condition and results of operations.

Activities in our business can be hazardous and can cause injury to people or damage to property in certain circumstances.

Our production facilities require individuals to work with chemicals, equipment and other materials that have the potential to cause harm and injury, or fatalities, when used without due care. An accident or injury that

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occurs at our facilities could result in disruptions to our business and have legal and regulatory consequences and we may be required to compensate such individuals or incur other costs and liabilities, any and all of which could adversely affect our reputation, business, financial condition, results of operations and prospects.

Labor activism and unrest, or failure to maintain satisfactory labor relations, could adversely affect our results of operations.

Labor activism and unrest may adversely affect our operations and thereby adversely affect our business, financial condition, results of operations and prospects. Although most of our operations have not been affected by any significant labor dispute in the past, we cannot assure you that we will not experience labor unrest, activism, disputes or actions in the future, some of which may be significant and could adversely affect our business, financial condition, results of operations and prospects. For a description of our most relevant collective bargaining agreements, see “Item 6—Directors, Senior Management and Employees—Employees.”

Increases in liabilities related to our pension plans could adversely affect our results of operations.

We have obligations under defined benefit pension and other benefit plans in certain countries in which we operate, mainly in North America and Europe. Our actual funding obligations will depend on benefit plan changes, government regulations and other factors, including changes in longevity and mortality statistics, which are not updated every year and could result in our paying benefits over more years due to increased lifespan. Due to the large number of variables and assumptions that determine pension liabilities and funding requirements, which are difficult to predict because they change continuously as demographics evolve despite the fact that we support our projections with studies by external actuaries, our net projected liability recognized in the balance sheet of Ps23,365 million (U.S.\$1,128 million) as of December 31, 2016 and the future cash funding requirements for our defined benefit pension plans and other postemployment benefit plans could be significantly higher than the amounts estimated as of December 31, 2016. If so, these funding requirements, as well as our possible inability to properly fund such pension plans if we are unable to deliver the cash or equivalent funding requirements, could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our insurance coverage may not cover all the risks to which we may be exposed.

We face the risks of loss and damage to our products, property and machinery due to fire, theft and natural disasters such as floods, and also face risks related to cyber security risks. Such events may cause a disruption to or cessation of our operations. While we believe that we have adequate and sufficient coverage, in line with industry practices, in some instances our insurance coverage may not be sufficient to cover all of our potential unforeseen losses and liabilities. In addition, our insurance coverage may not cover all the risks to which we may be exposed, such as cyber security risks. If our losses exceed our insurance coverage, or if we are not covered by the insurance policies we have taken up, we may be liable to cover any shortfall or losses. Our insurance premiums may also increase substantially because of such claims. In such circumstances, our financial results may be adversely affected.

Our success depends on key members of our management.

Our success depends largely on the efforts and strategic vision of our executive management team. The loss of the services of some or all of our executive management could have a material adverse effect on our business, financial condition and results of operations.

The execution of our business plan also depends on our ongoing ability to attract and retain additional qualified employees. For a variety of reasons, particularly with respect to the competitive environment and the availability of skilled labor, we may not be successful in attracting and retaining the personnel we require. If we are unable to hire, train and retain qualified employees at a reasonable cost, we may be unable to successfully operate our business or capitalize on growth opportunities and, as a result, our business, financial condition and results of operations could be adversely affected.

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Certain tax matters may have an adverse effect on our cash flow, financial condition and net income.

We are subject to certain tax matters, mainly in Mexico, Colombia and Spain, that, if adversely resolved, may have an adverse effect on our cash flow, financial condition and net income. See notes 2M, 19C and 19D to our 2016 audited consolidated financial statements, “Item 4—Information on the Company—Regulatory Matters and Legal Proceedings—Tax Matters—Mexico,” “—Regulatory Matters and Legal Proceedings—Tax Matters—Colombia,” and “—Regulatory Matters and Legal Proceedings—Tax Matters—Spain” for a description of the legal proceedings regarding these Mexican, Colombian and Spanish tax matters, all included elsewhere in this annual report.

It may be difficult to enforce civil liabilities against us or the members of CEMEX, S.A.B. de C.V.’s Board of Directors, our executive officers and controlling persons.

CEMEX, S.A.B. de C.V. is a publicly traded stock corporation with variable capital (sociedad anónima bursátil de capital variable) organized under the laws of Mexico. Substantially all members of CEMEX, S.A.B. de C.V.’s Board of Directors and the majority of the members of our senior management 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, Ramiro Gerardo Villarreal Morales, 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 U.S. law. Mexican 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 U.S. company.

ADS holders may only vote the Series B shares represented by the CPOs deposited with the ADS depositary through the ADS depositary and are not entitled to vote the Series A shares represented by the CPOs deposited with the ADS depositary 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 depositary to exercise voting rights only with respect to Series B shares represented by the CPOs deposited with the depositary, but not with respect to the Series A shares represented by the CPOs deposited with the depositary. 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 on time to ensure that they are able to instruct the depositary 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 depositary 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

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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, or at our request, the corresponding CPO trust's technical committee designates, to vote the Series 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 CPOs at any meeting of holders of CPOs even if no voting instructions have been received. The CPO trustee may represent the Series A shares and the Series B shares represented by the CPOs at any meeting of holders of Series A shares or Series B shares even if no voting instructions have been received. By so attending, the ADS depository, the custodian or the CPO trustee, as applicable, may contribute to the establishment of a quorum at a meeting of holders of CPOs, Series A shares or Series 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 term of CEMEX, S.A.B. de C.V.'s CPO trust on September 6, 2029, the Series A shares underlying CEMEX, S.A.B. de C.V.'s CPOs held by non-Mexican investors must be placed into 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 transfer 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.

Mexican Peso Exchange Rates

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 Mexican Peso has been subject to substantial fluctuations in value. The Mexican Peso appreciated against the U.S. Dollar by approximately 9% in 2012, depreciated against the U.S. Dollar by approximately 2% in 2013, 11% in 2014, 14% in 2015 and 20% in 2016. These percentages are based on the exchange rate that we use for accounting purposes (the "CEMEX accounting rate"). The CEMEX accounting rate on any given date is determined based on the closing exchange rate reported by certain sources, such as Reuters. For any given date, the CEMEX accounting rate may differ from the noon buying rate for Mexican Pesos in New York City published by the U.S. Federal Reserve Bank of New York.

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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 Mexican Pesos, expressed in Mexican Pesos per U.S.\$1.00.

Year Ended December 31,	CEMEX Accounting Rate				Noon Buying Rate			
	End of the period	Average(1)	High	Low	End of the period	Average(1)	High	Low
2012	12.85	13.16	14.37	12.56	12.96	13.15	14.37	12.63
2013	13.05	12.85	13.39	11.98	13.10	12.76	13.43	11.98
2014	14.74	13.37	14.78	12.84	14.75	13.31	14.79	12.85
2015	17.23	15.98	17.23	14.95	17.20	15.87	17.36	14.56
2016	20.72	18.72	20.72	17.18	20.62	18.66	20.84	17.19
Monthly (2016)								
September	19.39				19.34		19.86	18.84
October	18.86				18.79		19.34	18.49
November	20.57				20.46		20.84	18.44
December	20.72				20.62		20.74	20.22
Monthly (2017)								
January	20.83				20.84		21.89	20.62
February	20.10				20.00		20.82	19.74
March	18.73				18.72		19.93	18.67
April(2)	18.73				18.84		18.87	18.48

- (1) The average of the CEMEX accounting rate or the noon buying rate for Mexican 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 21, 2017.

Between January 1, 2017 and April 21, 2017, the Mexican Peso appreciated by approximately 9% against the U.S. Dollar, based on the noon buying rate for Mexican Pesos.

For a discussion of the financial treatment of our operations conducted in other currencies, see “Item 3—Key Information—Selected Consolidated Financial Information” included elsewhere in this annual report.

Selected Consolidated Financial Information

The financial data set forth below as of and for each of the five years ended December 31, 2016, have been derived from our 2016 audited consolidated financial statements. The financial data set forth below as of December 31, 2015 and 2016 and for each of the three years ended December 31, 2014, 2015 and 2016 have been derived from, and should be read in conjunction with, and are qualified in their entirety by reference to, our 2016 audited consolidated financial statements included elsewhere in this annual report. Our 2016 audited consolidated financial statements prepared under IFRS for the year ended December 31, 2016, were approved by our shareholders at the annual general ordinary shareholders’ meeting held on March 31, 2017. See “Item 5—Operating and Financial Review and Prospects—Recent Developments—Recent Developments Relating to Our Shareholders.”

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 years ended December 31, 2014, 2015, and 2016 may not be comparable to that of prior periods.

Our 2016 audited consolidated financial statements included elsewhere in this annual report, have been prepared in accordance with IFRS, which differ in significant respects from U.S. GAAP. The regulations of the

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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.

Non-Mexican Peso amounts included in the consolidated 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 Mexican 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, unless otherwise indicated elsewhere in this annual report, are translations of Mexican Peso amounts at an exchange rate of Ps20.72 to U.S.\$1.00, the CEMEX accounting rate as of December 31, 2016. However, in the case of transactions conducted in Dollars, we have presented the U.S. Dollar amount of the transaction and the corresponding Mexican 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 Mexican Peso amounts actually represent those Dollar amounts or could be converted into Dollars at the rate indicated. The noon buying rate for Mexican Pesos on December 31, 2016 was Ps20.62 to U.S.\$1.00. Between January 1, 2017 and April 21, 2017, the Mexican Peso appreciated by approximately 9% against the U.S. Dollar, based on the noon buying rate for Mexican Pesos.

CEMEX, S.A.B. DE C.V. AND SUBSIDIARIES Selected Consolidated Financial Information

	As of and For the Year Ended December 31,				
	2012	2013	2014	2015	2016
	(in millions of Mexican Pesos, except ratios and share and per share amounts)				
Statement of Operations Information:					
Net sales	Ps 197,036	Ps 190,370	Ps 199,942	Ps 220,326	Ps 250,909
Cost of sales(1)	(138,706)	(130,686)	(134,742)	(146,068)	(161,883)
Gross profit	58,330	59,684	65,200	74,258	89,026
Operating expenses	(41,329)	(40,404)	(43,347)	(47,769)	(53,762)
Operating earnings before other expenses, net(2)	17,001	19,280	21,853	26,489	35,264
Other expense, net	(5,490)	(4,863)	(5,045)	(3,043)	(1,646)
Operating earnings(2)	11,511	14,417	16,808	23,446	33,618
Financial items(3)	(17,534)	(18,195)	(18,952)	(21,002)	(17,027)
Share of profit of equity accounted investees	728	232	294	738	688
Earnings (loss) before income tax	(5,295)	(3,546)	(1,850)	3,182	17,279
Discontinued operations(4)(5)	—	97	90	1,279	1,024
Non-controlling interest net income	662	1,223	1,103	932	1,174
Controlling interest net income (loss)	(12,000)	(10,834)	(6,783)	1,201	14,033
Basic earnings (loss) per share(6)(7)	(0.33)	(0.28)	(0.16)	0.03	0.33
Diluted earnings (loss) per share(6)(7)	(0.33)	(0.28)	(0.16)	0.03	0.33
Basic earnings (loss) per share of continuing operations(6)(7)	(0.33)	(0.29)	(0.16)	—	0.31
Diluted earnings (loss) per share of continuing operations(6)(7)	(0.33)	(0.29)	(0.16)	—	0.31
Number of shares outstanding(6)(8)(9)	32,808	34,270	37,370	40,403	42,182
Balance Sheet Information:					
Cash and cash equivalents	12,478	15,176	12,589	15,280	11,555
Assets from discontinued operations held for sale(4)(5)	—	—	—	3,446	13,590
Property, machinery and equipment, net	213,075	205,717	202,928	214,133	227,111
Total assets	478,797	496,130	514,961	542,264	599,728
Short-term debt including current maturities of long-term debt	596	3,959	14,507	218	1,216
Long-term debt	177,539	187,021	191,327	229,125	235,016
Liabilities from operations held for sale	—	—	—	673	1,466
Non-controlling interest and Perpetual Debentures(10)	14,488	14,939	17,068	20,289	28,951
Total controlling interest	141,139	133,379	131,103	143,479	167,774
Other Financial Information:					
Net working capital(11)	19,667	20,754	20,757	16,781	7,908
Book value per share(6)(9)(12)	4.30	3.89	3.51	3.55	3.98
Operating margin before other expense, net	8.6%	10.1%	10.9%	12.0%	14.1%
Operating EBITDA(13)	34,506	33,447	35,556	41,354	51,411
Ratio of Operating EBITDA to interest expense(13)	1.9	1.7	1.7	2.1	2.4
Capital expenditures	10,465	8,409	9,486	12,313	13,279
Depreciation and amortization	17,505	14,167	13,703	14,865	16,147
Net cash flow provided by continued operating activities before interest, coupons on Perpetual Debentures and income taxes	30,222	26,400	35,445	43,184	61,188
Basic earnings (loss) per CPO of continuing operations(6)(7)	(0.99)	(0.87)	(0.48)	—	0.93
Basic earnings (loss) per CPO(6)(7)	(0.99)	(0.84)	(0.48)	0.09	0.99
Total debt plus other financial obligations	218,026	230,298	244,429	268,198	273,862

(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 the line item titled "Administrative and selling expenses," 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 the line item titled "Distribution expenses."

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- (2) In the statements of operations, CEMEX includes the line item titled “Operating earnings before other expenses, net” considering that is a relevant measure for CEMEX’s management as explained in note 4B to our 2016 audited consolidated financial statements included elsewhere in this annual report. Under IFRS, while there are line items that are customarily included in the statement of operations, such as net sales, operating costs and expenses and financial revenues and expenses, among others, the inclusion of certain subtotals such as “Operating earnings before other expenses, net” and the display of such statements of operations varies significantly by industry and company according to specific needs.
- (3) Financial items include financial expenses and our other financial (expense) income, net, which includes our financial income, results from financial instruments, net (derivatives, fixed-income investments and other securities), foreign exchange results and effects of net present value on assets and liabilities and others, net. See notes 7 and 16 to our 2016 audited consolidated financial statements included elsewhere in this annual report.
- (4) On October 31, 2015, after the conditions precedent were satisfied, we completed the sale of our operations in Austria and Hungary to the Rohrdorfer Group for €165 million (U.S.\$179 million or Ps3,090 million) after final adjustments for changes in cash and working capital balances as of the transfer date. Our combined operations in Austria and Hungary consisted of 29 aggregates quarries and 68 ready-mix plants. As per IFRS, our balance sheet as of December 31, 2014 was not restated as a result of the sale of our operations in Austria and Hungary. The information related to our statements of operations for the year ended December 31, 2012 has not been reclassified to present the financial results of those years of our operations in Austria, Hungary and Croatia in a single line item as “Discontinued operations.” We believe that the effects are not significant. On May 26, 2016, we closed the sale of our operations in Bangladesh and Thailand to Siam City Cement Public Company Ltd. (“SIAM Cement”) for approximately U.S.\$70 million. As per IFRS, our balance sheet as of December 31, 2015 was not restated as a result of the sale of our operations in Thailand and Bangladesh. On January 31, 2017, one of CEMEX, S.A.B. de C.V.’s subsidiaries in the U.S. closed the sale of our U.S. Reinforced Concrete Pipe Manufacturing Business (the “Concrete Pipe Business”) to Quikrete Holdings, Inc. (“Quikrete”) for U.S.\$500 million plus an additional U.S.\$40 million contingent consideration based on future performance. See “Item 4—Information on the Company—Business Overview.” Considering that we disposed of our entire concrete pipe division, the operations of the Concrete Pipe Business, as included in our statements of operations for the years ended December 31, 2014, 2015 and 2016, were reclassified to the single line item “Discontinued Operations.” In addition, as of December 31, 2016, the Concrete Pipe Business was reclassified to assets held for sale and directly related liabilities on our consolidated balance sheet, including U.S.\$260 million (Ps5,369 million) of goodwill associated with the reporting segment in the United States that was proportionally allocated to these net assets based on their relative fair values. The information related to our statements of operations for the years ended December 31, 2012 and 2013 has not been reclassified to present the financial results of those years of our operations in Thailand, Bangladesh and the Concrete Pipe Business in a single line item as discontinued operations. We believe that the effects are not significant. See note 4A to our 2016 audited consolidated financial statements included elsewhere in this annual report.
- (5) On August 12, 2015, we entered into an agreement for the sale of our operations in Croatia, including assets in Bosnia & Herzegovina, Montenegro and Serbia, to Duna-Dráva Cement Kft. for €231 million (approximately U.S.\$243 million or Ps5,032 million). Those operations mainly consist of three cement plants with aggregate annual production capacity of approximately 2.4 million tons of cement, two aggregates quarries and seven ready-mix plants. On April 5, 2017, we announced that the European Commission issued a decision that restricts completion of the sale. Therefore, the sale of our operations in Croatia will not close and we will maintain our operations in Croatia, including assets in Bosnia and Herzegovina, Montenegro and Serbia. For the years ended December 31, 2016, 2015 and 2014, the operations in Croatia, including assets in Bosnia and Herzegovina, Montenegro and Serbia, included in our statements of operations are presented in the single line item “Discontinued operations.” However, due to the inability to complete the sale, beginning in the second quarter of 2017, we will reclassify the income statements of our operations in Croatia, including assets in Bosnia & Herzegovina, Montenegro and Serbia, from the single line item “Discontinued Operations” to each applicable line item in our consolidated financial statements. See notes 4A and 26 to our 2016 audited consolidated financial statements included elsewhere in this annual report.
- (6) CEMEX, S.A.B. de C.V.’s capital stock consists of Series A shares and Series B shares. Each CPO represents two Series A shares and one Series B share. As of December 31, 2016, approximately 99.84% of CEMEX, S.A.B. de C.V.’s outstanding share capital was represented by CPOs. Each ADS represents ten CPOs.
- (7) Earnings (loss) per share is calculated based upon the weighted average number of shares outstanding during the year, as described in note 22 to our 2016 audited 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. As shown in notes 4A and 22 to our consolidated financial statements included elsewhere in this annual report, and in connection with the sale of our operations in Croatia, Austria, Hungary, Thailand, Bangladesh, and the sale of the Concrete Pipe Business, for the year ended December 31, 2014, “Basic loss per share” includes Ps0.16 from “Continuing operations,” and for the year ended December 31, 2016, “Basic earnings per share” includes Ps0.31 from “Continuing operations.” In addition, for the years ended December 31, 2015 and 2016, “Basic earnings per share” includes Ps0.03 and Ps0.02, respectively, from “Discontinued operations.” Likewise, for the year ended December 31, 2014, “Diluted loss per share” includes Ps0.16, and for the year ended December 31, 2016, “Diluted earnings per share”

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- includes Ps0.31 from “Continuing operations.” In addition, for the years ended December 31, 2015 and 2016, “Diluted earnings per share” includes Ps0.03 and Ps0.02, respectively, from “Discontinued operations.” See note 22 to our 2016 audited consolidated financial statements included elsewhere in this annual report.
- (8) CEMEX, S.A.B. de C.V. did not declare a dividend for fiscal years 2012, 2013, 2014, 2015 and 2016. At each of CEMEX, S.A.B. de C.V.’s 2012, 2013, 2014, 2015 and 2016 annual general ordinary shareholders’ meetings, held on March 21, 2013, March 20, 2014, March 26, 2015, March 31, 2016, and March 30, 2017, respectively, CEMEX, S.A.B. de C.V.’s shareholders approved a recapitalization of retained earnings. New CPOs issued pursuant to each such recapitalization were allocated to shareholders on a pro-rata basis. As a result, shares equivalent to approximately 437.4 million CPOs, approximately 468 million CPOs, approximately 500 million CPOs, approximately 538 million CPOs and approximately 562.4 million CPOs were allocated to shareholders on a pro-rata basis in connection with the 2012, 2013, 2014, 2015 and 2016 recapitalizations, respectively. In each case, 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.
- (9) 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.
- (10) As of December 31, 2012, 2013, 2014, 2015 and 2016 non-controlling interest includes U.S.\$473 million (Ps6,078 million), U.S.\$477 million (Ps6,223 million), U.S.\$466 million (Ps6,869 million), U.S.\$440 million (Ps7,581 million) and U.S.\$438 million (Ps9,075 million), respectively, that represents the nominal amount of Perpetual 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.
- (11) Net working capital equals trade receivables, less allowance for doubtful accounts plus inventories, net, less trade payables.
- (12) Book value per share is calculated by dividing the total controlling interest by the number of shares outstanding.
- (13) Operating EBITDA equals operating earnings before other expenses, net, plus amortization and depreciation expenses. Operating EBITDA is calculated and presented because we believe that it is widely accepted as a financial indicator of our ability to internally fund capital expenditures and service or incur debt, and the consolidated ratio of Operating EBITDA to interest expense is calculated and presented because it is used to measure our performance under certain of our financing agreements. Operating EBITDA and such ratio are non-IFRS measures, and 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. Under IFRS, 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, such as operating earnings before other expenses, net, and the display of such statement of operations varies significantly by industry and company according to specific needs. Our Operating EBITDA may not be comparable to similarly titled measures reported by other companies due to potential differences in the method of calculation. Operating EBITDA is reconciled below to operating earnings before other expenses, net, as reported in the statements of operations, and to net cash flows provided by operating activities before interest and income taxes paid in cash, as reported in the statement of cash flows. Interest expense under IFRS does not include coupon payments of the Perpetual Debentures issued by consolidated entities of approximately Ps453 million in 2012, approximately Ps405 million in 2013, approximately Ps420 million in 2014, approximately Ps432 million in 2015 and approximately Ps507 million in 2016, as described in note 20D to our 2016 audited consolidated financial statements included elsewhere in this annual report.

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	For the Year Ended December 31,				
	2012	2013	2014	2015	2016
	(in millions of Mexican Pesos)				
Reconciliation of Operating EBITDA to net cash flows provided by continuing operations activities before interest, coupons on Perpetual Debentures and income taxes					
Operating EBITDA	Ps 34,506	Ps 33,447	Ps 35,556	Ps 41,354	Ps 51,411
Less:					
Operating depreciation and amortization expense	17,505	14,167	13,703	14,865	16,147
Operating earnings before other expenses, net	17,001	19,280	21,853	26,489	35,264
Plus/minus:					
Changes in working capital excluding income taxes	(2,048)	(4,237)	1,475	3,541	11,023
Operating depreciation and amortization expense	17,505	14,167	13,703	14,865	16,147
Other items, net	(2,236)	(2,810)	(1,586)	(1,711)	(1,246)
Net cash flow provided by continuing operations activities before interest, coupons on Perpetual Debentures and income taxes	<u>Ps 30,222</u>	<u>Ps 26,400</u>	<u>Ps 35,445</u>	<u>Ps 43,184</u>	<u>Ps 61,188</u>

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 its principal executive offices located at Avenida Ricardo Margáin Zozaya #325, Colonia Valle del Campestre, San Pedro Garza García, Nuevo León, 66265, Mexico. Our main phone number is +52 81 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, Nuevo León, Mexico, on June 11, 1920 for a period of 99 years. At our 2002 ordinary general shareholders' meeting, this period was extended to the year 2100 and in 2015 this period changed to be indefinite. 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, 2016, of approximately 92.9 million tons. After the merger of Holcim with Lafarge during 2015, which resulted in the company LafargeHolcim Ltd. ("LafargeHolcim"), we are the next largest ready-mix concrete company in the world with annual sales volumes of approximately 52.1 million cubic meters and one of the largest aggregates companies in the world with annual sales volumes of approximately 150.8 million tons, in each case, based on our annual sales volumes in 2016. We are also one of the world's largest cement companies, with annual sales volumes of approximately 66.7 million tons of cement in 2016. This information does not include discontinued operations. See note 4A to our 2016 audited consolidated financial

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statements included elsewhere in this annual report. CEMEX, S.A.B. de C.V. is an operating and holding company engaged, directly or indirectly, through its operating subsidiaries, primarily in the production, distribution, marketing and sale of cement, ready-mix concrete, aggregates, clinker and other construction materials throughout the world, and that provides reliable construction-related services to customers and communities in more than 50 countries throughout the world, and maintains business relationships in over 100 countries worldwide.

We operate globally, with operations in Mexico, the United States, Europe, South America, Central America, the Caribbean, Asia, the Middle East and Africa. We had total assets of Ps599,728 million (approximately U.S.\$28,944 million) as of December 31, 2016, and an equity market capitalization of approximately Ps233,924 million (U.S.\$12,436 million) as of April 21, 2017.

As of December 31, 2016, our cement production facilities were located in Mexico, the United States, Spain, Egypt, the Philippines, Colombia, Poland, the Dominican Republic, Germany, the United Kingdom, Croatia, Panama, Latvia, Puerto Rico, the Czech Republic, Costa Rica, and Nicaragua. As of December 31, 2016, 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 portland cement equivalent capacity, which counts each ton of white cement capacity as approximately two tons of gray portland cement capacity, and includes installed capacity of cement plants that have been temporarily closed.

	As of December 31, 2016		
	Assets After Eliminations (in Billions of Mexican Pesos)	Number of Cement Plants	Installed Cement Production Capacity (Millions of Tons Per Annum)
Mexico(1)	Ps 70.5	15	30.0
United States(2)	289.1	12	16.6
Europe			
United Kingdom	32.6	2	2.4
France	17.8	—	—
Germany	8.5	1	2.4
Spain	27.3	7	10.4
Rest of Europe(3)	16.5	4	6.3
South, Central America and the Caribbean			
Colombia	26.5	2	4.0
Rest of SAC(4)	22.3	5	8.5
Asia, Middle East and Africa			
Philippines	12.3	2	4.5
Egypt	5.5	1	5.4
Rest of Asia, Middle East and Africa(5)	12.3	—	—
Corporate and Other Operations	33.3	—	—
Continuing operations	574.5	51	90.5
Discontinued operations(6)	25.2	3	2.4
Total	<u>Ps 599.7</u>	<u>54</u>	<u>92.9</u>

“—” Not applicable

The above table includes our proportional interest in the installed capacity of companies in which we hold a non-controlling interest and reflects our organizational structure as of December 31, 2016, which effective as of January 1, 2016 was changed by (i) integrating the Northern Europe region and certain countries that comprised the Mediterranean region into a new Europe region which consists of our operations in Spain, the

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United Kingdom, France, Germany, the Czech Republic, Poland, Latvia, Croatia, Sweden, Norway, and Finland (ii) creating the new Asia, Middle East and Africa region which consists of our operations in the Philippines, Malaysia, Egypt, Israel, and the UAE.

- (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 2.8 million tons of cement. “Installed cement production capacity” includes 1.0 million tons of cement representing our proportional interests through associates in three other cement plants.
- (2) “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 2.1 million tons of cement. “Installed cement production capacity” includes 1.3 million tons of cement representing our proportional interests through associates in six other cement plants. On February 10, 2017, one of our subsidiaries in the U.S. sold its Fairborn, Ohio cement plant and cement terminal in Columbus, Ohio with installed capacity of 0.8 million tons of cement.
- (3) “Rest of Europe” refers primarily to our operations in the Czech Republic, Poland, and Latvia, as well as trading activities in Scandinavia and Finland. “Installed cement production capacity” includes 0.7 million tons of cement representing our proportional interest in a Lithuanian cement producer that operated one other cement plant.
- (4) “Rest of SAC” refers primarily to 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. “Installed cement production capacity” includes 1.1 million tons of cement representing our proportional interests through associates in Barbados, Jamaica, and Trinidad and Tobago in three other cement plants.
- (5) “Rest of Asia, Middle East and Africa” includes our operations in Malaysia, the UAE, and Israel.
- (6) “Discontinued operations” include the previously contemplated sale of our operations in Croatia, including assets in Bosnia & Herzegovina, Montenegro and Serbia, to Duna-Dráva Cement Kft. for the years ended December 31, 2016, 2015 and 2014. On April 5, 2017, we announced that the European Commission issued a decision that restricts completion of the sale. Therefore, the sale of our operations in Croatia will not close and we will maintain our operations in Croatia, including assets in Bosnia and Herzegovina, Montenegro and Serbia. Due to the inability to complete the sale, beginning in the second quarter of 2017, we will reclassify the income statements of our operations in Croatia, including assets in Bosnia & Herzegovina, Montenegro and Serbia, from the single line item “Discontinued Operations” to each applicable line item in our consolidated financial statements. See notes 4A and 26 to our 2016 audited consolidated financial statements included elsewhere in this annual report.

During the majority of the last 26 years, 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. As part of our strategy, we also periodically review and reconfigure our operations in implementing our post-merger integration process, and we also divest assets that we believe are less important to our strategic objectives. The following are our significant acquisitions and our most significant divestitures and reconfigurations that we have announced or closed since 2013:

- On October 31, 2014, CEMEX, S.A.B. de C.V. announced that it had entered into agreements with Holcim (currently LafargeHolcim after the 2015 merger of Holcim with Lafarge) to complete a series of related transactions in Europe, which closed on January 5, 2015, with retrospective effect as of January 1, 2015. See note 15B to our 2016 audited consolidated financial statements included elsewhere in this annual report. As a result, (i) CEMEX acquired all of Holcim’s assets in the Czech Republic, including a cement plant, four aggregates quarries and 17 ready-mix plants for approximately €115 million (U.S.\$139 million or Ps2,049 million); (ii) CEMEX sold to Holcim assets in the western region of Germany, consisting of one cement plant, two cement grinding mills, one slag granulator, 22 aggregates quarries and 79 ready-mix plants for approximately €171 million (U.S.\$207 million or

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Ps3,047 million), while CEMEX maintained its operations in the north, east and south of Germany; and (iii) CEMEX acquired from Holcim one cement plant in the southern part of Spain and one cement mill in the central part of Spain, among other related assets, for approximately €88 million (U.S.\$106 million or Ps1,562 million) and we kept our other operations in Spain. In connection with these transactions, in January 2015 CEMEX made a final payment in cash, after combined debt and working capital adjustments, of approximately €33 million (U.S.\$40 million or Ps594 million).

- On October 31, 2015, after all conditions precedent were satisfied, we completed the sale of our operations in Austria and Hungary to the Rohrdorfer Group for €165 million (U.S.\$179 million or Ps3,090 million) after final adjustments for changes in cash and working capital balances as of the transfer date. Our combined operations in Austria and Hungary consisted of 29 aggregates quarries and 68 ready-mix plants. The operations in Austria and Hungary for the ten-month period ended October 31, 2015 and the year ended December 31, 2014 included in our statements of operations were reclassified to the single line item “Discontinued operations,” which includes, in 2015, a gain on sale of approximately U.S.\$45 million (Ps741 million). Such gain on sale includes the reclassification to the statement of operations of foreign currency translation effects accrued in equity until October 31, 2015 for an amount of approximately U.S.\$10 million (Ps215 million). See note 4A to our 2016 audited consolidated financial statements included elsewhere in this annual report.
- On May 26, 2016, CEMEX, S.A.B. de C.V. closed the sale of its operations in Bangladesh and Thailand to Siam City Cement Public Company Ltd for approximately U.S.\$70 million (Ps1,450 million). Our operations in Bangladesh and Thailand for the five-month period ended May 30, 2016 and the years ended December 31, 2015 and 2014 included in CEMEX’s Statements of Operations were reclassified to the single line item “Discontinued operations,” which includes, in 2016, a gain on sale of approximately U.S.\$24 million (Ps424 million). See note 4A to our consolidated financial statements included elsewhere in this annual report.
- On July 18, 2016, CHP closed its initial public offering of 45% of its common shares in the Philippines, and 100% of CHP’s common shares started trading on the Philippine Stock Exchange under the ticker “CHP.” As of March 31, 2017, CASE, an indirect subsidiary of CEMEX España, directly owned approximately 55% of CHP’s outstanding common shares. The net proceeds to CHP from its initial public offering were approximately U.S.\$506.8 million after deducting estimated underwriting discounts and commissions, and other estimated offering expenses payable by CHP. CHP used the net proceeds from the initial public offering to repay existing indebtedness owed to BDO Unibank and to an indirect subsidiary of CEMEX.
- On September 12, 2016, one of our subsidiaries in the U.S. signed a definitive agreement for the sale of its Fairborn, Ohio cement plant and cement terminal in Columbus, Ohio to Eagle Materials Inc. for U.S.\$400 million. The proceeds obtained from this transaction were used mainly for debt reduction and for general corporate purposes. This transaction closed on February 10, 2017.
- On November 18, 2016, after all conditions precedent were satisfied, CEMEX, S.A.B. de C.V. announced that it had closed the sale of certain assets in the U.S. to GCC for approximately U.S.\$306 million. The assets were sold by an affiliate of CEMEX to an affiliate of GCC in the U.S., and mainly consisted of CEMEX’s cement plant in Odessa, Texas, two cement terminals and the building materials business in El Paso, Texas and Las Cruces, New Mexico.
- On December 5, 2016, Sierra presented an Offer to all shareholders of TCL, a company publicly listed in Trinidad and Tobago, Jamaica and Barbados, to acquire up to 132,616,942 ordinary shares in TCL, which, together with Sierra’s existing share ownership in TCL of approximately 39.5%, would, if successful, result in Sierra holding up to 74.9% of the equity share capital in TCL. The total number of TCL shares tendered and accepted in response to the Offer was 113,629,723, which, together with Sierra’s pre-existing shareholding in TCL (147,994,188 shares), represented approximately 69.83% of the outstanding TCL shares as of March 31, 2017. The total cash payment by Sierra for the tendered shares was approximately U.S.\$86.36 million. CEMEX started consolidating TCL for financial reporting purposes on February 1, 2017. TCL has de-listed from the Jamaica and Barbados stock exchanges.

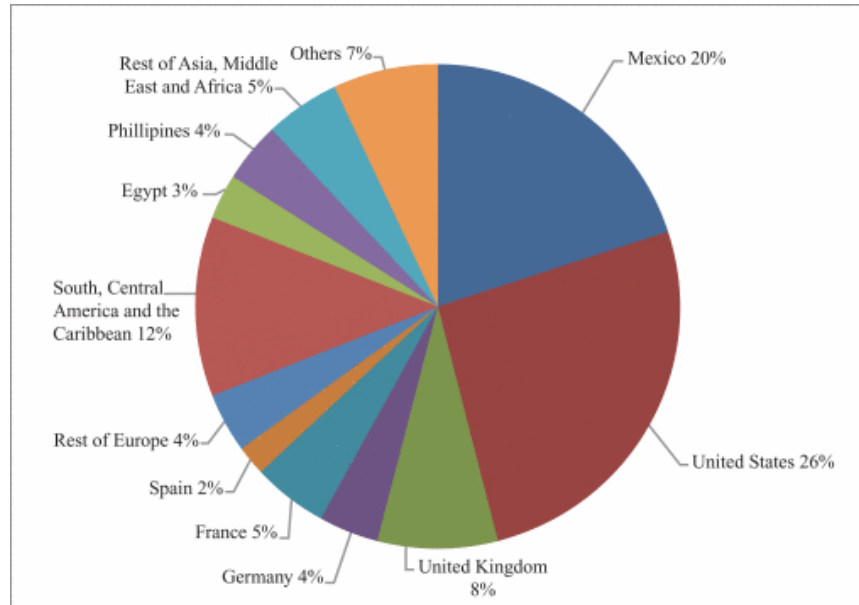
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- On January 31, 2017, one of CEMEX, S.A.B. de C.V.'s subsidiaries in the U.S. closed the sale of the Concrete Pipe Business to Quikrete for U.S.\$500 million plus an additional U.S.\$40 million purchase price contingent on future performance.
- On February 15, 2017, CEMEX, S.A.B. de C.V. sold 45,000,000 shares of common stock of GCC at a price of Ps95 per share in a public offering to investors in Mexico authorized by the CNBV and in a concurrent private placement to eligible investors outside of Mexico. Prior to the offerings, CEMEX, S.A.B. de C.V. owned a 23% direct interest in GCC and a minority interest in CAMCEM, an entity which owns a majority interest in GCC. After the offerings, CEMEX, S.A.B. de C.V. owned a 9.47% direct interest in GCC and the minority interest in CAMCEM.
- On August 12, 2015, we entered into an agreement for the sale of our operations in Croatia, including assets in Bosnia & Herzegovina, Montenegro and Serbia, to Duna-Dráva Cement Kft. for €231 million (approximately U.S.\$243 million or Ps5,032 million). Those operations mainly consist of three cement plants with aggregate annual production capacity of approximately 2.4 million tons of cement, two aggregates quarries and seven ready-mix plants. On April 5, 2017, we announced that the European Commission issued a decision that restricts completion of the sale. Therefore, the sale of our operations in Croatia will not close and we will maintain our operations in Croatia, including assets in Bosnia and Herzegovina, Montenegro and Serbia. For the years ended December 31, 2016, 2015 and 2014, the operations in Croatia, including assets in Bosnia and Herzegovina, Montenegro and Serbia, included in our statements of operations are presented in the single line item "Discontinued operations." However, due to the inability to complete the sale, beginning in the second quarter of 2017, we will reclassify the income statements of our operations in Croatia, including assets in Bosnia & Herzegovina, Montenegro and Serbia, from the single line item "Discontinued Operations" to each applicable line item in our consolidated financial statements. See notes 4A and 26 to our 2016 audited consolidated financial statements included elsewhere in this annual report.
- On April 17, 2017, CEMEX, S.A.B. de C.V. announced that one of its subsidiaries in the U.S. had entered into a definitive agreement for the sale of its Pacific Northwest Materials Business ("Pacific Northwest") to Cadman Materials, Inc. ("Cadman Materials"), a LehighHanson company and U.S. subsidiary of HeidelbergCement Group, for U.S.\$150 million. Pacific Northwest consists of aggregates, asphalt and ready-mix concrete operations in Oregon and Washington. Pending satisfaction of certain conditions, including regulatory approvals, the proceeds obtained from this sale will be used mainly for debt reduction and general corporate purposes.

From January 1, 2016 to March 31, 2017, we sold assets for approximately U.S.\$2,063 million. As of March 31, 2017, we expect to sell additional assets for U.S.\$500 million to achieve our goal of approximately U.S.\$2.5 billion in asset sales by the end of 2017. As of the date of this annual report, in addition to certain immaterial fixed asset sales, we have sold CEMEX Concretos' ready-mix concrete pumping assets in Mexico for U.S.\$80 million and announced the sale of Pacific Northwest for U.S.\$150 million.

Geographic Breakdown of Net Sales for the Year Ended December 31, 2016

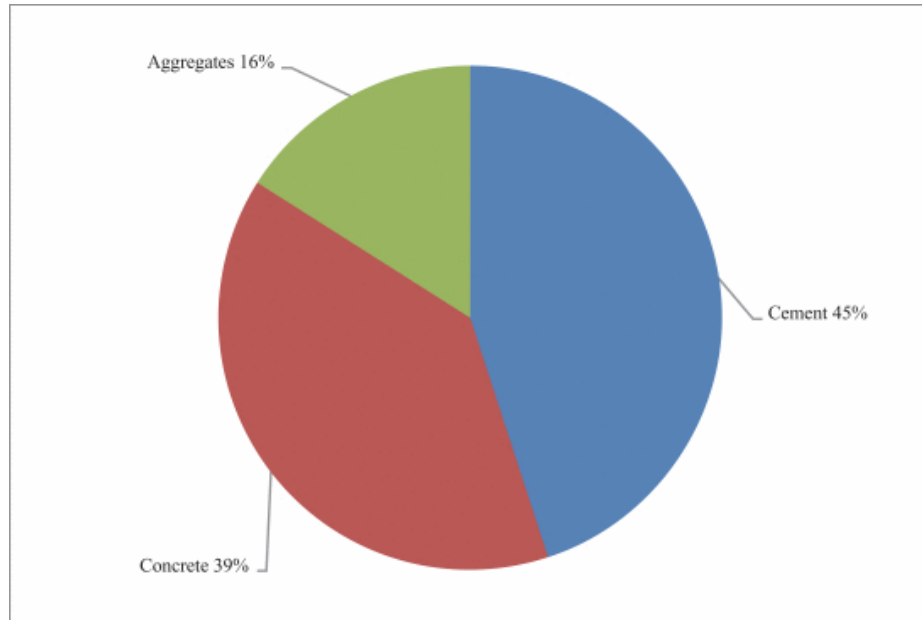
The following chart indicates the geographic breakdown of our net sales, before eliminations resulting from consolidation, for the year ended December 31, 2016:



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Breakdown of Net Sales by Product for the Year Ended December 31, 2016

The following chart indicates the breakdown of our net sales by product, after eliminations resulting from consolidation, for the year ended December 31, 2016:



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

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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, 2016, 52 of our 54 operative production plants used the dry process and one used the wet process. Our operative production plant that uses the wet process is located in 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 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. Our main types of cement include the following:

Gray Ordinary Portland Cement: Our gray ordinary portland cement is a high-quality, cost-effective building material, mainly composed of clinker, that meets applicable chemical and physical requirements and is widely used in all construction segments: residential, commercial, industrial, and public infrastructure.

White Portland Cement: CEMEX is one of the world's largest producers of white portland cement. We manufacture this type of cement with limestone, low iron content kaolin clay, and gypsum. Customers use our white portland cement in architectural works requiring great brightness and artistic finishes, to create mosaics and artificial granite, and for sculptural casts and other applications where white prevails.

Masonry or Mortar: Masonry or mortar is a portland cement that we mix with finely ground inert matter (limestone). Our customers use this type of cement for multiple purposes, including concrete blocks, templates, road surfaces, finishes, and brick work.

Oil-well Cement: Our oil-well cement is a specially designed variety of hydraulic cement produced with gray portland clinker. It usually forges slowly and is manageable at high temperatures and pressures. Produced in classes from A to H and J, our oil-well cement is applicable for different depth, chemical aggression, or pressure levels.

Blended Cement: Blended hydraulic cements are produced by inter-grinding or blending portland cement and supplementary cementitious materials such as ground granulated blast furnace slag, fly ash, silica fume, calcined clay, hydrated lime, and other pozzolans. The use of blended cements in ready-mix concrete reduces mixing water and bleeding, improves workability and finishing, inhibits sulfate attack and the alkali-aggregate reaction, and reduces the heat of hydration. CEMEX offers an array of blended cements which have a lower CO₂ footprint resulting from their lower clinker content due to the addition of supplementary cementitious materials. The use of blended cements reinforces our strong dedication to sustainable practices and furthers our objective of offering an increasing range of more sustainable products.

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

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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.

We develop solutions based on the thorough knowledge and application of ready-mix concrete technology. Leveraging years of experience, a global pool of knowledge, and state-of-the-art expertise about the different ready-mix concrete constituents and their interaction, we offer our customers tailor-designed concrete. CEMEX ready-mix concrete technologists are able to modify the properties of concrete through the use of innovative chemical admixtures, combined with the proper proportions of the various concrete constituents. For example, depending on the type of application and jobsite requirements, we can design ready-mix concrete that is more fluid, stronger, develops strength faster, and also retains workability longer. Through the development of chemical admixtures solutions, our researchers design special concretes that fulfill the construction industry's increasingly demanding performance requirements. CEMEX offers a special ready-mix concrete portfolio, comprised of such products as ultra-rapid hardening concrete, crack-resistant/low shrinkage concrete, self-consolidating concrete, architectural concrete, pervious concrete, and a number of others.

We continuously work to improve the properties of ready-mix concrete that make it a key component of sustainable construction: durability, resistance to aggressive environments, light reflection, and capacity to store energy, among others. We also constantly work to develop innovative solutions that advance the sustainability of structures made with ready-mix concrete. This way, our customers can design sustainable buildings that can take advantage of the benefits of concrete in a wide range of applications. We offer engineered concrete for harbors and bridges with a special design of high performance concrete that combines durability and low maintenance with resistance to aggressive environments, and for industrial applications which consists of concrete with high acid resistance which is robust and durable for such uses as cooling towers; we also offer concrete for building and housing used for structures such as self-compacting concrete that improves the strength and durability of building structures, while reducing energy use and noise due to concrete vibration, and envelope concrete such as structural lightweight concrete or insulating concrete forms which offer insulation solutions to improve energy efficiency in buildings, and concrete for building design that takes advantage of concrete's capacity to store energy—its thermal mass—minimizing temperature fluctuations in a building over the course of the day, reducing the need for additional heating and cooling; we also offer ready-mix concrete for water and wastewater management and for roads and pavements.

The types of ready-mix concrete we offer our clients include, but are not limited to:

Standard Ready-Mix Concrete: Standard ready-mix concrete is the most common form of concrete. It is prepared for delivery at a concrete plant instead of mixed on the construction site.

Architectural and Decorative Concrete: This type of ready-mix concrete can provide a structural function, as well as an aesthetic or decorative finish. It can offer smooth or rough surfaces or textures, as well as a variety or range of colors.

Rapid-Setting Concrete: Designed to enhance early strength development, this type of ready-mix concrete allows fast formwork removal, accelerated construction sequencing, and rapid repair for such jobs as roads and airport runways. Typically used in low temperature (5-10°C) concreting during winter, this type of ready-mix concrete can also be used in buildings, railways, and precast applications. In addition to saving time, this type of ready-mix concrete technology offers improved durability and acid resistance.

Fiber-Reinforced Concrete: Ready-mix concrete designed with micro or macro fibers that can be used either for structural applications, where the fibers can potentially substitute for steel rebar reinforcement, or for reducing shrinkage, primarily early age shrinkage. Macro fibers can significantly increase the ductility of concrete, making it highly resistant to crack formation and propagation.

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Fluid-Fill Concrete: Fluid mortar or ready-mix concrete simplifies the process of laying pipe and cable by surrounding the pipe or cable with a tightly packed shell that provides protection from the elements, prevents settling, and enables crews to work quickly.

Roller-Compacted Concrete: Compacted in place and cured, roller-compacted concrete is a zero slump ready-mix concrete with the abrasion resistance to withstand high velocity water, making it the material of choice for spillways and other infrastructure subject to high flow conditions. It represents a competitive solution in terms of cost and durability when compared to asphalt.

Self-Consolidating Concrete: Self-consolidating concrete has very high flow; therefore, it is self-leveling, eliminating the need for vibration. Due to the superplasticizers used, chemical admixtures that impart very high flow, self-consolidating concrete exhibits very high compaction as a result of its low air content. Consequently, self-consolidating concrete can have very high strengths, exceeding 50 MPa.

Pervious Concrete: Because of its unique design mix, pervious concrete is a highly porous material that allows water, particularly rainwater, to filter through, reduces flooding and heat concentration by up to 4°C, and helps to prevent skidding on wet roads. This ready-mix concrete is ideally used in parking lots, footpaths, and swimming pool border applications.

Antibacterial Concrete: This type of ready-mix concrete helps control bacteria growth and is used to help maintain clean environments in structures such as hospitals, laboratories, and farms.

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. Our customers use our aggregates for a wide array of applications: as a key component in the construction and maintenance of highways, walkways, parking lots, airport runways, and railways; for drainage, water filtration, purification, and erosion control; as fill material; for sand traps on golf courses, beaches, playing field surfaces, horse racing tracks, and related applications; and to build bridges, homes, and schools.

Aggregates are obtained from land-based sources such as sand and gravel pits and rock quarries or by dredging marine deposits.

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.

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Aggregates are an indispensable ingredient in ready-mix concrete, asphalt, and mortar. Accounting for approximately 60% to 75% of ready-mix concrete's volume, aggregates strongly influence concrete's freshly mixed and hardened properties. Aggregates not only increase concrete's strength, but also can make the mix more compact, enabling applications such as weatherproofing and heat retention. They can further contribute to concrete's aesthetic qualities. For example, sand gives surface treatments their brightness.

The types of aggregates we offer our clients include, but are not limited to:

Crushed Stone and Manufactured Sand: These products are obtained by mining rock and breaking it down to a preferred size. In the case of manufactured sand, the product is obtained by crushing rock to the selected shape or texture, ensuring product and project specifications are met. Sources of crushed stone can be igneous, sedimentary, or metamorphic.

Gravel: Gravel deposits are produced through a natural process of weathering and erosion. It can be used for roads, for concrete manufacturing, or for decorative purposes.

Sand: Sand occurs naturally and is composed of fine rock material and mineral particles. Its composition is variable depending on the source. It can be used for roads, for concrete manufacturing, or sanitation.

Recycled Concrete: Recycled concrete is created by breaking, removing, and crushing existing concrete to a preferred size. It is commonly used as a base layer for other construction materials because it compacts to form a firm surface.

Related Products

We rely on our close relationship with our customers to offer them complementary products for their construction needs, which mainly include the following:

Asphalt: We offer a wide range of cost effective, high performance asphalt products, from our standard hot mix asphalt, which is made by combining crushed stone with liquid asphalt cement, to highly technical products that can be used on major highway systems, driveways, commercial parking lots, or rural country roads. Designed for consistency and reliability, our asphalt products are designed to withstand different weight loads, traffic volumes, and weather conditions.

Concrete Block: Standard concrete block, sometimes referred to as gray block, concrete masonry unit, or cinder block, is one of the most practical and long-lasting materials used in building. Its strength, durability, and versatility, including its energy efficiency, excellent fire and high wind resistance, and noise insulation, make concrete block a compelling alternative to many other building materials.

Roof Tiles: We offer a comprehensive range of concrete roof tiles and fittings, designed to meet the requirements of most roofing applications. Available in a wide selection of sizes, shapes, and colors, our roof tiles serve residential and commercial needs.

Architectural Products: Our high-end architectural concrete products offer a range of styles for different building or landscaping projects. Specialty rock products, as well as architectural block, in an array of colors, sizes, and textures, take our customers' design to a new level. Block paving solutions and decorative paving provide an ideal range of applications for any hard landscaping project.

Pipe: We design and manufacture standard and special concrete pipe for various applications such as storm and sanitary sewers. Offered in diverse types, sizes, and lengths, our pipe products meet or exceed applicable standards and customer requirements throughout our different operations.

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Other Precast Products: Among our other precast products, we offer rail products, concrete floors, box culverts, bridges, drainage basins, barriers, and parking curbs. In selected markets, we further complement our commercial offer with admixtures, gypsum, and cementitious materials such as fly ash and blast furnace slag.

Building Solutions

We help build the homes people live in, the roads that connect them, and the infrastructure that makes their cities vibrant. With over a century of experience delivering tailor-made building solutions, we work with our customers around the world to build sustainable structures that will thrive today and well into the future.

Housing: We integrate our cutting-edge design, building materials, and construction systems into flexible and replicable housing solutions for our clients and communities across the globe.

Paving: As the world's leader in concrete-based pavement solutions, we help connect cities and their surrounding communities through safer, more durable, and energy-efficient highways, mass transit systems, airport runways, rural roadways, and city streets.

Green Building Consultancy: We are focused on delivering sustainable building solutions to the increasingly complex needs of a society with limited natural resources.

Services

We continuously communicate and interact with our customers to identify and implement effective ways to meet their toughest challenges. We recognize that customer loyalty happens by design, not by chance. To better serve our customers, we not only need to have a clear understanding of what they need, but also the means and passion to fulfill those needs. The following are examples of the different services offered to our customers throughout our operations, all of which services are provided in all our operations and may vary from location to location:

24/7 LOAD®: Our delivery service offers customers the ease of receiving products whenever they need them, allowing our customers to optimize their project schedules according to their specific needs.

ATM-like Bulk Cement Dispatch System: This service offers our customers greater flexibility and efficiency. It enables them to get cement at their convenience, shortening their logistics schedules by minimizing loading and unloading times and also cutting back on more traditional transactional practices.

Construrama®: We partner with our cement distribution network to offer customers an extensive range of brand-name products at competitive prices. Our retailers also receive integral training to better manage all aspects of their business, including inventory management, product promotion, salesforce programs, product-delivery and sourcing logistics.

Customer-oriented Educational and Training Services: In several of the countries where we operate, customers can receive training on specific topics related to the use of building materials. By sharing knowledge and best practices, our educational and training services guide and teach our customers. Topics range from teaching customers about the characteristics and uses of white cement, to showing retailers how to improve their inventory management and increase their sales.

Construction Financing Services: Our customers can receive financing on certain projects and product purchases through various innovative financing programs that vary from country to country. For example, since 1998, our United Nations award-winning low-income housing program, *Patrimonio Hoy*, has assisted more than 570,000 families with affordable services and building materials through financing mechanisms and technical assistance. Additionally, in certain countries where we operate, such as Mexico, we offer turn-key solutions for developers and partner with governments and local authorities to identify, coordinate, and develop public infrastructure projects.

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Mobile Solutions: Through automated messages sent via short message services (SMS), our customers can be notified each time an order of cement or ready-mix concrete is ready for delivery. This free-of-charge service keeps our customers well informed of their specific project logistics. Our customers can also receive information about their pending invoice payments.

Multiproducts: We offer our customers a one-stop shopping experience by providing them with a full array of complementary construction-related supplies through our retail stores from plumbing and electrical supplies to paint, lumber, and lighting fixtures.

Online Services: Our customers have all day online access to information, from account balances to new products and services releases through online services such as CEMEX Connect, CEMEX One, eSelling, CEMEXNet, Commercial Portal. Our customers can place online cement orders, and in some countries, they are able to review their order status at any time during the day or night. The online service is also an open communication channel to receive feedback from our customers.

Service Centers: We offer a one-stop contact call center where customers can manage their business and find fast, reliable service, place orders, make inquiries, review order status, or request technical assistance, all in one single call.

Smart Silo®: We work together with our customers, so they always have the appropriate quantity of cement in their silos. Through 24-hour monitoring of our customers' silos' cement stock levels, our SmartSilo® technology allows us to anticipate and respond to their product replenishment needs ahead of time.

Technical Support: We strive to provide our customers with top-level technical assistance through our state-of-the-art equipment and our highly professional, well-trained technical services staff. We go the extra mile and provide value above and beyond fulfilling our customers' need for cement, aggregates, ready-mix concrete, and related products such as mortar.

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.

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, 2016, approximately 15% of our total raw material needs were supplied by third-parties.

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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, 2016, we have employed third-parties to review (i) our cement raw materials reserves estimates in Mexico, Colombia, Nicaragua, Costa Rica, the United Kingdom, Germany, Latvia and Spain, and (ii) our aggregates reserves estimates in France, Poland, the Czech Republic, the United Kingdom, Germany and Mexico.

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.

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

During 2016, our total quarry material production was approximately 195 million tons, of which approximately 63% was used for our own consumption to produce cement, ready-mix concrete, and/or other products which are later sold to the public and the remaining 37% 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, 2016, the total surface of property in our quarries operations (including cement raw materials quarries and aggregates quarries), was approximately 101,868 hectares, of which approximately 77% was owned by us and approximately 23% was managed through lease contracts.

As of December 31, 2016, we operated 171 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 82 years, assuming 2012-2016 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	2016 Annualized Production	5 years aver. Annualized Production	Own Use
			Owned	Leased	Proven	Probable	Total				
Mexico(1)	Limestone	18	8,966	48	1172	1666	2838	138	20.9	20.5	92%
	Clay	15	8,371	—	164	148	312	88	3.7	3.5	100%
	Others	15	1,729	150	8	22	30	95	0.3	0.3	100%
United States(2)	Limestone	13	21,834	—	558	149	707	51	15.0	13.9	100%
	Clay	2	—	—	22	—	22	—	0.3	—	0%
Europe											
United Kingdom	Limestone	3	681	107	128	43	171	79	2.5	2.2	100%
	Clay	2	98	—	14	18	32	53	0.7	0.6	100%
	Others	—	—	—	—	—	—	—	—	—	—%
Germany	Limestone	1	298	—	8	101	109	38	2.7	2.9	87%
France	Limestone	2	192	23	24	—	24	13	1.6	1.8	100%
Spain	Limestone	12	726	117	303	131	434	82	5.3	5.3	81%
	Clay	6	64	72	19	—	19	23	—	0.8	97%
	Others	2	102	9	1	14	15	—	—	—	—%
Rest of Europe	Limestone	4	843	27	255	45	300	60	5	5	96%
	Clay	1	70	—	10	2	12	48	0.2	0.3	100%
	Others	1	4	5	—	—	—	60	—	—	100%
SAC											
Colombia	Limestone	13	3026	1751	17	209	226	54	4.2	4.2	91%
	Clay	3	183	250	—	12	12	43	0.1	0.3	100%
	Others	1	86	52	—	1	1	4	0.3	0.3	100%
Rest of SAC	Limestone	19	906	221	381	469	850	136	5.1	6.3	99%
	Clay	8	540	60	46	36	83	124	0.5	0.7	100%
	Others	6	27	1566	16	50	66	62	0.3	1.1	69%
Asia, Middle East and Africa											
Philippines(3)	Limestone	5	224	—	180	35	215	41	6.2	5.3	100%
	Clay	3	37	—	—	3	3	14	0.1	0.2	100%
	Others	5	76	9	5	4	9	12	0.5	0.7	100%
Egypt	Limestone	2	—	146	291	—	291	52	5.3	5.6	100%
	Clay	4	—	402	77	—	77	53	1.3	1.4	100%
	Others	5	—	21,999	2	—	2	17	—	0.1	100%
CEMEX Consolidated	Limestone	92	37,695	2,441	3,316	2,849	6,165	85	73.8	72.84	93%
	Clay	44	9,362	784	351	220	571	73	6.9	7.80	96%
	Others	35	2,023	1,813	33	92	125	49	1.5	2.56	93%
Totals		171	49,081	5,037	3,701	3,160	6,860	82	82.2	83.2	

(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.

(3) Although we consolidate CHP into our consolidated financial statements under IFRS, we do not control the raw materials used in our operations in the Philippines. Such raw materials are primarily supplied by APO Land & Quarry Corporation (“ALQC”) and Island Quarry and Aggregates Corporation (“IQAC”). ALQC is wholly owned by Impact Assets Corporation, which is a corporation in which we own a 40% equity interest.

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IQAC is wholly owned by Albatross Holdings, which is a corporation in which we own a 40% equity interest.

As of December 31, 2016, we operated 305 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 37 years, assuming 2012-2016 average production (last five years average aggregates production).

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The table set forth below presents our total permitted proven and probable aggregates reserves by geographic segment and material type extracted or produced in our aggregates quarries operations. We note that the locations of our aggregates reserves differ from those of our cement reserves.

Location	Mineral	Number of quarries	Property Surface (hectares)		Reserves (Million tons)			Years to depletion	2016 Annualized Production	5 years aver. Annualized Production	Own Use
			Owned	Leased	Proven	Probable	Total				
Mexico	Hardrock	12	755	135	212	251	463	45	10.7	10.4	56%
	Others	3	—	48	2	12	14	8	1.9	1.8	66%
United States	Hardrock	18	13,143	3,520	668	55	723	33	24.6	22.2	35%
	Sand & Gravel	10	2,350	2,807	86	3	88	17	5.8	5.1	46%
	Others	45	4,895	4,847	388	57	445	36	12.5	12.3	36%
Europe											
United Kingdom	Hardrock	12	470	795	411	—	411	45	9.6	9.1	50%
	Sand & Gravel	2	157	—	2	—	2	8	0.3	0.2	46%
	Others	66	2,696	1,669	137	127	263	27	8.6	9.7	46%
Germany	Hardrock	2	26	235	12	35	47	32	1.2	1.5	19%
	Sand & Gravel	23	1,613	547	55	77	132	19	5.8	7.1	13%
	Others	1	32	—	—	—	1	5	0.1	0.1	79%
France	Hardrock	12	97	458	107	29	136	31	3.6	4.4	20%
	Sand & Gravel	28	760	923	112	33	145	25	4.9	5.8	31%
	Others	5	386	594	20	7	27	15	0.9	1.8	61%
Spain	Hardrock	8	289	144	161	151	312	385	0.7	0.8	56%
	Sand & Gravel	2	449	—	47	1	47	142	—	0.3	49%
Rest of Europe	Hardrock	6	—	84	28	54	82	42	2	2	56%
	Sand & Gravel	4	324	170	7	4	11	3	3.5	4.1	43%
	Others	14	464	143	51	49	100	21	4.3	4.8	9%
SAC											
Colombia	Sand & Gravel	7	592	—	25	5	30	40	0.7	0.7	100%
	Others	—	—	—	—	—	—	—	—	—	0%
Rest of SAC	Hardrock	5	181	164	41	620	660	431	0.4	1.5	0%
	Sand & Gravel	3	—	200	8	2	10	40	—	0.3	0%
	Others	7	—	57	—	2	2	15	0.1	0.1	47%
Asia, Middle East and Africa											
Philippines(1)	Hardrock	3	94	24	177	—	177	88	0.4	2	11%
Rest of Asia, Middle East and Africa	Hardrock	5	—	389	83	19	102	25	10.4	11.9	43%
	Sand & Gravel	2	—	26	2	—	2	25	0.1	0.2	43%
CEMEX Consolidated	Hardrock	83	15,055	5,948	1,900	1,215	3,114	47	63.6	65.8	43%
	Sand & Gravel	81	6,244	4,673	342	124	467	19	21.1	24	35%
	Others	141	8,473	7,356	599	253	853	28	28.5	30.6	38%
	Totals	305	29,773	17,976	2,841	1,592	4,434	37	113.1	120.4	

- (1) Although we consolidate CHP into our consolidated financial statements under IFRS, we do not control the raw materials used in our operations in the Philippines. Such raw materials are primarily supplied by ALQC and IQAC. ALQC is wholly owned by Impact Assets Corporation, which is a corporation in which we own a 40% equity interest. IQAC is wholly owned by Albatross Holdings, which is a corporation in which we own a 40% equity interest.

Our Vision

CEMEX has a general vision and value creation model comprised of the following five elements: (i) purpose, (ii) mission, (iii) values (iv) strategy, and (v) operating model.

PURPOSE. We expect to build a better future for our employees, our customers, our shareholders, and the communities where we live and work.

MISSION. We intend to create sustainable value by providing industry-leading products and solutions to satisfy the construction needs of our customers around the world.

VALUES. We intend to: (i) ensure the safety of all our employees by being accountable to each other for our actions and behaviors and trying to be an industry leader by example; (ii) focus on our customers by aligning ourselves closely with their business and their needs and, following through with our commitments, resolving problems quickly and making it easy to do business with us; (iii) pursue excellence in all aspects of our business and interactions with customers by challenging ourselves to constantly improve and build upon our strong reputation around the world for quality and reliability; (iv) work as one CEMEX by leveraging on our collective strength and global knowledge to share best practices, replicate good ideas and collaborate across boundaries; and (v) act with integrity by remaining honest and transparent in all our interactions, complying with our code of ethics, and caring for our people, communities and natural resources.

STRATEGY. To achieve our mission, our strategy is to create value by building and managing a global portfolio of integrated cement, ready-mix concrete, aggregates and related businesses. The four pillars that underpin our strategy are (i) valuing our employees as our main competitive advantage, (ii) helping our customers succeed, (iii) pursuing markets that offer long-term profitability, and (iv) ensuring sustainability is fully embedded in our business.

Value people as our main competitive advantage

We aspire to hire excellent employees, and our team's health, safety and professional growth are top priorities. We develop leaders and encourage them to create new ways of thinking and acting, while assessing risks and opportunities. We foster an open dialogue in our interactions to align and achieve greater results.

Placing Health and Safety First. To ensure we are meeting our goals, four core principles guide our decisions and actions: (i) ensuring nothing comes before the health and safety of our employees, contractors, and communities; (ii) making health and safety a personal responsibility by looking after ourselves and each other; (iii) striving to create safe workplaces; and (iv) maintaining accountability for health and safety practices.

We are working towards our ultimate target of zero injuries in our operations worldwide. In 2016, our Employee Lost-Time Injury (LTI) Frequency Rate was 0.6 (based on number of employees per million hours worked), bringing us closer to our goal of reducing such rate to 0.3 or less by 2020. We are encouraged to see that 95% of CEMEX operations experienced no fatalities or lost-time-injuries in 2016. We recognize the remaining 5% is still considerable. However, we consider that the overall direction is positive. Also in 2016, CEMEX Total Recordable Injury (TRI) Frequency Rate continued to decline, reaching 4.1 compared to 4.5 in 2015 and 5.6 in 2014. Two regions and 13 countries reduced their TRI Rates, with six countries maintaining a rate of zero. In addition, the global Employee Sickness Absence Rate for CEMEX improved from 2.1 to 1.8 in 2016.

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We had 20 fatalities in 2016 – three employees, 10 contractors and seven third parties. From these, 75% occurred away from our installations (off-site) and 60% were road traffic related. Our goal is to have zero injuries and fatalities. To reach this objective, we are actively working to identify and mitigate risks. Each injury and fatality is analyzed to determine the root cause and prevent future incidents. Most of these fatalities were caused by moving vehicle incidents (i.e., collisions involving contractors’ trucks). To prevent further fatalities, we have invested in technology and training programs to encourage our employees and contractors to use proper driving techniques for their safety and the safety of others. For example, we are reinforcing our defensive driver trainings while introducing a stronger driver certification scheme.

The following table sets forth our performance indicators with respect to safety by geographic location for the year ended December 31, 2016 and accounts for information that became available in March 2017:

	<u>Mexico</u>	<u>United States</u>	<u>Europe</u>	<u>SAC</u>	<u>Asia, Middle East and Africa</u>	<u>Total CEMEX</u>
Total fatalities, employees, contractors and other third parties (#)	13	1	1	3	2	20
Fatalities employees (#)	2	0	0	1	0	3
Fatality rate employees(1)	2.2	0.0	0.0	1.7	0.0	0.7
Lost-Time injuries (LTI), employees (#)	11	20	17	8	4	60
Lost-Time injuries (LTI), contractors (#)	18	6	18	7	2	53
Lost-Time injury (LTI) frequency rate, employees per million hours worked	0.4	0.9	0.8	0.5	0.5	0.6

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

We attempt to ensure that all of our employees have the correct knowledge, skills and experience to perform their jobs safely through our investment in programs that provide employees at all levels with health and safety training. As part of our manager-training program, executives and supervisors must complete our Health and Safety (“H&S”) Academy. Launched in 2016, our global H&S Academy is designed to enhance the leadership skills of our line managers and supervisors and to ensure that H&S is our top priority across our organization, from our production plants to our corporate offices. Already commenced in 21 countries, the H&S Academy’s two-day “Foundation” module prepares executives from different roles and backgrounds to share H&S practices with their teams throughout CEMEX. We intend to conduct further H&S trainings for our managers.

In addition, our employees must complete E-LEGACY training, which is a non-technical, interactive program that helps front-line employees assess risks and integrate safe and healthy practices into their day-to-day activities, promoting a strong H&S culture within our organization. Our H&S committees, which are comprised of representatives from front-line workers, line supervisors, managers, and unions, meet regularly to discuss H&S-related concerns and to help reinforce H&S practices and programs.

Furthermore, we have established interconnected global H&S networks, taskforces, and forums to ensure that we work together through a coordinated, consistent, and collaborative approach to reach our company-wide goal of zero injuries: (i) the H&S Functional Network; (ii) the Global H&S Council; (iii) Six Global Taskforces; and (iv) a Global Health Forum.

We continue to enhance our health practices and reduce our safety risks to strengthen our H&S culture. H&S is considered in each and every phase of product development, from design to disposal. We abide by all applicable legislation and H&S requirements when designing our products and have developed Material Safety Data Sheets that describe potential hazards and precautions to take when handling each of our products. For instance, with our ¡Avisame! (“Wam me!”) campaign in Spain, we encourage our employees to take responsibility for the safety of others. Beyond focusing on their own safety, this campaign encourages our employees to warn their colleagues of potential safety risks, while encouraging such employees to report unsafe

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conditions to their managers, as well. By placing the ¡Avisame! sticker on their helmets, our employees signify that they are receptive to correction or warning from their peers whenever they encounter hazardous situations.

Attracting and Retaining Talent. We aim to offer the programs, benefits, and work environment that attract and retain talented employees. Our approach to talent management is founded on three pillars: (i) employ the right people, in the right place, at the right time to perform the right job to achieve our strategy; (ii) enable a high-performing and rewarding culture to deliver sustainable business value in a safe, ethical workplace; and (iii) build and develop our workforce capabilities to confront challenges and pursue excellence.

As we transform and expand, one of our main objectives is to develop people with the potential to fill key leadership positions—increasing their experience and capabilities to equip them to succeed in increasingly challenging roles. Through this process, we work to improve our employees’ commitment to our company by helping them meet their own career development expectations and preparing them for key roles as they face critical challenges in their professional development. Our succession management process enables us to build a talented pool of leaders with the skills and understanding of our business fundamentals to continue our pursuit of excellence. Through ongoing training and development opportunities, our employees are taught new skills and their expertise is deepened in several critical areas, including H&S, customer-centric capabilities, environmental conservation and awareness, leadership development, and stakeholder engagement.

We strive to foster a dynamic, high-performance environment, where open dialogue is encouraged and rewarded. Apart from competitive compensation, more than 80% of our global workforce receives health and life insurance benefits beyond those required by local law. Approximately half of our global workforce receives retirement provision benefits above local requirements, and more than 60% of our operations receive additional funds for disability and invalidity coverage beyond what is required by local law.

Helping our customers succeed

Our core strategic goal is to become the most customer-oriented company in our industry—serving as our clients’ best option in every market while delivering a superior customer experience. To achieve this goal, we have focused on increasing customer service by creating a customer centricity network and beginning a digital transformation of our customer service.

Fostering a Customer-Centric Organization. Our goal is to put our clients at the center of our business. As we work toward this goal, we focus on five key areas: (i) creating a superior customer experience; (ii) updating and simplifying key internal processes and policies; (iii) developing and implementing digital solutions; (iv) measuring customer satisfaction systematically; and (v) continuously innovating and adding value for our customers.

To create a superior customer experience, we are strengthening our capabilities and leadership style, involving our clients in our decision-making and implementing new ways to work and collaborate that focus on problem solving and innovation. We also are reinforcing our training and aligning our performance measurements to deliver on our customers’ expectations.

To continually satisfy and better understand our customers, we conduct a thorough analysis of our clients in our key markets and classify them in segments and sub-segments. We identify their most relevant product and service attributes. We also identify segments and opportunities where we could better serve our customers, while improving our profitability. We then customize our value propositions based on segment characteristics and needs, so they are tailored to the unique requirements of each individual customer. To further enhance our customer-centric organizational culture, we launched the Customer Centricity Foundations track with three main objectives: (i) fostering a customer-centric organization by engraining customers’ needs into the core work philosophy throughout CEMEX; (ii) making doing business with us an effective, easy, and enjoyable experience for our customers, while striving to exceed their needs; and (iii) setting the management system to enable a CEMEX customer-centric evolution that incorporates ongoing monitoring, measurement, and improvement to achieve a superior customer experience.

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We are undertaking a digital transformation designed to substantially improve our customer experience, while enhancing our operations and increasing our business efficiencies. Our digital solutions, including mobile applications, will improve our interaction and enable real-time engagement with our customers across a range of online transactions—including registering and requesting credit, placing orders, receiving products and services, invoicing, and complaint resolution.

Beyond leveraging our own development experience, we are working with process and technology specialists from Apple, Inc., International Business Machines Corporation (“IBM”), and Neoris. For example, beginning in early 2017, we are partnering with IBM iX (Interactive Experience) to launch a suite of customized mobile applications to enhance our client experience. Following a “speed-to-market” approach, we will pilot, launch, user test, and adjust solutions to meet our clients’ needs before scaling the applications for worldwide deployment. Our digital transformation will fundamentally change not only how our entire company does business, but also how foremen, field operations managers, cement masons, concrete finishers and other construction professionals work and interact with us.

Providing Superior and Sustainable Products, Solutions and Services. Our collaborative sustainability projects address areas such as carbon capture, alternative raw materials, high temperature solar industrial processes, and energy efficiency, among others.

We continue to develop new concrete technologies and value-added aggregates, improve construction systems, and provide novel building and paving solutions. However, in addition to launching new products, we are interested in following the adoption of solutions that we presented in previous years. For us, sustainability involves not only improving our impact on the environment, but also our impact on day-to-day life in the communities in which we operate. Indeed, this principle led to the IFC’s decision to grant funding for our research and development (“R&D”) projects that are focused on sustainability—providing “climate-smart” solutions across emerging markets.

We leverage our innovative approach and agility to develop superior building products and solutions that perform at high standards across our operations. Led by CEMEX Global R&D in Switzerland in collaboration with our Cement and Ready-Mix Technology Center in Mexico, our team works to anticipate and understand society’s trends in order to create innovative, sustainable construction solutions that satisfy our customers’ current and future needs, while challenging the current technological landscape.

We established a new Green Building Management and Certification Policy to mitigate potential environmental impacts associated with the design, construction, and operation of our buildings. This policy ensures that the planning, design, construction, management, renovation and demolition activities of company-owned and leased facilities are carried out in a sustainable manner. This policy also mandates that new facilities achieve a green building certification, such as LEED or BREEAM. Moreover, we support the development of durable infrastructure with quality products, construction practices, and maintenance that have minimal environmental impact. Through revolutionary advances in concrete technology, we are aiming to position ourselves at the forefront of the industry, designing and developing unique, integrated, value-added construction solutions that defy the status quo and meet our clients’ evolving needs now and into the future.

Our expertise in building efficient homes with tailor-made, adaptable systems has contributed to, as of December 31, 2016, the construction of more than 4,100 affordable homes and/or energy-efficient buildings, representing approximately 75,000 square meters of livable space. Our wall systems and integrated housing solutions offer multiple advantages that improve the sustainability, speed, efficiency, and profitability of housing construction.

Pursue markets that offer long-term profitability

We operate in markets where we can add value for our employees, our customers and our shareholders. We intend to focus on those markets that offer long-term profitability. We believe that a geographically diverse

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portfolio of assets provides us with the opportunity for significant value creation through profitable organic growth over the medium- to long-term. Consequently, we are selective and strategic about where we operate. Our business portfolio is particularly focused on geographies that combine strong fundamentals, ranging from economic growth potential to per-capita cement consumption, population growth, degree of urban development and political stability.

Leveraging our global presence and extensive operations worldwide, we intend to continue focusing on our core cement, aggregates, ready-mix concrete and related businesses. By managing our core operations as one vertically integrated business, we not only capture a significant portion of the cement value chain, but also create value for our customers by offering comprehensive building solutions. Historically, this strategic focus has enabled us to grow our existing businesses, particularly in high-growth markets and with specialized, high-margin products.

Complementary Businesses. We participate selectively in complementary businesses, including, but not limited to, the development of alternative and renewable sources of energy, concrete pavement solutions, housing, prefabricated concrete products, admixtures. We believe such projects allows us to provide valuable services to our customers, grow our core markets, develop our competitive advantage, and improve our overall performance.

On March 14, 2017, we also announced the launch of CEMEX Ventures, our open innovation and venture capital unit designed to lead the evolution of the construction industry. CEMEX Ventures will leverage CEMEX's knowledge of the business with new, leading-edge technologies and platforms and develop opportunities in key focus areas outside of CEMEX's core business, such as urban development, connectivity improvements within the construction value chain, new construction trends and technologies, and the creation and development of new project finance resources.

Ensure sustainability is fully embedded in our business

Our sustainability efforts begin with CEMEX, S.A.B. de C.V.'s Board of Directors and are then facilitated across our entire organization. CEMEX, S.A.B. de C.V.'s Sustainability Committee is comprised of three of CEMEX, S.A.B. de C.V.'s Board of Directors members reporting directly to CEMEX, S.A.B. de C.V.'s Board of Directors, along with the Audit and the Corporate Practices & Finance Committees. The Sustainability Committee is supported by our Corporate Sustainability function, which reports to a member of our Executive Committee. To ensure sustainability is embedded into our entire business strategy, we have coordinators representing each geographical region where we operate. In parallel, our Global Sustainability Functional Network works to implement our core sustainability initiatives across all of our operating regions and business lines.

Implementing a High-Impact Social Strategy. As a global company, we have included Corporate Social Responsibility (CSR) as a fundamental component of our business model—aligned with our mission to build a better future by creating lasting value for all of our stakeholders. As we provide high-quality, innovative building materials and wide-ranging construction solutions for our customers, we must also support society's development needs and contribute to the well-being of the communities in which we operate.

We are committed to advancing constructive change as envisaged in the ambitious agenda put forth in the United Nations' Sustainable Development Goals ("SDGs"). We believe that achieving the SDGs is not only the responsible thing to do; it is also strategically relevant from a growth standpoint, as such actions foster new business opportunities, build markets and relationships and improve our environment and our stakeholders' quality of life. Aligned precisely with SDGs 1, 4, 5, 8, and 11, our sustainability strategy's social priorities are particularly focused on our contribution to end poverty, achieve gender equality, provide decent employment, foster economic growth and develop sustainable communities. To these ends, we have established a high-impact social strategy that fosters societal intelligence, guides our participation in international and business

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organizations' initiatives, develops programs designed to create greater benefits for our communities, incorporates knowledge for our commercial endeavors and, ultimately, adds to our reputation as a socially responsible company.

Our efforts are channeled through the co-creation of social models that enable solutions to alleviate significant challenges around the world. To achieve our goals, we create strategic alliances that foster collaboration with key partners—multiplying the benefits for our communities.

Furthermore, we are committed to bolstering our communities' fundamental capacities for long-term self-support and upward mobility. Our mission is to serve as a key contributor to community development and an engine for economic growth through innovative and sustainable solutions. Through our community-involvement efforts across, we have learned that self-sufficiency and practical skills development are integral to the long-term prosperity of individuals and communities. However, in many of our markets, poor access to jobs, skills training, and education opportunities limit individuals' ability to meet their basic needs. To address these challenges, we have developed a number of programs that increase communities' access to building materials for their homes, while providing mechanisms to improve training and employment options.

Aligned with SDG 4, "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all," we leverage our business capabilities, our network of employees, and strategic alliances to create public value and provide diverse groups with numerous opportunities to achieve their potential for growth and prosperity. Equally, we recognize the challenge posed by SDG 11, "Make cities and human settlements inclusive, safe, resilient and sustainable." To help address this social need, we have developed social and inclusive businesses through models co-created with our communities to provide specific solutions for public spaces and affordable housing that simultaneously combat urban poverty and contribute to the achievement of SDG 1, "End poverty in all its forms everywhere."

Patrimonio Hoy, our flagship inclusive business, was founded to provide low-income families with access to financing, building materials, technical advice, and logistical support—allowing such families to build or expand their homes more quickly and efficiently. Started in Mexico, *Patrimonio Hoy* has expanded to more than 100 of our offices across Latin America, including Costa Rica, Colombia, the Dominican Republic, and Nicaragua. During 2016, we reached more than 46,000 families, bringing the accumulated total to approximately 570,000 families since 1998. In 2016, *Patrimonio Hoy* built approximately 231,000 square meters of living space, resulting in a total of approximately 4.3 million square meters of living space since 1998. According to our calculations, the *Patrimonio Hoy* initiative generated an external social value of approximately U.S.\$65 million.

In 2016, we added 17 new productive centers for self-employment in Mexico, six in Colombia, five in Costa Rica and one in Panama. In total, we operated 154 of these centers at the end of 2016. In 2012, CEMEX also became a founding partner of New Employment Opportunities, an initiative to prepare young people, particularly disadvantaged young people, for entry-level jobs in Latin America and the Caribbean.

Finally, we are active members of the UN Global Compact's Advisory Group on Supply Chain Sustainability and the Cement Sustainability Initiative's supply chain group. This keeps us involved in changing policies, metrics, and practices within our industry. We have also developed strong sustainability relationships with our suppliers. Since its inception in 2010, our Supplier Sustainability Program has extended our commitment to sustainability to our supply chain, communicating and promoting responsible practices. This program integrates the basic sustainability requirements with which our suppliers must comply. These requirements express our corporate sustainability value statements, included in our Human Rights Policy, Code of Conduct when Doing Business with Us, and Code of Ethics.

Pursuing Excellence in Environmental Management. We believe the pursuit of excellent environmental practices benefits sustainable growth. In addition to our Board-level Sustainability Committee, our Global

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Environmental Council, which is composed of our primary environmental executives responsible for each of our operating regions, shares new trends, proposals and best practices to identify, inform and tackle key environmental management concerns.

We are committed to contribute to climate change mitigation and its consequences. For decades, as part of our carbon emissions reduction strategy, we have focused on using low-emission alternatives to traditional fossil fuels, decreasing our clinker factor, promoting clean energy, and increasing energy efficiency across our operations. To this end, we have continuously sought to increase our use of low-carbon alternative fuels, which represented 23.3% of our total fuel mix in 2016.

We are reducing the CO₂ footprint of our cementitious products by replacing traditional energy-intensive clinker with alternative raw materials, such as slag, fly ash, and pozzolans. In 2016, our overall clinker factor was 78.4%, around seven percentage points less than in 1990. Also, our emissions of CO₂ per ton of cementitious products in 2016 dropped by 20% compared to such emissions in 1990. Overall, in 2016, we avoided almost 7.3 million tons of CO₂ emissions as a result of our mitigation efforts, which is comparable to the annual average carbon emissions from 1.3 million passenger vehicles.

In 2016, we received an A- score from the CDP (formerly Carbon Disclosure Project). According to the CDP's new evaluation system, companies now receive a single letter score from A to D-. This score assesses progress across four categories: Disclosure, Awareness, Management and Leadership. The CDP has recognized that we belong to the leading group of companies in the sustainability field. Also, in 2016, 25% of our cement operations' power supply came from renewable sources. This percentage includes all electricity from renewable sources that we contracted directly, plus the renewable energy share of the grid power that our plants consume.

For more than a decade, we have worked to identify, document and register projects that mitigate carbon emissions and generate equivalent offsets. We have achieved approval for 19 CO₂ offset projects registered under the Clean Development Mechanism and four CO₂ offset projects under the Verified Carbon Standard, representing a total reduction potential of nearly three million tons of CO₂ per year. These initiatives are located in Colombia, Costa Rica, Mexico, Panama, the Dominican Republic, Egypt, and the United States.

We are determined to meet the demands of a growing population through effective and secure methods to alleviate the social, economic and environmental issues associated with municipal waste management. We are building global support for the enactment and enforcement of legislation that promotes co-processing of waste, which cannot otherwise be reduced, reused or recycled.

We are a prominent industry advocate and user of alternative fuels, displacing traditional fuels like petcoke and coal with low- or zero-carbon alternatives such as municipal solid waste, tires, and biomass residues. As of December 31, 2016, 92% of our cement plants co-processed alternative fuels for a total fossil fuel substitution rate of 23.3%, which avoided the use of 1.6 million tons of coal. Moreover, eight of our cement plants that use alternative fuels surpassed a substitution rate of 50% in their fuel mix.

We have the expertise to responsibly source, process, store, and recover energy from alternative fuels. By increasing the co-processing of these fuels in our cement plants, we intend to help overcome challenges such as climate change, waste management and fossil fuel depletion. We maintain our efforts to reach a 35% Alternative Fuels Target by 2020.

We dispose of waste generated in our production processes in accordance with local regulations. To reduce most of the waste generated from our processes, we maximize our reuse of clinker kiln dust in our production loop, largely avoiding landfill disposal. To realize the financial and environmental benefits of waste, we monitor, minimize, reuse, and recycle our waste whenever possible. In 2016, 94% of the waste generated by our production processes was recovered, reused or recycled. The remaining material was sent to disposal sites. Moreover, the disposal of our non-hazardous waste, which comprises the majority of the waste created in our operations, decreased approximately 40% from 2015 to 2016, while our hazardous waste disposal declined by 9% in 2016 compared to 2015.

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CEMEX Environmental Management System (“EMS”). We use EMS to evaluate and facilitate consistent and complete implementation of risk-based environmental management tools across our operations. EMS consists of key mechanisms for environmental impact assessment, stakeholder engagement, and accident response based on input from a range of environmental and biodiversity specialists.

As of December 31, 2016, 98% of our cement plants, 88% of our ready-mix concrete operations and 86% of our aggregate quarries have implemented either EMS or equivalent programs. Our goal is for all of CEMEX facilities to be 100% compliant with our internal environmental criteria.

We are committed to reducing our environmental footprint by working to monitor emissions, improve our measurement methods, adapt to new and more stringent air emissions regulations, invest accordingly and execute required training. We strive to go beyond local regulations and set ambitious targets for emissions mitigation.

In 2016, we invested US\$80 million in sustainability-related projects at our global operations, including more than 70 projects to monitor and reduce our air emissions.

In 2016, the International Finance Corporation (“IFC”), a member of the World Bank Group, granted CEMEX a loan of €106 million to support the company’s sustainable investment programs in emerging markets. We have allocated approximately 60% of the funds for projects related to the reduction of our greenhouse gas emissions, while we allocated the remainder to improve our overall air emission controls.

Our environmental incidents management. We minimize our emissions and reduce the likelihood of spills and water contamination. We are prepared to respond to any emergency that may pose a threat to our operations and communities. We consistently record and report incidents at every level of our business to identify recurring root causes and share corrective actions based on best practices.

In particular, we recognize that reporting environmental incidents is the first step to reducing their occurrence and severity. Our rigorous efforts to standardize the implementation of our environmental management processes enabled us to avoid the occurrence of Category 1 incidents during 2016. Moreover, our Category 2 incidents decreased significantly, from 436 in 2015 to 64 in 2016. This significant drop was mainly due to updating CEMEX Environmental Incident Reporting Procedure, wherein the circumstances of specific incidents were recorded in the context of their corrective action to ensure better follow-up and corresponding remediation.

Preserving land, water and biodiversity. The preservation of land, biodiversity and water plays a key role in our long-term resource management strategy.

To protect water and enable our business to succeed, we are increasing our water efficiency and minimizing our water waste through the implementation of our Corporate Water Policy. This policy includes standardization of our water measurement based on the Water Protocol developed in coordination with the International Union for Conservation of Nature (IUCN). Additionally, we comply with the Cement Sustainability Initiative’s (CSI) Guidelines for Environmental & Social Impact Assessment for all of our quarry developments. According to these guidelines, we assess all of our social and environmental impacts using different methods and techniques, including the requirement to evaluate cumulative effects on biodiversity.

OPERATING MODEL. We aim to operate effectively and achieve the greatest possible value by leveraging our knowledge and scale to establish best practices and common practices worldwide.

Financial Strategy

Regain our Investment Grade.

In light of the global economic environment and our substantial amount of indebtedness, we have been focusing, and expect to continue to focus, on optimizing our operations by growing our market positions and our core business and implementing our pricing policies, on strengthening our capital structure and regaining financial flexibility through reducing our debt and cost of debt, improving cash flow generation and extending maturities.

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We plan to maintain and grow our market positions in cement, ready-mix concrete and aggregates by being one of the most customer-centric companies in the industry. We also expect to implement pricing initiatives for our products and receive compensation through fees for the services we provide that should allow us to improve our overall profits. We anticipate advocating and promoting the increased usage of cementitious based products, to grow our aggregate footprint and replace our aggregate reserves in a manner, which ensures the sustainability of our business, and to operate in the most capital and cost-efficient manner possible.

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 production related costs for all of our products and corporate overhead through disciplined cost management policies and through improving efficiencies by removing redundancies. We have implemented several worldwide standard platforms as part of this process and have also started different initiatives, such as a system designed to improve our operating processes worldwide. In addition, we implemented centralized management information systems throughout our operations, including administrative, accounting, purchasing, customer management, budget preparation and control systems, which have helped us achieve cost efficiencies, and we also have a strategic agreement with IBM expected to improve some of our business processes. We have also transferred key processes, such as procurement and trading, from a centralized model to a regional model and are simplifying and delayering our business to accelerate decision-making and maximize efficiency. 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 allowing our regions to have access to information required to execute our trading activities. 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.

Global Cost-Reduction and Pricing 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, capacity closures across the cement value chain and a general reduction in global operating expenses. During the past years, CEMEX has 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. For the year ended December 31, 2016, we reached our target that had been set out for the 2016 year of approximately U.S.\$150 million in annualized cost savings through the implementation of our cost reduction program, which

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contemplated 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, as well as our divestitures, we have reduced our global headcount by approximately 26%, from 56,791 employees as of December 31, 2008 (excluding personnel from our operations in Australia sold in 2009 and our operations in Venezuela, which were expropriated in 2008) to 41,853 employees as of December 31, 2016.

Also as part of these initiatives, since 2009, we have temporarily shut down (some 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. We have also announced the permanent closure of some of our cement plants, such as our Davenport cement plant located in northern California in 2010. 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.

Furthermore, during 2016, 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.

We have also introduced a comprehensive pricing strategy for our products that is expected to more fully reflect and capture the high value-creating capability of our products and services. Our strategy focuses on value enhancement, optimizing gains in customer relationships and in generating sufficient returns that would allow us to reinvest in our business. Under this strategy we are establishing internal procedures and guidelines that are expected to support our approach to pricing our different products and services.

Optimizing Capital Expenditures

During past years, we had reduced capital expenditures related to maintenance and expansion of our operations in response to weak demand for our products. Such reductions were 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. During 2015 and 2016, as a result of a higher demand for our products in certain markets in which we operate, we increased capital expenditures related to maintenance and expansion of our operations to approximately U.S.\$764 million and U.S.\$685 million, respectively, from approximately U.S.\$689 million in 2014. Pursuant to the Credit Agreement, we are prohibited from making aggregate annual capital expenditures in excess of U.S.\$1 billion (excluding certain capital expenditures, joint venture investments and acquisitions by each of CEMEX Latam and CHP and their respective subsidiaries), which capital expenditures, joint venture investments and acquisitions at any time then incurred are subject to a separate aggregate limit of U.S.\$500 million (or its equivalent) for each of CEMEX Latam and its subsidiaries and CHP and its subsidiaries, in each case, the amounts of which allowed for permitted acquisitions and investments in joint ventures cannot exceed U.S.\$400 million per year. 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.

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

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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.

As of December 31, 2016, we did not depend on any of our existing customers to conduct our business and the loss of any of our existing customers individually would not have a material adverse effect on our financial condition or results of operations. For the period ended December 31, 2016, none of our customers represented more than 10% of our consolidated net sales.

Our Corporate Structure

CEMEX, S.A.B. de C.V. is an operating and also a holding company, and in general CEMEX operates its business through subsidiaries that, in turn, hold interests in CEMEX’s cement and ready-mix concrete operating companies, as well as other businesses. The following chart summarizes CEMEX’s corporate structure as of December 31, 2016. The chart also shows, for each company, CEMEX’s approximate direct or indirect percentage equity ownership or economic interest. The chart has been simplified to show only some of CEMEX’s major holding companies and/or operating companies in the main countries in which CEMEX operates, and/or relevant companies in which we hold a significant interest, and does not include all of CEMEX’s intermediary holding companies and all CEMEX’s operating subsidiaries.

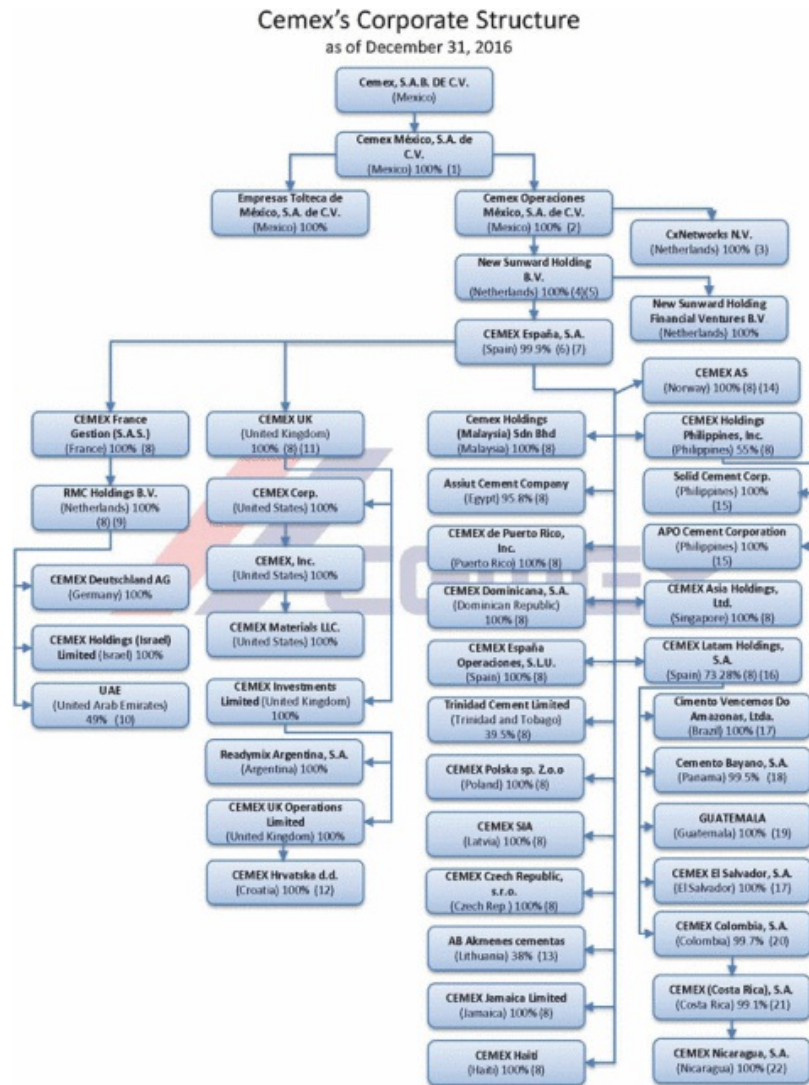


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- (1) Includes an approximately 99.88% interest pledged or transferred to a security trust as collateral for the benefit of certain secured creditors of CEMEX and certain of its subsidiaries.
- (2) Includes an approximately 99.99% interest pledged or transferred to a security trust as collateral for the benefit of certain secured creditors of CEMEX and certain of its subsidiaries.
- (3) CxNetworks N.V. is the holding company of the global business and IT consulting entities, including Neoris N.V.
- (4) Includes a 100% interest pledged or transferred to a security trust as collateral for the benefit of certain secured creditors of CEMEX and certain of its subsidiaries.
- (5) Includes Cemex Operaciones México 59.64% interest and CTH 40.36% interest. CEMEX indirectly holds 100% of Cemex Operaciones México and CTH.
- (6) Includes New Sunward, CEMEX's and CTH's interest, and shares held in CEMEX España's treasury.
- (7) Includes an approximately 99.63% interest pledged or transferred to a security trust as collateral for the benefit of certain secured creditors of CEMEX and certain of its subsidiaries.
- (8) Includes CEMEX España's direct or indirect interest.
- (9) Includes CEMEX France Gestion (S.A.S.)'s ("CEMEX France") 94.75% interest and CEMEX UK's 5.25% interest.
- (10) Represents CEMEX España's indirect economic interest in three companies incorporated in the United Arab Emirates, CEMEX Topmix LLC, CEMEX Supermix LLC and CEMEX Falcon LLC. CEMEX España indirectly owns a 49% equity interest in each of these companies, and CEMEX España indirectly holds the remaining 51% of the economic benefits through agreements with other shareholders.
- (11) Includes CEMEX España's 69.39% interest and CEMEX France's 30.61% interest.
- (12) Divestment of CEMEX Hrvatska d.d. was expected to be completed during the first half of 2017, but the divestment will not be made and CEMEX Hrvatska d.d. remains one of our subsidiaries.
- (13) Represents CEMEX España's indirect 37.84% and 11.76% interest in ordinary and preferred shares, respectively.
- (14) CEMEX AS is an operating company and also the holding company for CEMEX's operations in Finland, Norway and Sweden.
- (15) Represents CHP's direct and indirect equity interest.
- (16) Represents outstanding shares of CEMEX Latam's capital stock and excludes treasury stock.
- (17) Represents CEMEX Latam's indirect interest.
- (18) Represents CEMEX Latam's 99.483% indirect interest in ordinary shares, and excludes: (i) a 0.515% interest held in Cemento Bayano, S.A.'s treasury, and (ii) a 0.002% interest held by third parties.
- (19) Represents CEMEX Latam's direct and indirect interest in five companies incorporated in Guatemala, CEMEX Guatemala, S.A. ("CEMEX Guatemala"), Global Concrete, S.A., Gestión Integral de Proyectos, S.A., Equipos para uso de Guatemala, S.A., and Cementos de Centroamérica, S.A.
- (20) Represents CEMEX Latam's 99.75% and 98.94% indirect interest in ordinary and preferred shares, respectively.
- (21) Represents CEMEX Colombia's indirect interest.
- (22) Includes CEMEX (Costa Rica), S.A.'s 98% interest and CEMEX Colombia's 2% indirect interest.

Mexico

Overview. For the year ended December 31, 2016, our operations in Mexico represented approximately 20% of our net sales in Mexican Peso terms before eliminations resulting from consolidation. As of December 31, 2016, our business in Mexico represented approximately 32% of our total installed cement capacity and approximately 12% of our total assets.

As of December 31, 2016, CEMEX México, a direct subsidiary of CEMEX, S.A.B. de C.V., was both a holding company for some of our operating companies in Mexico and an operating company involved in the manufacturing and distribution of cement, aggregates, steel, ground stone and other construction materials and cement by-products in Mexico. CEMEX México, indirectly, is also the holding company for substantially all our international operations. CEMEX México, together with its subsidiaries, accounts for a substantial part of the revenues and operating income of our operations in Mexico.

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Our Tepeaca cement plant in Puebla, Mexico currently has a production capacity of approximately 3.4 million tons of cement per year. In December 2014, we announced the restart of the Tepeaca cement plant expansion, consisting in the construction of a new kiln, so that its total production capacity reaches approximately 7.5 million tons of cement per year by 2018. As of December 31, 2016, we were monitoring the market for the best timing to expand the Tepeaca cement plant without disrupting the market. Other options that require less investment and could provide additional capacity in the same region are also available. For example, debottlenecking approximately U.S.\$8 million in Huichapan could represent approximately 0.5 million tons of cement supplying essentially the same market.

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 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, 2016, approximately 677 independent concessionaries with more than 1,612 stores were integrated into the Construrama program, with nationwide coverage.

Industry. For 2016, the National Institute of Statistics and Geography (*Instituto Nacional de Estadística y Geografía*) indicated that total construction activity in Mexico expanded by 1.8% up to December (seasonally adjusted figures). This performance has been attributed mainly to an increase in industrial and commercial activity, which has offset a steep decline in infrastructure activity.

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 2016 accounted for approximately 61% of Mexico's demand (bagged presentation). Individuals who purchase bags of cement for self-construction and other basic construction needs are a significant component of the retail sector. 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," "Centenario," "Impercem" and "Tolteca Extra," "Monterrey Extra," "Maya Extra," "Anáhuac Extra," "Campana Extra," "Gallo Extra," "Centenario Extra," and "Multiplast." 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, for over more than the past 45 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; LafargeHolcim; Sociedad Cooperativa Cruz Azul, a Mexican operator; Cementos Moctezuma, an associate of Ciments Molins; and GCC, a Mexican operator in which we hold a 9.47% direct interest and in whose majority holder, CAMCEM, we hold a minority interest. During 2013, a new cement producer, Elementia (Cementos Fortaleza), entered the market and in 2014 merged with Lafarge (prior to the Lafarge-Holcim merger) within the Mexican market. The major ready-mix concrete producers in Mexico are CEMEX, LafargeHolcim, Sociedad Cooperativa Cruz Azul and Cementos Moctezuma. In addition, the use of non-integrated ready-mixers has been increasing.

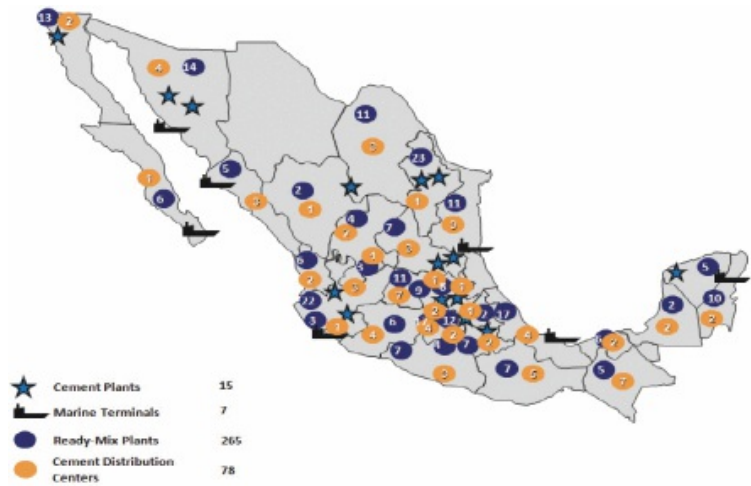
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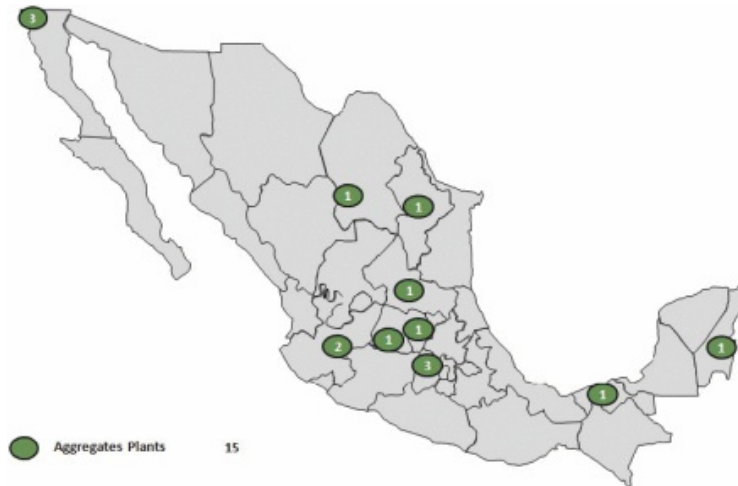
Potential entrants into the Mexican cement market face various impediments to entry, including, among other things, the time-consuming and expensive process of establishing a retail distribution network and developing the brand identification necessary to succeed in the retail market; the lack of port 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 2016, we operated 13 out of our total of 15 cement plants (two were temporarily shut down given market conditions) and 85 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. For the year ended December 31, 2016, our cement operations represented approximately 57% of net sales for our operations in Mexico before eliminations resulting from consolidation in Mexican Peso terms and our domestic cement sales volume represented approximately 97% of our total cement sales volume in Mexico. 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 total volume (bagged) of the five most important distributors accounted for approximately 11% of our total cement sales by volume in Mexico in 2016 (excluding our in-house channels).

Ready-Mix Concrete. For the year ended December 31, 2016, our ready-mix concrete operations represented approximately 21% of net sales for our operations in Mexico before eliminations resulting from consolidation in Mexican Peso terms. Our ready-mix concrete 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. For the year ended December 31, 2016, our aggregates operations represented approximately 5% of net sales for our operations in Mexico before eliminations resulting from consolidation in Mexican Peso terms.

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 by our operations in Mexico represented approximately 3% of our total cement sales volume in Mexico for 2016. In 2016, approximately 46% of our cement exports from Mexico were to the United States, 42% to Central America and the Caribbean and 12% to South America.

The cement and clinker exports by our operations in Mexico to the United States are mostly 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 pet coke and alternative fuels. We have entered into four 20-year agreements with Petróleos Mexicanos ("PEMEX") pursuant to which PEMEX has

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agreed to supply us with pet coke, including Termoeléctrica del Golfo's ("TEG") coke consumption, through 2024. In 2016, PEMEX supplied us with approximately a total of 1.1 million tons of pet coke. Pet coke 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 pet coke contracts have reduced the volatility of our fuel costs. In addition, in 1992, our operations in Mexico began using alternative fuels to further reduce the consumption of residual fuel oil and natural gas. These alternative fuels represented approximately 14% of the total fuel consumption for our operations in Mexico in 2016. For additional information, see "Item 5—Operating and Financial Review and Prospects—Summary of Material Contractual Obligations and Commercial Commitments—Commercial Commitments."

In 1999, we entered into an agreement with an international partnership, which financed, built and operated TEG, 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 2007, the original operator was replaced and the contract was extended to 2027. For additional information, see "Item 5—Operating and Financial Review and Prospects—Summary of Material Contractual Obligations and Commercial Commitments—Commercial Commitments."

In 2006, in order to take advantage of the high wind potential in the "Tehuantepec Isthmus," CEMEX and the Spanish company ACCIONA, S.A. ("ACCIONA"), formed an alliance to develop a wind farm project for the generation of 250 MW in the Mexican state of Oaxaca. The installation of 167 wind turbines in the farm was finished on November 15, 2009. For additional information, see "Item 5—Operating and Financial Review and Prospects—Summary of Material Contractual Obligations and Commercial Commitments—Commercial Commitments."

In connection with the beginning of full commercial operations of the Ventika S.A.P.I. de C.V. and the Ventika II S.A.P.I. de C.V. wind farms (jointly "Ventikas") located in the Mexican state of Nuevo Leon with a combined generation capacity of 252 MW, we agreed to acquire a portion of the energy generated by Ventikas for our Mexican plants for a period of 20 years, which began in April 2016. During 2016, Ventikas supplied approximately 6.4% (unaudited) of CEMEX's overall electricity needs in Mexico. This agreement is for CEMEX's own use and CEMEX does not intend to engage in energy trading.

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—Summary of Material Contractual Obligations and Commercial Commitments—Commercial Commitments." Additionally, in 2015, we created CEMEX Energía, an energy division seeking to develop a portfolio of power projects in Mexico.

Description of Properties, Plants and Equipment. As of December 31, 2016, we had 15 wholly-owned cement plants and proportional interests through associates in three other cement plants located throughout Mexico, with a total potential capacity of 30 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, 2016, the limestone and clay permitted proven and probable reserves of our operations in Mexico had an average remaining life of approximately 138 and 88 years, respectively, assuming 2012-2016 average annual cement production levels. As of December 31, 2016, all our production plants in Mexico utilized the dry process.

As of December 31, 2016, we had a network of 78 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 265 (58 are idle due to market conditions) ready-mix concrete plants throughout 77 cities in Mexico, more than 2,301 ready-mix concrete delivery trucks and 15 aggregates quarries.

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Capital Expenditures. We made capital expenditures of approximately U.S.\$79 million in 2014, U.S.\$68 million in 2015 and U.S. \$84 million in 2016 in our operations in Mexico. We currently expect to make capital expenditures of over U.S.\$123 million in our operations in Mexico during 2017.

United States

Overview. For the year ended December 31, 2016, our operations in the United States represented approximately 26% of our net sales in Mexican Peso terms before eliminations resulting from consolidation. As of December 31, 2016, our business in the United States represented approximately 18% of our total installed cement capacity and approximately 48% of our total assets. As of December 31, 2016, CEMEX, Inc. was the main holding company of our operating subsidiaries in the United States.

As of December 31, 2016, we had a cement manufacturing capacity of approximately 16.6 million tons per year in our operations in the United States, including 1.3 million tons in proportional interests through non-controlling holdings. As of December 31, 2016, we operated a geographically diverse base of 12 cement plants located in Alabama, California, Colorado, Florida, Georgia, Kentucky, Louisiana, Ohio, Pennsylvania, Tennessee and Texas. As of that date, we also operated 45 rail, truck or water served active cement distribution terminals in the United States. As of December 31, 2016, we had 345 ready-mix concrete plants located in Alabama, Arizona, California, Florida, Georgia, Louisiana, Nevada, Oregon, Tennessee, Texas and Washington and aggregates facilities in Arizona, California, Florida, Georgia, Nevada, Oregon, Texas and Washington.

On September 23, 2013, we and Concrete Supply Company, a leading producer of ready-mix concrete throughout the Carolinas, entered into a joint venture agreement and formed a joint venture company named Concrete Supply Co., LLC, which is majority owned by Concrete Supply Holdings Co, who acts as the managing member. This joint venture is a leading concrete supplier in North and South Carolina with strong local management.

In February 2015 we completed an asset swap with Vulcan Materials Company, under which CEMEX exchanged its asphalt plants in Arizona and Sacramento for 12 ready-mix concrete plants in California. Under the agreement, CEMEX will continue supplying aggregates to the exchanged asphalt plants. Also, CEMEX will be able to capture incremental cement sales to the acquired ready-mix concrete plants. Given the operations and strategic focus in these markets, we expect each party should earn a higher return on the exchanged assets and continue serving its customers efficiently. This swap was a cash-free transaction.

On September 12, 2016, one of our subsidiaries in the U.S. signed a definitive agreement for the sale of its Fairborn, Ohio cement plant and cement terminal in Columbus, Ohio to Eagle Materials Inc. for U.S.\$400 million. The proceeds obtained from this transaction were used mainly for debt reduction and for general corporate purposes. This transaction closed on February 10, 2017.

On November 18, 2016, after all conditions precedent were satisfied, CEMEX, S.A.B. de C.V. announced that it had closed the sale of certain assets in the U.S. to GCC for approximately U.S.\$306 million. The assets were sold by an affiliate of CEMEX to an affiliate of GCC in the U.S., and mainly consisted of CEMEX's cement plant in Odessa, Texas, two cement terminals and the building materials business in El Paso, Texas and Las Cruces, New Mexico.

On January 31, 2017, one of CEMEX, S.A.B. de C.V.'s subsidiaries in the U.S. closed the sale of the Concrete Pipe Business to Quikrete for U.S.\$500 million plus an additional U.S.\$40 million purchase price contingent on future performance.

On April 17, 2017, CEMEX, S.A.B. de C.V. announced that one of its subsidiaries in the U.S. had entered into a definitive agreement for the sale of Pacific Northwest to Cadman Materials, a LehighHanson company and U.S. subsidiary of HeidelbergCement Group, for U.S.\$150 million. Pacific Northwest consists of aggregates,

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asphalt and ready-mix concrete operations in Oregon and Washington. Pending satisfaction of certain conditions, including regulatory approvals, the proceeds obtained from this sale will be used mainly for debt reduction and general corporate purposes.

Industry. 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: the residential, the industrial and commercial, and the public sectors. 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, the public sector demand is more stable and also has helped to soften the decline in global demand during periodic economic recessions.

The construction industry is continuing to recover from the recession experienced during 2008 and 2009, which was the worst downturn in over 70 years. The construction industry was hit particularly hard during this recession due to the collapse of the housing sector. Housing starts fell 73% from a peak of 2.1 million units in 2005 to only 554,000 units in 2009. The decline in housing and other construction activity resulted in a 45% decline in cement demand from 2005 to 2010. The economic recovery has proceeded at a relatively moderate pace, with real gross domestic product average annual growth of 2.1% since 2010. With the economy growing again, the construction sector stabilized in 2010 and joined the economy-wide recovery in 2011. The excess vacant inventory in the housing sector has largely been absorbed and inventories have declined to below normal levels in most markets, which together have supported an increase in housing prices over the last three years of about 19%. Housing starts have increased by approximately 110% from 0.554 million units in 2009 to 1.16 million units in 2016. Housing starts in 2016 increased by 5% to 1.16 million units which remains well below the historical steady state level. The industrial and commercial sector has also been growing with nominal spending up 78% from 2012 to 2016. Industrial & commercial nominal spending increased by 10.3% in 2016. The public sector, which has lagged the other construction sectors in this recovery, remained positive in 2016 with spending up approximately 1%. Cement demand has been increasing annually since 2012 with cement demand up an estimated 2.5% in 2016 after an increase of 17% from 2012 to 2015. The Portland Cement Association is forecasting a 3% increase in cement demand for 2017.

Competition. The cement industry in the United States is highly competitive, including national and regional cement producers in the United States. Our principal competitors in the United States are LafargeHolcim, Buzzi-Unicem, Heidelberg 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 5,500 ready-mix concrete plants that produce ready-mix concrete in the United States and about 55,000 ready-mix concrete mixer trucks that deliver the concrete to the point of placement. The NRMCA estimates that the value of ready-mix concrete produced by the industry is approximately U.S.\$35 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. Geological Survey (“USGS”) estimates over 2.3 billion tons of aggregates were produced in 2016, an increase of about 4% over 2015. Crushed stone accounted for 58% of aggregates consumed, sand & gravel 41%, and slag 1%. These products are produced in all 50 states and have a value of U.S.\$21.6 billion. The U.S. aggregates industry is highly fragmented and geographically dispersed. The top ten producing states represent approximately 50% of all production. According to the USGS, during 2016, an estimated 4,100 companies operated approximately 6,300 sand and gravel sites and 1,430 companies operated 3,700 crushed stone quarries and 82 underground mines in the 50 U.S. states.

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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, 2016.



Products and Distribution Channels

Cement. For the year ended December 31, 2016, our cement operations represented approximately 32% of our operations in the United States' net sales before eliminations resulting from consolidation in Mexican Peso terms. We deliver a substantial portion of cement by rail, which occasionally those 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.

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Ready-Mix Concrete. For the year ended December 31, 2016, our ready-mix concrete operations represented approximately 41% of our operations in the United States' net sales before eliminations resulting from consolidation in Mexican Peso terms. Our ready-mix concrete operations in the United States purchase most of their cement aggregates requirements from our cement operations in the United States. Our ready-mix concrete products are mainly sold to residential, commercial and public contractors and to building companies.

Aggregates. For the year ended December 31, 2016, our aggregates operations represented approximately 17% of our operations in the United States' net sales before eliminations resulting from consolidation in Mexican Peso terms. We estimate that, as of December 31, 2016, the crushed stone quarries and sand/gravel pits permitted proven and probable reserves of our operations in the United States had an average remaining life of approximately 29 years, assuming 2012-2016 average annual aggregates 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 25% of our total production costs of our cement operations in the United States in 2016. We are currently implementing a program to gradually replace coal with more economic fuels, such as pet coke, 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 2016, the increased use of alternative fuels helped to offset the effect on our fuel costs of increasing coal prices. Power costs in 2016 represented approximately 11% 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, 2016, we operated 12 cement manufacturing plants in the United States, and had a total installed capacity of 16.6 million tons per year including 1.3 million tons representing our proportional interests through associates in six other cement plants. We estimate that, as of December 31, 2016, the limestone permitted proven and probable reserves of our operations in the United States had an average remaining life of approximately 51 years, assuming 2012-2016 average annual cement production levels. As of that date, we operated a distribution network of 45 cement terminals. All of our 12 cement production facilities in 2016 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 (a subsidiary of Buzzi-Unicem) owns a 25% interest. As of December 31, 2016, we had 345 wholly-owned ready-mix concrete plants and operated 57 aggregates quarries. As of December 31, 2016, we distributed fly ash through eight terminals and three third-party-owned utility plants, which operate both as sources of fly ash and distribution terminals. As of that date, we also owned 43 concrete block, paver, precast, and asphalt 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 79% of our ready-mix plants, 63% of our block manufacturing plants and 78% of our aggregates quarries in the United States.

Capital Expenditures. We made capital expenditures of approximately U.S.\$202 million in 2014, U.S.\$216 million in 2015 and U.S.\$197 million in 2016 in our operations in the United States. We currently expect to make capital expenditures of approximately U.S.\$192 million in our operations in the United States during 2017.

Europe

For the year ended December 31, 2016, our business in Europe, which includes our operations in the United Kingdom, France, Germany, Spain and the Rest of Europe, as described below, represented approximately 23% of our net sales before eliminations resulting from consolidation. As of December 31, 2016, our business in Europe represented approximately 26% of our total installed capacity and approximately 17% of our total assets.

Our Operations in the United Kingdom

Overview. For the year ended December 31, 2016, our operations in the United Kingdom represented approximately 8% of our net sales in Mexican Peso terms, before eliminations resulting from consolidation. As of December 31, 2016, our operations in the United Kingdom represented approximately 5% of our total assets.

As of December 31, 2016, CEMEX Investments Limited was 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.

Industry. According to the United Kingdom's Construction Products Association, in 2016, the gross domestic product of the United Kingdom was estimated to have grown by 2.0% compared to 2.2% growth in 2015. Total construction output is estimated to have increased by 1.6% in 2016, as compared to a 4.9% increase in 2015 over the preceding year. Whilst public housing fell by 8.0%, the private housing sector is estimated to have grown by 10.0% in 2016, with the private housing market continuing to be stimulated by the government's Help to Buy scheme. Public non-housing sector is estimated to have increased by 2.9% in 2016. The industrial sector fell by 7.3%, affected by lower investment in new factories and warehouses. In 2016, the commercial sector increased by 5.4%, boosted by investment in offices and entertainment. The infrastructure sector fell by 4% driven by lower investment in roads, rail, gas, air and communications. As of April 26, 2017, the official data corresponding to 2016 has not been released by the Mineral Products Association, but we estimate that domestic cement demand expanded by approximately 2% in 2016 compared to 2015.

Competition. Our primary competitors in the United Kingdom are: Tarmac (now owned by CRH after divestments by Lafarge and Holcim during their merger), Hanson (a subsidiary of HeidelbergCement), Aggregate Industries (a subsidiary of LafargeHolcim) and Breedon Group, formerly Breedon Aggregates, which acquired Hope Construction Materials (owned by Mittal Investments and formed three years ago from enforced divestments by Lafarge and Tarmac when they created Lafarge Tarmac). The Lafarge Tarmac business was divested to CRH (except for two cement plants to be retained by LafargeHolcim). In addition, an estimated 2.6 million tons of cement were imported to the United Kingdom by various players including CRH, LafargeHolcim, HeidelbergCement and other independents, with material increasingly arriving from over-capacity markets including Ireland, Spain and Greece.

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Our Operating Network in the United Kingdom



★	Cement plants 2
◀	Grinding Mill 1
①	Ready-Mix plants 190
①	Cement terminals 2



①	Aggregates Sites 57
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Products and Distribution Channels

Cement. For the year ended December 31, 2016, our cement operations represented approximately 18% of net sales for our operations in the United Kingdom before eliminations resulting from consolidation in Mexican Peso terms. About 81% of our United Kingdom cement sales were of bulk cement, with the remaining 19% 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.

Ready-Mix Concrete. For the year ended December 31, 2016, our ready-mix concrete operations represented approximately 27% of net sales for our operations in the United Kingdom before eliminations resulting from consolidation in Mexican Peso terms. Special products, including self-compacting concrete, fiber-reinforced concrete, high strength concrete, flooring concrete and filling concrete, represented 26% of our 2016 United Kingdom sales volume. In 2016, our ready-mix concrete operations in the United Kingdom purchased approximately 90% of its cement requirements from our cement operations in the United Kingdom and approximately 84% of its 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. For the year ended December 2016, our aggregates operations represented approximately 28% of net sales for our operations in the United Kingdom before eliminations resulting from consolidation in Mexican Peso terms. In 2016, our United Kingdom aggregates sales were divided as follows: 46% were sand and gravel, 47% limestone and 7% hard stone. In 2016, 16% of our aggregates volumes were obtained from marine sources along the United Kingdom coast. In 2016, approximately 39% 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.

Production Costs

Cement. In 2016, fixed production costs decreased by 9% driven by extending our major kiln overhaul schedule from 12 to 18 months. Variable costs decreased by 16%, primarily as a result of benefits from the electricity cost (income from the UK government to compensate the cement sector for the indirect costs imposed to subsidize the generation of renewable energy, which have been added to electricity prices in the UK) and improved fuel and additives costs. We continued to implement our cost reduction programs through our use of alternative fuels. In March 2015, our partner Suez opened its Malpass factory, adjacent to our Rugby plant, to supply us with Refuse Derived Fuels.

Ready-Mix Concrete. In 2016, fixed production costs increased by 4%, as compared to fixed production costs in 2015, due to annual increases in wages, salaries and services.

Aggregates. In 2016, fixed production costs remained flat as compared to 2015 fixed production costs.

Description of Properties, Plants and Equipment. As of December 31, 2016, we operated two cement plants, and one clinker grinding facility in the United Kingdom. Assets in operation at year-end 2016 represent an installed cement capacity of 2.4 million tons per year. We estimate that, as of December 31, 2016, the limestone and clay permitted proven and probable reserves of our operations in the United Kingdom had an average remaining life of approximately 79 and 53 years, respectively, assuming 2012-2016 average annual cement production levels. As of December 31, 2016, we also owned two cement import terminals and operated 190 ready-mix fixed concrete plants and 57 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, our grinding and blending facility at the Port

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of Tilbury, located on the Thames River east of London has an annual grinding capacity of approximately 1.2 million tons, which ensures availability of blended cements. Blended cements are more sustainable based on their reduced clinker factor and use of by-products from other industries.

Capital Expenditures. We made capital expenditures of approximately U.S.\$45 million in 2014, U.S.\$57 million in 2015 and U.S.\$30 million in 2016 in our operations in the United Kingdom. We currently expect to make capital expenditures of approximately U.S.\$39 million in our operations in the United Kingdom during 2017.

Our Operations in France

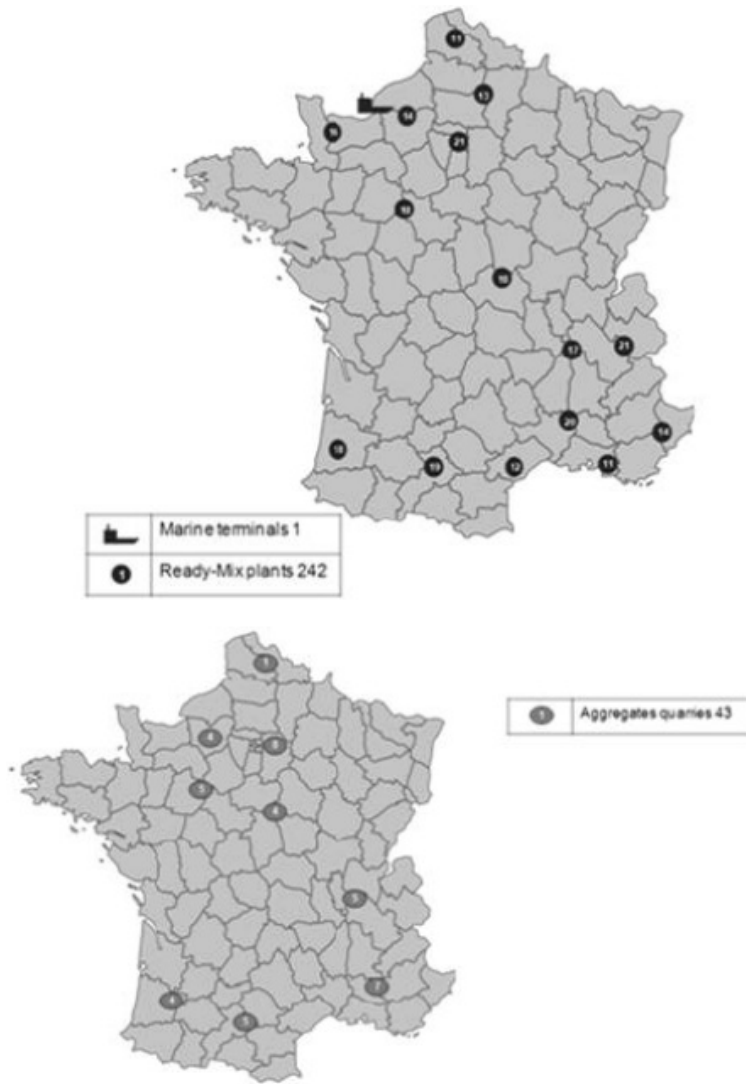
Overview. As of December 31, 2016, CEMEX France was our main subsidiary in France. We are a leading ready-mix concrete producer and a leading aggregates producer in France. We distribute the majority of our materials by road and a significant quantity by waterways, seeking to maximize the use of this efficient and sustainable alternative. For the year ended December 31, 2016, our operations in France represented approximately 5% of our net sales in Mexican Peso terms, before eliminations resulting from consolidation. As of December 31, 2016, our operations in France represented approximately 3% of our total assets.

Industry. According to the French Building Association, housing starts in the residential sector increased by 10% in 2016 compared to 2015. Non-residential buildings starts increased by 6% in 2016 compared to 2015 and demand from the public works sector increased by approximately 3.5% over the same period.

According to the Building Materials Association, total ready-mix concrete consumption in France in 2016 reached approximately 36.8 million of cubic meters, a 3% increase compared to 2015, and total aggregates production amounted to approximately 319 million tons, a 1% increase compared to 2015.

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

Our Operating Network in France



Description of Properties, Plants and Equipment. As of December 31, 2016, we operated 242 ready-mix concrete plants in France, one maritime cement terminal located in Le Havre, on the northern coast of France, 21 land distribution centers, 43 quarries and ten river ports.

Capital Expenditures. We made capital expenditures of approximately U.S.\$27 million in 2014, U.S.\$32 million in 2015 and U.S. \$19 million in 2016 in our operations in France. We currently expect to make capital expenditures of approximately U.S.\$20 million in our operations in France during 2017.

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Our Operations in Germany

Overview. For the year ended December 31, 2016, our operations in Germany represented approximately 4% of our net sales in Mexican Peso terms, before eliminations resulting from consolidation. As of December 31, 2016, our operations in Germany represented approximately 1% of our total assets. As of December 31, 2016, CEMEX Deutschland AG was our main subsidiary in Germany. We are a leading provider of building materials in Germany, with vertically integrated cement, ready-mix concrete and aggregates businesses.

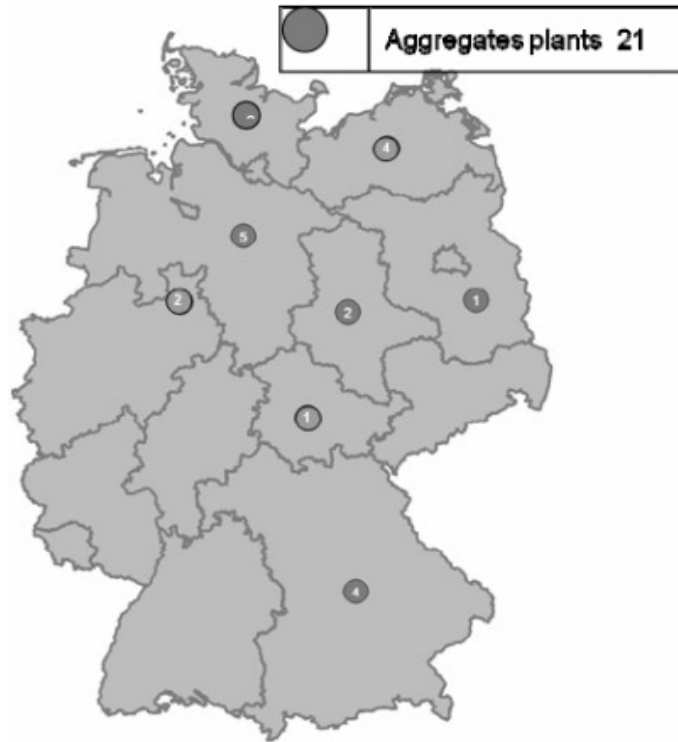
On January 5, 2015, we closed a series of transactions with Holcim, pursuant to which, we sold to Holcim assets in the western region of Germany consisting of one cement plant, two cement grinding mills, one slag granulator, 22 aggregates quarries and 79 ready-mix plants, while we maintained our operations in the north, east and south of Germany.

Industry. According to EUROCONSTRUCT Institute, the total construction output in Germany increased by 2.5% in 2016, compared to 2015. The main driver of such increase was the non-residential sector. According to the German Cement Association, in 2016, the national cement consumption in Germany increased by 3.5% to 27.5 million tons, while the ready-mix concrete market and the aggregates market each increased by approximately 2%.

Competition. Our primary competitors in the cement market in Germany are Heidelberg, Dyckerhoff (a subsidiary of Buzzi-Unicem), LafargeHolcim, CRH and Schwenk, a local German competitor. These competitors, along with CEMEX, represent a market share of about 85%, as estimated by us for 2016. 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 and aggregates markets is moderate.

Our Operating Network in Germany





Description of Properties, Plants and Equipment. As of December 31, 2016, we operated one cement plant in Germany and our installed cement capacity was 2.4 million tons per year. We estimate that, as of December 31, 2016, the limestone permitted proven and probable reserves of our operations in Germany had an average remaining life up to 38 years, assuming 2012-2016 average annual cement production levels. As of that date, our operations in Germany included one cement grinding mill, 82 ready-mix concrete plants, 21 aggregates quarries, two land distribution centers for cement and two maritime terminals.

Capital Expenditures. We made capital expenditures of approximately U.S.\$29 million in 2014, U.S.\$22 million in 2015 and U.S.\$26 million in 2016 in our operations in Germany. We currently expect to make capital expenditures of approximately U.S.\$13 million in our operations in Germany during 2017.

Our Operations in Spain

Overview. As of December 31, 2016, we held approximately 99.9% of CEMEX España (including shares held in treasury), a holding company for most of our international operations. For the year ended December 31, 2016, our operations in Spain represented approximately 2% of our net sales in Mexican Peso terms, before eliminations resulting from consolidation. As of December 31, 2016, our business in Spain represented approximately 5% of our total assets.

On January 5, 2015, we closed a series of transactions with Holcim, pursuant to which we acquired from Holcim the Gador cement plant (with an annual installed cement production capacity of approximately 0.97 million tons, which production capacity was recently reassessed after managing and operating the plant in the first quarter of 2015) and the Yeles cement grinding station (with an annual installed cement production capacity of 0.90 million tons).

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On October 1, 2012, CEMEX España agreed to spin-off its Spanish industrial operations in favor of CEMEX España Operaciones, S.L.U. (“CEMEX España Operaciones”), a subsidiary in which CEMEX España holds 100% of the share capital.

In December 2012, the merger of CEMEX España Operaciones and Aricemex, S.A. and Hornicemex, S.A. was completed and, as a result, our manufacturing and sales of cement, aggregates, concrete and mortar were consolidated in CEMEX España Operaciones, which became our Spanish operating subsidiary.

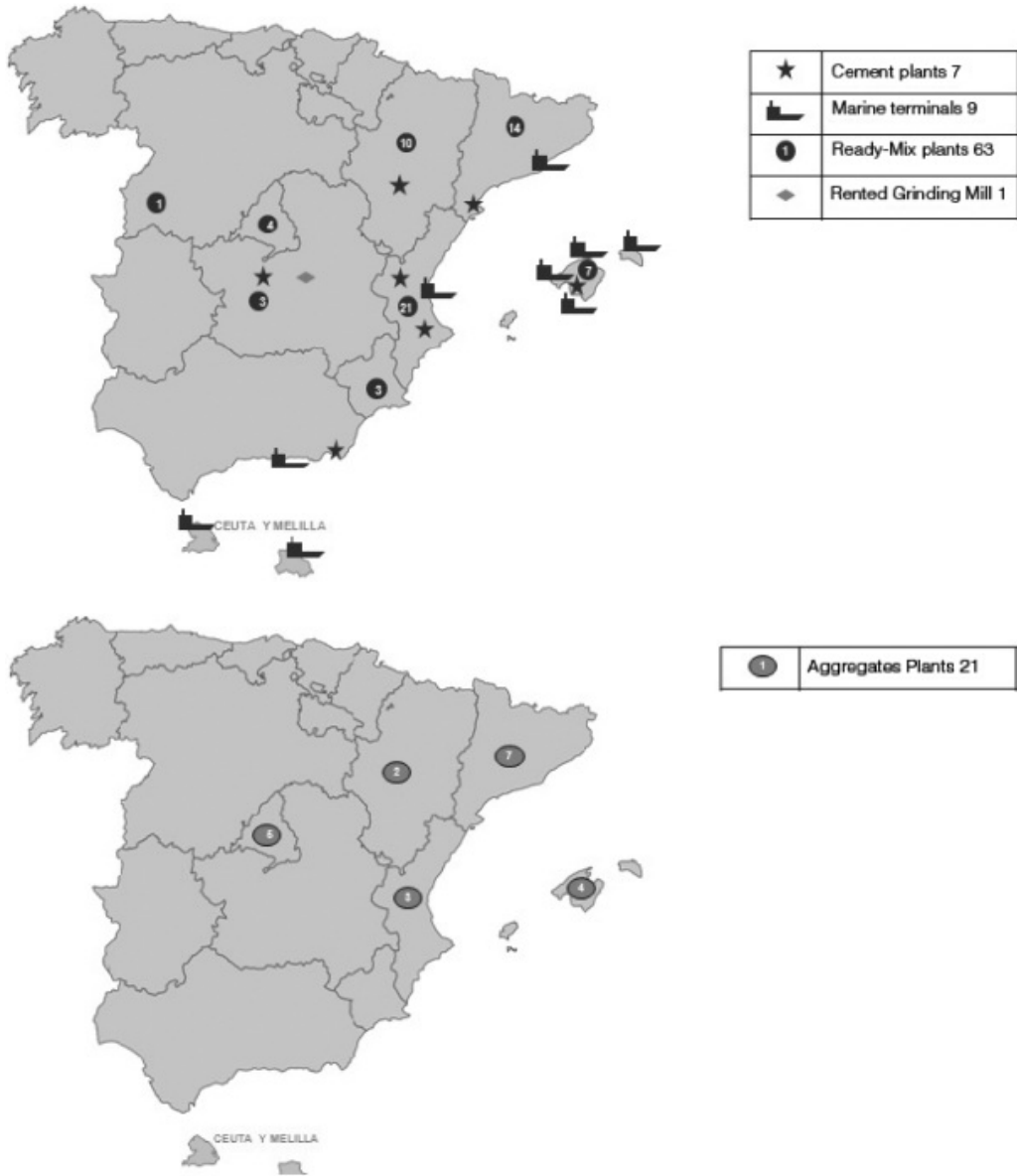
Industry. In 2016, the investment in the construction sector in Spain is estimated to have increased by 2.1% compared to 2015, primarily driven by the investment in the residential construction sector, which is estimated to have increased by 3.8% in 2016. According to the latest estimates from the Spanish Cement Producers Association (Agrupación de Fabricantes de Cemento de España) (“OFICEMEN”), cement consumption in Spain decreased by 3.2% in 2016 compared to 2015.

According to OFICEMEN, cement imports decreased 21.3% in 2013, increased 14.8% in 2014, increased 15.1% in 2015 and decreased 11.6% in 2016. Clinker imports have declined 75% in 2012, 26% in 2013, 2.4% in 2014, 50.4% in 2015 and 86.1% in 2016.

In the early 1980s, Spain was one of the leading exporters of cement in the world, exporting up to 13 million tons per year. However, as of December 31, 2016, cement exports amounted to approximately 4.1 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 total export volumes increased 56% in 2012, 17.8% in 2013, 32.5% in 2014, decreased 4.1% in 2015, and increased 5.6% in 2016.

Competition. According to our estimates, as of December 31, 2016, we were one of the 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 our business strategy in Spain.

Our Operating Network in Spain



Products and Distribution Channels

Cement. For the year ended December 31, 2016, our cement operations (including clinker) represented approximately 79% of net sales for our operations in Spain before eliminations resulting from consolidation in Mexican Peso terms. We offer various types of cement in Spain, targeting specific products to specific markets

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and users. In 2016, approximately 21% of the domestic sales volume of CEMEX España Operaciones consisted of bagged cement, and the remainder of CEMEX España Operaciones's domestic sales volume consisted of bulk cement, primarily to ready-mix concrete operators, including sales to our other operations in Spain, as well as industrial customers that use cement in their production processes and construction companies.

Ready-Mix Concrete. For the year ended December 31, 2016, our ready-mix concrete operations represented approximately 12% of net sales for our operations in Spain before eliminations resulting from consolidation in Mexican Peso terms. Our ready-mix concrete operations in Spain in 2016 purchased almost 91% of their cement requirements from our cement operations in Spain, and approximately 45% of their aggregates requirements from our aggregates operations in Spain.

Aggregates. For the year ended December 31, 2016, our aggregates operations represented approximately 3% of net sales for our operations in Spain before eliminations resulting from consolidation in Mexican Peso terms.

Exports. Exports of cement and clinker by our operations in Spain, which represented approximately 32% of net sales for our operations in Spain before eliminations resulting from consolidation, decreased approximately 16% in 2016 compared to 2015, primarily as a result of a decrease in volume sold to the UK, Benin/Ivory Coast and Cameroon, offset slightly by higher sales to Algeria and the United States. Export prices are lower than domestic market prices, and costs are usually higher for export sales. Of our total exports from Spain in 2016, 28% consisted of white cement, 23% of gray portland cement and 48% of clinker. In 2016, 28% of our exports from Spain were to the United States and Central and South America, 19% to Europe and the Middle East and 53% 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 2016, we used organic waste, tires and plastics as fuel, achieving a 37% substitution rate for pet coke in our gray and white clinker kilns for the year.

Description of Properties, Plants and Equipment. As of December 31, 2016, our operations in Spain included seven cement plants located in Spain, with an annual installed cement capacity of 10.4 million tons. As of that date, we also have 24 operative distribution centers, including 15 land and nine marine terminals, 63 ready-mix concrete plants, 21 aggregates quarries and 13 mortar plants. As of December 31, 2016, we owned nine limestone quarries located in close proximity to our cement plants and four clay quarries in our cement operations in Spain. We estimate that, as of December 31, 2016, the limestone and clay permitted proven and probable reserves of our operations in Spain had an average remaining life of approximately 82 and 23 years, respectively, assuming 2012-2016 average annual cement production levels.

Capital Expenditures. We made capital expenditures of approximately U.S.\$12 million in 2014, U.S.\$17 million in 2015 and U.S.\$25 million in 2016 in our operations in Spain. We currently expect to make capital expenditures of approximately U.S.\$13 million in our operations in Spain during 2017.

Rest of Europe

As of December 31, 2016, our operations in the Rest of Europe segment consisted primarily of our operations in the Czech Republic, Poland and Latvia, as well as trading activities in Scandinavia and Finland, our other European assets and our approximately 38% non-controlling interest in a Lithuanian company. These operations represented approximately 4% of our net sales in Mexican Peso terms, before eliminations resulting from consolidation, for the year ended December 31, 2016, and approximately 3% of our total assets as of December 31, 2016.

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Our Operations in Poland

Overview. As of December 31, 2016, CEMEX Polska Sp. Z.O.O. (“CEMEX Polska”) was 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, 2016, we operated two cement plants with an installed cement capacity of 3.0 million tons per year and one grinding mill in Poland. As of December 31, 2016, we also operated 41 ready-mix concrete plants, eight aggregates quarries and two maritime terminals in Poland.

Industry. According to our estimates, total cement consumption in Poland reached approximately 16.3 million tons in 2016, remaining flat compared to 2015.

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

Capital Expenditures. We made capital expenditures of approximately U.S.\$13 million in 2014, U.S.\$12 million in 2015 and U.S.\$10 million in 2016 in our operations in Poland. We currently expect to make capital expenditures of approximately U.S.\$33 million in our operations in Poland during 2017.

Our Operations in the Czech Republic

Overview. As of December 31, 2016, CEMEX Czech Republic, s.r.o. was our main 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, 2016, we operated 74 ready-mix concrete plants, ten gravel pits and 19 aggregates quarries in the Czech Republic. As of that date, we also operated one cement plant with annual cement installed capacity of 1.0 million tons, one cement grinding mill and one cement terminal in the Czech Republic.

Industry. According to the Czech Statistical Office, total construction output in the Czech Republic decreased by approximately 8.5% in 2016. The decrease was primarily driven by a significant slowdown in infrastructure development. The main drivers behind the decrease in infrastructure development were an accelerated drawdown of EU funding in 2015 and a high number of large projects postponed due to non-compliance with Environmental Impact Assessment legislation in 2016. The civil engineering construction decrease is estimated at 17% and the building construction decrease at 4%. However, new construction in housing grew by almost 5% in 2016, and the building construction started to improve in the second half of the year. According to the Czech Cement Association, total cement consumption in the Czech Republic reached year-over-year growth of 3% in the first half 2016. Full year growth is estimated at a similar level. Specific full year data for 2016 will be provided by the Czech Cement Association in July 2017 due to limitations imposed by EU competition laws. In 2016, growth of total ready-mix concrete production in the Czech Republic is estimated to be 1.5%.

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

Capital Expenditures. We made capital expenditures of approximately U.S.\$5 million in 2014, U.S.\$9 million in 2015 and U.S.\$7 million in 2016 in our operations in the Czech Republic. We currently expect to make capital expenditures of approximately U.S.\$7 million in our operations in the Czech Republic during 2017.

Our Operations in Latvia

Overview. As of December 31, 2016, CEMEX SIA was our operating subsidiary in Latvia. We are the only cement producer and a leading ready-mix concrete producer and supplier in Latvia. From our cement plant in

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Latvia we also supply markets in Estonia, Lithuania, Finland, Sweden, northwest Russia, and Belarus. As of December 31, 2016, we operated one cement plant in Latvia with an installed cement capacity of 1.6 million tons per year. We also operated five ready-mix concrete plants and four aggregates quarries in Latvia. In 2016, we continued to develop in the road construction business by supplying Roller Compacted Concrete.

Capital Expenditures. In total, we made capital expenditures of approximately U.S.\$1 million in 2014, U.S.\$14 million in 2015 and U.S.\$7 million in 2016 in our operations in Latvia. We currently expect to make capital expenditures of approximately U.S.\$4 million in our operations in Latvia during 2017.

Our Equity Investment in Lithuania

Overview. As of December 31, 2016, we owned an interest of approximately 38% of Akmenės Cementas AB, a cement producer in Lithuania, which operates one cement plant in Lithuania with an annual installed cement capacity of 1.8 million tons.

Sale of our Operations in Austria and Hungary

On October 31, 2015, after all conditions precedent were satisfied, we completed the sale of our operations in Austria and Hungary to the Rohrdorfer Group for €165 million (U.S.\$179 million or Ps3,090 million) after final adjustments for changes in cash and working capital balances as of the transfer date. The operations in Austria and Hungary for the ten-month period ended October 31, 2015 and the year ended December 31, 2014 included in CEMEX's statements of operations were reclassified to the single line item "Discontinued operations," which includes, in 2015, a gain on sale of approximately U.S.\$45 million (Ps741 million). Such gain on sale includes the reclassification to the statement of operations of foreign currency translation effects accrued in equity until October 31, 2015 for an amount of approximately U.S.\$10 million (Ps215 million). See note 4A to our 2016 audited consolidated financial statements included elsewhere in this annual report.

Attempted Sale of our Operations in Southeast Europe

On August 12, 2015, we entered into an agreement for the sale of our operations in Croatia, including assets in Bosnia & Herzegovina, Montenegro and Serbia, to Duna-Dráva Cement Kft. for €231 million (approximately U.S.\$243 million or Ps5,032 million). Those operations mainly consist of three cement plants with aggregate annual production capacity of approximately 2.4 million tons of cement, two aggregates quarries and seven ready-mix plants. On April 5, 2017, we announced that the European Commission issued a decision that restricts completion of the sale. Therefore, the sale of our operations in Croatia will not close and we will maintain our operations in Croatia, including assets in Bosnia and Herzegovina, Montenegro and Serbia.

The operations in Croatia, including assets in Bosnia & Herzegovina, Montenegro and Serbia, for the years ended December 31, 2014, 2015 and 2016 included in our statements of operations were reclassified to the single line item "Discontinued operations." However, due to the inability to complete the sale, beginning in the second quarter of 2017, we will reclassify the income statements of our operations in Croatia, including assets in Bosnia & Herzegovina, Montenegro and Serbia, from the single line item "Discontinued Operations" to each applicable line item in our consolidated financial statements. See notes 4A and 26 to our 2016 audited consolidated financial statements included elsewhere in this annual report.

Our Operations in Other European Countries

Overview. As of December 31, 2016, we operated ten marine cement terminals in Norway and Sweden through CEMEX AS, a leading bulk-cement importer in the Nordic region. As of December 31, 2016, we also operated three marine cement terminals in Finland.

Capital Expenditures. We made no significant capital expenditures in our operations in other European countries in 2014, 2015 and 2016. We currently do not expect to make any significant capital expenditures in our operations in other European countries during 2017.

South, Central America and the Caribbean

For the year ended December 31, 2016, our business in SAC, which includes our operations in the Colombia and Rest of SAC segments, as described below, represented approximately 12% of our net sales before eliminations resulting from consolidation. As of December 31, 2016, our business in SAC represented approximately 13% of our total installed capacity and approximately 8% of our total assets.

In November 2012, CEMEX Latam, a then wholly-owned subsidiary of CEMEX España, completed the sale of newly issued common shares in the CEMEX Latam Offering, representing approximately 26.65% of CEMEX Latam's outstanding common shares. CEMEX Latam is the main holding company for CEMEX's operations in Brazil, Colombia, Costa Rica, Guatemala, Nicaragua, Panama and El Salvador.

Our Operations in Colombia

Overview. As of December 31, 2016, we indirectly owned through CEMEX Latam approximately 99.7% of CEMEX Colombia, our main subsidiary in Colombia. As of December 31, 2016, CEMEX Colombia was the second-largest cement producer in Colombia, based on installed capacity of (4.0 million tons per year) as of December 31, 2016. For the year ended December 31, 2016, our operations in Colombia represented approximately 5% of our net sales before eliminations resulting from consolidation. As of December 31, 2016, our operations in Colombia represented 4% 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 2016, these three metropolitan areas accounted for approximately 36.5% of Colombia's cement consumption. CEMEX Colombia's Ibagué 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 2.8 million tons as of December 31, 2016. CEMEX Colombia, through its Bucaramanga and Cúcuta plants, is also an active participant in Colombia's northeastern market.

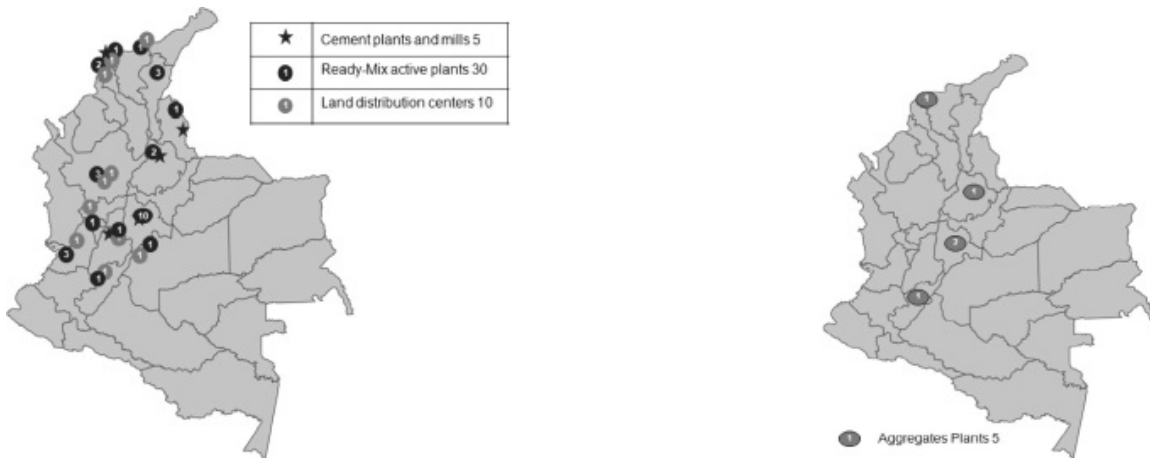
Industry. According our estimates, the installed capacity for cement in Colombia was 19.3 million tons in 2016. According to DANE, total cement consumption in Colombia reached 12.4 million tons during 2016, an decrease of 4.4% from 2015, while cement exports from Colombia reached 0.4 million tons. We estimate that close to 40% of cement in Colombia is consumed by the self-construction sector, while the infrastructure sector accounts for approximately 33% of total cement consumption and has been growing in recent years. The other construction segments in Colombia, including the formal housing and commercial sectors, account for the balance of cement consumption in Colombia.

Competition. We have two primary competitors, Cementos Argos, which has established a leading position in the Colombian Caribbean coast, Antioquia and Southwest region markets, and LafargeHolcim Colombia.

The ready-mix concrete industry in Colombia is fairly consolidated with the top three producers accounting for approximately 70% of the market as of December 31, 2016. CEMEX Colombia was the second-largest ready-mix concrete producer as of December 31, 2016. The first- and third-largest producers were Cementos Argos and LafargeHolcim Colombia, respectively.

The aggregates market in Colombia is highly fragmented and is dominated by the informal market. CEMEX Colombia was the largest aggregates producer in Colombia as of December 31, 2016. Approximately 80% of the aggregates market in Colombia was comprised of small independent producers as of December 31, 2016.

Our Operating Network in Colombia



Products and Distribution Channels

Cement. For the year ended December 31, 2016, our cement operations represented approximately 54% of net sales for our operations in Colombia before eliminations resulting from consolidation in Mexican Peso terms.

Ready-Mix Concrete. For the year ended December 31, 2016, our ready-mix concrete operations represented approximately 27% of net sales for our operations in Colombia before eliminations resulting from consolidation in Mexican Peso terms.

Aggregates. For the year ended December 31, 2016, our aggregates operations represented approximately 8% of net sales for our operations in Colombia before eliminations resulting from consolidation in Mexican Peso terms.

Description of Properties, Plants and Equipment. As of December 31, 2016, CEMEX Colombia owned two operating cement plants and three mills, having a total annual installed capacity of 4.0 million tons. In addition, through its grinding mills, CEMEX Colombia has the ability to produce 0.5 million tons of cement sourced by third parties. In 2016, we replaced 23.7% of our total fuel consumed in CEMEX Colombia with alternative fuels, and we have an internal electricity generating capacity of approximately 174 MW. We estimate that, as of December 31, 2016, the limestone and clay permitted proven and probable reserves of our operations in Colombia had an average remaining life of approximately 54 and 43 years, respectively, assuming 2012-2016 average annual cement production levels. The operating licenses for quarries in Colombia are renewed every 30 years; assuming renewal of such licenses, we estimate having sufficient limestone reserves for our operations in Colombia for over 200 years assuming 2012-2016 average annual cement production levels. As of December 31, 2016, CEMEX Colombia operated ten land distribution centers, two mortar plants, 44 ready-mix concrete plants (which includes 30 fixed plants and 14 mobile plants) and five aggregates operations. As of that date, CEMEX Colombia also owned 13 limestone quarries.

CEMEX Colombia is also building a new cement plant in the Antioquia department of the Municipality of Maceo, Colombia. See “Item 4—Information on the Company—Regulatory Matters and Legal Proceedings,” for the status of that project.

Capital Expenditures. We made capital expenditures of approximately U.S.\$101 million in 2014, U.S.\$156 million in 2015 and U.S.\$180 million in 2016 in our operations in Colombia. We currently expect to make capital expenditures of approximately U.S.\$96 million in our operations in Colombia during 2017.

Rest of South, Central America and the Caribbean

As of December 31, 2016, our operations in the Rest of SAC segment consisted primarily of our operations in Costa Rica, the Dominican Republic, Jamaica, Nicaragua, Panama, Puerto Rico and other countries in the Caribbean, Guatemala and small ready-mix concrete operations in Argentina. These operations represented approximately 7% of our net sales, in Mexican Peso terms, before eliminations resulting from consolidation. As of December 31, 2016, our business in the Rest of SAC segment represented approximately 4% of our total assets.

Our Operations in Costa Rica

Overview. As of December 31, 2016, we indirectly owned through CEMEX Latam an approximate 99.9% interest in CEMEX Costa Rica, our main operating subsidiary in Costa Rica and a leading cement producer in the country.

During 2015, a total of U.S.\$5 million were invested as part of a program to increase the overall capacity in the Colorado plant, allowing a 10% throughput increase that catered to our Nicaragua plant's needs during 2016.

Industry. We estimate that approximately 1.3 million tons of cement were sold in Costa Rica during 2016. In 2016, the market had an estimated ratio of 50/50 in the bulk/bagged mix due to the execution of two major infrastructure projects.

Competition. The Costa Rican cement industry currently includes two producers. CEMEX Costa Rica and LafargeHolcim Costa Rica have integrated lines. Further, in 2016 an estimated 93,000 tons were imported by a local construction company.

Description of Properties, Plants and Equipment. As of December 31, 2016, CEMEX Costa Rica operated one cement plant and one grinding mill in Costa Rica, with a total annual installed capacity of 0.9 million tons. As of that date, CEMEX Costa Rica had six operational ready-mix concrete plants, one aggregates quarry and one land distribution center.

Exports. During 2016, clinker exports by our operations in Costa Rica represented approximately 30% of our total production and were made to our Nicaragua plant.

Capital Expenditures. We made capital expenditures of approximately U.S.\$6 million in 2014, U.S.\$10 million in 2015 and U.S.\$4 million in 2016 in our operations in Costa Rica. We currently expect to make capital expenditures of approximately U.S.\$6 million in our operations in Costa Rica during 2017.

Our Operations in the Dominican Republic

Overview. As of December 31, 2016, CEMEX Dominicana, S.A. ("CEMEX Dominicana") was 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 Macoris, Samaná and La Altagracia. On May 8, 2000, CEMEX Dominicana entered into a lease agreement with the government of the Dominican Republic related to the exploitation of a gypsum mine located at Las Salinas, Barahona, which has enabled CEMEX Dominicana to supply all local and regional gypsum requirements. The lease agreement expires on May 8, 2025 and may be extended by the parties.

Industry. In 2016, cement consumption in the Dominican Republic reached 4.2 million tons according to our estimates.

Competition. Our principal competitors in the Dominican Republic are Domicem, a mixed Italian/local cement producer; Cementos Cibao, a local competitor; Cemento Colón, an affiliated grinding operation of

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Cementos Argos; Cementos Santo Domingo, a cement grinding partnership between a local investor and Cementos La Union from Spain; Cementos Panam, a local cement producer which has an installed grinding operation and recently constructed a cement kiln; 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, 2016, 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 eight ready-mix concrete plants, one aggregates quarry, two land distribution centers and two marine terminals.

Capital Expenditures. We made capital expenditures of approximately U.S.\$7.5 million in 2014, U.S.\$17 million in 2015 and U.S.\$9 million in 2016 in our operations in the Dominican Republic. We currently expect to make capital expenditures of approximately U.S.\$12 million in our operations in the Dominican Republic during 2017.

Our Operations in Panama

Overview. As of December 31, 2016, we indirectly held through CEMEX Latam an approximate 99.5% interest in Cemento Bayano, S.A. (“Cemento Bayano”), our main subsidiary in Panama and a leading cement producer in the country.

Industry. We estimate that approximately 1.7 million cubic meters of ready-mix concrete were sold in Panama during 2016. Cement consumption in Panama decreased 7% in 2016, due to termination of the Panama Canal Expansion project.

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

Description of Properties, Plants and Equipment. As of December 31, 2016, 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, two aggregates quarries and four land distribution centers.

Capital Expenditures. We made capital expenditures of approximately U.S.\$10 million in 2014, U.S.\$19 million in 2015 and U.S.\$7 million in 2016 in our operations in Panama. We currently expect to make capital expenditures of approximately U.S.\$13 million in our operations in Panama during 2017.

Our Operations in Nicaragua

Overview. As of December 31, 2016, CEMEX Latam owned 100% of CEMEX Nicaragua, S.A. (“CEMEX Nicaragua”), our operating subsidiary in Nicaragua.

Industry. We estimate that approximately 0.9 million tons of cement, approximately 0.3 million cubic meters of ready-mix concrete and approximately 6.6 million tons of aggregates were sold in Nicaragua during 2016.

Competition. Two market participants compete in the Nicaraguan cement industry, CEMEX and LafargeHolcim.

Description of Properties, Plants and Equipment. As of December 31, 2016, we leased and operated one fixed cement plant and one grinding mill with a total installed capacity of 0.6 million tons, six ready-mix plants, one aggregates quarry and two distribution centers in Nicaragua. Since March 2003, CEMEX Nicaragua has also leased a 100,000 ton milling plant in Managua, which has been used exclusively for pet coke milling.

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Capital Expenditures. We made capital expenditures of approximately U.S.\$21.5 million in 2014, U.S.\$9 million in 2015 and U.S.\$3 million in 2016 in our operations in Nicaragua. We currently expect to make capital expenditures of approximately U.S.\$6 million in our operations in Nicaragua during 2017.

Our Operations in Puerto Rico

Overview. As of December 31, 2016, CEMEX de Puerto Rico, Inc. (“CEMEX Puerto Rico”) was our main subsidiary in Puerto Rico.

Industry. In 2016, cement consumption in Puerto Rico reached 0.48 million tons according to our estimates.

Competition. The cement industry in Puerto Rico in 2016 was comprised of three cement producers: CEMEX Puerto Rico, San Juan Cement Co. and Cementos Argos (formerly Antilles Cement Co).

Description of Properties, Plants and Equipment. As of December 31, 2016, 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 seven ready-mix concrete plants and two land distribution centers. As of that date, CEMEX Puerto Rico also owned an aggregates quarry, which is currently closed, and one marine terminal used for fly ash.

Capital Expenditures. We made capital expenditures of approximately U.S.\$9 million in 2014, U.S.\$5 million in 2015 and U.S.\$2 million in 2016 in our operations in Puerto Rico. We currently expect to make capital expenditures of approximately U.S.\$2 million in our operations in Puerto Rico during 2017.

Our Operations in Guatemala

Overview. As of December 31, 2016, CEMEX Latam owned 100% of CEMEX Guatemala, our main operating subsidiary in Guatemala. As of December 31, 2016, we owned and operated one cement grinding mill in Guatemala with an installed capacity of 500,000 tons per year. As of that date, we also owned and operated three land distribution centers, one clinker dome close to the maritime terminal in the southern part of the country and four ready-mix plants.

Capital Expenditures. We made capital expenditures of approximately U.S.\$1.2 million in 2014, U.S.\$2 million in 2015 and U.S.\$6 million in 2016 in Guatemala. We currently expect to make capital expenditures of approximately U.S.\$3 million in our operations in Guatemala during 2017.

Our Operations in Other South, Central American and Caribbean Countries

Overview. As of December 31, 2016, CEMEX España indirectly held 100% of Readymix Argentina, S.A., which owns two 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, 2016, we operated a network of nine marine terminals in the Caribbean region, which facilitated exports from our operations in several countries, including Mexico, the 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. As of December 31, 2016, we also had a non-controlling interest in two other terminals, one in Bermuda and the other in the Cayman Islands.

As of December 31, 2016, we had non-controlling positions in TCL, 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, 2016, CEMEX España indirectly held a 100% interest in CEMEX Jamaica Limited, which

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operates one calcined lime plant in Jamaica with a capacity of approximately 120,000 tons per year and one hydrate line with a capacity of approximately 4,800 tons per year. As of December 31, 2016, we also held a non-controlling position in Societe des Ciments Antillais, a company with cement operations in Guadalupe and Martinique.

On December 5, 2016, Sierra presented an Offer to all shareholders of TCL, a company publicly listed in Trinidad and Tobago, Jamaica and Barbados, to acquire up to 132,616,942 ordinary shares in TCL, which, together with Sierra's existing share ownership in TCL of approximately 39.5%, would, if successful, result in Sierra holding up to 74.9% of the equity share capital in TCL. The total number of TCL shares tendered and accepted in response to the Offer was 113,629,723, which, together with Sierra's pre-existing shareholding in TCL (147,994,188 shares), represented approximately 69.83% of the outstanding TCL shares as of March 31, 2017. The total cash payment by Sierra for the tendered shares was approximately U.S.\$86.36 million. CEMEX started consolidating TCL for financial reporting purposes on February 1, 2017. TCL has de-listed from the Jamaica and Barbados stock exchanges.

Capital Expenditures. We made capital expenditures in our other operations in SAC of approximately U.S.\$1 million in 2014, U.S.\$2 million in 2015 and U.S.\$3 million in 2016. We currently expect to make capital expenditures of approximately U.S.\$31 million in our operations in other SAC countries during 2017.

Asia, Middle East and Africa

For the year ended December 31, 2016, our business in Asia, Middle East and Africa, which includes our operations in the Philippines, Egypt and the Rest of Asia, Middle East and Africa segment, as described below, represented approximately 12% of our net sales before eliminations resulting from consolidation. As of December 31, 2016, our business in Asia represented approximately 11% of our total installed capacity and approximately 5% of our total assets.

Our Operations in Egypt

Overview. As of December 31, 2016, ACC was our main subsidiary in Egypt. As of December 31, 2016, 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, 2016, the limestone and clay permitted proven and probable reserves of our operations in Egypt had an average remaining life of approximately 52 and 53 years, respectively, assuming 2012-2016 average annual cement production levels. In addition, as of December 31, 2016, we operated 11 ready-mix concrete plants, of which four are owned and seven are under management contracts and ten land distribution centers in Egypt. For the year ended December 31, 2016, our operations in Egypt represented approximately 3% of our net sales before eliminations resulting from consolidation and approximately 1% of our total assets.

See "Item 4—Information on the Company—Regulatory Matters and Legal Proceedings—Other Legal Proceedings—Egypt Share Purchase Agreement" for a description of certain legal proceedings relating to the share purchase agreement, signed in November 1999 between CEMEX, S.A.B. de C.V. and state-owned Metallurgical Industries Company, pursuant to which CEMEX, S.A.B. de C.V. acquired a controlling interest in ACC.

Industry. According to the Ministry of Investment official figures, based on government data (local and imported cement), the Egyptian market consumed approximately 56.3 million tons of cement during 2016. Cement consumption increased by approximately 5.3% in 2016 compared to 2015, which was mainly attributed to government projects related to the Suez Canal tunnels and port platforms in the city of Port Said, as well housing complexes. As of December 31, 2016, the cement industry in Egypt had a total of 19 cement producers, with an aggregate annual installed cement production capacity of approximately 75.3 million tons.

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Competition. According to the Ministry of Investment official figures, during 2016, LafargeHolcim (Egyptian Cement Company), CEMEX (Assiut) and Italcementi (Suez Cement, Torah Cement and Helwan Portland Cement) were three of the largest cement producers in the world and represented approximately 37% of the total cement production in Egypt. Other significant competitors in Egypt are Arabian (La Union), Titan (Alexandria Portland Cement and Beni Suef Cement), Ameriyah (Cimpor/Camargo Corrêa), National, Sinai (Vicat), Sinai White cement (Cementir), South Valley, Nile Valley, El Sewedy, Army Cement, Aswan Medcom, Misr Beni Suef, Al Nahda and Misr Quena Cement Companies, Building Materials Industries Co. ASEC Cement, and Egyptian Kuwait Holding Company.

Cement and Ready-Mix Concrete. For the year ended December 31, 2016, cement represented approximately 83.4% and ready-mix concrete represented approximately 12.8% of net sales for our operations in Egypt before eliminations resulting from consolidation.

Capital Expenditures. We made capital expenditures of approximately U.S.\$31 million in 2014, U.S.\$47 million in 2015 and U.S.\$20 million in 2016 in our operations in Egypt. We currently expect to make capital expenditures of approximately U.S.\$23 million in our operations in Egypt during 2017.

Our Operations in the Philippines

Overview. As of December 31, 2016, on a consolidated basis through various subsidiaries, CEMEX España held 100% of CASE, which in turn owned 55% of the outstanding share capital of CHP. CHP directly and indirectly owns 100% of our two operating subsidiaries in the Philippines, Solid Cement Corporation ("Solid Cement") and APO Cement Corporation ("APO"). For the year ended December 31, 2016, our operations in the Philippines represented approximately 4% of our net sales before eliminations resulting from consolidation. As of December 31, 2016, our operations in the Philippines represented approximately 2% of our total assets.

On July 18, 2016, CHP closed its initial public offering of 45% of its common shares in the Philippines, and 100% of CHP's common shares started trading on the Philippine Stock Exchange under the ticker "CHP." As of March 31, 2017, CASE, an indirect subsidiary of CEMEX España, directly owned approximately 55% of CHP's outstanding common shares. The net proceeds to CHP from its initial public offering were approximately U.S.\$506.8 million after deducting estimated underwriting discounts and commissions, and other estimated offering expenses payable by CHP. CHP used the net proceeds from the initial public offering to repay existing indebtedness owed to BDO Unibank and to an indirect subsidiary of CEMEX.

We initiated a new 1.5 million ton integrated cement production line at CEMEX's Solid plant in Luzon with an estimated investment of approximately U.S.\$225 million. We expect that this new line will double the capacity of the Solid plant and will represent a 26% increase in our cement capacity in the Philippines. As of December 31, 2016, the production line was not finalized.

Industry. According to the Cement Manufacturers' Association of the Philippines (CEMAP), cement consumption in the Philippine market totaled 26 million tons during 2016.

Competition. As of December 31, 2016, our major competitors in the Philippine cement market were LafargeHolcim, Republic, Eagle, Northern, Goodfound, Taiheiyō and Mabuhay.

Description of Properties, Plants and Equipment. As of December 31, 2016, our operations in the Philippines included two cement plants with an annual installed capacity of 4.5 million tons, exclusive access to two quarries to supply raw materials to our cement plants, 18 land distribution centers and four marine distribution terminals. We estimate that, as of December 31, 2016, the limestone and clay permitted proven and probable reserves accessed by our operations in the Philippines had an average remaining life of approximately 41 and 14 years, respectively, assuming 2012-2016 average annual cement production levels.

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Cement. For the year ended December 31, 2016, our cement operations represented 96% of net sales for our operations in the Philippines after eliminations resulting from consolidation.

Capital Expenditures. We made capital expenditures of approximately U.S.\$52 million in 2014, U.S.\$21 million in 2015 and U.S.\$30 million in 2016 in our operations in the Philippines. We currently expect to make capital expenditures of approximately U.S.\$41 million in our operations in the Philippines during 2017.

Rest of Asia, Middle East and Africa

Our operations in the Rest of Asia, Middle East and Africa, which as of December 31, 2016, consisted primarily of our operations in Malaysia, Israel and the UAE. These operations represented approximately 5% of our net sales in Mexican Peso terms, before eliminations resulting from consolidation, for the year ended December 31, 2016, and less than 2% of our total assets as of December 31, 2016.

Sale of our Operations in Rest of Asia, Middle East and Africa

On March 10, 2016, CEMEX, S.A.B. de C.V. announced the sale of its operations in Bangladesh and Thailand to SIAM Cement for approximately U.S.\$53 million, which closed on May 26, 2016. The proceeds from this transaction were used mainly for debt reduction and for general corporate purposes.

Our Operations in Malaysia

Overview. As of December 31, 2016, CEMEX Concrete Malaysia L.L.C. was our main subsidiary 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, 2016, we operated 11 ready-mix concrete plants, one asphalt plant and one aggregates quarry in Malaysia.

Competition. Our main competitors in the ready-mix concrete and aggregates markets in Malaysia are YTL, LafargeHolcim, Heidelberg, Chin Hin Concrete, Tasek Concrete and Hanson.

Capital Expenditures. We made capital expenditures of approximately U.S.\$1 million in 2014, U.S.\$2 million in 2015 and U.S.\$1 million in 2016 in our operations in Malaysia. We currently expect to make capital expenditures of approximately U.S.\$1 million in our operations in Malaysia during 2017.

Our Operations in Israel

Overview. As of December 31, 2016, CEMEX Holdings (Israel) Ltd. was 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, 2016, we operated 63 ready-mix concrete plants, six aggregates quarries, one sand pit, one concrete products plant, one admixtures plant, and one lime factory in Israel.

Capital Expenditures. We made capital expenditures of approximately U.S.\$15 million in 2014, U.S.\$13 million in 2015 and U.S.\$16 million in 2016 in our operations in Israel. We currently expect to make capital expenditures of approximately U.S.\$17 million in our operations in Israel during 2017.

Our Operations in the UAE

Overview. As of December 31, 2016, we held a 49% equity interest (and 100% economic benefit) in three of our main UAE companies: CEMEX Topmix LLC and CEMEX Supermix LLC, two ready-mix manufacturing companies, and CEMEX Falcon LLC, which specializes in the 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).

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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. We also held 100% in a new company, CEMEX Arabia FZC, dedicated to trading activities (100% ownership is possible as it is located in a Free Zone). As of December 31, 2016, we operated seven ready-mix concrete plants and one cement and slag grinding facility in the UAE, serving the markets of Dubai and Abu Dhabi as well as neighboring countries such as Oman and Qatar.

Capital Expenditures. We made capital expenditures of approximately U.S.\$0.5 million in 2014, U.S.\$2 million in 2015 and U.S.\$4 million in 2016 in our operations in the UAE. We currently expect to make capital expenditures of approximately U.S.\$3 million in our operations in the UAE during 2017.

Our Trading Operations

In 2016, we traded approximately 10.5 million tons of cementitious and non-cementitious materials in approximately 100 countries, including 8.0 million tons of cement and clinker. Approximately 5.5 million tons of the traded cement and clinker consisted of exports from our operations in Costa Rica, Croatia, the Czech Republic, the Dominican Republic, Germany, Guatemala, Latvia, Mexico, Nicaragua, the Philippines, Poland, Puerto Rico, Spain and the UAE. The remaining approximately 2.5 million tons were purchased from third parties in countries such as China, Honduras, Japan, South Korea, Spain, Taiwan, Thailand, Turkey, the United States and Vietnam. In 2016, we traded approximately 1.6 million tons of granulated blast furnace slag, a non-clinker cementitious material, and 0.9 million tons of other products.

Our trading network enables us to maximize the capacity utilization of our facilities worldwide while reducing our exposure to the inherent cyclicity 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 64% of our cement and clinker traded volume during 2016.

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.

Our Cement Plants

The following table provides a summary of our cement plants, including location, used capacity, including grinding mill production, and years of operation as of and for the year ended December 31, 2016:

<u>Location</u>	<u>Used Capacity</u>	<u>Years of Operation(1)</u>
Atotonilco, Hidalgo, México	1,518	58
Barrientos, Estado de México, México	909	72
Ensenada, Baja California, México	508	41
Guadalajara, Jalisco, México	934	43
CPN, Sonora, México	—	36
Hidalgo, Nuevo León, México	79	111
Huichapan, Hidalgo, México	3,443	32
Mérida, Yucatán, México	966	63
Monterrey, Nuevo León, México	1,619	97
Tamuín, San Luis Potosí, México	1,678	52
Tepeaca, Puebla, México	2,826	22
Torreón, Coahuila, México	1,135	50
Valles, San Luis Potosí, México	354	51
Yaqui, Sonora, México	1,977	27
Zapotiltic, Jalisco, México	1,560	49
Balcones, TX, United States	1,909	36
Brooksville, FL (North), United States	—	41
Brooksville, FL (South), United States	1,198	29
Clinchfield, GA, United States	710	42
Demopolis, AL, United States	802	39
Fairborn, OH, United States	605	42
Knoxville, TN, United States	616	37
Kosmosdale/Louisville, KY, United States	1,310	16
Miami, FL, United States	1,001	58
Lyons, CO, United States	284	36
Victorville, CA, United States	2,667	51
Wampum, PA, United States	—	51
Rugby, United Kingdom	1,194	17
Ferriby, United Kingdom	498	50
Rudersdorf, Germany	2,133	51
Chelm, Poland	1,132	56
Rudniki, Poland	733	51
Broceni, Latvia	741	7
Alcanar, Spain	536	48
Buñol, Spain	571	49
Castillejo, Spain	326	105
Lloseta, Spain	307	49
Morata, Spain	375	84
San Vicente, Spain	270	41
Gador, Spain	238	40
Prachovice, Czech Republic	732	62
Assiut, Egypt	4,807	30
Kolovoz, Croatia	16	108
Juraj, Croatia	632	104
Kajo, Croatia	361	112
Cúcuta, Colombia	271	33
Ibagué, Colombia	2,360	24
Colorado, Costa Rica	518	37
San Pedro de Macorís, Dominican Republic	2,314	26
Calzada Larga, Panama	876	39
San Rafael del Sur, Nicaragua(2)	390	74
Ponce, Puerto Rico	276	26
APO, Philippines	3,254	18
Solid Cement, Philippines	1,580	23

(1) Approximate.

(2) Leased.

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For the aggregate installed cement production capacity of our cement plants by region, see “Item 4—Information on the Company—Business Overview.”

We have insurance coverage for our cement plants, which we believe is adequate and sufficient, in line with industry practices. However, in some instances our insurance coverage may not be sufficient to cover all of our potential unforeseen losses and liabilities. In addition, our insurance coverage may not cover all the risks to which our cement plants may be exposed. See “Item 3—Key Information—Risk Factors—Risks Relating to Our Business—Our insurance coverage may not cover all the risks to which we may be exposed.”

Regulatory Matters and Legal Proceedings

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

Antitrust Proceedings

Polish Antitrust Investigation. On January 2, 2007, CEMEX Polska received a notification from the Polish Competition and Consumer Protection Office (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 imposed fines on a number of Polish cement producers, including CEMEX Polska. The fine imposed on CEMEX Polska was approximately Polish Zloty 115.56 million (approximately U.S.\$29.19 million as of March 31, 2017, based on an exchange rate of Polish Zloty 3.9582 to U.S.\$1.00), which is approximately 10% of CEMEX Polska’s total revenue in 2008. CEMEX Polska disagreed with the decision, denied that it committed the practices alleged by the Protection Office and, therefore, on December 23, 2009, CEMEX Polska filed an appeal before the Polish Court of Competition and Consumer Protection in Warsaw (the “First Instance Court”). After a series of hearings, on December 13, 2013, the First Instance Court issued its judgment in regards with the appeals filed by CEMEX Polska and other cement producers, which were previously combined into a joint appeal. The First Instance Court reduced the penalty imposed on CEMEX Polska to approximately Polish Zloty 93.89 million (approximately U.S.\$23.72 million as of March 31, 2017 based on an exchange rate of Polish Zloty 3.9582 to U.S.\$1.00), which is equal to 8.125% of CEMEX Polska’s revenue in 2008. On May 8, 2014, CEMEX Polska filed an appeal against the First Instance Court judgment before the Appeals Court in Warsaw. After several hearings in the Appeals Court, on a hearing held on March 11, 2016, the Appeals Court did not announce a final judgment; instead, it reopened the hearing phase which had been closed on February 26, 2016. The parties involved were informed that the Appeals Court will ask certain questions to the Polish Constitutional Tribunal regarding the conformity with the Polish Constitution of the calculation of the reduced penalty imposed on CEMEX Polska. With this action, the issuance of the final judgment has been further delayed. As of March 31, 2017, CEMEX Polska estimates that the final judgment will be issued during the second half of 2018. The above-mentioned penalty is not enforceable until the Appeals Court issues its final judgment and if the penalty is maintained in the Appeals Court final resolution, then the penalty will be payable within 14 calendar days of the announcement of the Appeals Court order regarding its final resolution. CEMEX Polska has created the accounting provision in relation with this proceeding in an amount equal to 100% of the reduced penalty of the First Instance Court judgment. As of March 31, 2017, we do not expect that an adverse resolution to this matter would have a material adverse impact on our results of operations, liquidity and financial condition.

Antitrust Investigation in Spain by the CNMC. On September 16 and 17, 2014, the Competition Directorate (*Dirección de Competencia*) of the Spanish National Commission of Markets and Competition (*Comisión Nacional de los Mercados y la Competencia*) (“CNMC”), in the context of an investigation of the Spanish

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cement, ready-mix concrete and related products industry regarding alleged anticompetitive practices, inspected one of our facilities in Spain. On January 12, 2015, CEMEX España Operaciones was notified of the initiation by the CNMC of a disciplinary proceeding for alleged prohibited conducts pursuant to Article 1 of the Spanish Competition Law (*Ley 15/2007, de 3 de Julio, de Defensa de la Competencia*). On November 19, 2015, CEMEX España Operaciones was notified that the alleged anticompetitive practices covered the year 2013 for the cement market and the years 2008, 2009, 2012, 2013 and 2014 for the ready-mix market. On March 8, 2016, the Competition Directorate (*Dirección de Competencia*) notified CEMEX España Operaciones of a resolution proposal (*propuesta de resolución*) which considers that the alleged anti-competitive practices were carried out in the markets and years previously indicated. Thereafter, CEMEX España Operaciones submitted allegations rejecting the resolution proposal. On September 8, 2016, CEMEX España Operaciones was notified of a decision issued by the CNMC pursuant to which CEMEX España Operaciones has been required to pay a fine of €5,865,480 (approximately U.S.\$6.25 million as of March 31, 2017, based on an exchange rate of €0.9380 to U.S.\$1.00). On November 7, 2016, CEMEX España Operaciones filed an appeal before the National Court (*Audiencia Nacional*) against the CNMC's decision. The National Court has been requested to suspend the sanction, and, by a resolution issued on December 22, 2016, the National Court granted the requested suspension, subject to issuance of a bank guarantee for the principal amount of the sanction. The CNMC has been notified of both the interposition of the appeal and the request for suspension. As of March 31, 2017, we do not expect that an adverse resolution to this matter would have a material adverse impact on our results of operations, liquidity and financial condition.

Antitrust Case in Ohio. On October 2013, a nonstructural steel manufacturing joint venture in which CEMEX, Inc. has an indirect majority interest, other nonstructural steel manufacturers, and related associations were named as defendants in a lawsuit filed in Ohio State Court alleging a conspiracy among the defendants to adopt sham industry standards with a goal to exclude the plaintiffs' products from the market. The court granted the defendants motion for summary judgment dismissing the claims. On September 27, 2016, the plaintiffs filed an appeal against the decision. The summary judgement was affirmed by the Court of Appeals on March 27, 2017. As of March 31, 2017, we do not expect our operations, liquidity and financial condition to suffer a material adverse impact because of this matter.

Antitrust Investigation in Colombia. On September 5, 2013, CEMEX Colombia was notified of Resolution No. 49141 dated August 21, 2013, issued by the Colombian Superintendency of Industry and Commerce (*Superintendencia de Industria y Comercio*) ("SIC") pursuant to which the SIC opened an investigation and issued a statement of objections (*pliego de cargos*) against five cement companies and fourteen directors of those companies, including CEMEX Colombia, for alleged anti-competitive practices. On October 7, 2013, CEMEX Colombia answered the statement of objections and submitted evidence. The investigated parties are accused of allegedly breaching: (i) Article 1 of Law 155 of 1959, which prohibits any kind of practice, procedure or system designed to limit free competition and determining or maintaining unfair prices; (ii) numeral 1 of Article 47 of Decree 2153 of 1992, which prohibits any agreements designed to directly or indirectly fix prices; and (iii) numeral 3 of Article 47 of Decree 2153 of 1992, which prohibits any market sharing agreements between producers or between distributors. Additionally, the fourteen executives, including a former legal representative and the current President of CEMEX Colombia, are being investigated for allegedly breaching paragraph 16 of Article 4 of Decree 2153 of 1992, as amended by Article 26 of Law 1340 of 2009, which provides that the SIC may investigate and sanction any individual who collaborates, facilitates, authorizes, executes or tolerates behavior that violates free competition rules. Although the SIC announced three charges, only two of them were under investigation, namely, price fixing agreements and market sharing agreements.

If the alleged infringements investigated by the SIC are substantiated, aside from any measures that could be ordered to stop the alleged anti-competitive practices, the following penalties may be imposed against CEMEX Colombia pursuant to Law 1340 of 2009: (i) up to 100,000 times the legal monthly minimum wage, which equals approximately 58,950 million Colombian Pesos (approximately U.S.\$20.46 million as of March 31, 2017, based on an exchange rate of 2,880.24 Colombian Pesos to U.S.\$1.00) for each violation and to each company being declared in breach of the competition rules, and (ii) up to 2,000 times the legal monthly minimum wage, which

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equals approximately 1,179 million Colombian Pesos (approximately U.S.\$409,340.89 as of March 31, 2017, based on an exchange rate of 2,880.24 Colombian Pesos to U.S.\$1.00) against those individuals found responsible of collaborating, facilitating, authorizing, executing or tolerating behavior that violates free competition rules. On December 18, 2014, a hearing regarding this matter took place and the parties involved presented their closing arguments. A non-binding report which contains an analysis of all evidence gathered during the investigation and which could provide a recommendation to impose sanctions or to close the investigation is expected to be issued by the Superintendent Delegate for Competition Protection for the benefit of the SIC. As of March 31, 2017, this non-binding report has not been issued and we cannot estimate when it will be issued. Once the non-binding report is issued, the investigated parties will have twenty business days to file their final arguments against it. If the SIC decides to impose a sanction against CEMEX Colombia, we have the possibility of filing several recourses that are available to us, including a reconsideration request before the SIC and, if the reconsideration request does not succeed, challenging the validity of the SIC's decision before the Colombian Administrative Courts, which could take more than six years in order to have a final decision. At this stage of the investigations, as of March 31, 2017, we are not able to assess the likelihood of the SIC imposing any measures and/or penalties against CEMEX Colombia, but if any penalties are imposed, as we do not expect such penalties would be for the maximum amounts permitted by applicable laws and because there are recourses available to us that would take a considerable amount of time to get resolved, we do not expect this matter to have a material adverse impact on our results of operations, liquidity and financial condition.

Information Request in Costa Rica. In March 2016, the Competition Directorate of Costa Rica notified CEMEX Costa Rica of a formal information request that has the objective of calculating the cement market share in Costa Rica and the geographical areas in which CEMEX Costa Rica has a presence. The Competition Directorate of Costa Rica is requesting this information as a result of a claim made by a third party. CEMEX Costa Rica delivered the requested information also during March 2016. In July 2016, the Competition Directorate of Costa Rica resolved that there is no evidence of anti-competitive practice and took no further action with respect to the claim.

Environmental Matters

In the ordinary course of business, 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 laws and regulations expose us to the risk of substantial environmental costs and liabilities, including liabilities associated with divested assets and past activities and, in some cases, the acts and omissions of the previous owners or operators of a property or facility that we own or operate. Furthermore, in some jurisdictions, certain environmental laws and regulations impose liability without regard to fault or the legality of the original activity at the time of the actions giving rise to liability. To prevent, control and remediate environmental problems and maintain compliance with regulatory requirements, in line with our global initiatives on environmental management, we maintain an environmental policy designed to monitor and control environmental matters. Our environmental policies require that each of our subsidiaries respect and comply with 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. In addition, during 2012 we started the implementation of a global EMS at our operating sites that provides a framework to facilitate the consistent and systematic implementation of practical, risk-based environmental management at all sites. As of March 31, 2017, we expect to finish the implementation of the EMS at all of our operating sites by December 31, 2020. It will be used to support sites and businesses across CEMEX globally to document, maintain and continuously improve our environmental performance. We believe that, as of March 31, 2017, a substantial part of our operations already comply with all material environmental laws applicable to us, as all our cement plants already have some kind of EMS (most of which are ISO 14000 certified by the International Organization for Standardization ("ISO")), with the remaining implementation efforts directed mainly on our aggregates and ready-mix plants.

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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 years ended December 31, 2014, 2015 and 2016, our sustainability capital expenditures (including our environmental expenditures and investments in alternative fuels and cementitious materials) were approximately U.S.\$85.1 million, approximately U.S.\$86.03 million and approximately U.S.\$79.9 million, respectively. As of March 31, 2017, we do not expect a material increase in our environmental expenditures in 2017.

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 Mexican Ministry of Environment and Natural Resources (*Secretaría del Medio Ambiente y Recursos Naturales*) (“SEMARNAT”) to carry out voluntary environmental audits in our 15 Mexican cement plants under a government-run program. In 2001, the Mexican Environmental Protection Agency (*Procuraduría Federal de Protección al Ambiente*), which is part of SEMARNAT, completed the audit of our cement plants and awarded each of them a Clean Industry Certificate (*Certificado de Industria Limpia*) (“CIC”) certifying that our cement plants are in full compliance with applicable environmental laws. The CICs are subject to renewal every two years. As of March 31, 2017, our operating cement plants had CICs or were in the process of renewing them. We expect the renewal of all currently expired CICs.

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 14.02% of the total fuel used in our operating cement plants in Mexico during 2016 was comprised of alternative fuels.

Between 1999 and March 31, 2017, our operations in Mexico have invested approximately U.S.\$113.19 million in the acquisition of environmental protection equipment and the implementation of the ISO 14001:2004 environmental management standards of ISO. The audit to obtain the renewal of the ISO 14001:2004 certification took place during the first quarter of 2015 and our operating cement plants in Mexico obtained the renewal of the ISO 14001:2004 certification for environmental management systems which is valid for a three year period.

On June 6, 2012 the General Law on Climate Change (*Ley General de Cambio Climático*) (the “Climate Change Law”) was published in the Mexican Official Gazette. The Climate Change Law establishes a legal framework to regulate policies for climate change mitigation and adaptation. Many important provisions require the development of secondary legislation, and depend on the publication of subsequent implementing regulations. For instance, the Climate Change Law provides, among others, for (i) the elaboration of a registry of the emissions that are generated by fixed sources, (ii) companies to report their emissions, if required, and (iii) the application of fines to those companies that fail to report or that report false information. In this regard, on October 29, 2014, the Regulations to the General Law on Climate Change Regarding the National Registry of Emissions (*Reglamento de la Ley General de Cambio Climático en Materia del Registro Nacional de Emisiones*) (the “Regulations”) became effective. The purpose of the Regulations is to govern the Climate Change Law regarding the National Registry of Emissions, identifying the sectors and subsectors, which include among others, the cement industry, that must file the corresponding reports before the National Registry of Emissions. We had previously reported our direct and indirect carbon dioxide emissions to SEMARNAT under a voluntary scheme. The Climate Change Law also allows for the establishment of specific greenhouse gas reduction targets in accordance with the respective contribution of each economic sector to the national greenhouse gas emissions. We cannot estimate at this time the impact, if any, that any measures related to this may have upon our

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operations in Mexico. Although the Climate Change Law does not establish a program for emissions trading, it does vest on the Mexican federal government the power to create, authorize and regulate such a scheme, which may be voluntary or binding. We are closely observing the development of implementing regulations and, as of March 31, 2017, we cannot estimate the impact, if any, that any measures related to this may have upon our operations in Mexico. A Special Tax on Production and Services (*Impuesto Especial Sobre Producción y Servicios*) on the sale of fossil fuels was included in the tax reform that became effective on January 1, 2014. Starting January 1, 2014, petroleum coke, a primary fuel widely used in our kilns in Mexico has been taxed at a rate of Ps15.60 (approximately U.S.\$0.84 as of March 31, 2017, based on an exchange rate of Ps18.73 to U.S.\$1.00) per ton.

On August 12, 2014, a package of energy reform legislation became law in Mexico. The then newly enacted energy reform legislation, which included nine new laws, as well as amendments to existing laws, implemented the December 2013 constitutional energy reform and established a new legal framework for Mexico's energy industry. One of the new laws that was enacted is the Electric Industry Law (*Ley de la Industria Eléctrica*) (the "Electric Industry Law"), which establishes a legal framework for electricity-related activities in Mexico, which has the effect of structurally changing the national electric industry. On October 31, 2014, certain rules and regulations related to the energy reform legislation, including the regulations of the Electric Industry Law, were published. As part of the Electric Industry Law, a system for tradable clean energy certificates was created and certain clean energy procurement obligations were imposed on consumers. The clean energy procurement obligations for 2018 to 2021 have been announced at 5%, 5.8%, 7.4%, 10.9% and 13.9%, respectively, and this requirement is expected to increase in subsequent years. CEMEX's operations in Mexico have ongoing commitments to procure power from renewable projects operating under the "self-supply" framework of the former Electric Energy Public Service Law, and the energy supplied under these contracts is exempted from the clean energy obligation. Nonetheless, starting in 2018, we will be required to acquire clean energy certificates to comply with the clean energy obligations for the fraction of energy supply that does not come from clean generators. Over time, according to the penalty levels set by the Mexican Energy Regulatory Commission (*Comisión Reguladora de Energía*), non-compliance with the clean energy procurement obligations could have a material adverse impact on our business or operations.

On September 8, 2015, the Electricity Market Rules (*Bases del Mercado Eléctrico*) (the "Rules") were published in the Federal Official Gazette and became effective on September 9, 2015. The Rules, which are an important step forward in the implementation of the reforms enacted regarding Mexico's energy industry, contain the design and operation principles of the different components of the wholesale electricity market (the "Electricity Market"). As of March 31, 2017, we have participated in the Electricity Market by submitting bids at auctions for certain projects and we have also participated in auctions for certain other projects.

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 that are strictly enforced and can lead to significant monetary penalties for noncompliance. These laws and regulations expose us to the risk of substantial environmental costs and liabilities, including liabilities associated with divested assets and past activities and, in some cases, the acts and omissions of the previous owners or operators of a property or facility. These laws regulate, among other things, water discharges, noise, and air emissions, including dust, as well as the handling, use and disposal of hazardous and non-hazardous waste materials. Certain laws also create a shared liability scheme under which parties are held responsible for the cost of cleaning up releases to the environment of designated hazardous substances. We therefore may have to conduct environmental remediation associated with the disposal or release of hazardous substances at our various operating facilities, or at sites in the United States to which we sent hazardous waste for disposal. 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.

As of March 31, 2017, CEMEX, Inc. and its subsidiaries had accrued liabilities specifically relating to environmental matters in the aggregate amount of approximately U.S.\$31.99 million. The environmental matters

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relate to (i) the disposal of various materials, in accordance with past industry practice, that might be categorized as hazardous substances or wastes, and (ii) the cleanup of hazardous substances or wastes at sites used or operated by CEMEX, Inc. and its subsidiaries including discontinued operations, 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. and its subsidiaries consider 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 four settlements involving a total of U.S.\$6.1 million in civil penalties and a commitment to incur certain capital expenditures for pollution control equipment at its Victorville, California, Fairborn (divested on February 10, 2017), Ohio, Lyons, Colorado, Knoxville, Tennessee, Louisville, Kentucky, Demopolis, Alabama, Odessa, Texas (divested on November 18, 2016) and New Braunfels, Texas plants. Although some of these proceedings are still not finalized, based on our past experience with such matters and currently available information, as of March 31, 2017, we believe that such cases will not have a material adverse impact on our results of operations, liquidity and financial condition.

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 ordered the withdrawal of the federal quarry permits for 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 ("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 for 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 this 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 is 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 impact on our results of operations, liquidity and financial condition.

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In June 2010, the EPA proposed regulating Coal Combustion Residuals (“CCRs”) generated by electric utilities and independent power producers as a hazardous or special waste under the Resource Conservation and Recovery Act. CEMEX uses CCRs as a raw material in the cement manufacturing process, as well as a supplemental cementitious material in some of our ready-mix concrete products. On December 19, 2014, the EPA issued a final rule on the regulation of CCRs (the “Final Rule”). As of March 31, 2017, we expect that the effects of the Final Rule will not have a material adverse impact on our results of operations, liquidity and financial condition.

We are subject to a number of federal and state laws and regulations addressing climate change. On the federal side, EPA has promulgated a series of regulations pertaining to emissions of GHGs from industrial sources. EPA issued the Mandatory Reporting of GHGs 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. In 2010, 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 emissions. 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 that establish, among other things, limits on pollutants based on Best Available Control Technology (“BACT”). According to EPA’s rules, stationary sources, such as cement manufacturing, which are already regulated under the PSD program for non-GHG pollutants, need to apply for a PSD permit 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 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. Furthermore, 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 increase CO₂E emissions by at least 75,000 tons/year, must comply with PSD obligations. 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 a material economic impact on our U.S. operations and the U.S. cement manufacturing industry.

With respect to state efforts to address climate change, in 2006, the State of California adopted the Global Warming Solutions Act (Assembly Bill 32 or “AB32”) setting into law a goal to reduce the State’s carbon dioxide emissions to 1990 levels by 2020. As part of the measures derived from AB32, the California Air Resources Board (“CARB”) developed a cap-and-trade program, enforced from 2013, that covers most industrial sources of greenhouse gas emissions in the State, including cement production facilities. The program involves allocating a number of allowances free of charge to covered installations, which must subsequently surrender back to the regulator a number of allowances or qualified offset credits matching their verified emissions during the compliance period. Based on the free allowances received for the second compliance period (2015-2017), we expect that our Victorville cement plant will meet all of its compliance obligations for that period without a material impact on its operating costs. Furthermore, we are actively pursuing initiatives to substitute lower carbon fuels for fossil fuels, improve our energy efficiency and utilize renewable power in an effort to economically reduce our direct and indirect GHG emission intensities. However, even with these ongoing efforts and the expected distribution of free allowances, we cannot assure you that the overall costs of complying with a cap-and-trade program will not have a material impact on our operations in California.

In 2007, CARB approved a regulation that requires 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.

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The emission targets requires us to retrofit our California-based equipment with diesel emission control devices or replace equipment with new engine technology in accordance with certain deadlines. As of March 31, 2017, compliance with the CARB regulations has resulted in equipment related expenses or capital investments, including overhauling engines and purchases of new equipment directly related to the CARB regulations, in excess of U.S.\$32.45 million. We may continue to incur substantial expenditures to comply with these requirements.

Europe.

General overview of EU industrial regulation

In the EU, the cement sector is subject to a range of environmental laws at EU and national EU member state (“Member State”) levels. These laws can be very broadly categorized as (1) primary and direct controls placed upon their main operational activities and (2) more general legal regimes which protect different aspects of the environment across many sectors.

The primary examples of the first kind of control are the various laws governing the specific operational activities of the sector, through stringent permitting and emissions controls, which are dealt with in the main sub-section below. Examples of the second, more general, legal controls are the EU Water Framework Directive (2000/60/EC) and the EU Waste Framework Directive (2008/98/EC) which impose various obligations in relation to protection of the surface and underground water environments and the recovery, disposal and overall management of waste. In practice, the applicable substance of even these more general laws tends to filter through to the industry via the direct route of the permitting emissions control systems. However, it is important to recognize that in the EU the sector is subject to a complex web of different environmental protection laws and standards.

The EU legal system also operates in a way different to federal systems. The EU legal regime is what is referred to as “supra-national” law. It sits “above” the legal systems of the different Member States, which retain their independence subject to tight oversight from EU institutions, especially the Court of Justice, the European Commission, and the European Parliament. As such, EU law operates (in its many fields of application, including industrial regulation) in order to “control” and authoritatively interpret the legislation and implementation of law (EU and domestic) in those Member States. One of the key manifestations of this “supra-national control” are the inter-related doctrines of the supremacy of EU law and of conforming interpretation. Essentially, where an area of legal control in a Member State has its origin in an EU Directive, then the Member States must transpose the Directive fully and effectively into their domestic law and every organ of the Member State, including its regulators and its Courts, must interpret (and if necessary change) domestic law in order to conform with the objectives and the letter of the relevant EU Directive. This is of relevance to the cement sector since almost every aspect of its environmental regulation has its origins in EU legislation.

EU Industrial Permits and Emissions Controls

In the EU, the primary legal environmental controls applied to cement plants have been those EU Directives which control operational activities and emissions from those activities. Until recently, these controls were primarily derived from two EU Directives: (1) the so-called “IPPC Directives” (as described below) and (2) the Incineration Directive (as defined below). On January 6, 2011, the Industrial Emissions Directive (2010/75/EU) (“IED”) came into force. The IED recasts seven pieces of existing legislation into a single coherent legislative instrument, including the IPPC Directives and the Incineration Directive, both of which it repeals. With some exceptions, the IED retains the essential substance of the earlier Directives.

The primary EU legislative control over the sector (until the transition between 2010-2014 of the IED) was the Directive on Integrated Pollution Prevention and Control (2008/1/EC) (“IPPC Directive”). The 2008 version of this Directive was in fact an update and consolidation of an earlier Directive first promulgated in 1996. Since

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1996, these IPPC Directives have adopted an integrated approach to regulation of various sectors of industrial plant, including cement, by taking into account and controlling/regulating the whole environmental performance of the plant. They required cement works to have a permit which, until recently in England and still in some other states, continues to be referred to as an “IPPC Permit.” These permits contain emission limit values and other conditions based on the application of (what was in 1996) a new legal and technical concept called “best available techniques” (“BAT”).

The concept of BAT is central to the system, and effectively imposes a legal obligation on plant operators to use and apply the best available techniques (as they develop from time to time) in order to prevent or, where this was not practicable, minimize emissions of pollutants likely to be emitted in significant quantities from the plant to air, water or land. Emission limit values, parameters or equivalent technical measures must be based on the best available techniques, without prescribing the use of one specific technique or technology and taking into consideration the technical characteristics of the installation concerned, its geographical location and local environmental conditions. In all cases the permit conditions must ensure a high level of protection for the environment as a whole.

Permit conditions also had to address energy efficiency, waste minimization, prevention of accidental emissions and site restoration. To assist the permitting authorities and companies in determining the BAT, the European Commission organized an exchange of information between experts from the Member States, industry and environmental organizations. This resulted in the adoption and publication by the European Commission of BAT Reference Documents (“BREFs”) for the industry sectors covered by the IPPC Directive. A key element of the BREFs were the conclusions on BAT (“BAT conclusions”) which were used as a reference for setting permit conditions. All of these IPPC Directive requirements have been followed through (and in some respects tightened) by the IED.

The second earlier Directive, which was applied in direct control of cement operations, was the EU Waste Incineration Directive (2000/76/EC) (“Incineration Directive”) which regulated those parts of the cement operation that used recovered waste materials as substitute fuels in cement kilns. Its aim was to prevent or limit, as far as practicable, negative effects on the environment, in particular pollution by emissions in air, soil, surface water and groundwater and the resulting risks to human health, from incineration and co-incineration plants. Cement and lime kilns as a primary or secondary source of fuel fall within the definition of “co-incineration plants.” The Incineration Directive sought to achieve its aim by setting and maintaining stringent operational conditions and technical requirements, as well as emission limit values for a range of pollutants including dust, nitrogen oxides, sulfur dioxide, hydrogen chloride, heavy metals and dioxins. Again, the essential substance of the Incineration Directive has been followed through into the IED.

The IED has applied to new industrial installations since January 7, 2013 and to existing industrial installations (other than large combustion plants) since January 7, 2014. Under the IED, operators of industrial installations, including cement plants, are required to obtain an integrated permit from the relevant permitting authority in the Member States. As with the IPPC Directive, permit conditions, including emission limit values, must be based on BAT and a total of 35 BREFs are being rewritten or revised for the IED. However, there is an important difference between the IPPC Directive and the IED. Under the IPPC Directive, the BREFs were considered as guidance only. This is not the case under the IED. Where BAT conclusions specify emission levels, permitting authorities are required to set emission limit values that do not exceed these levels. They may derogate from this requirement only where the costs associated with the achievement of the emission levels associated with the BAT disproportionately outweigh the environmental benefits due to the geographical location, the local environmental conditions or the technical characteristics of the installation concerned. The permitting authorities must document the reasons for the derogation from the emission limit values in the permit, including the result of the cost-benefit assessment. In April 2013, pursuant to European Commission Decision No. 2013/163/EU, the European Commission published new BAT conclusions under the IED for Production of Cement, Lime and Magnesium Oxide, together with specific emission levels. This document sets out an extensive list of technical requirements for most aspects of the cement manufacture process in the EU, with a

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view to prevention and minimization of all polluting emissions. It is a new requirement under the IED that permitting authorities must review and, if necessary, update permit conditions within four years of the European Commission publishing decisions on BAT conclusions for a particular activity. While we are not currently able to assess what impact the IED will have on our operations, it is reasonable to assume that there will be an impact given the change in regulatory approach heralded by the legislation and the fact that it will be key to the permitting of the cement industry in the EU. In particular, the European Commission describes review of the BREFs as a continuing process due to ongoing technological advances and so updates may be expected. This has the potential to require our operations to be adapted to conform to the latest BAT.

As a result of a lawsuit filed by the city of Kaštela against the Ministry of Environment of the Republic of Croatia, the IPPC Permit issued on behalf of CEMEX Croatia by the Ministry of Environment was revoked on July 6, 2015 by a final and non-appealable judgment of a first instance court in Split, Croatia. The judgment required the Ministry of Environment to repeat the procedure for the issuance of a new IPPC Permit. On November 23, 2015, the Ministry of Environment issued a new IPPC Permit, which has been challenged by the city of Kaštela. On January 7, 2016, CEMEX Croatia received the claim and replied to it in due time. The Ministry of Environment also replied to the claim. At a court hearing held on September 14, 2016, the litigation proceedings concluded. On November 18, 2016, the administrative court in Split, Croatia notified CEMEX Croatia that the decision regarding the IPPC Permit was annulled and the matter was remanded to the Ministry of Environment in order to repeat the procedure. On December 2, 2016, CEMEX Croatia and the Ministry of Environment filed an appeal against such judgment. As of March 31, 2017, CEMEX Croatia is awaiting the decision on the appeal. If the IPPC Permit is conclusively annulled, we do not believe that such judgment would have a material adverse impact on our results of operations, liquidity and financial condition.

In addition, in accordance with Article 21(3) of the IED, within four years of BAT conclusion publications, the competent authority is to reconsider and, if necessary, update all permit conditions and ensure that the installation complies with such permit conditions. Accordingly, on January 3, 2017, the Ministry of Environment invited CEMEX Croatia to submit relevant expert opinions in order to update the existing permit conditions and ensure compliance with permit conditions. On March 20, 2017, CEMEX Croatia submitted expert opinions to the Ministry of Environment, and, as of March 31, 2017, CEMEX Croatia had not yet been notified of the decision on the Ministry of Environment's appeal. Should the IPPC Permit be finally annulled, we do not believe that the judgment would have a material adverse impact on our results of operations, liquidity and financial condition. In the meantime, a new permit will be issued in accordance with the IED.

EU Emissions Trading

In 1997, as part of the United Nations Framework Convention on Climate Change (the "UNFCCC"), the Kyoto Protocol was adopted to limit and reduce GHG emissions. The Kyoto Protocol set legally binding emission reduction targets for 37 industrialized countries and the EU. Under the Kyoto Protocol, industrialized countries agreed to reduce their collective GHG emissions by 5% against 1990 levels over the five year period 2008-2012 ("first commitment period"); future mandatory targets were expected to be established for commitment periods after 2012. To compensate for the sting of binding targets, the Kyoto Protocol allows three "flexibility" mechanisms to be used by parties in meeting their emission limitation commitments: the Clean Development Mechanism ("CDM"), Joint Implementation ("JI") and International Emissions Trading.

In 2012, at the United Nations Climate Change Conference in Doha, Qatar, the Doha Amendment to the Kyoto Protocol was adopted. Certain parties, including the UK and the EU, committed to reduce GHG emissions by at least 18% below 1990 levels in the eight year period from 2013 to 2020 ("second commitment period").

Our operations in the United Kingdom, Spain, Germany, Latvia, Poland, Croatia (since 2013) and Czech Republic, are subject to binding caps on CO₂ emissions imposed pursuant to the EU's emissions trading system ("ETS") that was established by Directive 2003/87/EC to implement the Kyoto Protocol. Under the ETS, a cap or limit is set on the total amount of CO₂ emissions that can be emitted by the power plants, energy-intensive

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installations (including cement plants) and commercial airlines that are covered by the system. The cap is reduced over time, so that the total amount of emissions will decrease. Within the cap, companies receive or buy emission allowances. 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. After each year, a company must surrender enough carbon allowances to cover all its emissions. Failure to meet the emissions caps is subject to significant monetary penalties.

In addition to carbon allowances, the ETS also allows the use of Kyoto Protocol units: the Emission Reduction Unit, representing a metric ton of carbon saved by a project under the JI mechanism, and the Certified Emission Reduction unit (“CERs”) under the CDM. The ETS recognizes these units as equivalent to its carbon allowances and allows them to be used by companies for compliance up to a certain limit to offset their carbon emissions in the EU. We have registered 19 CDM projects with a total potential to reduce approximately 2.44 million tons of CO₂e emissions per year. The corresponding CERs from these projects could be used for internal purposes or sold to third parties. Croatia, as a new entrant, has a right to use only 4.5% of its verified carbon emissions in relation to other EU ETS members which have a right to use up to 11% of their free allocation of EU allowances.

The ETS consists of three trading phases: Phase I which lasted from January 1, 2005 to December 31, 2007, Phase II, which lasted from January 1, 2007 to December 31, 2012, and was intended to meet commitments under the Kyoto first commitment period, and Phase III which commenced on January 1, 2013 and will end on December 31, 2020. For Phase III of the ETS there is also a cap on nitrous oxide and perfluorocarbons (PFC) emissions. Prior to the commencement of each of ETS Phases I and II, each Member State was responsible for publishing its National Allocation Plan (“NAP”), a document which sets out a national cap on the total amount of carbon emissions by all installations during each relevant trading phase and the methodology by which the cap would be allocated to the different sectors in the ETS and their respective installations. Each Member State’s cap contributed to an overall EU cap on emissions, where one carbon allowance must be surrendered to account for one metric ton of carbon emitted. The carbon allowances were mostly distributed for free by each Member State to its ETS installations, although some Member States also used a fraction of their material cap for auctioning, mainly to power generators. Under ETS Phase III, however, the system of NAPs has been replaced by a single EU-wide, top-down, cap on CO₂ emissions, with allocation for all installations made according to harmonized EU rules and set out in each Member State’s National Implementation Measures (“NIM”). Additional restrictions have been introduced on the extent to which Kyoto Protocol units can be used to offset EU carbon emissions, and auctioning, not free allocation, has become the default method for distributing allowances. For those allowances that are still given away free, as discussed below, harmonized rules apply based on EU-wide benchmarks of emissions performance.

EU policymakers see the free allocation of allowances as a principle way to reduce the risk of carbon leakage—that is, the risk that energy-intensive industries, facing higher costs because of the ETS, will move their facilities beyond the EU’s borders to countries that do not have climate change controls, thus resulting in a leakage of CO₂ emissions without any environmental benefits. In 2009, a list of ETS sectors deemed to be at significant risk of carbon leakage was formally adopted by the European Commission, following agreement by Member States and the European Parliament. The list which was valid from 2010 to 2014 included the cement production sector, on the basis that the additional costs imposed by the ETS would lead to a 30% or more increase in production costs as a proportion of the “gross value added.” A decision on the list of sectors deemed to be at significant risk of carbon leakage for the period 2015-2019 was adopted by the European Commission on October 29, 2014 and the cement production sector resulted selected again. Sectors classified as deemed to be at significant risk of carbon leakage will continue to receive 100% of their benchmark allocation of allowances free of charge during Phase III, adjusted by a cross-sectoral correction factor that is being applied uniformly upon all participating facilities in Europe in order to reduce the amount of free allocation that each installation so that the total sum does not exceed the authorized EU-wide cap for free allocation. By contrast, sectors that are not considered at risk of carbon leakage received 80% of their benchmark allowances for free in 2013, declining to 30% by 2020.

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On April 27, 2011, the European Commission adopted Decision 2011/278/EU that states the rules, including the benchmarks of greenhouse gas emissions performance, to be used by the Member States in calculating the 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.” The number of allowances to be allocated to installations for free will be based on a combination of historic activity levels at that installation and an EU benchmark of carbon efficiency for the production of a particular product—for example, clinker. An installation’s historic activity level is calculated by taking the median of its annual production levels during the baseline period, either 2005 to 2008 or, where historic activity levels are higher, 2009/10. The product benchmark is based on the average carbon emissions of the top 10% most “carbon efficient” EU installations for a particular product during 2007/8, where carbon efficiency is measured by carbon intensity or carbon emission per metric ton of product. Preliminary allocation calculations based on the rules were carried out by each Member State and included in a NIM table which was sent for scrutiny to the European Commission. On September 5, 2013, the European Commission adopted Decision 2013/448/EU which approved the NIMs submitted by most Member States and which sets the annual cross-sectoral correction factors for the period 2013-2020. The cross-sectoral correction figure will be used to adjust the levels of product benchmarks used to calculate the free allocation of allowances to each installation. This is to ensure that the total amount handed out for free does not exceed the maximum set in the ETS Directive. Each Member State is required to adjust its national allocation table of free allowances each year and submit this for approval to the European Commission prior to issuing allowances. The application of this cross-sectoral correction factor results in an important decrease in the quantity of allowances that our ETS-participant operations expect to receive for free in the 2013-2020 period.

On February 26, 2014, the European Commission adopted a Decision on national allocation allowances for the last group of Member States including Croatia, which was granted 5.56 million of free allowances. Since this time, a regularly updated allocation table showing the number of allowances that have been allocated per Member State is published on the European Commission’s website. Based on the European Commission approved NIMs that were published in the first quarter of 2014 for Phase III, we expect that the aggregate amount of allowances that will be annually allocated for free to CEMEX in Phase III of the ETS will be sufficient to operate. An important factor in providing such assurance is the European Commission Decision 2014/746/EU (which took effect on January 1, 2015) which, as mentioned, included the manufacture of cement as an industry at significant risk of carbon leakage meaning that the industry will continue to receive 100% of its benchmark allocation of allowances free of charge during Phase III. Although the European Council has indicated that the free allocation of allowances to carbon leakage sectors will continue beyond Phase III, a future decision that the cement industry should no longer be regarded as at significant risk of carbon leakage could have a material impact on our operations and our results of operations, liquidity and financial condition.

An installation can only receive its full allocation of free allowances if it is deemed to have not partially ceased under the “partial cessation rule” of the ETS. Partial cessation applies where a sub-installation which contributes at least 30% of the installation’s final annual amount of emissions allocated, or contributes to more than 50,000 allowances, reduces its activity level by at least 50% of its historic activity levels. If activity levels are reduced to between 50% and 75% of the historic activity level, the amount of free carbon allowances the sub-installation will receive will reduce by half in the following year; if activity levels are reduced by 75% to 90% compared to historic activity levels, the amount of free carbon allowances the sub-installation will receive will reduce by 75% in the following year; and if activity levels are reduced by 90% or more compared to historic activity levels, no allowances shall be allocated free of charge the following year with respect to the sub-installation concerned. This represents a change from ETS Phase II, in which the rules for partial cessation were defined by each Member State’s NAP and often did not result in any reduction in the level of free allocation, but an installation was no longer entitled to a free allocation from the following year if it had permanently ceased operating. The new rules are therefore more stringent, and to the extent that they result in our plants foregoing free carbon allowances, they could represent a significant loss of revenue to us, since carbon allowances are also tradable.

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Despite having sold a substantial amount of allowances during Phase II of the ETS, as mentioned, we believe 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. This assessment stems from various factors, notably our efforts to reduce emissions per unit of clinker produced, the stream of offset credits coming from our internal portfolio of CDM projects and our expected long position in the initial years of Phase III of the ETS. We are taking measures intended to minimize our exposure to this market, while continuing to supply our products to our customers. It is not possible to predict with any certainty at this stage how CEMEX will be affected by potential reform to the EU ETS in Phase IV. However, the European Council has indicated that the EU-wide overall cap on emission allowances will be reduced by 2.2% every year from 2021, that benchmarks will be updated based on recent data and that a more dynamic allocation based on recent production shall replace the “historical activity level.” These modifications, which are still subject to final approval by EU institutions (presumably during 2017), suggest that there may be fewer allowances available with respect to our operations in the future.

Landfills

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 £131.0 million (approximately U.S.\$164.14 million as of March 31, 2017, based on an exchange rate of £0.7981 to U.S.\$1.00) as of March 31, 2017, and we made an accounting provision for this amount at March 31, 2017.

Colombian Water Use Litigation

On June 5, 2010, the District of Bogotá’s Environmental Secretary (*Secretaría Distrital de Ambiente de Bogotá*) (the “Environmental Secretary”) 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 that also have mining activities located in the same area as the El Tunjuelo quarry) were ordered to suspend mining activities in that area. The Environmental Secretary alleged that during the past 60 years, CEMEX Colombia and the other companies illegally changed the course of the Tunjuelo River, used the percolating waters without permission and improperly used the edge of the river for mining activities. In connection with the temporary injunction, in June 2010, the Environmental Secretary initiated 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 Ministry of Environment and Sustainable Development (*Ministerio de Ambiente y Desarrollo Sostenible*). 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 extraction of CEMEX Colombia’s 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 (approximately U.S.\$104.16 million as of March 31, 2017, based on an exchange rate of 2,880.24 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. At this stage, as of March 31, 2017, 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 results of operations, liquidity and financial condition.

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%. Over the years, import tariffs have been substantially reduced and currently range from none at all for raw

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materials to over 20% for finished products. As a result of NAFTA, as of January 1, 1998, the tariff on cement imported into Mexico from the United States or Canada was eliminated. While the lack of existence or reduction in tariffs could lead to increased competition from imports in our Mexican markets, it is possible that other factors, such as that the cost of transportation incurred from most producers outside Mexico to central Mexico, traditionally the region of highest demand in Mexico, could be seen as a barrier to enter certain of the regions in Mexico in which we operate.

United States. Cement imported into the United States from Cuba and North Korea is subject to custom duties depending on the specific type of cement. Imports into the United States from Cuba and North Korea are generally prohibited due to the U.S. import/export controls and economic sanctions. In order to import cement and other products into the United States from Cuba or North Korea, an importer would be required to obtain a license from the U.S. government or otherwise establish the existence of a license exception.

Cement imports from countries other than Cuba and North Korea into the United States are currently duty free, however, certain individuals and entities on U.S. government lists of specially designated nationals and prohibited parties, may be subject to U.S. import/export controls and other sanctions that prohibit transactions (including import transactions) with such persons without a license.

Europe. Member countries of the EU are subject to the uniform EU commercial policy. There is no tariff on cement imported into a country that is a member of the EU from another member country or on cement exported from an EU country to another member country. As of March 31, 2017, for cement imported into a member country from a non-member country, the tariff was 1.7% of the customs value. Any country with preferential treatment with the EU is subject to the same tariffs as members of the EU. Most Eastern European producers exporting cement into EU countries currently pay no tariff.

Tax Matters

Mexico. In November 2009, the Mexican Congress approved a general tax reform, effective as of January 1, 2010 (the “2010 Tax Reform”). Specifically, the 2010 Tax Reform included changes to the tax consolidation regime that required CEMEX, among others, to determine and retroactively pay taxes at a current rate on items in past years that were eliminated in consolidation or that reduced consolidated taxable income (“Additional Consolidated Taxes”). The 2010 Tax Reform required CEMEX to pay taxes on certain previously exempted 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 ten-year period. The 2010 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. However, in December of 2012, the Federal Revenue Law (*Ley de Ingresos de la Federación*), applicable in 2013, established that the statutory income tax rate would remain at 30% in 2013, and thereafter lowered to 29% for 2014 and 28% for 2015 and future years. As per the tax reforms enacted for 2014, the statutory income tax will remain at 30%.

For the 2010 fiscal year, CEMEX was required to pay (at the new, 30% tax rate) 25% of the Additional Consolidated 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 Consolidated 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 the 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.\$560.60 million as of March 31, 2017, based on an exchange rate of Ps18.73 to U.S.\$1.00), of which approximately Ps8.2 billion (approximately U.S.\$437.80 million as of March 31, 2017, based on an exchange rate of Ps18.73 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

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(approximately U.S.\$117.46 million as of March 31, 2017, based on an exchange rate of Ps18.73 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 June 30, 2010, CEMEX paid approximately Ps325 million (approximately U.S.\$17.35 million as of March 31, 2017, based on an exchange rate of Ps18.73 to U.S.\$1.00) of Additional Consolidated Taxes. This first payment represented 25% of the Additional Consolidated Taxes for the period that includes from 1999 to 2004. On March 31, 2011, CEMEX made a second payment of approximately Ps506 million (approximately U.S.\$27.02 million as of March 31, 2017, based on an exchange rate of Ps18.73 to U.S.\$1.00). This second payment, together with the prior payment, represented 50% of the Additional Consolidated Taxes for the period that includes from 1999 to 2004, and also included the first payment of 25% of the Additional Consolidated Taxes for the period that corresponds to 2005. On March 30, 2012, CEMEX paid Ps698 million (approximately U.S.\$37.27 million as of March 31, 2017, based on an exchange rate of Ps18.73 to U.S.\$1.00). This third payment, together with the two prior payments, represented 70% of the Additional Consolidated Taxes for the period that includes from 1999 to 2004, 50% of the Additional Consolidated Taxes for the period that corresponds to 2005 and it also included the first payment of 25% of the Additional Consolidated Taxes for the period that corresponds to 2006. On March 27, 2013, CEMEX paid Ps2 billion (approximately U.S.\$106.78 million as of March 31, 2017, based on an exchange rate of Ps18.73 to U.S.\$1.00). This fourth payment, together with the three prior payments, represented 85% of the Additional Consolidated Taxes for the period that includes from 1999 to 2004, 70% of the Additional Consolidated Taxes for the period that corresponds to 2005, 50% of the Additional Consolidated Taxes for the period that corresponds to 2006 and 25% of the Additional Consolidated Taxes for the period that corresponds to 2007. On March 31, 2014, CEMEX paid Ps2 billion (approximately U.S.\$96.53 million as of March 31, 2017, based on an exchange rate of Ps18.73 to U.S.\$1.00). This fifth payment, together with the four prior payments, represented 100% of the Additional Consolidated Taxes for the period that includes from 1999 to 2004, 85% of the Additional Consolidated Taxes for the period that corresponds to 2005, 70% of the Additional Consolidated Taxes for the period that corresponds to 2006 and 50% of the Additional Consolidated Taxes for the period that corresponds to 2007. On March 31, 2015, CEMEX paid Ps1.5 billion (approximately U.S.\$80.09 million as of March 31, 2017, based on an exchange rate of Ps18.73 to U.S.\$1.00). This sixth payment, together with the five prior payments, represented 100% of the Additional Consolidated Taxes for the period that includes from 1999 to 2004, 100% of the Additional Consolidated Taxes for the period that corresponds to 2005, 85% of the Additional Consolidated Taxes for the period that corresponds to 2006 and 70% of the Additional Consolidated Taxes for the period that corresponds to 2007. On March 31, 2016, CEMEX paid Ps119 million (approximately U.S.\$6.35 million as of March 31, 2017, based on an exchange rate of Ps18.73 to U.S.\$1.00). This seventh payment, together with the six prior payments, represented 100% of the Additional Consolidated Taxes for the period that includes from 1999 to 2004, 100% of the Additional Consolidated Taxes for the period that corresponds to 2005, 100% of the Additional Consolidated Taxes for the period that corresponds to 2006 and 85% of the Additional Consolidated Taxes for the period that corresponds to 2007. On March 31, 2017, CEMEX paid Ps38 million (approximately U.S.\$2.06 million as of March 31, 2017, based on an exchange rate of Ps18.73 to U.S.\$1.00). This eighth payment, together with the seven prior payments, represented 100% of the Additional Consolidated Taxes for the period from 1999 to 2004, 100% of the Additional Consolidated Taxes for the period that corresponds to 2005, 100% of the Additional Consolidated Taxes for the period that corresponds to 2006 and 100% of the Additional Consolidated Taxes for the period that corresponds to 2007. As of March 31, 2017, we have paid an aggregate amount of approximately Ps7.3 billion (approximately U.S.\$389.74 million as of March 31, 2017, based on an exchange rate of Ps18.73 to U.S.\$1.00) of Additional Consolidated 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

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entity for tax purposes. As a result, CEMEX reduced its estimated tax payable by approximately Ps2.9 billion (approximately U.S.\$154.83 million as of March 31, 2017, based on an exchange rate of Ps18.73 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, (b) income tax from subsidiaries paid to the parent company, and (c) other adjustments, the estimated tax payable for tax consolidation in Mexico amounted to approximately Ps10.1 billion (approximately U.S.\$539.24 million as of March 31, 2017, based on an exchange rate of Ps18.73 to U.S.\$1.00) as of December 31, 2010. Furthermore, after accounting for the following that took place in 2011: (a) cash payments, (b) income tax from subsidiaries paid to the parent company, and (c) other adjustments, the estimated tax payable for tax consolidation in Mexico increased to approximately Ps12.4 billion (approximately U.S.\$662.04 million as of March 31, 2017, based on an exchange rate of Ps18.73 to U.S.\$1.00) as of December 31, 2011. Additionally, after accounting for the following that took place in 2012: (a) cash payments, (b) income tax from the subsidiaries paid to the parent company, and (c) other adjustments, as of December 31, 2012, the estimated tax payable for tax consolidation in Mexico increased to approximately Ps14.5 billion (approximately U.S.\$774.16 million as of March 31, 2017, based on an exchange rate of Ps18.73 to U.S.\$1.00). Furthermore, after accounting for the following that took place in 2013: (a) cash payments, (b) income tax from subsidiaries paid to the parent company, (c) other adjustments, and (d) effects of tax deconsolidation, as of December 31, 2013, the estimated tax payable for tax consolidation in Mexico increased to approximately Ps24.8 billion (approximately U.S.\$1.32 billion as of March 31, 2017, based on an exchange rate of Ps18.73 to U.S.\$1.00). Additionally, after accounting for the following that took place in 2014: (a) payments, the majority of which were in cash, and (b) other adjustments, as of December 31, 2014, the estimated tax payable for tax consolidation in Mexico decreased to approximately Ps21.4 billion (approximately U.S.\$1.14 billion as of March 31, 2017, based on an exchange rate of Ps18.73 to U.S.\$1.00). Additionally, after accounting for the following that took place in 2015 and after giving effect to the 2016 Tax Reform (as defined below), as a result of: (a) payments made during the period, the tax payable for tax consolidation in Mexico was decreased to approximately Ps16.2 billion (approximately U.S.\$864.92 million as of March 31, 2017, based on an exchange rate of Ps18.73 to U.S.\$1.00), which after the application of (b) different tax credits, and (c) assets for tax loss carryforwards worth, before discount, approximately Ps11.9 billion (approximately U.S.\$635.34 million as of March 31, 2017, based on an exchange rate of Ps18.73 to U.S.\$1.00), as of December 31, 2015, the estimated tax payable for tax consolidation in Mexico further decreased to approximately Ps3.9 billion (approximately U.S.\$208.22 million as of March 31, 2017, based on an exchange rate of Ps18.73 to U.S.\$1.00). Additionally, after accounting for the following that took place in 2016: (a) cash payments, and (b) other adjustments, as of December 31, 2016, the estimated tax payable for tax consolidation in Mexico decreased to approximately Ps3.2 billion (approximately U.S.\$170.84 million as of March 31, 2017, based on an exchange rate of Ps18.73 to U.S.\$1.00).

In addition, as a result of the enactment of the new Income Tax Law (*Ley del Impuesto Sobre la Renta*) in Mexico approved in December 2013 and effective beginning January 1, 2014 (the “2014 Tax Reform”), the statutory income tax rate for 2014 will remain at 30%, and the tax consolidation regime that was in effect up until December 31, 2013, was replaced prospectively by a new integration regime, to which CEMEX will not apply. In consequence, as of 2014, each company in Mexico will determine its income taxes based solely in its individual results, and a period of up to ten years has been established for the settlement of the liability for income taxes related to the tax consolidation regime accrued until December 31, 2013 (“Deconsolidation Taxes”).

On February 12, 2014, we filed a constitutional challenge (*juicio de amparo*) against the 2014 Tax Reform that abrogated the tax consolidation regime. The purpose of the challenge was to obtain certainty in the applicable statutory rules in order to assess and pay the tax liability derived from such reform according to constitutional principles. On February 26, 2016, we withdrew the constitutional challenge (*juicio de amparo*).

On April 30, 2014, CEMEX paid Ps2.3 billion (approximately U.S.\$122.80 million as of March 31, 2017, based on an exchange rate of Ps18.73 to U.S.\$1.00). From this amount, Ps987 million (approximately U.S.\$52.70 million as of March 31, 2017, based on an exchange rate of Ps18.73 to U.S.\$1.00) were paid in cash and Ps1.3 billion (approximately U.S.\$70.76 million as of March 31, 2017, based on an exchange rate of Ps18.73

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to U.S.\$1.00) were paid through the application of a tax credit, which represented approximately 25% of the Deconsolidation Taxes for the period that corresponded to the 2008 tax year. On April 30, 2015, CEMEX paid Ps3.7 billion (approximately U.S.\$197.54 million as of March 31, 2017, based on an exchange rate of Ps18.73 to U.S.\$1.00). From this amount, Ps2.3 billion (approximately U.S.\$122.80 million as of March 31, 2017, based on an exchange rate of Ps18.73 to U.S.\$1.00) were paid in cash and Ps1.4 billion (approximately U.S.\$74.75 million as of March 31, 2017, based on an exchange rate of Ps18.73 to U.S.\$1.00) were paid through the application of a tax credit. This second payment, together with the first payment, represented 50% of the Deconsolidation Taxes for the period that corresponds to the 2008 tax year and 25% of the Deconsolidation Taxes for the period that corresponds to the 2009 tax year. On April 29, 2016, CEMEX paid Ps728 million (approximately U.S.\$38.87 million as of March 31, 2017, based on an exchange rate of Ps18.73 to U.S.\$1.00). This third payment, together with the two prior payments, represented 70% of the Deconsolidation Taxes for the period that corresponds to the 2008 tax year, 50% of the Deconsolidation Taxes for the period that corresponds to the 2009 tax year and 25% of the Deconsolidation Taxes for the period that corresponds to the 2010 tax year.

In October 2015, the Mexican Congress approved a tax reform, effective as of January 1, 2016 (the “2016 Tax Reform”). Specifically, the 2016 Tax Reform granted Mexican companies two tax credits to offset part of the Deconsolidation Taxes payable as a result of the elimination of the group taxation regime: (a) 50% of the taxes due as a result of unamortized losses used to compute the consolidated tax could be settled with individual accumulated losses adjusted for inflation using a factor of .15 multiplied by such losses, and (b) tax credit against Deconsolidation Taxes related to intercompany dividends that were paid without having sufficient tax profits. CEMEX applied both tax credits against its remaining Deconsolidation Taxes through the filing of amended tax returns regarding the year ending on December 31, 2015 and upon the withdrawal of the constitutional challenge (*juicio de amparo*) against the 2014 Tax Reform filed by us on February 12, 2015. Additionally, the 2016 Tax Reform granted Mexican companies the option not to pay the remaining asset tax payments included in the Deconsolidation Tax liability. CEMEX also applied this option.

As of March 31, 2017, taking into account the effects of the 2016 Tax Reform, our estimated payment schedule of Deconsolidation Taxes (which includes the Additional Consolidated Taxes) is as follows: approximately Ps898 million (approximately U.S.\$47.94 million as of March 31, 2017, based on an exchange rate of Ps18.73 to U.S.\$1.00) in 2017; approximately Ps897 million (approximately U.S.\$47.89 million as of March 31, 2017, based on an exchange rate of Ps18.73 to U.S.\$1.00) in 2018; and approximately Ps1.4 billion (approximately U.S.\$74.76 million as of March 31, 2017, based on an exchange rate of Ps18.73 to U.S.\$1.00) in 2019 and thereafter.

United States. As of March 31, 2017, the Internal Revenue Service (“IRS”) concluded its audit for the year 2014. The final findings did not alter the originally filed CEMEX return, which had no reserves set aside for any potential tax issues. On April 24, 2015 and May 18, 2016, the IRS commenced its audit of the 2015 and 2016 tax year, respectively, under the Compliance Assurance Process. We have not identified any material audit issues and, as such, no reserves are recorded for either the 2015 or the 2016 audit in our financial statements.

Colombia. On April 1, 2011, the Colombian Tax Authority notified CEMEX Colombia of a proceeding notice 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.\$31.24 million as of March 31, 2017, based on an exchange rate of 2,880.24 Colombian Pesos to U.S.\$1.00) and imposed a penalty in the amount of approximately 144 billion Colombian Pesos (approximately U.S.\$39.58 million as of March 31, 2017, based on an exchange rate of 2,880.24 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 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. On January 17, 2013, the

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Colombian Tax Authority notified CEMEX Colombia of the resolution confirming the official liquidation. CEMEX Colombia appealed the final determination on May 10, 2013 which was admitted on June 21, 2013. On July 3, 2013, the appeal was notified to the Colombian Tax Authority, and hearings took place on February 18, 2014 and March 11, 2014. An adverse resolution to the appeal was notified to CEMEX Colombia on July 14, 2014 and on July 22, 2014, CEMEX Colombia filed an appeal before the Colombian *Consejo de Estado* against such adverse resolution. At this stage of the proceeding, as of March 31, 2017, we are not able to assess the likelihood of an adverse result in this special proceeding, but if adversely resolved, they could have a material adverse impact on our results of operations, liquidity and financial condition.

Spain. On July 7, 2011, the tax authorities in Spain notified CEMEX España of a tax audit process in Spain covering the tax years from and including 2006 to 2009. The tax authorities in Spain have challenged part of the tax losses reported by CEMEX España for such years. CEMEX España has been formally notified of fines in the aggregate amount of approximately €456 million (approximately U.S.\$486.14 million as of March 31, 2017, based on an exchange rate of €0.9380 to U.S.\$1.00) resulting from the July 7, 2011 tax audit process in Spain. The laws of Spain provide a number of appeals that can be filed against such fines without CEMEX España having to make any payment until such appeals are finally resolved. On April 22, 2014, CEMEX España filed appeals against such fines. At this stage, as of March 31, 2017, we are not able to assess the likelihood of an adverse result regarding this matter, and the appeals that CEMEX España has filed could take an extended amount of time to be resolved, but if all appeals filed by CEMEX España are adversely resolved, it could have a material adverse impact on our results of operations, liquidity and financial condition.

Egypt. On February 9, 2014, ACC was notified of the decision of the Egyptian Ministry of Finance's Appeals Committee (the "Appeals Committee") pursuant to which ACC has been required to pay a development levy on clay (the "Levy on Clay") applied to the Egyptian cement industry in the amount of: (i) approximately 322 million Egyptian Pounds (approximately U.S.\$17.75 million as of March 31, 2017, based on an exchange rate of Egyptian Pounds 18.1358 to U.S.\$1.00) for the period from May 5, 2008 to August 31, 2011; and (ii) approximately 50,235 Egyptian Pounds (approximately U.S.\$2,769.94 as of March 31, 2017, based on an exchange rate of Egyptian Pounds 18.1358 to U.S.\$1.00) for the period from September 1, 2011 to November 30, 2011. On March 10, 2014, ACC filed a claim before the North Cairo Court requesting the nullification of the Appeals Committee's decision and requesting that the North Cairo Court rule that the Egyptian tax authority is not entitled to require payment of the aforementioned amounts. In parallel, ACC has filed a request before the Ministerial Committee for Resolution of Investment Disputes (the "Ministerial Committee") claiming non-entitlement of the Egyptian tax authority to the Levy on Clay used in the production of cement from the date of enforceability of Law No. 114/2008 up until issuance of Law No. 73/2010, and from cement produced using imported clinker. On September 28, 2015, ACC was notified by the Egyptian Cabinet that on September 2, 2015, it ratified an August 10, 2015 decision by the Ministerial Committee (the "Ministerial Committee's Decision") pursuant to which the Egyptian tax authority is instructed to cease claiming payment of the Levy on Clay from ACC. The Ministerial Committee's Decision applies to the years from 2008 up to the issuance date of Law No. 73/2010. It was further decided that the Levy on Clay should not be imposed on imported clinker. At this stage, as of March 31, 2017, the Ministerial Committee's Decision strongly supports ACC's position in this dispute, given the fact that the Ministerial Committee's Decision is legally binding on the Egyptian tax authority. The Ministerial Committee's Decision was submitted to the Egyptian tax authority and, accordingly, the Egyptian tax authority issued a settlement memorandum (the "Settlement Memorandum"), whereby it confirmed and recognized the Ministerial Committee's Decision. Furthermore, in application of the Settlement Memorandum and the Ministerial Committee's Decision, the Egyptian tax authority issued a new claim to ACC for an adjusted amount of 55,586 Egyptian Pounds (approximately U.S.\$3,064.99 as of March 31, 2017, based on an exchange rate of Egyptian Pounds 18.1358 to U.S.\$1.00). On a March 7, 2016 session of the North Cairo Court, ACC submitted the Settlement Memorandum and the Ministerial Committee's Decision. At a May 28, 2016 session before the North Cairo Court, the expert's office appointed to review the case file submitted its report that confirmed and recognized the Ministerial Committee's Decision and at this session this case was reviewed jointly with the Egyptian tax authority case which was filed to challenge ACC's right to cancel the Levy on Clay. The North Cairo Court adjourned the jointly reviewed cases to June 25, 2016. These cases were

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thereafter re-adjoined to July 30, 2016 for submission of documents by the attorney for the State pertaining to the settlement of the dispute with ACC. At the session of July 30, 2016, the two cases were adjourned first to September 19, 2016, and afterwards to October 10, 2016 and December 27, 2016 for the foregoing reason. On December 27, 2016, the North Cairo Court ruled for referring the two jointly reviewed cases to the Cairo Administrative Judiciary Court for the former's lack of jurisdiction to review the same. As of March 31, 2017, no session has yet been scheduled before the Cairo Administrative Judiciary Court in order to review the two referred cases. We do not expect that such referral will prejudice ACC's favorable legal position in this dispute. As of March 31, 2017, we do not expect our operations, liquidity and financial condition to suffer a material adverse impact because of this matter.

Other Legal Proceedings

Colombian Construction Claims. On August 5, 2005, the Urban Development Institute (*Instituto de Desarrollo Urbano*) ("UDI"), 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 claiming that it was liable, along with the other members of the *Asociación Colombiana de Productores de Concreto* ("ASOCRETO"), an association formed by the ready-mix concrete producers in Colombia, for the premature distress of the concrete slabs of the *Autopista Norte* trunk line of the TransMilenio bus rapid transit system of Bogotá in which ready-mix concrete and flowable fill supplied by CEMEX Colombia and other ASOCRETO members was used. 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 were seeking the repair of the concrete slabs 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 could have been approximately 100 billion Colombian Pesos (approximately U.S.\$34.72 million as of March 31, 2017, based on an exchange rate of 2,880.24 Colombian Pesos to U.S.\$1.00). The lawsuit was filed within the context of a criminal investigation against a former director and two officers of the UDI, the contractor, the inspector and two ASOCRETO officers. On January 21, 2008, a court issued an order, sequestering the El Tunjuelo quarry, as security for payment of a possible future money judgment against CEMEX Colombia. The court determined that in order to lift this attachment and prevent further attachments, CEMEX Colombia was required to deposit 337.8 billion Colombian Pesos (approximately U.S.\$117.28 million as of March 31, 2017, based on an exchange rate of 2,880.24 Colombian Pesos to U.S.\$1.00) in cash instead of posting an insurance policy to secure such recovery. CEMEX Colombia appealed this decision and the Superior Court of Bogotá (*Tribunal Superior de Bogotá*) allowed CEMEX to present an insurance policy in the amount of 20 billion Colombian Pesos (approximately U.S.\$6.94 million as of March 31, 2017, based on an exchange rate of 2,880.24 Colombian Pesos to U.S.\$1.00). CEMEX gave the aforementioned security and, on July 27, 2009, the court lifted the attachment on the quarry.

On October 10, 2012 the court issued a first instance judgment pursuant to which the accusation made against the ASOCRETO officers was nullified. The judgment also convicted a former UDI director, the contractor's legal representatives and the inspector to a prison term of 85 months and a fine of 32 million Colombian Pesos (approximately U.S.\$11,110.19 as of March 31, 2017, based on an exchange rate of 2,880.24 Colombian Pesos to U.S.\$1.00). As a consequence of the nullification, the judge ordered a restart of the proceeding against the ASOCRETO officers. The UDI and other parties to the legal proceeding appealed the first instance judgment and on August 30, 2013 the Superior Court of Bogotá resolved to reduce the prison term imposed to the former UDI director and the UDI officers to 60 months and imposed a fine equivalent to 8.8 million Colombian Pesos (approximately U.S.\$3,055.30 as of March 31, 2017, based on an exchange rate of 2,880.24 Colombian Pesos to U.S.\$1.00). Additionally, the UDI officers were sentenced to severally pay the amount of 108,000 million Colombian Pesos (approximately U.S.\$37.50 million as of March 31, 2017, based on an exchange rate of 2,880.24 Colombian Pesos to U.S.\$1.00) for the purported damages in the concrete slabs of the TransMilenio bus rapid transit system. Additionally, the Superior Court of Bogotá overturned the penalty imposed to the contractor's legal representatives and inspector because the criminal action against them was time barred. Furthermore, the Superior Court of Bogotá revoked the annulment in favor of the ASOCRETO officers

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and ordered the first instance judge to render a judgment regarding the ASOCRETO officers' liability or lack thereof. On June 25, 2014, the Supreme Court of Colombia's Penal Cassation Chamber (*Sala de Casación Penal de la Corte Suprema de Justicia de Colombia*) dismissed the cassation claim filed by the former UDI director and the UDI officers against the Superior Court of Bogotá's judgment. Dismissal of the cassation claim has no effect on CEMEX Colombia's or the ASOCRETO officers' interests in these proceedings. On January 21, 2015, the Penal Circuit Court of Bogotá issued a resolution agreeing with the arguments presented by CEMEX Colombia regarding the application of the statute of limitations to the criminal investigation against the ASOCRETO officers and acknowledging that the ASOCRETO officers were not public officers, and as a consequence, finalizing the process against the ASOCRETO officers and the civil responsibility claim against CEMEX Colombia. On July 28, 2015, the Superior Court of Bogotá (*Tribunal Superior de Bogotá*) upheld this resolution and as such the action brought against CEMEX Colombia for the premature distress of the concrete slabs of the *Autopista Norte* trunk line has ended. In addition, six legal actions related to the premature distress of the concrete slabs of the *Autopista Norte* trunk line of the TransMilenio bus rapid transit system were brought against CEMEX Colombia. The Cundinamarca Administrative Court (*Tribunal Administrativo de Cundinamarca*) nullified five of these actions and, as of March 31, 2017, only one remains outstanding. In addition, the UDI filed another action alleging that CEMEX Colombia made misleading advertisements on the characteristics of the flowable fill used in the construction of the concrete slabs. CEMEX Colombia participated in this project solely and exclusively as supplier of the ready-mix concrete and flowable fill, which were delivered and received to the satisfaction of the contractor, complying with all the required technical specifications. CEMEX Colombia neither participated in nor had any responsibility on the design, sourcing of materials or their corresponding technical specifications or construction. On May 24, 2016, the Civil Court of Bogota settled the action filed by the UDI against CEMEX Colombia. The court accepts the arguments in defense of CEMEX Colombia, ruling that the flowable fill is not what caused the damage to the slabs and that the damages were caused by design changes when executing the road without consulting the original designer and the lack of drains. The UDI filed an appeal against the court's ruling. On December 7, 2016, the Superior Court of Bogota (*Tribunal Superior de Bogotá*) upheld the Civil Court of Bogota's decision. At this stage of the proceedings, as of March 31, 2017, we are not able to assess the likelihood of an adverse result regarding the remaining pending action filed before the Cundinamarca Administrative Court, but if adversely resolved, we do not expect that it will have a material adverse impact on our results of operations, liquidity and financial condition.

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 Croatia by the Government of Croatia in September 2005. During the consultation period, CEMEX Croatia submitted comments and suggestions to the Master Plans intended to protect and preserve the rights of CEMEX Croatia's mining concession, but these were not taken into account or incorporated into the Master Plans by Kaštela and Solin. 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 and seeking prohibition of implementation of the Master Plans; and (ii) on May 17, 2006, an administrative proceeding before an administrative court seeking a declaration from the Government of Croatia confirming that CEMEX Croatia acquired rights under the mining concessions. The administrative court subsequently 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. On June 15, 2012, we were notified that the case had been transferred from the constitutional court to the administrative court as a result of a new law that places the administrative courts in charge of disputes relating to environmental planning. In February 2014, the administrative court requested CEMEX Croatia to declare if it was still interested in proceeding with the concession litigation and if so, to provide additional clarification and documentation to support such claims. On March 3, 2014, CEMEX Croatia submitted the clarification and required documentation and on April 4, 2014, CEMEX Croatia was notified that the administrative court rejected its claims and found that its acquired rights or

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interests under the mining concessions had not been violated as a result of any act or decision made by the cities of Solin or Kaštela or any other governmental body. On April 29, 2014, CEMEX Croatia filed two claims before the Constitutional Court of the Republic of Croatia alleging that CEMEX Croatia's constitutional rights to a fair trial and judicial protection had been violated. On August 1, 2014, CEMEX Croatia also filed an application before the European Court of Human Rights alleging that CEMEX Croatia's constitutional rights to a fair trial, property rights, concession rights and investment had been violated due to irregularities in a general act, which has been denied. The European Court of Human Rights found the application to be inadmissible pursuant to articles 34 and 35 of the Convention for the Protection of Human Rights and Fundamental Freedoms, meaning that CEMEX Croatia did not exhaust all its domestic legal remedies, thus stipulating the Constitutional Court of the Republic of Croatia's jurisdiction in this matter. On February 6, 2015, the decision of the European Court of Human Rights was sent to the Constitutional Court of the Republic of Croatia. The Constitutional Court of the Republic of Croatia granted the claim, annulled the decision of the administrative court and remanded the case to the administrative court for a new trial. As of March 31, 2017, CEMEX Croatia had yet to be notified of the administrative court's decision. At this stage of the proceedings, as of March 31, 2017, we are not able to assess the likelihood of an adverse result to the claims filed before the Constitutional Court of the Republic of Croatia, but if adversely resolved, we do not believe it will have a material adverse impact on our results of operations, liquidity and financial condition. During May 2015, CEMEX Croatia obtained a new location permit from the Croatian Ministry of Construction and Physical Planning for CEMEX Croatia's Sveti Juraj-Sveti Kajo quarry. On August 2, 2016, CEMEX Croatia obtained a decision pursuant to which a right of way was granted on land owned by the Republic of Croatia and located in Sveti Juraj-Sveti Kajo quarry. The period of such right of way will be compatible with the location permit previously granted. Such decision is one of the prerequisites for obtaining a new mining concession. As of March 31, 2017, in order to alleviate the adverse impact of the Master Plans, CEMEX Croatia is in the process of negotiating and preparing all documentation necessary to comply with applicable rules and regulations in order to obtain a new mining concession.

Israeli Class Action Litigation. On June 21, 2012, one of our subsidiaries in Israel was notified about an application for the approval of a class action suit against it. The application was filed by a homeowner who built his house with concrete supplied by our Israeli subsidiary in October 2010 (a same application was filed against three other companies by the same legal representative). According to the application, the plaintiff claims that the concrete supplied to him did not meet with the "Israel Standard for Concrete Strength No. 118" and that, as a result, our Israeli subsidiary acted unlawfully toward all of its customers who requested a specific type of concrete but that received concrete that did not comply with Israeli standard requirements. As per the application, the plaintiff claims that the supply of the alleged non-conforming concrete has caused financial and non-financial damages to those customers, including the plaintiff. We presume that the class action would represent the claim of all the clients who purchased the alleged non-conforming concrete from our Israeli subsidiary during the past seven years, the limitation period according to applicable laws in Israel. The damages that could be sought amount to approximately 276 million Israeli Shekels (approximately U.S.\$75.99 million as of March 31, 2017, based on an exchange rate of 3.632 Israeli Shekels to U.S.\$1.00). Our Israeli subsidiary submitted a formal response to the corresponding court. Both parties presented their preliminary arguments. In a hearing held on December 20, 2015, the preliminary proceeding was completed and the court set dates for hearing evidence on May 8, 10 and 16, 2016. In addition, the court decided to join together all claims against all four companies, including our subsidiary in Israel, in order to simplify and shorten court proceedings, however, it should be mentioned that the court had not formally decided to join together all claims. On the hearing dates, the applicants in all four claims presented evidence, including expert testimony. The evidentiary hearing has not been completed as of March 31, 2017, and the court has set July 12, 2017 as the date to hear evidence on behalf of two other companies. As of March 31, 2017, our subsidiary in Israel is not able to assess the likelihood of the class action application being approved or, if approved, of an adverse result, such as an award for damages in the full amount that could be sought, but if adversely resolved, we do not believe the final resolutions would have a material adverse impact on our results of operations, liquidity and financial condition.

Egypt Share Purchase Agreement. On April 7, 2011 and March 6, 2012, lawsuits seeking, among other things, the annulment of the share purchase agreement entered into by and between CEMEX and state-owned

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Metallurgical Industries Company (the “Holding Company”) in November 1999 pursuant to which CEMEX acquired a controlling interest in ACC (the “Share Purchase Agreement”), were filed by different plaintiffs, including 25 former employees of ACC, before the 7th and 8th Circuits of Cairo’s State Council Administrative Judiciary Court, respectively. Hearings in both cases were adjourned in order for the State Commissioner Authority (“SCA”) to prepare the corresponding reports to be submitted for the consideration of the 7th and 8th Circuits of Cairo’s State Council Administrative Judiciary Court. During March 2015, the SCA submitted the relevant reports recommending, in both cases, that the 7th and 8th Circuits of Cairo’s State Council Administrative Judiciary Court stays the proceedings until the High Constitutional Court pronounces itself with regards to the challenges against the constitutionality of the Presidential Decree on Law No. 32 of 2014 (“Law 32/2014”). A hearing was held on October 13, 2015 before the 8th Circuit of Cairo’s State Council Administrative Judiciary Court in which the SCA’s report was reviewed and the case was adjourned to January 26, 2016 for passing judgment. At the session held on January 26, 2016, the 8th Circuit of Cairo’s State Council Administrative Judiciary Court issued a judgment ruling for the dismissal of this case considering the plaintiff’s lack of standing. The legal prescription period for the plaintiff to challenge the judgment before the High Administrative Court of 60 calendar days from the date of issuance of the judgment has expired without the plaintiff filing a judgment. Accordingly, the January 26, 2016 judgment issued by the 8th Circuit of Cairo’s State Council Administrative Judiciary Court is final and definitive. At a session held on September 3, 2015, the 7th Circuit of Cairo’s State Council Administrative Judiciary Court accepted the SCA’s report recommendation and ruled for staying the proceedings until the High Constitutional Court pronounces itself with regards to the challenges against the constitutionality of Law 32/2014. As of March 31, 2017, we are not able to assess the likelihood of an adverse resolution regarding this lawsuit filed before the 7th Circuit of Cairo’s State Council Administrative Judiciary Court, but if adversely resolved, we do not believe the resolution in the first instance would have an immediate material adverse impact on our results of operations, liquidity and financial condition as there are different legal recourses that we could take. However, if we exhaust all legal recourses available to us, a final adverse resolution of this matter could have a material adverse impact on our operations, liquidity and financial condition.

Regarding a different lawsuit submitted to a First Instance Court in Assiut, Egypt and notified to ACC on May 23, 2011, on September 13, 2012, the first instance court of Assiut, Egypt issued a judgment (the “First Instance Judgment”) to (i) annul the Share Purchase Agreement; and (ii) reinstate former employees to their former jobs at ACC. The First Instance Judgment was notified to ACC on September 19, 2012. On October 18, 2012, ACC filed an appeal against the First Instance Judgment, which was followed by the Holding Company’s appeal filed on October 20, 2012 before the Appeal Court in Assiut, Egypt (the “Appeal Court”). At a November 17, 2013 hearing, the Appeal Court decided to join the appeals filed by ACC and the Holding Company and adjourned the session to January 20, 2014 to render judgment. On January 20, 2014, the Appeal Court issued a judgment (the “Appeal Judgment”) accepting both appeals, revoking the First Instance Judgment, ruling for non-qualitative jurisdiction of the first instance court to review the case and referred the matter to the administrative court in Assiut, Egypt (the “Assiut Administrative Court”) for a hearing to be held on March 16, 2014. This hearing was subsequently rescheduled to May 17, 2014 and ultimately was not held because the case file had not been completed on time in order for it to be referred to the Assiut Administrative Court. The SCA submitted a report recommending that the Assiut Administrative Court to declare itself incompetent to review this case and to refer it to the Assiut Administrative Judiciary Court (the “Assiut Administrative Judiciary Court”). The Assiut Administrative Court scheduled a new hearing for October 11, 2014 to review the case. On October 15, 2014, the Assiut Administrative Court ruled for its non-jurisdiction to review the case and referred the case to the Assiut Administrative Judiciary Court. On December 11, 2014, ACC filed an appeal against the Assiut Administrative Court ruling requesting that its enforcement be suspended until a judgment is issued on the appeal filed before the Cassation Court on March 12, 2014 (the “Appeal”). On February 10, 2015 and March 17, 2015, hearings were held before the Assiut Administrative Judiciary Court’s SCA in which the SCA decided to adjourn in order to prepare the corresponding report to be submitted for the consideration of the Assiut Administrative Judiciary Court. On October 2015, the SCA issued a report recommending mainly that due to the absence of geographical jurisdiction to review the case, it should be referred to the 7th Circuit of “Economic and Investment Disputes” of Cairo’s State Council Administrative Judiciary Court. The Assiut Administrative

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Judiciary Court held a hearing for the case on February 24, 2016, in which it decided to refer the case to the First Circuit (formerly 7th Circuit) of “Economic and Investment Disputes” of Cairo’s State Council Administrative Judiciary Court. Cairo’s State Council Administrative Judiciary Court held a hearing on March 28, 2017 to notify the parties of the procedures, whereupon the court adjourned the hearing until June 13, 2017 in order for the parties to submit their memoranda. In a session held on February 11, 2016 in order to review the Appeal, the Assiut Administrative Judiciary Court decided to refer the case to the First Circuit of Cairo’s State Council Administrative Judiciary Court, which in turn decided to refer the Appeal to the Assiut Administrative Judiciary Court. On November 9, 2016, the Assiut Administrative Judiciary Court held a session in order to review the referred Appeal, and adjourned the Appeal to February 8, 2017. On February 8, 2017, the court adjourned the hearing until June 14, 2017 in order for the parties to submit their final memoranda. As of March 31, 2017, ACC has not been notified of a session before the First Circuit of Cairo’s State Council Administrative Judiciary Court in order to review the referred case.

On March 12, 2014, ACC filed a challenge before the Cassation Court against the part of the Appeal Judgment that refers to the referral of the case to the Assiut Administrative Court and payment of the appeal expenses and attorney fees, and requested a suspension of the Appeal Judgment execution with respect to these matters until the Cassation Court renders its judgment (the “Challenge”). A hearing was held on April 12, 2016 in order to review the Challenge’s summary request only, which requested the Cassation Court to stay the execution of part of the Appeal Judgment regarding the referral of the case to the Assiut Administrative Court and payment of the appeal expenses and attorney fees. At this hearing the Cassation Court rejected the summary request. As of March 31, 2017, ACC has not been notified of a session before the Cassation Court in order to review the subject matter of the Challenge. As of March 31, 2017, we are not able to assess the likelihood of an adverse resolution regarding the Challenge, but if adversely resolved, we do not believe the resolution would have an immediate material adverse impact on our results of operations, liquidity and financial condition as there are different recourses that we could take. However, if we exhaust all legal recourses available to us, a final adverse resolution of this matter could have a material adverse impact on our operations, liquidity and financial condition.

Also, on February 23, 2014, three plaintiffs filed a lawsuit before the Assiut Administrative Judiciary Court requesting the cancellation of the resolutions taken by the Holding Company’s shareholders during the extraordinary general shareholders meeting pursuant to which it was agreed to sell ACC’s shares and enter into the Share Purchase Agreement in 1999. A hearing held on May 17, 2014 was adjourned in order for the SCA to prepare a report to be submitted for the consideration of the Assiut Administrative Judiciary Court. On September 4, 2014, ACC received the report issued by the SCA which is non-binding to the Assiut Administrative Judiciary Court. On December 11, 2014, the Assiut Administrative Judiciary Court resolved to refer the case to the 7th Circuit of Cairo’s State Council Administrative Judiciary Court. The 7th Circuit of Cairo’s State Council Administrative Judiciary Court decided to adjourn to July 25, 2015 in order to review the parties’ pleadings. On this hearing held on July 25, 2015, the 7th Circuit of Cairo’s State Council Administrative Judiciary Court adjourned the case to September 3, 2015 for passing judgment. At the session held on September 3, 2015, the 7th Circuit of Cairo’s State Council Administrative Judiciary Court ruled for staying the proceedings until the High Constitutional Court pronounces itself with regards to the challenges against the constitutionality of Law No.32/2014. As of March 31, 2017, we do not have sufficient information to assess the likelihood of the 7th Circuit of Cairo’s State Council Administrative Judiciary Court cancelling the resolutions adopted by the Holding Company’s shareholders, or, if such shareholders’ resolutions are cancelled, how would such cancellation affect us, but if adversely resolved, we do not believe the resolution in this first instance would have an immediate material adverse impact on our results of operations, liquidity and financial condition as there are different legal recourses that we could take. However, if we exhaust all legal recourses available to us, a final adverse resolution of this matter could have a material adverse impact on our operations, liquidity and financial condition.

On April 22, 2014, Law 32/2014, which regulates legal actions to challenge agreements entered into by the Egyptian State (including its ministries, departments, special budget entities, local administrative units,

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authorities and state-participated companies) and third parties, was published in the Official Gazette, becoming effective as of April 23, 2014, but subject to its presentation, discussion and approval by the House of Representatives 15 days after it holds its first session. As per the provisions of Law 32/2014, and considering certain exceptions, only the parties to these agreements have standing to challenge the validity of an agreement. During October and November 2015, parliamentary elections to the House of Representatives took place and the elected House of Representatives started to hold its sessions on January 10, 2016, as expected, and Law 32/2014 was discussed and ratified on January 20, 2016, as legally required. As of March 31, 2017, a constitutional challenge has been filed against Law 32/2014 before the High Constitutional Court. The High Constitutional Court has scheduled a hearing for May 6, 2017 to proceed with the constitutional challenge that was filed against Law 32/2014 after the SCA had submitted its report with respect to the case. As of March 31, 2017, we are not able to assess if the High Constitutional Court will dismiss Law 32/2014, but if the High Constitutional Court dismisses Law 32/2014, this could adversely impact the ongoing matters regarding the Share Purchase Agreement, which could have a material adverse impact on our operations, liquidity and financial condition.

South Louisiana Flood Protection Authority-East Claim. On July 24, 2013 a Petition for Damages and Injunctive Relief was filed by the South Louisiana Flood Protection Authority-East (“SLFPAE”) in the Civil District Court for the Parish of Orleans, State of Louisiana, against approximately 100 defendants, including CEMEX, Inc. SLFPAE is seeking compensation for and the restoration of certain coastal lands near New Orleans alleged to have been damaged by activities related to oil and gas exploration and production since the early 1900s. CEMEX, Inc., which was previously named Southdown, Inc., may have acquired liabilities, to the extent there may be any, in connection with oil and gas operations that were divested in the late 1980s. The matter was removed to the United States District Court for the Eastern District of Louisiana (the “Louisiana District Court”) and a motion by the Plaintiffs to remand to State Court was denied. In addition, on June 6, 2014, Louisiana Senate Bill No. 469 was enacted into Act No. 544 (“Act 544”) which prohibits certain state or local governmental entities such as the SLFPAE from initiating certain causes of action including the claims asserted in this matter. The effect of Act 544 on the pending matter has yet to be determined by the Louisiana District Court. Further, CEMEX, Inc. was dismissed without prejudice by the plaintiffs. On February 13, 2015, the Louisiana District Court dismissed the plaintiffs’ claims with prejudice. On February 27, 2015, the plaintiffs appealed this ruling. As of March 31, 2017, we cannot assess the likelihood of an adverse result or, because of the number of defendants, the potential damages which could be borne by CEMEX, Inc., if any, or if such damages, if any, would have a material adverse impact on our results of operations, liquidity and financial condition.

Maceo, Colombia—Legal Proceedings in Colombia. On August 28, 2012, CEMEX Colombia entered into a memorandum of understanding (the “MOU”) with CI Calizas y Minerales S.A. (“CI Calizas”) to acquire land, a mining concession, an environmental license, free trade zone benefits and related assets necessary to carry out the Maceo Project. In connection with the MOU, CI Calizas was represented by a non-governmental individual (the “Representative”).

After the execution of the MOU, one of CI Calizas’ former shareholders was linked to an expiration of property proceeding by the Colombian Attorney General’s Office (the “Attorney General’s Office”) that, among other measures, suspended CI Calizas’ ability to transfer certain assets to CEMEX Colombia as required by the MOU (the “Affected Assets”). In order to protect its interests in the Affected Assets, CEMEX Colombia joined the expiration of property proceeding, attended each procedural stage and cooperated with the Attorney General’s Office. CEMEX Colombia also requested the dismissal of the expiration of property proceeding against the Affected Assets. On May 2, 2016, in order to collect further evidence, the Attorney General’s Office denied CEMEX Colombia’s request for the dismissal of the expiration of property proceeding. The expiration of property proceeding is in its investigative phase, pending the appointment of the *ad litem* curators by the Attorney General’s Office. Upon appointment of the *ad litem* curators, the evidentiary phase will commence and the relevant evidence will be presented and studied. We expect that the Attorney General’s Office’s final decision as to whether it will proceed with the expiration of property proceeding with respect to the Affected Assets could take five to ten years.

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In July 2013, CEMEX Colombia entered into a five-year lease agreement (the “Lease Agreement”) with a depository that had been designated by the Colombian National Narcotics Directorate (*Dirección Nacional de Estupefacientes*) (the “CNND”) with respect to the Affected Assets. The Lease Agreement, along with an accompanying governmental mandate, authorized CEMEX Colombia to continue the work necessary for the construction and operation of the Maceo Project during the expiration of property proceeding. The Lease Agreement is currently set to expire on July 15, 2018, unless earlier terminated by the Colombian Administrator of Special Assets (*Sociedad de Activos Especiales S.A.S*) (the “SAE”), which assumed the functions of the CNND after the CNND’s liquidation. CEMEX Colombia plans to negotiate an extension to the term of the Lease Agreement and intends to continue using the Affected Assets pursuant to the terms of the Lease Agreement and accompanying mandate.

Assuming that CEMEX Colombia conducted itself in good faith, and taking into account that its investments in the Maceo Project were incurred with the consent of the SAE and CI Calizas under the Lease Agreement and the accompanying mandate, we believe the value of such investments is protected by Colombian law. Colombian law provides that, if a person builds on another person’s property with the knowledge of such other person, the person that built on the property shall be compensated with the value of what was built or otherwise be transferred the property in the event the owner of the property decides to recover possession. We also believe that, during the term of the Lease Agreement and the accompanying mandate, CEMEX Colombia may use the Affected Assets in order to operate the Maceo Project. In the event that CEMEX Colombia’s right to the Affected Assets is extinguished in favor of the government of Colombia, which we believe is unlikely, the SAE may decide not to sell the Affected Assets to CEMEX Colombia or not to extend the Lease Agreement. In either case, under Colombian law, CEMEX Colombia would be entitled to compensation for the value of the investments made in the Maceo Project. As of March 31, 2017, we were not able to assess the likelihood of CEMEX Colombia receiving an adverse decision relating to the expiration of property proceedings or if the ownership of the assets subject to the MOU will be extinguished in favor of the Republic of Colombia. However, as of March 31, 2017, we believe that an adverse resolution in which CEMEX Colombia is not compensated for the value of its investments in the Maceo Project could have a material adverse effect on our results of operations, liquidity or financial condition.

On December 30, 2013, CEMEX Colombia and the Representative entered into a different memorandum of understanding (the “Land MOU”), pursuant to which the Representative would represent CEMEX Colombia in the acquisition of lands adjacent to the Maceo Project. In connection with the Maceo Project, CEMEX Colombia conveyed to the Representative over U.S.\$15 million, including cash payments and interest (based on an exchange rate of 2,880.24 Colombian Pesos to U.S.\$1.00 as of March 31, 2017). Due to the expiration of property proceeding against the Affected Assets described above, the acquisition of the Affected Assets was not finalized.

During 2016, CEMEX, S.A.B. de C.V. received reports through its anonymous reporting hotline regarding potential misconduct by certain employees, including with regard to the Maceo Project. CEMEX, S.A.B. de C.V. initiated an investigation and internal audit pursuant to its corporate governance policies and its code of ethics. On September 23, 2016, CEMEX Latam disclosed that it had identified irregularities in the process for the purchase of the land related to the Maceo Project in an accusation with the Attorney General’s Office so that the Attorney General’s Office may take the actions it deems appropriate. Further, on December 20, 2016, CEMEX Latam enhanced such filing with additional information and findings obtained as of such date.

On September 23, 2016, CEMEX Latam and CEMEX Colombia terminated the employment of the Vice President of Planning of CEMEX Latam, who was also CEMEX Colombia’s Director of Planning, and the Legal Counsel of CEMEX Latam, who was also the General Counsel of CEMEX Colombia. In addition, effective as of September 23, 2016, the Chief Executive Officer of CEMEX Latam, who was also the President of CEMEX Colombia, resigned from both positions. On October 4, 2016, in order to strengthen levels of leadership, management and corporate governance practices, the Board of Directors of CEMEX Latam resolved to split the roles of Chairman of the Board of Directors of CEMEX Latam, Chief Executive Officer of CEMEX Latam and

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Director of CEMEX Colombia, and appointed a new Chairman of the Board of Directors of CEMEX Latam, a new Chief Executive Officer of CEMEX Latam, a new Director of CEMEX Colombia and a new Vice President of Planning of CEMEX Latam and CEMEX Colombia. A new legal counsel for CEMEX Latam and CEMEX Colombia was also appointed during the fourth quarter of 2016.

Additionally, pursuant to the requirements of CEMEX, S.A.B. de C.V.'s and CEMEX Latam's audit committees, CEMEX Colombia retained external counsel to assist CEMEX Latam and CEMEX Colombia to collaborate as necessary with the Attorney General's Office, as well as to assist on other related matters. A forensic investigator in Colombia was engaged, as well.

The Attorney General's Office is investigating the irregularities in connection with the transactions conducted pursuant to the MOU and the Land MOU. Such investigation is in its initial phase and, as such, we cannot predict what actions, if any, the Attorney General's Office may implement. Any actions by the Attorney General's Office and any actions taken by us in response to the aforementioned irregularities regarding the Maceo Project, including, but not limited to, the departure of the abovementioned executives, could have a material adverse effect on our results of operations, liquidity or financial condition.

SEC Investigation Relating to the Legal Proceedings in Colombia. In December 2016, CEMEX, S.A.B. de C.V. received subpoenas from the SEC seeking information to determine whether there have been any violations of the U.S. Foreign Corrupt Practices Act stemming from the Maceo Project. These subpoenas do not mean that the SEC has concluded that CEMEX, S.A.B. de C.V. or any of its affiliates violated the law. As discussed in "*Maceo, Colombia—Legal Proceedings in Colombia*," internal audits and investigations by CEMEX, S.A.B. de C.V. and CEMEX Latam had raised questions about payments relating to the Maceo Project. The payments made to the Representative in connection with the Maceo Project did not adhere to CEMEX, S.A.B. de C.V.'s and CEMEX Latam's internal controls. As announced on September 23, 2016, the CEMEX Latam and CEMEX Colombia officers responsible for the implementation and execution of the above referenced payments were terminated and the then Chief Executive Officer of CEMEX Latam resigned. CEMEX, S.A.B. de C.V. has been cooperating with the SEC and the Attorney General's Office and intends to continue cooperating fully with the SEC and the Attorney General's Office. It is possible that the United States Department of Justice or investigatory entities in other jurisdictions may also open investigations into this matter. To the extent they do so, CEMEX, S.A.B. de C.V. intends to cooperate fully with any such inquiries. As of March 31, 2017, CEMEX, S.A.B. de C.V. is unable to predict the duration, scope, or outcome of the SEC investigation or any other investigation that may arise; however, CEMEX, S.A.B. de C.V. does not expect the SEC investigation to have a material adverse impact on its consolidated results of operations, liquidity or financial position.

Maceo, Colombia—Operational Matters. On October 27, 2016, CEMEX Latam decided to postpone the commencement of operations of the cement plant in Maceo, Colombia. This decision was mainly due to the following circumstances:

- (1) CEMEX Colombia has not received permits required to finalize road access to such cement plant. If such permits are obtained, CEMEX Latam estimates that the road access could be available in July 2017. The only existing access to such cement plant cannot guarantee safety or operations and could limit the capacity to transport products from the cement plant;
- (2) CEMEX Colombia has not received a final response to the request to expand the free trade zone that covers the Maceo Project in order to commission a new clinker line at such cement plant. Failure to obtain such expansion would jeopardize CEMEX Colombia's capability to consolidate the benefits that would otherwise be available for CEMEX Colombia in the area. As of March 31, 2017, the Colombian Ministry of Trade, Industry and Tourism (*Ministerio de Comercio, Industria y Turismo*) has not reached a final decision with respect to CEMEX Colombia's request to expand the free trade zone. CEMEX Colombia believes the delay in such decision could be related to the expiration of property proceeding against the Affected Assets, as discussed in "*Maceo, Colombia—Legal Proceedings in Colombia*";

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- (3) The environmental license and the mining concession related to the Maceo Project are currently held by different legal entities, which is contrary to typical procedure in Colombia. The environmental license related to the Maceo Project is held by Central de Mezclas S.A. (“Central de Mezclas”), a subsidiary of CEMEX Colombia. However, the mining permit related to the Maceo Project was remanded back to CI Calizas as a result of the revocation of such mining concession by the Mining Secretariat (*Secretaría de Minas*) of Antioquia in December 2013; and
- (4) CEMEX Colombia determined that the area covered by the environmental license related to the Maceo Project partially overlapped with a District of Integrated Management (*Districto de Manejo Integrado*), which could limit the granting of the environmental license modification. Such modification seeks to achieve an increase in the proposed production under the project of up to 950,000 tons.

In connection with the environmental license that had been issued for the Maceo Project, during the second half of 2016, Corantioquia, the regional environmental agency with jurisdiction over the Maceo Project environmental license, requested authorization and consent from Central de Mezclas to reverse the assignment of the environmental license for the Maceo Project back to CI Calizas, which also holds the corresponding mining title. Central de Mezclas has petitioned Corantioquia to evaluate the basis for such request.

CEMEX Colombia had requested a modification to the environmental license, and on December 13, 2016, Corantioquia notified Central de Mezclas that it had adopted the decision to deny the request for modification of the environmental license related to the Maceo Project to 950,000 tons per annum on the basis of the overlap of the project area with the District of Integrated Management. On December 14, 2016, Central de Mezclas appealed the decision. On March 28, 2017, Central de Mezclas was notified of Corantioquia’s decision, which affirmed the decision that had previously denied the modification of the environmental license for a 950,000 per annum project. As a result, as of March 31, 2017, CEMEX Colombia was actively working on the zoning and compatibility of the District of Integrated Management, as well as analyzing alternatives for a partial adjustment to the District of Integrated Management, to avoid future discussions regarding feasibility of expanding the proposed production in the Maceo Project beyond 950,000 tons per annum.

Once these alternatives are implemented, CEMEX Colombia will reconsider submitting a new request pursuing the modification of the environmental license to expand its production of 950,000 tons per annum as initially planned. In the meantime, CEMEX Colombia will limit its activities to those that do not have a negative impact on the District of Integrated Management.

CEMEX Colombia and Central de Mezclas plan to continue to work on solving the issues causing the postponement of the commissioning of the Maceo Project cement plant in order to capture, as soon as reasonably possible, the full operating benefits of this facility in Colombia. CEMEX Colombia believes some of these issues could be related to the expiration of property proceeding against the Affected Assets. As of March 31, 2017, we do not expect to suffer a material adverse impact to our results of operations, liquidity or financial condition as a result of the Maceo Project cement plant not being commissioned to operate pending resolution of these issues.

Quarry matter in France. One of our subsidiaries in France, CEMEX Granulats Rhône Méditerranée (“CEMEX Granulats”), is a party to a contract executed in 1990 (the “Quarry Contract”) with SCI La Quinoniere (“SCI”), pursuant to which CEMEX Granulats has drilling rights to extract reserves and conduct quarry remediation at a quarry in the Rhone region of France. In 2012, SCI filed a claim against CEMEX Granulats for breach of the Quarry Contract, requesting the rescission of the Quarry Contract and damages plus interest, totaling an aggregate amount of approximately €55 million (approximately U.S.\$58.63 million as of March 31, 2017, based on an exchange rate of €0.9380 to U.S.\$1.00), resulting from CEMEX Granulats having partially filled the quarry allegedly in breach of the terms of the Quarry Contract. On May 18, 2016, CEMEX Granulats was notified about an adverse judgment in this matter by the corresponding court in Lyon, France, primarily ordering the rescission of the Quarry Contract and damages plus interest, totaling an aggregate amount of approximately €55 million (approximately U.S.\$58.63 million as of March 31, 2017, based on an exchange rate

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of €0.9380 to U.S.\$1.00). We believe this judgment is not enforceable. On June 6, 2016, CEMEX Granulats filed the notice of appeal with the appeals court in Lyon, France and on September 5, 2016, CEMEX Granulats filed the first submission of the full appeal together with its arguments and evidence. Proceedings on any additional hearings regarding this appeal or any other actions CEMEX Granulats may initiate in this matter could take approximately 18 months to be finalized. There can be no assurance as to whether or not CEMEX Granulats will receive an adverse result to any appeals or any other recourses it may pursue. An adverse resolution on this matter could have a material adverse impact on our results of operations, liquidity and financial condition.

Panamanian Height Restriction Litigation. On July 30, 2008, the Panamanian Authority of Civil Aeronautics (*Autoridad de Aeronáutica Civil*) (the “AAC”) denied a request from Cemento Bayano, our subsidiary, to erect structures above the permitted height restriction applicable to certain areas surrounding the Calzada Larga Airport. This height restriction applies to the construction area of our cement plant’s second line. Cemento Bayano formally submitted a request to the AAC to reconsider its denial. On October 14, 2008, the AAC granted permission to construct the tallest building of the second line, under the following conditions: that (i) Cemento Bayano assumes any liability arising from any incident or accident caused by the construction of such building, and (ii) there would be no further permissions for additional structures. Cemento Bayano filed an appeal with respect to both conditions, considering that the construction involved building 12 additional structures. On March 13, 2009, the AAC issued an explanatory note, stating that (i) should an accident occur in the Calzada Larga Airport’s perimeter, an investigation shall be conducted in order to determine the cause and further responsibility, and (ii) there may be no further permissions for additional structures of the same height as the tallest structure already authorized. Therefore, additional permits may be obtained as long as the structures are lower than the tallest building, based on a case-by-case analysis to be conducted by the AAC. Cemento Bayano filed an authorization request for the construction of the project’s 12 remaining structures. On June 11, 2009, the AAC issued a decision authorizing three of the 12 remaining structures and denying permits for nine additional structures above the permitted height restriction applicable to certain areas surrounding Calzada Larga Airport. On June 16, 2009, Cemento Bayano requested the AAC to reconsider its denial. On May 20, 2010, the AAC issued a report stating that all vertical structures erected by Cemento Bayano complied with the applicable signaling and lighting requirements in order to receive their respective authorizations. On August 9, 2016, the AAC issued a letter approving the existence of all of the above mentioned structures and requiring Cemento Bayano to illuminate all structures. This is the AAC’s final decision regarding this matter. As of March 31, 2017, this matter was closed.

As of March 31, 2017, we are involved in various legal proceedings involving, but not limited to, product warranty claims, environmental claims, claims regarding the procurement and supply of products, indemnification claims relating to divestments and 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 and 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.

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;
- our exposure to other sectors that impact our business, such as, but not limited to, the energy sector;
- competition;
- general political, economic and business conditions in the markets in which we operate or that affect our operations;
- the regulatory environment, including environmental, tax, antitrust and acquisition-related rules and regulations;
- our ability to satisfy our obligations under our material debt agreements, the indentures that govern our Senior Secured Notes and our other debt instruments;
- the impact of our below investment grade debt rating on our cost of capital;
- our ability to consummate asset sales, fully integrate newly acquired businesses, achieve cost-savings from our cost-reduction initiatives and implement our global pricing initiatives for our products;
- the increasing reliance on information technology infrastructure for our invoicing, procurement, financial statements and other processes that can adversely affect operations in the event that the infrastructure does not work as intended, experiences technical difficulties or is subjected to cyber-attacks;
- weather conditions;
- natural disasters and other unforeseen events; and
- the 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.

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 December 31, 2016 and 2015 and for each of the three years ended December 31, 2016 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 business, financial conditions and results of operations, 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.

	Net Sales For the Period Ended December 31,			Operating Earnings Before Other Expenses, Net For the Period Ended December 31,			Total Assets at December 31,	
	2014(1)	2015(1)	2016(1)	2014(2)	2015(2)	2016(2)	2015(2)	2016(2,3)
Mexico	23%	21%	20%	51%	49%	48%	14%	12%
United States	21%	24%	26%	(2)%	8%	13%	49%	50%
Europe								
United Kingdom	8%	8%	8%	3%	6%	7%	6%	6%
Germany	6%	3%	4%	1%	1%	0.3%	1%	1%
France	6%	5%	5%	2%	1%	1%	3%	3%
Spain	2%	3%	2%	(1)%	2%	0.4%	4%	5%
Rest of Europe	4%	4%	4%	2%	2%	1%	3%	3%
SAC								
Colombia	6%	5%	5%	20%	13%	10%	4%	5%
Rest of SAC	7%	8%	7%	19%	16%	15%	4%	4%
Asia, Middle East and Africa								
Egypt	3%	3%	3%	10%	5%	5%	2%	1%
Philippines	3%	4%	4%	5%	7%	6%	2%	2%
Rest of Asia, Middle East and Africa	4%	5%	5%	4%	4%	4%	2%	2%
Corporate and Other Operations	6%	7%	7%	(13)%	(13)%	(11)%	6%	6%
Continuing operations	220,838	239,838	264,480	21,853	26,489	35,264	536,873	574,535
Discontinued operations	10,134	10,918	8,223	331	610	818	5,391	25,193
Eliminations	(20,949)	(19,569)	(13,778)	—	—	—	—	—
Consolidated	<u>210,023</u>	<u>231,187</u>	<u>258,925</u>	<u>22,184</u>	<u>27,099</u>	<u>36,082</u>	<u>542,264</u>	<u>599,728</u>

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- (1) Percentages by reporting segment are determined before eliminations resulting from consolidation.
- (2) Percentages by reporting segment are determined after eliminations resulting from consolidation.
- (3) Total assets at December 31, 2015 exclude assets of our Austria and Hungary discontinued operations. See note 4A to our consolidated financial statements included elsewhere in this annual report.
- (4) Total assets at December 31, 2016 exclude assets of our Thailand and Bangladesh discontinued operations. See note 4A to our consolidated financial statements included elsewhere in this annual report.

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, uncertain tax positions, as well as the measurement of financial instruments at fair value, asset retirement obligations, emission rights 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. The effects reflected in profit or loss 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. Under IFRS, we recognize deferred tax assets and liabilities using a balance sheet methodology which requires a determination of the temporary differences resulting from comparing the book and taxable values of assets and liabilities, considering tax loss carryforwards as well as other recoverable tax and credits, to the extent that it is probable that future taxable profits will be available against which they can be utilized. 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 expect to recover or settle the carrying amount of our assets and liabilities at the end of the reporting period. 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, based on available evidence, that the tax authorities would not reject such self-determined tax loss carryforwards; 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 for the period in which such determination is made.

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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 statement of operations in such period.

The income tax effects from an uncertain tax position are recognized when it is probable 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 probability threshold represents a positive assertion by management that we are entitled to the economic benefits of a tax position. If it is improbable for a tax position to be sustained, no benefits of the position are recognized. Our policy is to recognize interest and penalties related to unrecognized tax benefits as part of the income tax in the consolidated statements of operations.

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. Our effective income tax rate is determined by dividing the line item Income tax in our consolidated statements of operations, which is comprised by current and deferred income tax benefit or expense for the period, into the line item Gain (loss) before income tax. This effective tax rate is further reconciled to our statutory tax rate applicable in Mexico and is presented in note 19C to our 2016 audited consolidated financial statements included elsewhere in this annual report. During 2014, we experienced consolidated losses before income tax. In any given period where a loss before income tax is reported, the reference statutory tax rate to which CEMEX reconciles its effective income tax rate is shown as a negative percentage. A significant effect in CEMEX's effective tax rate, and consequently in the aforementioned reconciliation of CEMEX's effective tax rate, relates to the difference between the statutory income tax rate in Mexico of 30% against the applicable income tax rates of each country where we operate. For the years ended December 31, 2016, 2015 and 2014, the statutory tax rates in CEMEX's main operations were as follows:

Country	2014	2015	2016
Mexico	30.0%	30.0%	30.0%
United States	35.0%	35.0%	35.0%
United Kingdom	21.5%	20.3%	20.0%
France	38.0%	38.0%	34.4%
Germany	29.8%	29.8%	28.2%
Spain	30.0%	28.0%	25.0%
Philippines	30.0%	30.0%	30.0%
Colombia	34.0%	39.0%	40.0%
Egypt	30.0%	22.5%	22.5%
Switzerland	9.6%	9.6%	9.6%
Others	10.0% - 39.0%	7.8% - 39.0%	7.8% - 39%

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Our current and deferred income tax amounts included in our consolidated statements of operations are highly variable, and are subject, among other factors, to the amounts of taxable income determined in each jurisdiction in which we operate. Such amounts of taxable income depend on factors such as sale volumes and prices, costs and expenses, exchange rates fluctuations and interest on debt, among others, as well as on the estimated tax assets at the end of the period due to the expected future generation of taxable gains in each jurisdiction. See our discussion of operations included elsewhere in this “Item 5—Operating and Financial Review and Prospects.”

Derivative financial instruments

In compliance with the guidelines established by our risk management committee and the restrictions in our debt agreements and debt instruments, 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 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 within “Other financial (expense) income, net” for the period in which they occur, except for changes in the fair value of derivative instruments associated with 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, fuel 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, which reversal to earnings would take place upon disposal of the foreign investment. During the reported periods, we have not designated any derivative instruments in fair value hedges. 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. See note 16D to our 2016 audited consolidated financial statements included elsewhere in this annual report.

Accrued interest generated by derivative financial instruments, when applicable, is 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 counterparty’s 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 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—It represents quoted prices (unadjusted) in active markets for identical assets or liabilities that we have the ability to access at the measurement date. A quote price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available.

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- Level 2—This are inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly, and are used mainly to determine the fair value of securities, investments or loans that are not actively traded. Level 2 inputs included equity prices, certain interest rates and yield curves, implied volatility, credit spreads and other market corroborated inputs, including inputs extrapolated from other observable inputs. In the absence of Level 1 inputs we determined fair values by iteration of the applicable Level 2 inputs, the number of securities and/or the other relevant terms of the contract, as applicable.
- Level 3—This are unobservable inputs for the asset or liability. We use unobservable inputs to determine fair values, to the extent there are no Level 1 or Level 2 inputs, in valuation models such as Black-Scholes, binomial, discounted cash flows or multiples of Operating EBITDA, including risk assumptions consistent with what market participants would use to arrive at fair value.

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 note 16D to our 2016 audited consolidated financial statements included elsewhere in this annual report.

Impairment of long-lived assets

Our balance sheet reflects significant amounts of long-lived assets (including property, machinery and equipment, goodwill, intangible assets of definite life and other investments) associated with our operations throughout the world. Many of these amounts have resulted from past 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.

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 our 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 such cases, an impairment loss is recorded in the statements of operations 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 and eventual disposal of the asset.

We do not have intangible assets of indefinite life other than goodwill. As mentioned above, goodwill is 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 group of cash-generating units (“CGUs”) to which goodwill balances have been allocated, which consists of the higher of such group of CGUs fair value, less cost to sell and its value in use, represented by the discounted amount of estimated future cash flows to be generated by such CGUs to which goodwill has been allocated. Other intangible assets of indefinite life may be tested at the CGU or group of CGUs level, depending on their allocation. We determine discounted cash flows generally over periods of five years. In specific circumstances, when, according to our experience, actual results for a given cash-generating unit do not fairly reflect historical performance and most external economic variables provide us with confidence that a reasonably determinable improvement in the mid-term is expected in their operating results, management uses cash flow projections over a period of up to ten years, to the point in which future expected average performance resembles the historical average performance and to the extent we have

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detailed, explicit and reliable financial forecasts and is confident and can demonstrate its ability, based on past experience, to forecast cash flows accurately over that longer period. If the value in use of a group of CGUs to which goodwill has been allocated 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 within other expenses, net, if the recoverable amount is lower than the net book value of the group of CGUs to which goodwill has been allocated. Impairment charges recognized on goodwill are not reversed in subsequent periods.

For the years ended December 31, 2014, 2015 and 2016, the geographic segments we reported in note 4C to our 2016 audited consolidated financial statements included elsewhere in this annual report represent our groups of CGUs to which goodwill has been allocated for purposes of testing goodwill for impairment. In arriving at this conclusion, we considered: (a) that after the acquisition, goodwill was allocated at the level of the geographic operating segment; (b) that the operating components that comprise the reported segment have similar economic characteristics; (c) that the reported segments are used by us to organize and evaluate its activities in its internal information system; (d) the homogenous nature of the items produced and traded in each operative component, which are all used by the construction industry; (e) the vertical integration in the value chain of the products comprising each component; (f) the type of clients, which are substantially similar in all components, (g) the operative integration among components; and (h) the compensation system of specific country is based on the consolidated results of the geographic segment and not on the particular results of the components. In addition, the country level represents the lowest level within us at which goodwill is monitored for internal management purposes.

Significant judgment by management is required to appropriately assess the fair values and values in use of these assets. Impairment tests 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, the long-term growth expectations in the different markets as well as the discount rates and the growth rates in perpetuity applied. For purposes of estimating future prices, we use, to the extent available, historical data plus the expected increase or decrease according to information issued by trusted external sources, such as national construction or cement producer chambers and/or in governmental economic expectations. Operating expenses are normally measured as a constant proportion of revenues, following past experience. However, such operating expenses are also reviewed considering external information sources in respect to inputs that behave according to international prices, such as gas and oil. We use specific pre-tax discount rates for each group of CGUs to which goodwill is allocated, which are applied to 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 group of CGUs obtained. Conversely, the higher the discount rate applied, the lower the amount obtained of discounted estimated future cash flows by group of CGUs obtained. Additionally, we monitor the useful 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.

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During the last quarter of 2014, 2015 and 2016, we performed our annual goodwill impairment test. Based on these analyses, we did not determine impairment losses of goodwill in any of the reported periods. See note 15C to our 2016 audited consolidated financial statements included elsewhere in this annual report. Pretax discount rates and long-term growth rates used to determine the discounted cash flows in the group of CGUs with the main goodwill balances in 2014, 2015 and 2016 are as follows:

Reporting units	Discount rates			Growth rates		
	2014	2015	2016	2014	2015	2016
United States	8.7%	8.6%	8.6%	2.5%	2.5%	2.5%
Spain	10.1%	9.9%	9.5%	2.0%	1.9%	1.6%
Mexico	9.7%	9.6%	9.8%	3.8%	3.5%	2.9%
Colombia	9.7%	9.8%	10.0%	3.0%	4.0%	4.0%
France	9.2%	9.0%	9.1%	1.7%	1.6%	1.8%
UAE	10.4%	10.2%	10.2%	3.4%	3.6%	3.4%
United Kingdom	9.0%	8.8%	8.8%	2.4%	2.3%	1.9%
Egypt	11.6%	12.5%	11.4%	4.0%	4.6%	6.0%
Range of discount rates in other countries	9.2% - 14.0%	9.0% - 13.8%	9.1% - 12.8%	2.1% - 4.9%	2.4% - 4.3%	2.2% - 7.0%

As of December 31, 2016, the discount rates we used in our cash flow projections remained relatively flat in countries with the most significant goodwill balances as compared to the values determined in 2015. During the year, the funding cost observed in the industry decreased from 6.9% in 2015 to 6.2% in 2016, and the risk-free rate also decreased from approximately 3.2% in 2015 to 2.7% in 2016. These reductions were partially offset by overall increases in the sovereign risk rate of the majority of the countries where CEMEX operates as well as in the risk multiple associated with CEMEX that increased from 1.08 in 2015 to 1.29 in 2016. As of December 31, 2015, the discount rates remained almost flat in most cases as compared to the values determined in 2014. Among other factors, the funding cost observed in the industry increased from 6.1% in 2014 to 6.9% in 2015, and the risk free rate increased from approximately 3.1% in 2014 to 3.2% in 2015. Nonetheless, these increases were offset by reductions in 2015 in the country specific sovereign yields in the majority of the countries where CEMEX operates. As of December 31, 2014, the discount rates decreased mainly as a result of the reduction in the funding cost as compared to the prior year and the reduction in the risk free rate, both being significant assumptions in the determination of the discount rates. In respect to long-term growth rates, following general practice under IFRS, CEMEX uses country specific rates, which are mainly obtained from the Consensus Economics, a compilation of analysts' forecast worldwide, or from the International Monetary Fund when the first are not available for a specific country.

In connection with our assumptions included in the table above, we performed sensitivity analyses to changes in assumptions, affecting the value in use of all groups of cash-generating units with an independent reasonably possible increase of 1% in the pre-tax discount rate, and an independent possible decrease of 1% in the long-term growth rate. In addition, we performed cross-check analyses for reasonableness of our results using multiples of Operating EBITDA. In order to arrive at these multiples, which represent a reasonableness check of our discounted cash flow models; we determined a weighted average of multiples of Operating EBITDA to enterprise value observed in the industry. The average multiple was then applied to a stabilized amount of Operating EBITDA and the result was compared to the corresponding carrying amount for each group of cash-generating units to which goodwill has been allocated. As of December 31, 2015 and 2016, we considered an industry weighted average Operating EBITDA multiple of 9.0. Our own EBITDA multiples to enterprise value as of the same dates were 8.7 times in 2015 and 8.9 times in 2016. The lowest multiple observed in our benchmark as of December 31, 2015 and 2016 was 5.8 times and 5.9 times, and the highest was 18.0 times and 18.3 times, respectively.

As of December 31, 2016 and 2015, none of our sensitivity analyses resulted in a relative impairment risk in our operating segments.

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Nonetheless, we continually monitor the evolution of the specific cash-generating units to which goodwill has been allocated and, in the event that the relevant economic variables and the related cash flows projections would be negatively affected, it may result in a goodwill impairment loss in the future.

We maintain a market capitalization significantly lower than our levels prior to the 2008 global crisis, which we believe is due to several factors such as: a) the slower recovery of the construction industry in the United States, one of our main markets, which suffered one of the deepest recessions since the Great Depression, which also significantly affected our operations in key countries and regions such as Mexico and Europe, and consequently our overall generation of cash flows; b) our significant amount of consolidated debt, which generates uncertainty in the markets regarding our ability to meet our financial obligations; and c) the generalized capital outflows from emerging markets, such as Mexico and Colombia, mainly due to high volatility generated by risk aversion in the global financial markets, to safer assets in developed countries such as the United States. In Dollar terms, our market capitalization as of December 31, 2016 was approximately U.S.\$11.2 billion (Ps232.2 billion), reflecting an increase of approximately 52% in 2016 as compared to 2015. This increase was mainly generated by initiatives to increase free cash flow from our operations and asset divestments aimed to reduce indebtedness and financial leverage, along with a reduction of risk aversion across global financial markets as U.S. stock indices reached new all-time highs and international oil prices partially recovered during 2016 amid reduced global growth concerns. These trends occurred despite the continued depreciation of emerging markets currencies against the U.S. Dollar in 2016 and continued uncertainty of the pace and timing of actions to increase interest rates in the United States. Our market capitalization decreased by approximately 41% in 2015 compared to 2014, to approximately U.S.\$7.4 billion (Ps126.8 billion). This decrease was mainly due to the significant depreciation of the emerging markets currencies against the U.S. Dollar in 2015, which intensified in the second half of the year, as well as a significant reduction in the international oil prices, uncertainty generated by the pace and timing of actions to increase interest rates in the United States, China growth concerns, lower global growth expectations and the uncertainty of our income in U.S. Dollar terms from our operations in emerging markets such as Mexico and Colombia (countries with important dependence on oil revenues for their government budget), which may result in the cancellation or delay of government infrastructure projects.

As of December 31, 2016 and 2015, goodwill allocated to the United States accounted for approximately 79% and 80%, respectively, of our total amount of consolidated goodwill. In connection with our determination of value in use relative to our groups of CGUs in the United States in the reported periods, we have considered several factors, such as the historical performance of such operating segment, including operating losses in recent years, the long-term nature of our investment, the recent signs of recovery in the construction industry, the significant economic barriers for new potential competitors considering the high investment required, and the lack of susceptibility of the industry to technology improvements or alternate construction products, among other factors. We have also considered recent developments in our operations in the United States, such as the 1%, 13% and 2% increases in ready-mix concrete volumes in 2016, 2015 and 2014, respectively, and the 1%, 5% and 8% increases in 2016, 2015 and 2014, respectively, of ready-mix concrete prices, which are key drivers for cement consumption and our profitability, and which trends are expected to continue over the next few years, as anticipated in our cash flow projections.

As a result of impairment tests conducted on several cash-generating units considering certain triggering events, mainly: a) the closing and/or reduction of operations of cement and ready-mix concrete plants resulting from adjusting our supply to current demand conditions, b) the transferring of installed capacity to more efficient plants, such as the projected closing in the short term of a cement mill in Colombia, and c) the recoverability of certain investments in Colombia, we recognized impairment losses on property, plant and equipment, for an aggregate amount of approximately Ps575 million (U.S.\$39 million), Ps1,145 million (U.S.\$66 million) and Ps1,898 million (U.S.\$101 million) in 2014, 2015 and 2016, respectively, and adjusted the related fixed assets to their estimated value in use in those circumstances in which the assets would continue in operation based on estimated cash flows during their remaining useful life, or to their realizable value, in case of permanent shut down.

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During 2015 and 2016, the breakdown of impairment losses by country was as follows:

	For the Year Ended December 31,	
	2015	2016
	(in millions of Mexican Pesos)	
Puerto Rico	Ps 172	Ps 1,087
Colombia	—	454
Spain	392	—
United States	269	277
Latvia	126	—
Panama	118	—
Mexico	46	46
United Kingdom	19	—
Germany	—	—
Other countries	3	34
	Ps 1,145	Ps 1,898

See note 15C to our 2016 audited 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, in order 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 of the period. Advances to suppliers of inventory are presented as part of other current assets.

Asset retirement obligations

We recognize unavoidable obligations, legal or constructive, to restore operating sites upon retirement of long-lived assets at the end of their useful lives, which 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 of the liability, related to the passage of time is charged to the line item titled "Other financial expenses, net." Adjustments to the liability for changes in estimations are recognized against fixed assets, and depreciation is modified prospectively.

Asset retirement 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. See notes 17 and 24 to our 2016 audited 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 EU, 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 EU 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

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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 EU. 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:

- Certificates received free of cost are not recognized in the balance sheet. Revenues from the sale of any surplus of certificates are recognized by decreasing cost of sales. In 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.

During 2014, 2015 and 2016, there were no sales of emission rights. In addition, in certain countries, the environmental authorities impose levies per ton of CO2 or other greenhouse gases released. Such expenses are recognized as part of cost of sales as incurred.

Revenue recognition

Our consolidated net sales 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 parties transactions 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. 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 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 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.

The percentage of completion of construction contracts represents the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs or the surveys of work performed or the physical proportion of the contract work completed, whichever better reflects the percentage of completion under the specific circumstances. Progress payments and advances received from customers do not reflect the work performed and are recognized as a short or long term advanced payments, as appropriate.

Results of Operations

Consolidation of Our Results of Operations

Our 2016 audited 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 balances and transactions between the group subsidiaries have been eliminated in consolidation.

For the years ended December 31, 2014, 2015 and 2016, our consolidated results reflect the following transactions:

- On November 18, 2016, after all conditions precedent were satisfied, CEMEX, S.A.B. de C.V. announced that it had closed the sale of certain assets in the U.S. to GCC for approximately U.S.\$306 million. The assets were sold by an affiliate of CEMEX to an affiliate of GCC in the U.S., and mainly consisted of CEMEX's cement plant in Odessa, Texas, two cement terminals and the building materials business in El Paso, Texas and Las Cruces, New Mexico.
- On September 12, 2016, one of our subsidiaries in the U.S. signed a definitive agreement for the sale of its Fairborn, Ohio cement plant and cement terminal in Columbus, Ohio to Eagle Materials Inc. for U.S.\$400 million. The proceeds obtained from this transaction were used mainly for debt reduction and for general corporate purposes. This transaction closed on February 10, 2017.
- On July 18, 2016, CHP closed its initial public offering of 45% of its common shares in the Philippines, and 100% of CHP's common shares started trading on the Philippine Stock Exchange under the ticker "CHP." As of March 31, 2017, CASE, an indirect subsidiary of CEMEX España, directly owned approximately 55% of CHP's outstanding common shares. The net proceeds to CHP from its initial public offering were approximately U.S.\$506.8 million after deducting estimated underwriting discounts and commissions, and other estimated offering expenses payable by CHP. CHP used the net proceeds from the initial public offering to repay existing indebtedness owed to BDO Unibank and to an indirect subsidiary of CEMEX.
- On March 10, 2016, CEMEX, S.A.B. de C.V. announced the sale of its operations in Bangladesh and Thailand to SIAM Cement for approximately U.S.\$53 million, which closed on May 26, 2016. The proceeds from this transaction were used mainly for debt reduction and for general corporate purposes. Our operations in Bangladesh and Thailand for the five-month period ended May 30, 2016 and the years ended December 31, 2015 and 2014 included in CEMEX's statements of operations were reclassified to the single line item "Discontinued operations," which includes, in 2016, a gain on sale of approximately U.S.\$24 million (Ps424 million). See note 4A to our consolidated financial statements included elsewhere in this annual report.
- On August 12, 2015, we entered into an agreement for the sale of our operations in Croatia, including assets in Bosnia & Herzegovina, Montenegro and Serbia, to Duna-Dráva Cement Kft. for €231 million (approximately U.S.\$243 million or Ps5,032 million). Those operations mainly consist of three cement plants with aggregate annual production capacity of approximately 2.4 million tons of cement, two aggregates quarries and seven ready-mix plants. On April 5, 2017, we announced that the European Commission issued a decision that restricts completion of the sale. Therefore, the sale of our operations

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in Croatia will not close and we will maintain our operations in Croatia, including assets in Bosnia and Herzegovina, Montenegro and Serbia. For the years ended December 31, 2016, 2015 and 2014, the operations in Croatia, including assets in Bosnia and Herzegovina, Montenegro and Serbia, included in our statements of operations are presented in the single line item “Discontinued operations.” However, due to the inability to complete the sale, beginning in the second quarter of 2017, we will reclassify the income statements of our operations in Croatia, including assets in Bosnia & Herzegovina, Montenegro and Serbia, from the single line item “Discontinued Operations” to each applicable line item in our consolidated financial statements. See notes 4A and 26 to our 2016 audited consolidated financial statements included elsewhere in this annual report.

- On October 31, 2015, after all conditions precedent were satisfied, we completed the sale of our operations in Austria and Hungary to the Rohrdorfer Group for €165 million (U.S.\$179 million or Ps3,090 million), after final adjustments for changes in cash and working capital balances as of the transfer date. Our combined operations in Austria and Hungary consisted of 29 aggregate quarries and 68 ready-mix plants. The operations in Austria and Hungary for the ten-month period ended October 31, 2015 and the year ended December 31, 2014, included in our statements of operations, were reclassified to the single line item “Discontinued operations,” which includes, in 2015, a gain on sale of approximately U.S.\$45 million (Ps741 million). Such gain on sale includes the reclassification to the statement of operations of foreign currency translation effects accrued in equity until October 31, 2015 for an amount of approximately Ps215 million. See note 4A to our consolidated financial statements included elsewhere in this annual report.
- On October 31, 2014, we announced that we had entered into agreements with Holcim, a global producer of building materials based in Switzerland, to complete a series of related transactions in Europe, which closed on January 5, 2015, with retrospective effect as of January 1, 2015. See note 15B to our 2016 audited consolidated financial statements included elsewhere in this annual report. As a result, (i) CEMEX acquired all of Holcim’s assets in the Czech Republic, including a cement plant, four aggregates quarries and 17 ready-mix plants for approximately €115 million (U.S.\$139 million or Ps2,049 million); (ii) CEMEX sold to Holcim assets in the western region of Germany, consisting of one cement plant, two cement grinding mills, one slag granulator, 22 aggregates quarries and 79 ready-mix plants for approximately €171 million (U.S.\$207 million or Ps3,047 million), while CEMEX maintained its operations in the north, east and south of Germany; and (iii) CEMEX acquired from Holcim one cement plant in the southern part of Spain, and one cement mill in the central part of Spain, among other related assets for approximately €88 million (U.S.\$106 million or Ps1,562 million); we kept our other operations in Spain. In connection with these transactions, in January 2015 CEMEX made a final payment in cash, after combined debt and working capital adjustments, of approximately €33 million (U.S.\$40 million or Ps594 million).

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The following table sets forth our selected consolidated statement of operations data for each of the three years ended December 31, 2014, 2015 and 2016 expressed as a percentage of net sales.

	Year Ended December 31,		
	2014	2015	2016
Net sales	100%	100%	100%
Cost of sales	(67.4)	(66.3)	(64.5)
Gross profit	32.6	33.7	35.5
Total operating expenses	(21.7)	(21.7)	(21.4)
Operating earnings before other expenses, net	10.9	12.0	14.1
Other expenses, net	(2.5)	(1.4)	(0.7)
Operating earnings	8.4	10.6	13.4
Financial expense	(10.7)	(9.0)	(8.6)
Other financial (expense) income, net	1.3	(0.6)	1.8
Equity in gain of associates	0.1	0.3	0.3
Earnings (loss) before income tax	(0.9)	(1.4)	6.9
Income taxes	(2.0)	(1.1)	(1.2)
Net income (loss) from continuing operations	(2.9)	0.4	5.7
Discontinued operations, net of tax	0.1	0.6	0.4
Consolidated net income (loss)	(2.8)	1.0	6.1
Non-controlling interest net income	0.6	0.5	0.5
Controlling interest net income (loss)	(3.4)	0.5	5.6

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

Summarized in the table below are the percentage (%) increases (+) and decreases (-) for the year ended December 31, 2016, compared to the year ended December 31, 2015, 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 sales prices for each of our geographic segments.

Effective January 1, 2016, according to an announcement made by CEMEX's Chief Executive Officer on December 1, 2015, CEMEX's operations were reorganized into five geographical regions, each under the supervision of a regional president, as follows: (1) Mexico, (2) United States, (3) Europe, (4) SAC and (5) Asia, Middle East and Africa. Under the new organization, the geographical operating segments under the former Mediterranean region were incorporated to the Europe region or the Asia, Middle East and Africa region, as applicable.

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The table below and the other volume data presented by geographic segment in this “—Year Ended December 31, 2016 Compared to Year Ended December 31, 2015” section are presented before eliminations resulting from consolidation (including those shown on note 4B to our 2016 audited consolidated financial statements included elsewhere in this annual report).

Geographic Segment	Domestic Sales Volumes		Export Sales Volumes	Average Domestic Sales Prices in Local Currency(1)	
	Cement	Ready-Mix Concrete	Cement	Cement	Ready-Mix Concrete
Mexico	+4%	-3%	+22%	+18%	+8%
United States	+2%	+1%	—	+4%	+1%
Europe					
United Kingdom	+7%	-3%	—	+2%	+2%
Germany	Flat	+2%	—	-2%	+1%
France	—	+4%	—	—	-3%
Spain	-3%	+2%	-12%	-2%	-5%
Rest of Europe(2)	-2%	+4%	—	-4%	-4%
South, Central America and the Caribbean					
Colombia	Flat	-8%	—	+1%	+4%
Rest of South, Central America and the Caribbean(3)	+2%	-20%	—	-5%	-4%
Asia, Middle East and Africa					
Philippines	+1%	—	-7%	+1%	—
Egypt	+2%	-3%	—	+3%	+6%
Rest of Asia, Middle East and Africa(4)	-44%	-4%	—	Flat	+3%

“—” = Not Applicable

- 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 Europe, in which they are 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 Europe, in which they represent the weighted average change of prices in Euros) based on total sales volumes in the region.
- The “Rest of Europe” segment refers primarily to operations in the Czech Republic, Poland and Latvia, as well as trading activities in Scandinavia and Finland. On October 31, 2015, we completed the sale of our operations in Austria and Hungary. See “Item 4—Information on the Company—Our Corporate Structure—Rest of Europe—Sale of our Operations in Austria and Hungary.” The operations in Austria and Hungary for the ten-month period ended October 31, 2015 and the year ended December 31, 2014, included in our statements of operations, were reclassified to the single line item “Discontinued operations.” On August 12, 2015, we entered into an agreement for the sale of our operations in Croatia, including assets in Bosnia & Herzegovina, Montenegro and Serbia, to Duna-Dráva Cement Kft. See “Item 4—Information on the Company—Our Corporate Structure—Rest of Europe—Attempted Sale of our Operations in Southeast Europe.” For the years ended December 31, 2016, 2015 and 2014, the operations in Croatia, including assets in Bosnia and Herzegovina, Montenegro and Serbia, included in our statements of operations are presented in the single line item “Discontinued Operations.” On April 5, 2017, we announced that the European Commission issued a decision that restricts completion of the sale. Therefore, the sale of our operations in Croatia will not close and we will maintain our operations in Croatia, including assets in Bosnia and Herzegovina, Montenegro and Serbia. Due to the inability to complete the sale, beginning in the second quarter of 2017, we will reclassify the income statements of our operations in Croatia, including assets in Bosnia & Herzegovina, Montenegro and Serbia, from the single line item “Discontinued Operations” to

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each applicable line item in our consolidated financial statements. See notes 4A and 26 to our 2016 audited consolidated financial statements included elsewhere in this annual report.

- (3) The “Rest of South, Central America and the Caribbean” segment 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 “Rest of Asia, Middle East and Africa” segment includes the operations in the UAE, Israel and Malaysia. On May 26, 2016, we completed the sale of our operations in Bangladesh and Thailand. See “Item 4—Information on the Company—Our Corporate Structure—Rest of Asia, Middle East and Africa—Sale of our Operations in Rest of Asia, Middle East and Africa.” Our operations in Bangladesh and Thailand for the five-month period ended May 30, 2016 and the years ended December 31, 2015 and 2014 included in CEMEX’s statements of operations were reclassified to the single line item “Discontinued operations,” which includes, in 2016, a gain on sale of approximately U.S.\$24 million (Ps424 million). See note 4A to our consolidated financial statements included elsewhere in this annual report.

On a consolidated basis, our cement sales volumes remained flat at 66.7 million tons in 2015 and 2016, and our ready-mix concrete sales volumes decreased approximately 2%, from 52.9 million cubic meters in 2015 to 52.1 cubic meters in 2016. Our net sales increased approximately 14%, from Ps220,326 million in 2015 to Ps250,909 in 2016, and our operating earnings before other expenses, net increased approximately 33%, from Ps26,489 million in 2015 to Ps35,264 in 2016.

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The following tables present selected financial information of net sales and operating earnings before other expenses, net for each of our geographic segments for the years ended December 31, 2016 and 2015. The net sales information in the table below is presented before eliminations resulting from consolidation (including those shown in note 4B to our 2016 audited 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	Variation in Mexican Pesos	Net Sales For the Year Ended	
				2015	2016
	(in millions of Mexican Pesos)				
Mexico	+7%	—	+7%	Ps 50,260	Ps 53,579
United States	—	+17%	+17%	58,668	68,553
Europe					
United Kingdom	+2%	+3%	+5%	20,227	21,153
Germany	-2%	+18%	+16%	8,285	9,572
France	+3%	+17%	+20%	12,064	14,535
Spain	-9%	+16%	+7%	6,151	6,563
Rest of Europe(2)	-3%	+12%	+9%	10,010	10,881
Rest of South, Central America and the Caribbean					
Colombia	+1%	+6%	+7%	11,562	12,415
Rest of South, Central America and the Caribbean(3)	-9%	+7%	-2%	19,169	18,820
Asia, Middle East and Africa					
Egypt	+5%	-5%	—	6,923	6,950
Philippines	+2%	+12%	+14%	8,436	9,655
Rest of Asia, Middle East and Africa(4)	-2%	+17%	+15%	11,025	12,676
Others(5)	+15%	-3%	+12%	17,058	19,128
Continuing operations			+10%	Ps 239,838	Ps 264,480
Discontinued operations			-25%	10,918	8,223
Net sales before eliminations			+9%	<u>Ps 250,756</u>	<u>Ps 272,703</u>
Eliminations resulting from consolidation				19,569	13,778
Net sales				<u>Ps 231,187</u>	<u>Ps 258,925</u>

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Geographic Segment	Variation in Local Currency(1)	Approximate Currency Fluctuations	Variation in Mexican Pesos	Operating Earnings (Loss) Before Other Expenses, Net For the Year Ended December 31,	
				2015	2016
				(in millions of Mexican Pesos)	
Mexico	+30%	—	+30%	Ps 12,963	Ps 16,866
United States	+79%	+27%	+106%	2,215	4,554
Europe					
United Kingdom	+48	-2%	+50%	1,701	2,559
Germany	-15%	-27%	-42%	153	89
France	-33%	+13%	-20%	232	185
Spain	-68%	+3%	-65%	427	151
Rest of Europe(2)	+18%	-5%	+13%	447	506
South, Central America and the Caribbean					
Colombia	-7%	+5%	-2%	3,541	3,486
Rest of South, Central America and the Caribbean(3)	+4%	+16%	+20%	4,367	5,234
Asia, Middle East and Africa					
Egypt	+59%	-5%	+54%	1,241	1,915
Philippines	+10%	+13%	+23%	1,759	2,157
Rest of Asia, Middle East and Africa(4)	+13%	+17%	+30%	987	1,282
Others(5)	+5%	—	+5%	<u>(3,544)</u>	<u>(3,720)</u>
Operating earnings before other expenses, net from continuing operations			+33%	Ps 26,489	Ps 35,264
Operating earnings before other expenses, net from discontinued operations			+34%	610	818
Total			+33%	<u>Ps 27,099</u>	<u>Ps 36,082</u>

“—” = Not Applicable

- (1) Represents the variation in local currency terms. For purposes of a geographic segment consisting of a region, the variation in local currency terms for each individual country within the region are first translated into Dollar terms (except for the Rest of Europe, in which they are translated first into Euros) at the exchange rates in effect as of the end of the reporting period. Variations for a region represent the change in Dollar terms (except for the Rest Europe region, in which they represent the change in Euros), net, in the region.
- (2) The “Rest of Europe” segment refers primarily to operations in the Czech Republic, Poland and Latvia, as well as trading activities in Scandinavia and Finland. On October 31, 2015, we completed the sale of our operations in Austria and Hungary. See “Item 4—Information on the Company—Our Corporate Structure—Rest of Europe—Sale of our Operations in Austria and Hungary.” The operations in Austria and Hungary for the ten-month period ended October 31, 2015 and the year ended December 31, 2014, included in our statements of operations, were reclassified to the single line item “Discontinued operations.” On August 12, 2015, we entered into an agreement for the sale of our operations in Croatia, including assets in Bosnia & Herzegovina, Montenegro and Serbia, to Duna-Dráva Cement Kft. See “Item 4—Information on the Company—Our Corporate Structure—Rest of Europe—Attempted Sale of our Operations in Southeast Europe.” For the years ended December 31, 2016, 2015 and 2014, the operations in Croatia, including assets in Bosnia and Herzegovina, Montenegro and Serbia, included in our statements of operations are presented in the single line item “Discontinued Operations.” On April 5, 2017, we announced that the European Commission issued a decision that restricts completion of the sale. Therefore, the sale of our operations in Croatia will not close and we will maintain our operations in Croatia, including assets in Bosnia and Herzegovina, Montenegro and Serbia. Due to the inability to complete the sale, beginning in the second

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quarter of 2017, we will reclassify the income statements of our operations in Croatia, including assets in Bosnia & Herzegovina, Montenegro and Serbia, from the single line item “Discontinued Operations” to each applicable line item in our consolidated financial statements. See notes 4A and 26 to our 2016 audited consolidated financial statements included elsewhere in this annual report.

- (3) The “Rest of South, Central America and the Caribbean” segment 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 “Rest of Asia, Middle East and Africa” segment includes the operations in the UAE, Israel and Malaysia. On May 26, 2016, we completed the sale of our operations in Bangladesh and Thailand. See “Item 4—Information on the Company—Our Corporate Structure—Rest of Asia, Middle East and Africa—Sale of our Operations in Rest of Asia, Middle East and Africa.” Our operations in Bangladesh and Thailand for the five-month period ended May 30, 2016 and the years ended December 31, 2015 and 2014 included in CEMEX’s statements of operations were reclassified to the single line item “Discontinued operations,” which includes, in 2016, a gain on sale of approximately U.S.\$24 million (Ps424 million). See note 4A to our consolidated financial statements included elsewhere in this annual report.
- (5) The “Others” segment refers to: (i) cement trade maritime operations, (ii) our information technology solutions business (Neoris N.V.), (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 14%, from Ps220,326 million in 2015 to Ps250,909 million in 2016. The increase was primarily attributable to higher prices of our products, in local currency terms, in most of our operations, as well as higher volumes in our Mexican operations. Set forth below is a quantitative and qualitative analysis of the various factors affecting our net sales on a geographic segment basis. The discussion of volume data and net sales information below is presented before eliminations resulting from consolidation as described in note 4B to our 2016 audited consolidated financial statements included elsewhere in this annual report.

Mexico

Our domestic cement sales volumes from our operations in Mexico increased approximately 4% in 2016 compared to 2015, and ready-mix concrete sales volumes decreased approximately 3% over the same period. Our net sales from our operations in Mexico represented approximately 20% of our total net sales for the year ended December 31, 2016, in Mexican Peso terms, before eliminations resulting from consolidation. The increase in domestic cement sales volumes was primarily attributable to conditions in the industrial/commercial, formal housing and self-construction sectors, as well as our value-before-volume strategy. The industrial/commercial sector was supported by continued commercial activity, as well as warehouse and industrial-park construction. Despite a decline in government subsidies during 2016, the formal residential sector benefited from the *Instituto del Fondo Nacional de la Vivienda para los Trabajadores*’ (Infonavit) stable investment and banks’ double-digit growth in mortgage lending. The main indicators for the self-construction sector, including remittances and job creation, remained solid during the year. Our cement export volumes from our operations in Mexico, which represented approximately 4% of our Mexican cement sales volumes for the year ended December 31, 2016, increased approximately 22% in 2016 compared to 2015. Of our total cement export volumes from our operations in Mexico during 2016, 46% was shipped to the United States, 41% to Central America and the Caribbean and 13% to South America. Our average sales price of domestic cement from our operations in Mexico increased approximately 18%, in Mexican Peso terms, in 2016 compared to 2015, and our average sales price of ready-mix concrete also increased approximately 8%, in Mexican Peso terms, over the same period. For the year ended December 31, 2016, cement represented approximately 57%, ready-mix concrete approximately 21% and our aggregates and other businesses approximately 22% of our net sales in Mexican Peso terms from our operations in Mexico before intra-sector eliminations within the segment and before eliminations resulting from consolidation, as applicable.

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As a result of increases in domestic cement sales volumes and domestic cement and ready-mix concrete sales prices, partially offset by a decrease in ready-mix concrete sales volumes, our net sales in Mexico, in Mexican Peso terms, increased approximately 7% in 2016 compared to 2015.

United States

Our domestic cement sales volumes from our operations in the United States increased approximately 2% in 2016 compared to 2015, and ready-mix concrete sales volumes increased approximately 1% over the same period. The increases in the domestic cement and ready mix concrete sales volume of our operation in the United States were mainly driven by the residential, construction and infrastructure sectors. The residential sector was supported by low interest rates and inventories, strong job creation and household formation. Construction spending for the cement-intensive segments in the industrial/commercial sector increased in 2016, which reflected growth in the lodging and office segments, offsetting a decline in energy, agriculture and manufacturing. In the infrastructure sector, streets-and-highways spending picked up toward the end of the year after a weak pre-election performance. Our operations in the United States represented approximately 26% of our total net sales for the year ended December 31, 2016, in Mexican Peso terms, before eliminations resulting from consolidation. Our average domestic cement sales prices of our operations in the United States increased approximately 4%, in Dollar terms, in 2016 compared to 2015, and our average ready-mix concrete sales price increased approximately 1%, in Dollar terms, over the same period. For the year ended December 31, 2016, cement represented approximately 32%, ready-mix concrete approximately 41% and our aggregates and other businesses approximately 27% of net sales in Mexican Peso terms from our operations in the United States 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 sales prices, completely offset by a decrease in our other segments, net sales from our operations in the United States, in Dollar terms, remained flat in 2016 compared to 2015.

Europe

In 2016, our operations in the Europe region consisted of our operations in the United Kingdom, Germany, France and Spain, which represent the most significant operations in this region, in addition to the Rest of Europe, which refers primarily to operations in the Czech Republic, Poland and Latvia, as well as trading activities in Scandinavia and Finland. Our net sales from our operations in the Europe region represented approximately 23% of our total net sales for the year ended December 31, 2016, in Mexican Peso terms, before eliminations resulting from consolidation. As of December 31, 2016, our operations in the Europe region represented approximately 18% 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 Europe region.

United Kingdom

Our domestic cement sales volumes from our operations in the United Kingdom increased approximately 7% in 2016 compared to 2015, and ready-mix concrete sales volumes decreased approximately 3% over the same period. The increase in domestic cement sales volumes resulted primarily from improvements in all of our main demand sectors. In addition, cement volume growth during the year benefited from higher sales of blended cement that resulted from fly ash scarcity. Our operations in the United Kingdom represented approximately 8% of our total net sales for the year ended December 31, 2016, in Mexican Peso terms, before eliminations resulting from consolidation. Our average sales price of domestic cement from our operations in the United Kingdom increased approximately 2%, in Pound terms, in 2016 compared to 2015, and our average sales price of ready-mix concrete increased approximately 2%, in Pound terms, over the same period. For the year ended December 31, 2016, cement represented approximately 18%, ready-mix concrete approximately 27% and our aggregates and other businesses approximately 55% of net sales in Mexican Peso terms from our operations in the United Kingdom before intra-sector eliminations within the segment and before eliminations resulting from consolidation, as applicable.

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As a result of the increases in domestic cement sales volumes and sales prices and ready-mix concrete sales prices, partially offset by a decrease in ready-mix concrete sales volumes, net sales from our operations in the United Kingdom, in Pound terms, increased approximately 2% in 2016 compared to 2015.

Germany

Our domestic cement sales volumes from our operations in Germany remained flat in 2016 compared to 2015, and ready-mix concrete sales volumes increased approximately 2% over the same period. Competitive dynamics improved during 2016. The residential sector was the main driver of cement consumption despite capacity constraints in the local construction industry and public authorities' restrictions. This sector continued to benefit from low unemployment and mortgage rates, rising purchasing power and growing immigration. Our cement export volumes from our operations in Germany, which represented approximately 37% of our cement sales volumes in Germany for the year ended December 31, 2016, decreased approximately 6% in 2016 compared to 2015. Our operations in Germany represented approximately 4% of our total net sales for the year ended December 31, 2016, in Mexican Peso terms, before eliminations resulting from consolidation. Our average sales price of domestic cement from our operations in Germany decreased approximately 2%, in Euro terms, in 2016 compared to 2015, and our average sales price of ready-mix concrete increased approximately 1%, in Euro terms, over the same period. For the year ended December 31, 2016, cement represented approximately 28%, ready-mix concrete approximately 37% and our aggregates and other businesses approximately 35% of net sales in Mexican Peso terms from our operations in Germany before intra-sector eliminations within the segment and before eliminations resulting from consolidation, as applicable.

As a result of the decrease in domestic cement sales prices, partially offset by the increases in ready-mix concrete sales prices and sales volumes, net sales from our operations in Germany, in Euro terms, decreased approximately 2% in 2016 compared to 2015.

France

Our ready-mix concrete sales volumes from our operations in France increased approximately 4% in 2016 compared to 2015. The increase in ready-mix concrete sales volumes resulted primarily from improvements in the residential and industrial/commercial sectors, which were the main drivers of demand during the year. The residential sector was supported by low interest rates and government initiatives, including a buy-to-let program and zero-rates loans for first time buyers. Our operations in France represented approximately 5% of our total net sales for the year ended December 31, 2016, in Mexican Peso terms, before eliminations resulting from consolidation. Our average sales price of ready-mix concrete of our operations in France decreased approximately 3%, in Euro terms, in 2016 compared to 2015. For the year ended December 31, 2016, ready-mix concrete represented approximately 67% and our aggregates and other businesses approximately 33% of net sales in Mexican Peso terms from our operations in France 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, partially offset by the decrease in ready-mix concrete sales prices, net sales from our operations in France, in Euro terms, increased approximately 3% in 2016 compared to 2015.

Spain

Our domestic cement sales volumes from our operations in Spain decreased approximately 3% in 2016 compared to 2015, while ready-mix concrete sales volumes increased approximately 2% over the same period. Political uncertainty for most of 2016 weighed on consumer sentiment, and the construction activity was particularly negatively affected during 2016. The residential sector, which was the main driver of cement demand during the year, benefited from favorable credit conditions and income prospects, job creation, and pent-up housing demand. Our operations in Spain represented approximately 2% of our total net sales for the year ended

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December 31, 2016, in Mexican Peso terms, before eliminations resulting from consolidation. Our cement export volumes from our operations in Spain, which represented approximately 58% of our Spain cement sales volumes for the year ended December 31, 2016, decreased approximately 12% in 2016 compared to 2015. Of our total cement export volumes from our operations in Spain during 2016, approximately 5% were to Central America and the Caribbean, approximately 6% were to South America, approximately 16% were to the United States, approximately 19% were to Europe and the Middle East and approximately 53% were to Africa. Our average sales price of domestic cement of our operations in Spain decreased approximately 2%, in Euro terms, in 2016 compared to 2015, and our average sales price of ready-mix concrete decreased approximately 5%, in Euro terms, over the same period. For the year ended December 31, 2016, cement represented approximately 79%, ready-mix concrete approximately 12% and our aggregates and other businesses approximately 9% of net sales from our operations in Spain before intra-sector eliminations within the segment and before eliminations resulting from consolidation, as applicable.

As a result of the decreases in domestic cement sales volumes and domestic cement and ready-mix concrete sales prices, partially offset by an increase in ready-mix concrete sales volumes, net sales from our operations in Spain, in Euro terms, decreased approximately 9% in 2016 compared to 2015.

Rest of Europe

Our domestic cement sales volumes from our operations in the Rest of Europe decreased approximately 2% in 2016 compared to 2015, and ready-mix concrete sales volumes increased approximately 4% over the same period. The decreases in domestic cement sales volumes were primarily due delays in infrastructure sector projects in our operations in the Rest of Europe. The residential sector was the main driver of demand during the year. Our cement export volumes from our operations in the Rest of Europe segment, which represented approximately 13% of our Rest of Europe cement sales volumes for the year ended December 31, 2016, decreased approximately 36% in 2016 compared to 2015. Our net sales from our operations in the Rest of Europe represented approximately 4% of our total net sales for the year ended December 31, 2016, in Mexican Peso terms, before eliminations resulting from consolidation. Our average sales price of domestic cement from our operations in the Rest of Europe decreased approximately 4%, in Euro terms, in 2016 compared to 2015, and our average sales price of ready-mix concrete decreased approximately 4%, in Euro terms, over the same period. For the year ended December 31, 2016, cement represented approximately 51%, ready-mix concrete approximately 33% and our aggregates and other businesses approximately 16% of net sales in Mexican Peso terms from our operations in the Rest of Europe before intra-sector eliminations within the segment and before eliminations resulting from consolidation, as applicable.

As a result of the decreases in domestic cement and ready-mix concrete sales prices and domestic cement sales volumes, partially offset by the increases in ready-mix concrete sales prices, net sales in the Rest of Europe, in Euro terms, decreased approximately 3% in 2016 compared to 2015.

South, Central America and the Caribbean

In 2016, our operations in the SAC region consisted of our operations in Colombia, which represents the most significant operations in this region, in addition to the Rest of SAC, which refers primarily to 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. Some of these trading operations in the Caribbean region consist of the resale of cement produced by our operations in Mexico. Our net sales from our operations in the SAC region represented approximately 12% of our total net sales for the year ended December 31, 2016, in Mexican Peso terms, before eliminations resulting from consolidation. As of December 31, 2016, our operations in the SAC region represented approximately 8% 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 SAC region.

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Colombia

Our domestic cement sales volumes from our operations in Colombia remained flat in 2016 compared to 2015, and ready-mix concrete sales volumes decreased approximately 8% over the same period. The decrease in ready-mix concrete sales volumes was primarily due to delays and macroeconomic challenges that adversely affected national consumption during 2016. Our net sales from our operations in Colombia represented approximately 5% of our total net sales for the year ended December 31, 2016, in Mexican Peso terms, before eliminations resulting from consolidation. Our average sales price of domestic cement from our operations in Colombia increased approximately 1%, in Colombian Peso terms, in 2016 compared to 2015, and our average sales price of ready-mix concrete increased approximately 4%, in Colombian Peso terms, over the same period. For the year ended December 31, 2016, cement represented approximately 54%, ready-mix concrete approximately 27% and our aggregates and other businesses approximately 19% of our net sales from our operations in Colombia 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 prices, partially offset by the decrease in ready-mix concretes sales volumes, net sales of our operations in Colombia, in Colombian Peso terms, increased approximately 1% in 2016 compared to 2015.

Rest of South, Central America and the Caribbean

Our domestic cement volumes from our operations in the Rest of SAC increased 2% in 2016 compared to 2015, and ready-mix concrete sales volumes decreased approximately 20% over the same period. Our net sales from our operations in the Rest of SAC represented approximately 7% of our total net sales for the year ended December 31, 2016, in Mexican Peso terms, before eliminations resulting from consolidation. Our cement export volumes from our operations in the Rest of SAC segment, which represented approximately 12% of our Rest of SAC cement sales volumes for the year ended December 31, 2016, decreased approximately 19% in 2016 compared to 2015. Our average sales price of domestic cement from our operations in the Rest of SAC decreased approximately 5% in Dollar terms, in 2016 compared to 2015, and our average sales price of ready-mix concrete decreased approximately 4%, in Dollar terms, over the same period. For the year ended December 31, 2016, cement represented approximately 77%, ready-mix concrete approximately 16% and our other businesses approximately 7% of net sales from our operations in the Rest of SAC before intra-sector eliminations within the segment and before eliminations resulting from consolidation, as applicable.

As a result of the decreases in ready-mix concrete sales volumes and sales prices and domestic cement sales prices, partially offset by the increase in domestic cement sales volumes, net sales of our operations in the Rest of SAC, in Dollar terms, decreased approximately 9% in 2016 compared to 2015.

Asia, Middle East and Africa

For the year ended December 31, 2016, our operations in the Asia, Middle East and Africa region consisted of our operations in Egypt and the Philippines, which represent the most significant operations in this region, in addition to the Rest of Asia, Middle East and Africa, which refers primarily to operations in the UAE, Israel and Malaysia. Our net sales from our operations in the Asia, Middle East and Africa region represented approximately 12% of our total net sales for the year ended December 31, 2016, in Mexican Peso terms, before eliminations resulting from consolidation. As of December 31, 2016, our operations in the Asia, Middle East and Africa region represented approximately 5% 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, Middle East and Africa region.

Egypt

Our domestic cement sales volumes from our operations in Egypt increased approximately 2% in 2016 compared to 2015, while ready-mix concrete sales volumes decreased approximately 3% over the same period.

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The decrease in ready-mix concrete sales volumes resulted primarily from the currency depreciation, which triggered inflation and reduced purchasing power. Our net sales from our operations in Egypt represented approximately 3% of our total net sales for the year ended December 31, 2016, in Mexican Peso terms. Our average sales price of domestic cement increased approximately 3%, in Egyptian Pound terms, in 2016 compared to 2015, and our average sales price of ready-mix concrete increased approximately 6%, in Egyptian Pound terms, over the same period. For the year ended December 31, 2016, cement represented approximately 84%, ready-mix concrete approximately 13% and our aggregates and other businesses approximately 3% of net sales in Mexican Peso terms from our operations in Egypt before intra-sector eliminations within the segment and before eliminations resulting from consolidation, as applicable.

As a result of the increases in domestic cement sales volumes and sales prices and ready-mix concrete sales prices, partially offset by the decreases in ready-mix concrete sales volumes, our net sales in Egypt, in Egyptian Pound terms, increased approximately 5% in 2016 compared to 2015.

The Philippines

Our domestic cement sales volumes from our operations in the Philippines increased approximately 1% in 2016 compared to 2015. The increase in our domestic cement sales volumes resulted primarily from moderation in cement consumption, especially in infrastructure, due to the post-election government transition. Our cement export volumes from our operations in Philippines, which represented less than 1% of our Philippines cement sales volumes for the year ended December 31, 2016, decreased approximately 7% in 2016 compared to 2015. Our net sales from our operations in the Philippines represented approximately 4% of our total net sales for the year ended December 31, 2016, in Mexican Peso terms, before eliminations resulting from consolidation. Our average sales price of domestic cement from our operations in the Philippines increased approximately 1% in Philippine Peso terms, in 2016 compared to 2015. For the year ended December 31, 2016, cement represented approximately 96% and our other businesses approximately 4% of our net sales in Mexican Peso terms from our operations in the Philippines before intra-sector eliminations within the segment and before eliminations resulting from consolidation, as applicable.

As a result of the increases in domestic cement sales volumes and sales prices, net sales of our operations in the Philippines, in Philippine Peso terms, increased approximately 2% in 2016 compared to 2015.

Rest of Asia, Middle East and Africa

Our domestic cement sales volumes from our operations in the Rest of Asia, Middle East and Africa decreased approximately 44% in 2016 compared to 2015, and ready-mix concrete sales volumes decreased approximately 4% over the same period. The decrease in our domestic cement sales volumes resulted primarily from a decrease in our sales volumes in our UAE operations. The decrease in our ready-mix concrete sales volumes resulted primarily from a decrease in our sales volumes ready-mix concrete sales volumes in our Malaysian operations. Our net sales from our operations in our Rest of Asia segment represented approximately 5% of our total net sales for the year ended December 31, 2016, in Mexican Peso terms, before eliminations resulting from consolidation. Our average sales price of domestic cement remained flat in Dollar terms, in 2016 compared to 2015, 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, 2016, cement represented approximately 6%, ready-mix concrete approximately 68% and our other businesses approximately 26% of net sales from our operations in the Rest of Asia, Middle East and Africa before intra-sector eliminations within the segment and before eliminations resulting from consolidation, as applicable.

As a result of the increase in ready-mix concrete sales volumes, partially offset by decreases in domestic cement and ready-mix concrete sales prices, net sales from our operations in the Rest of Asia, Middle East and Africa, in Dollar terms, increased approximately 15% in 2016 compared to 2015.

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Others

Our Others segment refers to: (i) cement trade maritime operations, (ii) our information technology solutions business (Neoris N.V.), (iii) CEMEX, S.A.B. de C.V. and other corporate entities and (iv) other minor subsidiaries with different lines of business. Net sales from our Others segment increased approximately 15% before intra-sector eliminations within the segment and before eliminations resulting from consolidation, as applicable, in 2016 compared to 2015, in Dollar terms. The increase resulted primarily from an increase in our worldwide cement volume of our trading operations. For the year ended December 31, 2016, our information technology solutions company represented approximately 30% and our trading operations represented approximately 32% of our net sales in our Others segment, in Dollar terms.

Cost of Sales. Our cost of sales, including depreciation, increased approximately 11% from Ps146,068 million in 2015 to Ps161,883 million in 2016. As a percentage of net sales, cost of sales decreased from 66.3% in 2015 to 64.5% in 2016. The decrease in cost of sales as a percentage of net sales was mainly driven by our cost reduction initiatives. Our cost of sales includes freight expenses of raw materials used in our producing plants.

Gross Profit. For the reasons explained above, our gross profit increased approximately 20% from approximately Ps74,258 million in 2015 to approximately Ps89,026 million in 2016. As a percentage of net sales, gross profit increased from approximately 33.7% in 2015 to 35.5% in 2016. 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 Ps23,109 million in 2015 and approximately Ps25,925 million in 2016. As a percentage of net sales, distribution and logistics expenses decreased from approximately 10.5% in 2015 to 10.3% in 2016.

Operating expenses. Our operating expenses, which are represented by administrative, selling and distribution and logistics expenses, increased approximately 12.5%, from approximately Ps47,769 million in 2015 to approximately Ps53,762 million in 2016. As a percentage of net sales, operating expenses decreased from approximately 21.7% in 2015 to 21.4% in 2016. Our operating expenses include expenses related to personnel, equipment and services involved in sales activities and storage of product at points of sale, which are included as part of the administrative and selling expenses, as well as freight expenses of finished products between plants and points of sale and freight expenses between points of sale and the customers' facilities, which are included as part of the distribution expenses line item. For the years ended December 31, 2015 and 2016, selling expenses included as part of the selling and administrative expenses line item amounted to approximately Ps5,943 million and Ps6,954 million, respectively. As mentioned before, 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 Ps23,109 million in 2015 and approximately Ps25,925 million in 2016. As a percentage of net sales, distribution and logistics expenses decreased from approximately 10.5% in 2015 to 10.3% in 2016.

Operating Earnings Before Other Expenses, Net

For the reasons mentioned above, our operating earnings before other expenses, net increased approximately 33.1% from approximately Ps26,489 million in 2015 to approximately Ps35,264 million in 2016. As a percentage of net sales, operating earnings before other expenses, net increased from approximately 12.0% in 2015 to 14.1% in 2016. Additionally, set forth below is a quantitative and qualitative analysis of the effects of the various factors affecting our operating earnings before other expenses, net on a geographic segment basis.

Mexico

Our operating earnings before other expenses, net, from our operations in Mexico increased approximately 30%, in Mexican Peso terms, from operating earnings before other expenses, net, of approximately

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Ps12,963 million in 2015 to operating earnings before other expenses, net, of approximately Ps16,866 million in 2016. The increase resulted primarily from higher contributions in our products, as well as an increase in domestic cement sales volumes.

United States

Our operating earnings before other expenses, net, from our operations in the United States increased significantly in Dollar terms. The increase in operating earnings before other expenses, net resulted primarily from an increase in net sales due to higher sales prices and sales volumes during 2016 compared to 2015.

Europe

United Kingdom. Our operating earnings before other expenses, net, from our operations in the United Kingdom increased approximately 48% in Pound terms. The increase resulted primarily from our cost reduction initiatives and an increase in net sales.

Germany. Our operating earnings before other expenses, net, from our operations in Germany decreased approximately 15% in Euro terms. The decrease resulted primarily from a decrease in net sales.

France. Our operating earnings before other expenses, net, from our operations in France decreased approximately 33% in Euro terms. The decrease in our operating earnings before other expenses, net in France resulted primarily from higher maintenance costs.

Spain. Our operating earnings before other expenses, net, from our operations in Spain decreased approximately 68% in Euro terms. The decrease in the operating earnings before other expenses, net, resulted primarily from a decrease in net sales.

Rest of Europe. Our operating earnings before other expenses, net, from our operations in the Rest of Europe increased approximately 18% in Euro terms. The increase resulted primarily from our improved operating efficiencies in our Rest of Europe region.

South, Central America and the Caribbean

Colombia. Our operating earnings before other expenses, net, from our operations in Colombia decreased approximately 7% in Colombian Peso terms. The decrease resulted primarily from increases in electricity rates and higher maintenance costs.

Rest of South, Central America and the Caribbean. Our operating earnings before other expenses, net, from our operations in the Rest of SAC increased approximately 4% in Dollar terms. The increase resulted primarily from an increase in net sales.

Asia, Middle East and Africa

Egypt. Our operating earnings before other expenses, net, from our operations in Egypt increased 59% in Egyptian Pound terms. The increase resulted primarily from an increase in net sales.

The Philippines. Our operating earnings before other expenses, net, from our operations in the Philippines increased approximately 10% in Philippine Peso terms. The increase resulted primarily from an increase in net sales.

Rest of Asia, Middle East and Africa. Our operating earnings before other expenses, net, from our operations in the Rest of Asia, Middle East and Africa increased approximately 13% in Dollar terms. The increase resulted primarily from our cost reduction initiatives and operating efficiencies.

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Others. Our operating loss before other expenses, net, from our operations in our Others segment increased approximately 5% in Dollar terms. The increase in our operating loss resulted primarily from an increase in net sales.

Other Expenses, Net. Our other expenses, net, decreased approximately 46%, in Mexican Peso terms, from Ps3,043 million in 2015 to Ps1,646 million in 2016. The decrease resulted primarily from a decrease in our impairment losses during 2016 compared to 2015, as well as gains resulting from the sale of assets. As a percentage of net sales, Other expenses, net, decreased from approximately 1.4% in 2015 to 0.7% in 2016. See notes 13B, 14, 15 and 24A to our 2016 audited consolidated financial statements included elsewhere in this annual report. The most significant items included under this caption for the years ended December 31, 2015 and 2016 are as follows:

	For the Year Ended December 31,	
	2015	2016
	(in millions of Mexican Pesos)	
Impairment losses and effects from assets held for sale	Ps (1,526)	Ps (2,516)
Restructuring costs	(845)	(778)
Charitable contributions	(60)	(93)
Results from the sale of assets and others, net	(612)	1,741
	<u>Ps (3,043)</u>	<u>Ps (1,646)</u>

Financial Items

Pursuant to IFRS, financial items include:

- financial or interest expense on borrowed funds;
- financial income on cash and cash equivalents;
- 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 result from assets and liabilities and others.

	For the Year Ended December 31,	
	2015	2016
	(in millions of Mexican Pesos)	
Financial items:		
Financial expense	Ps (19,767)	Ps (21,468)
Other financial income, net:		
Financial income	315	417
Results from financial instruments	(2,729)	113
Foreign exchange results	2,083	4,943
Effects of net present value on assets and liabilities and others, net	(904)	(1,032)
	<u>Ps (21,002)</u>	<u>Ps (17,027)</u>

Our financial items in 2016, which comprises financial expense and other financial income, net, as reported in our statements of operations, decreased 18.9% from a loss of Ps21,002 million in 2015 to a loss of Ps17,027 million in 2016. The components of the change are shown above.

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Our financial expense increased approximately 8.6%, from Ps19,767 million in 2015 to Ps21,468 million in 2016, primarily attributable to depreciation of the Mexican Peso against the U.S. Dollar. See notes 16A and 16B to our 2016 audited consolidated financial statements included elsewhere in this annual report.

Our other financial income, net increased approximately 32.4%, from Ps315 million in 2015 to Ps417 million in 2016. Our results from financial instruments decreased significantly from a loss of Ps2,729 million in 2015 to a gain of Ps113 million in 2016, primarily attributable to derivatives related to CEMEX, S.A.B. de C.V.'s shares. Our foreign exchange results increased 137%, from a gain of approximately Ps2,083 million in 2015 to a gain of approximately Ps4,943 million in 2016. The increase was primarily attributable to the fluctuation of the Mexican Peso against the U.S. Dollar. The accretion expense, which represents the effects on our net assets and liabilities recognized at amortized cost due to the passage of time, increased by approximately 14% from an expense of Ps904 million in 2015 to Ps1,032 million in 2016.

Derivative Financial Instruments. For the years ended December 31, 2015 and 2016, our derivative financial instruments that had a potential impact on our other financial income, net consisted of interest rate swaps, equity forward in third-party shares contracts, options on CEMEX, S.A.B. de C.V.'s own shares, foreign exchange contracts and derivatives related to energy projects, as discussed in note 16D to our 2016 audited consolidated financial statements included elsewhere in this annual report.

For the year ended December 31, 2016, our loss from our financial instruments decreased significantly for the reasons described above. See "Item 5—Operating and Financial Review and Prospects—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 approximately 33% from an expense of Ps2,328 million in 2015 to an expense of Ps3,096 million in 2016.

The increase in the income tax expense is mainly attributable to several factors discussed below. See notes 19A and 19D to our 2016 audited consolidated financial statements included elsewhere in this annual report.

Our current income tax increased from an income of Ps6,149 million in 2015 to an expense of Ps3,448 million in 2016. The increase in our current income tax expense in 2016 resulted primarily from a one-time benefit of approximately Ps12.3 billion recognized in 2015 resulting from the reduction of income tax accounts payable accrued in prior years related to the disconnection of the tax consolidation regime in Mexico pursuant to the income tax reform approved by the Mexican Congress in 2015. Such increase was partially offset by the significant devaluation of the Mexican Peso during 2016. See notes 19B and 19D to our 2016 audited consolidated financial statements included elsewhere in this annual report.

Our deferred income tax decreased from an expense of Ps8,477 million in 2015 to an income of Ps352 million in 2016. The decrease in our deferred income tax income in 2016 resulted primarily from an expense of approximately Ps5.9 billion recognized in 2015 attributable to the reduction of our deferred tax assets from tax loss carryforwards and also as a consequence of the changes resulting from the income tax reform in Mexico mentioned above, which allowed us to settle a portion of the income tax accounts payable related to the disconnection of the tax consolidation regime using the aforementioned deferred tax assets. Such decrease was partially offset by an increase in our deferred tax assets in 2016 of approximately Ps856 million related primarily from the effects of foreign currency results. See notes 19B and 19D to our 2016 audited consolidated financial statements included elsewhere in this annual report.

For each of the years ended December 31, 2015 and 2016, our statutory income tax rate in Mexico was 30%. Our effective tax rate in 2015, which is determined as described below, resulted in an income tax rate of 73.2%, considering a gain before income tax of approximately Ps3,182 million, and our effective tax rate in 2016 resulted in an income tax rate of 17.9%, considering a gain before income tax of approximately Ps17,279 million.

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See “Item 3—Key Information—Risk Factors—Risks Relating to Our Business—Certain tax matters may have an adverse effect on our cash flow, financial condition and net income.”

Net Income from continuing operations. For the reasons described above, our net income from continuing operations for 2016 increased significantly from a net income from continuing operations of Ps854 million in 2015 to a net income from continuing operations of Ps14,183 million in 2016.

Discontinued operations, net of tax. For the years ended December 31, 2015 and 2016, our discontinued operations included in our consolidated statements of operations amounted to Ps1,279 million and Ps1,024 million, respectively. As a percentage of net sales, discontinued operations, net of tax, represented 0.6% for the year ended as of December 31, 2015 and 0.4% for the year ended as of December 31, 2016. See note 4A to our 2016 audited consolidated financial statements included elsewhere in this annual report.

Consolidated Net Income (Loss). For the reasons described above, our consolidated net income (before deducting the portion allocable to non-controlling interest) for 2016 increased significantly from a consolidated net income of approximately Ps2,133 million in 2015 to a consolidated net income of approximately Ps15,207 million in 2016.

Non-controlling Interest Net Income. Changes in non-controlling interest net income 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 loss attributable to those subsidiaries. Non-controlling interest net income increased, from a gain of Ps932 million in 2015 to a gain of Ps1,174 million in 2016, primarily attributable to an increase in the net income of the consolidated entities in which others have a non-controlling interest and for the increase in our non-controlling interest in our Philippines operations through CHP. See note 20D to our 2016 audited consolidated financial statements included elsewhere in this annual report.

Controlling Interest Net Income (Loss). Controlling interest net income represents the difference between our consolidated net income and non-controlling interest net income, which is the portion of our consolidated net loss attributable to those of our subsidiaries in which non-associated third parties hold interests. For the reasons described above, our controlling interest net income increased significantly from a net income of approximately Ps1,201 million in 2015 to a controlling interest net income of approximately Ps14,033 million in 2016.

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Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Summarized in the table below are the percentage (%) increases (+) and decreases (-) for the year ended December 31, 2015, compared to the year ended December 31, 2014, 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 sales prices for each of our geographic segments. The table below and the other volume data presented by geographic segment in this “— Year Ended December 31, 2015 Compared to Year Ended December 31, 2014” section are presented before eliminations resulting from consolidation (including those shown on note 4B to our 2016 audited consolidated financial statements included elsewhere in this annual report).

Geographic Segment	Domestic Sales Volumes		Export Sales Volumes	Average Domestic Sales Prices in Local Currency(1)	
	Cement	Ready-Mix Concrete	Cement	Cement	Ready-Mix Concrete
Mexico	+1%	-5%	-45%	+10%	+7%
United States	+2%	+13%	—	+6%	+5%
Europe					
United Kingdom	+7%	-2%	—	+4%	+5%
Germany	-47%	-45%	-24%	+7%	+2%
France	—	-5%	—	—	-2%
Spain	+35%	-18%	+19%	+1%	+12%
Rest of Europe(2)	+28%	+14%	-17%	-22%	-17%
South, Central America and the Caribbean					
Colombia	-9%	-3%	—	+8%	+6%
Rest of South, Central America and the Caribbean(3)	Flat	-2%	+3%	-5%	-1%
Asia, Middle East and Africa					
Egypt	-9%	+48%	—	-5%	+12%
Philippines	+21%	—	-11%	+3%	—
Rest of Asia, Middle East and Africa(4)	-5%	-11%	—	-7%	-15%

“—” = Not Applicable

- 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 Europe, in which they are 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 Europe, in which they represent the weighted average change of prices in Euros) based on total sales volumes in the region.
- The “Rest of Europe” segment refers primarily to operations in the Czech Republic, Poland and Latvia, as well as trading activities in Scandinavia and Finland. On October 31, 2015, we completed the sale of our operations in Austria and Hungary. See “Item 4—Information on the Company—Our Corporate Structure—Rest of Europe—Sale of our Operations in Austria and Hungary.” The operations in Austria and Hungary for the ten-month period ended October 31, 2015 and the year ended December 31, 2014, included in our statements of operations, were reclassified to the single line item “Discontinued operations.” On August 12, 2015, we entered into an agreement for the sale of our operations in Croatia, including assets in Bosnia & Herzegovina, Montenegro and Serbia, to Duna-Dráva Cement Kft. See “Item 4—Information on the Company—Our Corporate Structure—Rest of Europe—Attempted Sale of our Operations in Southeast Europe.” For the years ended December 31, 2016, 2015 and 2014, the operations in Croatia, including assets in Bosnia and Herzegovina, Montenegro and Serbia, included in our statements of operations are presented in the single line item “Discontinued Operations.” On April 5, 2017, we announced that the European Commission issued a decision that restricts completion of the sale. Therefore, the sale of our operations in

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Croatia will not close and we will maintain our operations in Croatia, including assets in Bosnia and Herzegovina, Montenegro and Serbia. Due to the inability to complete the sale, beginning in the second quarter of 2017, we will reclassify the income statements of our operations in Croatia, including assets in Bosnia & Herzegovina, Montenegro and Serbia, from the single line item “Discontinued Operations” to each applicable line item in our consolidated financial statements. See notes 4A and 26 to our 2016 audited consolidated financial statements included elsewhere in this annual report.

- (3) The “Rest of South, Central America and the Caribbean” segment 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 “Rest of Asia, Middle East and Africa” segment includes the operations in the UAE, Israel and Malaysia. On May 26, 2016, we completed the sale of our operations in Bangladesh and Thailand. See “Item 4—Information on the Company—Our Corporate Structure—Rest of Asia, Middle East and Africa—Sale of our Operations in Rest of Asia, Middle East and Africa.” Our operations in Bangladesh and Thailand for the five-month period ended May 30, 2016 and the years ended December 31, 2015 and 2014 included in CEMEX’s statements of operations were reclassified to the single line item “Discontinued operations,” which includes, in 2016, a gain on sale of approximately U.S.\$24 million (Ps424 million). See note 4A to our consolidated financial statements included elsewhere in this annual report.

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On a consolidated basis, our cement sales volumes increased approximately 1%, from 65.6 million tons in 2014 to 66.7 million tons in 2015, and our ready-mix concrete sales volumes decreased approximately 1%, from 53.6 million cubic meters in 2014 to 52.9 million cubic meters in 2015. Our net sales increased approximately 10.2%, from Ps199,942 million in 2014 to Ps220,326 million in 2015, and our operating earnings before other expenses, net increased approximately 21.2%, from Ps21,853 million in 2014 to Ps26,489 million in 2015. The following tables present selected financial information of net sales and operating earnings before other expenses, net for each of our geographic segments for the years ended December 31, 2015 and 2014. The net sales information in the table below is presented before eliminations resulting from consolidation (including those shown in note 4C to our 2016 audited 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	Variation in Mexican Pesos	Net Sales For the Year Ended	
				2014	2015
(in millions of Mexican Pesos)					
Mexico	-2%	—	-2%	Ps 51,412	Ps 50,260
United States	+7%	+21%	+28%	45,691	58,668
Europe					
United Kingdom	+7%	+11%	+18%	17,071	20,227
Germany	-41%	—	-41%	14,138	8,285
France	-6%	-1%	-7%	12,914	12,064
Spain	+31%	-1%	+30%	4,717	6,151
Rest of Europe(2)	+7%	+3%	+10%	9,101	10,010
Rest of South, Central America and the Caribbean					
Colombia	Flat	-13%	-13%	13,242	11,562
Rest of South, Central America and the Caribbean(3)	-3%	+21%	+18%	16,292	19,169
Asia, Middle East and Africa					
Egypt	-11%	+8%	-3%	7,123	6,923
Philippines	+23%	+20%	+43%	5,912	8,436
Rest of Asia, Middle East and Africa(4)	-5%	+19%	+14%	9,694	11,025
Others(5)	+30%	-4%	+26%	<u>13,531</u>	<u>17,058</u>
Continuing operations			+9%	Ps 220,838	Ps 239,838
Discontinued operations			+8%	10,134	10,918
Net sales before consolidation			+9%	<u>Ps 230,972</u>	<u>Ps 250,756</u>
Eliminations resulting from consolidation				20,949	19,569
Net sales				<u>Ps 210,023</u>	<u>Ps 231,187</u>

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Geographic Segment	Variation in Local Currency(1)	Approximate Currency Fluctuations	Variation in Mexican Pesos	Operating Earnings (Loss) Before Other Expenses, Net For the Year Ended December 31,	
				2014	2015
				(in millions of Mexican Pesos)	
Mexico	+17%	—	+17%	Ps 11,060	Ps 12,963
United States	+718%	+21%	+763%	(334)	2,215
Europe					
United Kingdom	+127%	+28%	+155%	668	1,701
Germany	-50%	+13%	-37%	244	153
France	-31%	—	-31%	336	232
Spain	+302%	+3%	+305%	(208)	427
Rest of Europe(2)	-13%	+21%	+8%	413	447
South, Central America and the Caribbean					
Colombia	-6%	-13%	-19%	4,362	3,541
Rest of South, Central America and the Caribbean(3)	-14%	+21%	+7%	4,079	4,367
Asia, Middle East and Africa					
Egypt	-48%	+5%	-43%	2,190	1,241
Philippines	+46%	+24%	+70%	1,036	1,759
Rest of Asia, Middle East and Africa(4)	-3%	+20%	+17%	844	987
Others(5)	+7%	+18%	+25%	(2,837)	(3,544)
Operating earnings before other expenses, net from continuing operations			+21%	Ps 21,853	Ps 26,489
Operating earnings before other expenses, net from discontinued operations			+84%	331	610
Total			+22%	<u>Ps 22,184</u>	<u>Ps 27,099</u>

“—” = Not Applicable

- Represents the variation in local currency terms. For purposes of a geographic segment consisting of a region, the variation in local currency terms for each individual country within the region are first translated into Dollar terms (except for the Rest of Europe, in which they are translated first into Euros) at the exchange rates in effect as of the end of the reporting period. Variations for a region represent the change in Dollar terms (except for the Rest of Europe region, in which they represent the change in Euros), net, in the region.
- The “Rest of Europe” segment refers primarily to operations in the Czech Republic, Poland and Latvia, as well as trading activities in Scandinavia and Finland. On October 31, 2015, we completed the sale of our operations in Austria and Hungary. See “Item 4—Information on the Company—Our Corporate Structure—Rest of Europe—Sale of our Operations in Austria and Hungary.” The operations in Austria and Hungary for the ten-month period ended October 31, 2015 and the year ended December 31, 2014, included in our statements of operations, were reclassified to the single line item “Discontinued operations.” On August 12, 2015, we entered into an agreement for the sale of our operations in Croatia, including assets in Bosnia & Herzegovina, Montenegro and Serbia, to Duna-Dráva Cement Kft. See “Item 4—Information on the Company—Our Corporate Structure—Rest of Europe—Attempted Sale of our Operations in Southeast Europe.” For the years ended December 31, 2016, 2015 and 2014, the operations in Croatia, including assets in Bosnia and Herzegovina, Montenegro and Serbia, included in our statements of operations are presented in the single line item “Discontinued Operations.” On April 5, 2017, we announced that the European Commission issued a decision that restricts completion of the sale. Therefore, the sale of our operations in Croatia will not close and we will maintain our operations in Croatia, including assets in Bosnia and

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Herzegovina, Montenegro and Serbia. Due to the inability to complete the sale, beginning in the second quarter of 2017, we will reclassify the income statements of our operations in Croatia, including assets in Bosnia & Herzegovina, Montenegro and Serbia, from the single line item “Discontinued Operations” to each applicable line item in our consolidated financial statements. See notes 4A and 26 to our 2016 audited consolidated financial statements included elsewhere in this annual report.

- (3) The “Rest of South, Central America and the Caribbean” segment 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 “Rest of Asia, Middle East and Africa” segment includes the operations in the UAE, Israel and Malaysia. On May 26, 2016, we completed the sale of our operations in Bangladesh and Thailand. See “Item 4—Information on the Company—Our Corporate Structure—Rest of Asia, Middle East and Africa—Sale of our Operations in Rest of Asia, Middle East and Africa.” Our operations in Bangladesh and Thailand for the five-month period ended May 30, 2016 and the years ended December 31, 2015 and 2014 included in CEMEX’s statements of operations were reclassified to the single line item “Discontinued operations,” which includes, in 2016, a gain on sale of approximately U.S.\$24 million (Ps424 million). See note 4A to our consolidated financial statements included elsewhere in this annual report.
- (5) The “Others” segment refers to: (i) cement trade maritime operations, (ii) our information technology solutions business (Neoris N.V.), (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 10%, from Ps199,942 million in 2014 to Ps220,326 million in 2015. The increase was primarily attributable to higher prices of our products, in local currency terms, in most of our operations, as well as higher volumes in the U.S., and our Mediterranean and Asia regions. Set forth below is a quantitative and qualitative analysis of the various factors affecting our net sales on a geographic segment basis. The discussion of volume data and net sales information below is presented before eliminations resulting from consolidation as described in note 4B to our 2016 audited consolidated financial statements included elsewhere in this annual report.

Mexico

Our domestic cement sales volumes from our operations in Mexico increased approximately 1% in 2015 compared to 2014, and ready-mix concrete sales volumes decreased approximately 5% over 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, 2015, in Mexican Peso terms, before eliminations resulting from consolidation. Our volumes were impacted by our focus on our value-before-volume strategy and on profitability. The industrial/commercial sector was the main driver of the increase in our domestic cement volumes during 2015. The formal residential sector also had a positive performance during 2015, supported by credit growth from private banks and public entities. Our cement export volumes from our operations in Mexico, which represented approximately 3% of our Mexican cement sales volumes for the year ended December 31, 2015, decreased approximately 45% in 2015 compared to 2014. Of our total cement export volumes from our operations in Mexico during 2015, approximately 38% was shipped to the United States, approximately 34% to Central America and the Caribbean and approximately 28% to South America. Our average sales price of domestic cement from our operations in Mexico increased approximately 10%, in Mexican Peso terms, in 2015 compared to 2014, and our average sales price of ready-mix concrete also increased approximately 7%, in Mexican Peso terms, over the same period. For the year ended December 31, 2015, cement represented approximately 54%, ready-mix concrete approximately 23% and our aggregates and other businesses approximately 23% of our net sales in Mexican Peso terms from our operations in Mexico before intra-sector eliminations within the segment and before eliminations resulting from consolidation, as applicable.

As a result of a decrease in ready-mix sales volumes, partially offset by the increases in domestic cement and ready-mix concrete sales prices and domestic cement sales volumes, our net sales in Mexico, in Mexican Peso terms, decreased approximately 2% in 2015 compared to 2014.

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United States

Our domestic cement sales volumes from our operations in the United States increased approximately 2% in 2015 compared to 2014, and ready-mix concrete sales volumes increased approximately 13% over the same period. The increases in domestic cement and ready-mix concrete sales volumes from our operations in the United States were driven by increased demand from improvements in the residential and infrastructure sectors. Housing starts increased in 2015, driven by low levels of inventories, job creation and increased household formation. In the infrastructure sector, the levels of activity increased during 2015. The industrial/commercial sector, excluding oil well activity, continued its growth, supported by lodging and office construction spending. Our operations in the United States represented approximately 24% of our total net sales for the year ended December 31, 2015, in Mexican Peso terms, before eliminations resulting from consolidation. Our average domestic cement sales prices of our operations in the United States increased approximately 6%, in Dollar terms, in 2015 compared to 2014, and our average ready-mix concrete sales price increased approximately 5%, in Dollar terms, over the same period. For the year ended December 31, 2015, cement represented approximately 31%, ready-mix concrete approximately 41% and our aggregates and other businesses approximately 28% of net sales in Mexican Peso terms from our operations in the United States 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 sales prices, net sales from our operations in the United States, in Dollar terms, increased approximately 7% in 2015 compared to 2014.

Europe

In 2015, our operations in Europe region consisted of our operations in the United Kingdom, Germany, France, and Spain, which represent the most significant operations in this region, in addition to the Rest of Europe. Our net sales from our operations in the Europe region represented approximately 23% of our total net sales for the year ended December 31, 2015, in Mexican Peso terms, before eliminations resulting from consolidation. As of December 31, 2015, our operations in the Europe region represented approximately 17% 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 Europe region.

United Kingdom

Our domestic cement sales volumes from our operations in the United Kingdom increased approximately 7% in 2015 compared to 2014, and ready-mix concrete sales volumes decreased approximately 2% over the same period. The increase in domestic cement sales volumes resulted primarily from improvements in all of our main demand sectors. The decrease in ready-mix concrete sales volumes reflects our focus on profitability. Our operations in the United Kingdom represented approximately 8% of our total net sales for the year ended December 31, 2015, in Mexican Peso terms, before eliminations resulting from consolidation. Our average sales price of domestic cement from our operations in the United Kingdom increased approximately 4%, in Pound terms, in 2015 compared to 2014, and our average sales price of ready-mix concrete increased approximately 5%, in Pound terms, over the same period. For the year ended December 31, 2015, cement represented approximately 17%, ready-mix concrete approximately 28% and our aggregates and other businesses approximately 55% of net sales in Mexican Peso terms from our operations in the United Kingdom before intra-sector eliminations within the segment and before eliminations resulting from consolidation, as applicable.

As a result of the increases in domestic cement sales volumes and sales prices and ready-mix concrete sales prices, partially offset by a decrease in ready-mix concrete sales volumes, net sales from our operations in the United Kingdom, in Pound terms, increased approximately 7% in 2015 compared to 2014.

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Germany

Our domestic cement sales volumes from our operations in Germany decreased approximately 47% in 2015 compared to 2014, and ready-mix concrete sales volumes decreased approximately 45% over the same period. The decreases in our cement and ready-mix concrete sales volumes were primarily due to the sale of assets to Holcim in January 2015. See note 15B to our 2016 audited consolidated financial statements included elsewhere in this annual report. The residential sector remained as the main driver of cement consumption, benefiting from low unemployment, low mortgage rates, rising purchase power and growing immigration. Our cement export volumes from our operations in Germany, which represented approximately 39% of our cement sales volumes in Germany for the year ended December 31, 2015, decreased approximately 24% in 2015 compared to 2014. Our operations in Germany represented approximately 3% of our total net sales for the year ended December 31, 2015, in Mexican Peso terms, before eliminations resulting from consolidation. Our average sales price of domestic cement from our operations in Germany increased approximately 7%, in Euro terms, in 2015 compared to 2014, and our average sales price of ready-mix concrete increased approximately 2%, in Euro terms, over the same period. For the year ended December 31, 2015, cement represented approximately 29%, ready-mix concrete approximately 35% and our aggregates and other businesses approximately 36% of net sales in Mexican Peso terms from our operations in Germany before intra-sector eliminations within the segment and before eliminations resulting from consolidation, as applicable.

As a result of the decreases in domestic cement and ready-mix concrete sales volumes, partially offset by the increases in domestic cement and ready-mix concrete sales prices, net sales from our operations in Germany, in Euro terms, decreased approximately 41% in 2015 compared to 2014.

France

Our ready-mix concrete sales volumes from our operations in France decreased approximately 5% in 2015 compared to 2014. The decrease in ready-mix concrete sales volumes resulted primarily from lower demand due to continued macroeconomic weakness. Our operations in France represented approximately 5% of our total net sales for the year ended December 31, 2015, in Mexican Peso terms, before eliminations resulting from consolidation. Our average sales price of ready-mix concrete of our operations in France decreased approximately 2%, in Euro terms, in 2015 compared to 2014. For the year ended December 31, 2015, ready-mix concrete represented approximately 68% and our aggregates and other businesses approximately 32% of net sales in Mexican Peso terms from our operations in France before intra-sector eliminations within the segment and before eliminations resulting from consolidation, as applicable.

As a result of the decreases in ready-mix concrete sales volumes and sales prices, net sales from our operations in France, in Euro terms, decreased approximately 6% in 2015 compared to 2014.

Spain

Our domestic cement sales volumes from our operations in Spain increased approximately 35% in 2015 compared to 2014, while ready-mix concrete sales volumes decreased approximately 18% over the same period. The increase in domestic cement sales volumes resulted primarily from our acquisition of assets from Holcim in January 2015. See note 15B to our 2016 audited consolidated financial statements included elsewhere in this annual report. Our operations in Spain represented approximately 3% of our total net sales for the year ended December 31, 2015, in Mexican Peso terms, before eliminations resulting from consolidation. Our cement export volumes from our operations in Spain, which represented approximately 61% of our Spain cement sales volumes for the year ended December 31, 2015, increased approximately 19% in 2015 compared to 2014. Of our total cement export volumes from our operations in Spain during 2015, approximately 2% were to Central America and the Caribbean, approximately 7% were to South America, approximately 10% were to the United States, approximately 23% were to Europe and the Middle East and approximately 58% were to Africa. Our average sales price of domestic cement of our operations in Spain increased approximately 1%, in Euro terms, in 2015

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compared to 2014, and our average sales price of ready-mix concrete increased approximately 12%, in Euro terms, over the same period. For the year ended December 31, 2015, cement represented approximately 81%, ready-mix concrete approximately 11% and our aggregates and other businesses approximately 8% of net sales from our operations in Spain before intra-sector eliminations within the segment and before eliminations resulting from consolidation, as applicable.

As a result of the increases in domestic cement sales volumes and domestic cement and ready-mix concrete sales prices, partially offset by a decrease in ready-mix concrete sales volumes, net sales from our operations in Spain, in Euro terms, increased approximately 31% in 2015 compared to 2014.

Rest of Europe

In 2015, our operations in Rest of Europe region consisted of our operations in the Czech Republic, Austria, Poland, Hungary and Latvia, as well as trading activities in Scandinavia and Finland. Our domestic cement sales volumes from our operations in the Rest of Europe increased approximately 28% in 2015 compared to 2014, and ready-mix concrete sales volumes increased approximately 19% over the same period. The increases in domestic cement and ready-mix concrete sales volumes were primarily due to the acquisition of assets from Holcim in January 2015. See note 15B to our 2016 audited consolidated financial statements included elsewhere in this annual report. The infrastructure and residential sectors were the main drivers of demand during the year. Our cement export volumes from our operations in the Rest of Europe segment, which represented approximately 24% of our Rest of Europe cement sales volumes for the year ended December 31, 2015, decreased approximately 17% in 2015 compared to 2014. Our net sales from our operations in the Rest of Europe represented approximately 4% of our total net sales for the year ended December 31, 2015, in Mexican Peso terms, before eliminations resulting from consolidation. Our average sales price of domestic cement from our operations in the Rest of Europe decreased approximately 22%, in Euro terms, in 2015 compared to 2014, and our average sales price of ready-mix concrete decreased approximately 16%, in Euro terms, over the same period. For the year ended December 31, 2015, cement represented approximately 53%, ready-mix concrete approximately 32% and our aggregates and other businesses approximately 15% of net sales in Mexican Peso terms from our operations in the Rest of Europe 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, partially offset by the decreases in domestic cement and ready-mix concrete sales prices, net sales in the Rest of Europe, in Euro terms, increased approximately 7% in 2015 compared to 2014.

On October 31, 2015, we completed the sale of our operations in Austria and Hungary to the Rohrdorfer Group for €165 million (U.S.\$179 million or Ps3,090 million) after final adjustments for changes in cash and working capital balances as of the transfer date. See note 4A to our 2016 audited consolidated financial statements included elsewhere in this annual report.

South, Central America and the Caribbean

In 2015, our operations in the SAC region consisted of our operations in Colombia, which represents the most significant operations in this region, in addition to the Rest of SAC. Some of these trading operations in the Caribbean region consist of the resale of cement produced by our operations in Mexico. Our net sales from our operations in the SAC region represented approximately 12% of our total net sales for the year ended December 31, 2015, in Mexican Peso terms, before eliminations resulting from consolidation. As of December 31, 2015, our operations in the SAC region represented approximately 8% 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 SAC region.

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Colombia

Our domestic cement sales volumes from our operations in Colombia decreased approximately 9% in 2015 compared to 2014, and ready-mix concrete sales volumes decreased approximately 3% over the same period. The decreases in domestic cement and ready-mix concrete sales volumes was primarily due to our value-before-volume strategy. Our net sales from our operations in Colombia represented approximately 5% of our total net sales for the year ended December 31, 2015, in Mexican Peso terms, before eliminations resulting from consolidation. Our average sales price of domestic cement from our operations in Colombia increased approximately 8%, in Colombian Peso terms, in 2015 compared to 2014, and our average sales price of ready-mix concrete increased approximately 6%, in Colombian Peso terms, over the same period. For the year ended December 31, 2015, cement represented approximately 53%, ready-mix concrete approximately 29% and our aggregates and other businesses approximately 18% of our net sales from our operations in Colombia 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 prices, completely offset by the decreases in domestic cement and ready-mix concretes sales volumes, net sales of our operations in Colombia, in Colombian Peso terms, remained flat in 2015 compared to 2014.

Rest of South, Central America and the Caribbean

Our domestic cement volumes from our operations in the Rest of SAC remained flat in 2015 compared to 2014, and ready-mix concrete sales volumes decreased approximately 2% over the same period. Our net sales from our operations in the Rest of SAC represented approximately 8% of our total net sales for the year ended December 31, 2015, in Mexican Peso terms, before eliminations resulting from consolidation. Our cement export volumes from our operations in the Rest of SAC segment, which represented approximately 15% of our Rest of SAC cement sales volumes for the year ended December 31, 2015, increased approximately 3% in 2015 compared to 2014. Our average sales price of domestic cement from our operations in the Rest of SAC decreased approximately 5% in Dollar terms, in 2015 compared to 2014, and our average sales price of ready-mix concrete decreased approximately 1%, in Dollar terms, over the same period. For the year ended December 31, 2015, cement represented approximately 73%, ready-mix concrete approximately 19% and our other businesses approximately 8% of net sales from our operations in the Rest of SAC before intra-sector eliminations within the segment and before eliminations resulting from consolidation, as applicable.

As a result of the decreases in ready-mix concrete sales volumes and sales prices and domestic cement sales prices, net sales of our operations in the Rest of SAC, in Dollar terms, decreased approximately 3% in 2015 compared to 2014.

Asia, Middle East and Africa

In 2015, our operations in the Asia, Middle East and Africa region consisted of our operations in Egypt and Philippines, which represent the most significant operations in this region, in addition to our Rest of Asia, Middle East and Africa segment, which includes the UAE, Israel and Malaysia. Our net sales from our operations in the Asia, Middle East and Africa region represented approximately 7% of our total net sales for the year ended December 31, 2015, in Mexican Peso terms, before eliminations resulting from consolidation. As of December 31, 2015, our operations in the Asia, Middle East and Africa region represented approximately 4% 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, Middle East and Africa region.

Egypt

Our domestic cement sales volumes from our operations in Egypt decreased approximately 9% in 2015 compared to 2014, while ready-mix concrete sales volumes increased approximately 48% over the same period.

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The increase in ready-mix concrete sales volumes resulted primarily from the continuation of government projects and an increase in formal activity. Our net sales from our operations in Egypt represented approximately 3% of our total net sales for the year ended December 31, 2015, in Mexican Peso terms. Our average sales price of domestic cement decreased approximately 5%, in Egyptian Pound terms, in 2015 compared to 2014, and our average sales price of ready-mix concrete increased approximately 12%, in Egyptian Pound terms, over the same period. For the year ended December 31, 2015, cement represented approximately 83%, ready-mix concrete approximately 13% and our aggregates and other businesses approximately 4% of net sales in Mexican Peso terms from our operations in Egypt before intra-sector eliminations within the segment and before eliminations resulting from consolidation, as applicable.

As a result of the decreases in domestic cement sales volumes and sales prices, partially offset by the increases in ready-mix concrete sales volumes and sales prices, our net sales in Egypt, in Egyptian Pound terms, decreased approximately 11% in 2015 compared to 2014.

The Philippines

Our domestic cement sales volumes from our operations in the Philippines increased approximately 21% in 2015 compared to 2014. The increase in our domestic cement sales volumes resulted primarily from growth in the demand of infrastructure sector. In addition, the residential sector remained strong as developers continued to expand housing projects supported by stable inflation, low mortgage rates and higher housing demand from Filipinos. The industrial/commercial sector continued its growth momentum driven by office space demand. Our cement export volumes from our operations in Philippines, which represented approximately 1% of our Philippines cement sales volumes for the year ended December 31, 2015, decreased approximately 11% in 2015 compared to 2014. Our net sales from our operations in the Philippines represented approximately 4% of our total net sales for the year ended December 31, 2015, in Mexican Peso terms, before eliminations resulting from consolidation. Our average sales price of domestic cement from our operations in the Philippines increased approximately 3% in Philippine Peso terms, in 2015 compared to 2014. For the year ended December 31, 2015, cement represented approximately 97%, ready-mix concrete approximately 1%, and our other businesses approximately 2% of our net sales in Mexican Peso terms from our operations in the Philippines before intra-sector eliminations within the segment and before eliminations resulting from consolidation, as applicable.

As a result of the increases in domestic cement sales volumes and sales prices, net sales of our operations in the Philippines, in Philippine Peso terms, increased approximately 23% in 2015 compared to 2014.

Rest of Asia, Middle East and Africa

Our domestic cement sales volumes from our operations in our Rest of Asia, Middle East and Africa segment decreased approximately 14% in 2015 compared to 2014, and ready-mix concrete sales volumes increased approximately 1% over the same period. Our net sales from our operations in our Rest of Asia, Middle East and Africa segment represented approximately 5% of our total net sales for the year ended December 31, 2015, in Mexican Peso terms, before eliminations resulting from consolidation. The cement export volumes from our operations in our Rest of Asia, Middle East and Africa segment, which represented approximately 37% of our Rest of Asia, Middle East and Africa cement sales volumes for the year ended December 31, 2015, increased approximately 78% in 2015 compared to 2014. Our average sales price of domestic cement from our operations in our Rest of Asia, Middle East and Africa segment decreased approximately 1%, in Dollar terms, in 2015 compared to 2014, and our average sales price of ready-mix concrete decreased approximately 1%, in Dollar terms, over the same period. For the year ended December 31, 2015, cement represented approximately 1%, ready-mix concrete approximately 69% and our aggregates and other businesses approximately 24% of our net sales from our operations in our Rest of Asia, Middle East and Africa segment before intra-sector eliminations within the segment and before eliminations resulting from consolidation, as applicable.

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As a result of the increase in ready-mix concrete sales volumes, partially offset by the decreases in ready-mix concrete sales prices and domestic cement sales volumes and prices, net sales in our Rest of Asia, Middle East and Africa segment, in Dollar terms, decreased approximately 5% in 2015 compared to 2014.

Others

Our Others segment refers to: (i) cement trade maritime operations, (ii) our information technology solutions business (Neoris N.V.), (iii) CEMEX, S.A.B. de C.V. and other corporate entities and (iv) other minor subsidiaries with different lines of business. Net sales from our Others segment increased approximately 20% before intra-sector eliminations within the segment and before eliminations resulting from consolidation, as applicable, in 2015 compared to 2014, in Dollar terms. The increase resulted primarily from an increase in our worldwide cement volume of our trading operations. For the year ended December 31, 2015, our information technology solutions company represented approximately 35% and our trading operations represented approximately 30% of our net sales in our Others segment, in Dollar terms.

Cost of Sales. Our cost of sales, including depreciation, increased approximately 8% from Ps134,742 million in 2014 to Ps146,068 million in 2015. As a percentage of net sales, cost of sales decreased from 67.4% in 2014 to 66.3% in 2015. The decrease in cost of sales as a percentage of net sales was mainly driven by improved operating efficiencies. Our cost of sales includes freight expenses of raw materials used in our producing plants.

Gross Profit. For the reasons explained above, our gross profit increased approximately 14% from approximately Ps65,200 million in 2014 to approximately Ps74,258 million in 2015. As a percentage of net sales, gross profit increased from approximately 32.6% in 2014 to 33.7% in 2015. 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 Ps20,689 million in 2014 and approximately Ps23,109 million in 2015. As a percentage of net sales, distribution expenses represented 10.3% and 10.5% for the years ended December 31, 2014 and 2015, respectively.

Operating expenses. Our operating expenses increased approximately 10.2%, from approximately Ps43,347 million in 2014 to approximately Ps47,769 million in 2015. As a percentage of net sales, operating expenses represented 21.7% for the years ended December 31, 2014 and 2015. Our operating expenses include expenses related to personnel, equipment and services involved in sales activities and storage of product at points of sale, which are included as part of the administrative and selling expenses, as well as freight expenses of finished products between plants and points of sale and freight expenses between points of sale and the customers' facilities, which are included as part of the distribution expenses line item. For the years ended December 31, 2014 and 2015, selling expenses included as part of the selling and administrative expenses line item amounted to approximately Ps5,674 million and Ps5,943 million, respectively. As a percentage of net sales, administrative and selling expenses represented 11.3% and 11.2% for the years ended December 31, 2014 and 2015, respectively. As mentioned before, 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 Ps20,689 million in 2014 and approximately Ps23,109 million in 2015. As a percentage of net sales, distribution expenses represented 10.3% and 10.5% for the years ended December 31, 2014 and 2015, respectively.

Operating Earnings Before Other Expenses, Net

For the reasons mentioned above, our operating earnings before other expenses, net increased approximately 21.2% from approximately Ps21,853 million in 2014 to approximately Ps26,489 million in 2015. As a percentage of net sales, operating earnings before other expenses, net increased from approximately 10.9% in 2014 to 12%

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in 2015. Additionally, set forth below is a quantitative and qualitative analysis of the effects of the various factors affecting our operating earnings before other expenses, net on a geographic segment basis.

Mexico

Our operating earnings before other expenses, net, from our operations in Mexico increased approximately 17%, in Mexican Peso terms, from operating earnings before other expenses, net, of approximately Ps11,060 million in 2014 to operating earnings before other expenses, net, of approximately Ps12,963 million in 2015. The increase resulted primarily from improved operating efficiencies, partially offset by a decrease in our net sales.

United States

Our operating earnings before other expenses, net, from our operations in the United States increased significantly in Dollar terms. The increase in operating earnings before other expenses, net resulted primarily from an increase in net sales and improved operating efficiencies.

Europe

United Kingdom. Our operating earnings before other expenses, net, from our operations in the United Kingdom increased approximately 127% in Pound terms. The increase resulted primarily from an increase in net sales and improved operating efficiencies.

Germany. Our operating earnings before other expenses, net, from our operations in Germany decreased approximately 50% in Euro terms. The decrease resulted primarily from a decrease in net sales, which was primarily due to the sale of assets to Holcim in January 2015. See note 15B to our 2016 audited consolidated financial statements included elsewhere in this annual report.

France. Our operating earnings before other expenses, net, from our operations in France decreased approximately 31% in Euro terms. The decrease resulted primarily from a decrease in our net sales.

Spain. Our operating earnings before other expenses, net, from our operations in Spain increased approximately 302% in Euro terms. The increase in the operating earnings before other expenses, net, resulted primarily from an increase in net sales.

Rest of Europe. Our operating earnings before other expenses, net, from our operations in the Rest of Europe decreased approximately 13% in Euro terms. The decrease resulted primarily from higher depreciation expense related to the assets acquired from Holcim (a non-cash expense) partially offset by an increase in domestic cement and ready-mix concrete sales volumes, supported by the infrastructure and residential sectors.

On October 31, 2015, we completed the sale of our operations in Austria and Hungary to the Rohrdorfer Group for €165 million (U.S.\$179 million or Ps3,090 million) after final adjustments for changes in cash and working capital balances as of the transfer date. See note 4A to our 2016 audited consolidated financial statements included elsewhere in this annual report.

South, Central America and the Caribbean

Colombia. Our operating earnings before other expenses, net, from our operations in Colombia decreased approximately 6% in Colombian Peso terms. The decrease resulted primarily from lower sales volumes.

Rest of South, Central America and the Caribbean. Our operating earnings before other expenses, net, from our operations in the Rest of SAC increased approximately 13% in Dollar terms. The increase resulted primarily from improved operating efficiencies.

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Asia, Middle East and Africa

Egypt. Our operating earnings before other expenses, net, from our operations in Egypt decreased 48% in Egyptian Pound terms. The decrease resulted primarily from a decrease in net sales.

The Philippines. Our operating earnings before other expenses, net, from our operations in the Philippines increased approximately 46% in Philippine Peso terms. The increase resulted primarily from an increase in net sales as well as improved operating efficiencies.

Rest of Asia, Middle East and Africa. Our operating earnings before other expenses, net, from our operations in our Rest of Asia, Middle East and Africa segment decreased approximately 3% in Dollar terms. The decrease resulted primarily from decreases in net sales prices and sales volumes.

Others. Our operating loss before other expenses, net, from our operations in our Others segment increased approximately 19% in Dollar terms. The increase in our operating loss resulted primarily from an increase in net sales.

Other Expenses, Net. Our other expenses, net, decreased approximately 40%, in Mexican Peso terms, from Ps5,451 million in 2014 to Ps3,043 million in 2015. The decrease resulted primarily from lower impairment losses in 2015 compared to 2014. As a percentage of net sales, Other expenses, net, decreased from approximately 2.5% in 2014 to 1.4% in 2015. In 2014, the Other expenses, net, includes impairment losses on inventory of Ps292 million, as well as aggregate impairment losses from assets reclassified to other assets held for sale of Ps2,392 million. See notes 6, 12, 13B, 14 and 15A to our 2016 audited consolidated financial statements included elsewhere in this annual report.

The most significant items included under this caption for the years ended December 31, 2014 and 2015 are as follows:

	For the Year Ended December 31,	
	2014	2015
	(in millions of Mexican Pesos)	
Impairment losses and effects from assets held for sale	Ps (3,848)	Ps (1,526)
Restructuring costs	(544)	(845)
Charitable contributions	(18)	(60)
Results from the sale of assets and others, net	(635)	(612)
	<u>Ps (5,045)</u>	<u>Ps (3,043)</u>

Financial Items

Pursuant to IFRS, financial items include:

- financial or interest expense on borrowed funds;
- financial income on cash and cash equivalents;
- 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

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- accretion result from assets and liabilities and others.

	For the Year Ended December 31,	
	2014	2015
	(in millions of Mexican Pesos)	
Financial items:		
Financial expense	Ps (21,483)	Ps (19,767)
Other financial income, net:		
Financial income	312	315
Results from financial instruments	(880)	(2,729)
Foreign exchange results	3,936	2,083
Effects of net present value on assets and liabilities and others, net	(837)	(904)
	<u>Ps (18,952)</u>	<u>Ps (21,002)</u>

Our financial items in 2015, which comprises financial expense and other financial income, net, as reported in our statements of operations, increased 10.8% from a loss of Ps18,952 million in 2014 to a loss of Ps21,002 million in 2015. The components of the change are shown above.

Our financial expense decreased approximately 8%, from Ps21,483 million in 2014 to Ps19,767 million in 2015, primarily attributable to lower premium payments, as well as lower interest rates on our financial debt during 2015 compared to 2014. See notes 16A and 16B to our 2016 audited consolidated financial statements included elsewhere in this annual report.

Our other financial income, net increased approximately 1%, from Ps312 million in 2014 to Ps315 million in 2015. Our loss in our results from financial instruments increased 210% from a loss of Ps880 million in 2014 to a loss of Ps2,729 million in 2015, primarily attributable to derivatives related to CEMEX, S.A.B. de C.V.'s shares. Our foreign exchange results decreased 47%, from a gain of approximately Ps3,936 million in 2014 to a gain of approximately Ps2,083 million in 2015. The decrease was primarily attributable to the fluctuation of the Mexican Peso against the U.S. Dollar. The accretion expense, which represents the effects on our net assets and liabilities recognized at amortized cost due to the passage of time, increased by approximately 8% from an expense of Ps837 million in 2014 to an expense of Ps904 million in 2015.

Derivative Financial Instruments. For the years ended December 31, 2014 and 2015, our derivative financial instruments that had a potential impact on our other financial income, net consisted of equity forward in third-party shares contracts, interest rate swaps contracts, derivatives related to energy projects, conversion options embedded in the March 2015 Optional Convertible Subordinated U.S. Dollar Notes, the March 2016 Optional Convertible Subordinated U.S. Dollar Notes and the March 2018 Optional Convertible Subordinated U.S. Dollar Notes until December 31, 2012 and since then, the conversion option embedded in the November 2019 Mandatory Convertible Mexican Peso Notes, as discussed in note 16D to our 2016 audited consolidated financial statements included elsewhere in this annual report. Additionally, on March 13, 2015, CEMEX, S.A.B. de C.V. issued U.S.\$200 million aggregate principal amount of its First March 2020 Optional Convertible Subordinated U.S. Dollar Notes to the holders of the CCUs in exchange for a cash payment of U.S.\$200 million. The proceeds of the issuance of the First March 2020 Optional Convertible Subordinated U.S. Dollar Notes were used to substantially finance the full payment at maturity of the March 2015 Optional Convertible Subordinated U.S. Dollar Notes that matured without conversion. Additionally, on May 28, 2015, CEMEX, S.A.B. de C.V. issued U.S.\$321 million aggregate principal amount of its Second March 2020 Optional Convertible Subordinated U.S. Dollar Notes (along with an estimated 42 million ADSs) to certain holders of the March 2016 Optional Convertible Subordinated U.S. Dollar Notes in exchange for U.S.\$626 million aggregate principal amount of its March 2016 Optional Convertible Subordinated U.S. Dollar Notes.

For the year ended December 31, 2015, our loss from our financial instruments decreased significantly for the reasons described above. See “Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Our Equity Forward Arrangements.”

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Income Taxes. Our income tax effect in the statement of operations, which is primarily comprised of current income taxes plus deferred income taxes, decreased approximately 41% from an expense of Ps3,920 million in 2014 to an expense of Ps2,328 million in 2015.

The decrease in the income tax expense is mainly attributable to current income taxes, which decreased from an expense of Ps4,184 million in 2014 to an income of Ps6,149 million in 2015, considering a one-time benefit of approximately Ps12.3 billion resulting from the reduction of income tax accounts payable accrued in prior years related to the disconnection of the tax consolidation regime in Mexico pursuant to a new income tax reform approved by the Mexican Congress in 2015. See notes 19A and 19D to our 2016 audited consolidated financial statements included elsewhere in this annual report.

Our deferred income tax decreased from an income of Ps264 million in 2014 to an expense of Ps8,477 million in 2015. Our deferred income tax expense in 2015 resulted primarily from a one-time expense of approximately Ps5.9 billion attributable to the reduction of our deferred income tax assets from tax loss carryforwards, also as a consequence of the changes resulting from the new income tax law reform mentioned above, which allowed us to settle a portion of the income tax accounts payable related to the disconnection of the tax consolidation regime in Mexico, using the aforementioned deferred tax assets. See notes 19B and 19D to our 2016 audited consolidated financial statements included elsewhere in this annual report.

For each of the years ended December 31, 2014 and 2015, our statutory income tax rate in Mexico was 30%. Our effective tax rate in 2014, which is determined as described below, resulted in a negative income tax rate of 211.9%, considering a loss before income tax of approximately Ps1,850 million, and our effective tax rate in 2015 resulted in an income tax rate of 73.2%, considering a gain before income tax of approximately Ps3,182 million. See “Item 3—Key Information—Risk Factors—Risks Relating to Our Business—Certain tax matters may have an adverse effect on our cash flow, financial condition and net income.”

Net Income from continuing operations. For the reasons described above, our net income from continuing operations for 2015 increased 115%, from a net loss from continuing operations of Ps5,770 million in 2014 to a net income from continuing operations of Ps854 million in 2015.

Discontinued operations, net of tax. For the years ended December 31, 2014 and 2015, our discontinued operations included in our consolidated statements of operations amounted to Ps90 million and Ps1,279 million, respectively. As a percentage of net sales, discontinued operations, net of tax, represented 0.05% and 0.6% for the years ended as of December 31, 2014 and 2015, respectively. See note 4A to our 2016 audited consolidated financial statements included elsewhere in this annual report.

Consolidated Net Income (Loss). For the reasons described above, our consolidated net income (loss) (before deducting the portion allocable to non-controlling interest) for 2015 increased significantly from a consolidated net loss of Ps5,680 million in 2014 to a consolidated net income of Ps2,133 million in 2015.

Non-controlling Interest Net Income. Changes in non-controlling interest net income 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 loss attributable to those subsidiaries. Non-controlling interest net income decreased, from a gain of Ps1,103 million in 2014 to a gain of Ps932 million in 2015, primarily attributable to a decrease in the net income of the consolidated entities in which others have a non-controlling interest.

Controlling Interest Net Income (Loss). Controlling interest net income represents the difference between our consolidated net income and non-controlling interest net income, which is the portion of our consolidated net loss attributable to those of our subsidiaries in which non-associated third parties hold interests. For the reasons described above, our controlling interest net income increased 118%, from a net loss of approximately Ps6,783 million in 2014 to a controlling interest net income of approximately Ps1,201 million in 2015.

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 we operate, any one of which may materially decrease our net income and decrease 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 from continuing operations before interest, coupons on Perpetual Debentures and income taxes paid in cash were approximately Ps35,941 million in 2014, Ps43,956 million in 2015 and Ps61,188 million in 2016. See our statement of cash flows included elsewhere in this annual report. CEMEX management is of the opinion that working capital is sufficient for our present requirements.

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 2014, 2015 and 2016.

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Our primary sources and uses of cash during the years ended December 31, 2014, 2015 and 2016 were as follows:

	Year Ended December 31,		
	2014	2015	2016
	(in millions of Mexican Pesos)		
Operating Activities			
Consolidated net income (loss)	(5,680)	2,133	15,207
Discontinued operations, net of tax	90	1,279	1,024
Net income (loss) from continuing operations	(5,770)	854	14,183
Non-cash items	39,740	38,789	35,982
Changes in working capital, excluding income taxes	1,475	3,541	11,023
Net cash flows provided by operating activities from continuing operations before interest, coupons on Perpetual Debentures and income taxes	35,445	43,184	61,188
Financial expense and coupons on Perpetual Debentures and income taxes paid in cash	(24,522)	(25,302)	(23,312)
Net cash flows provided by operating activities of continuing operations	10,923	17,882	37,876
Net cash flows provided by operating activities of discontinued operations	1,069	1,213	1,194
Net cash flows provided by operating activities	11,992	19,095	39,070
Investing Activities			
Property, machinery and equipment, net	(5,965)	(8,872)	(4,500)
Disposal of subsidiaries and associates, net	167	2,722	1,424
Other long-term assets and others, net	(703)	(1,674)	(2,326)
Net cash flows used in investing activities of continuing operations	(6,501)	(7,824)	(5,402)
Net cash flows used in investing activities of discontinued operations	(161)	(153)	2
Net cash flows used in investing activities	(6,662)	(7,977)	(5,400)
Financing Activities			
Sale of non-controlling interest in subsidiaries	—	—	9,777
Derivative financial instruments	1,561	1,098	399
Issuance (repayment) of debt, net	(6,714)	(11,473)	(37,050)
Other financial obligations, net	(4,396)	177	(9,773)
Securitization of trade receivables	2,052	(506)	(999)
Non-current liabilities, net	(1,128)	(1,763)	(1,972)
Net cash flows used in financing activities	(8,625)	(12,467)	(39,618)
Decrease in cash and cash equivalents of continuing operations	(4,203)	(2,409)	(7,144)
Increase in cash and cash equivalents of discontinued operations	908	1,060	1,196
Cash conversion effects, net	708	4,040	2,223
Cash and cash equivalents at the beginning of the year	15,176	12,589	15,280
Cash and cash equivalents at the end of the year	12,589	15,280	11,555

2016. During 2016, excluding the positive foreign currency effect of our initial balances of cash and cash equivalents generated during the period of approximately Ps2,223 million, there was a decrease in cash and cash equivalents of continuing operations of approximately Ps7,144 million. This decrease was the result of our net cash flows used in financing activities of approximately Ps39,618 million and our net cash flows used in investing activities of continuing operations of approximately Ps5,402 million, partially offset by our net cash flows provided by operating activities of continuing operations, which, after financial expense and coupons on Perpetual Debentures and income taxes paid in cash of approximately Ps23,312 million, amounted to approximately Ps37,876 million.

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For the year ended December 31, 2016, our net cash flows provided by operating activities included cash flows generated in working capital of approximately Ps11,023 million, which was primarily comprised of trade payables and other accounts payable and accrued expenses, for an aggregate amount of approximately Ps16,826 million, partially offset by trade receivable, net, other accounts receivable and other assets and inventories for an aggregate amount of approximately Ps5,803 million.

During 2016, our net cash flows provided by operating activities of continuing operations after financial expense and coupons on Perpetual Debentures and income taxes paid in cash of approximately Ps37,876 million were mainly disbursed in connection with (i) our net cash flows used in financing activities of approximately Ps39,618 million, which include repayment of our debt, net, other financial obligations, net, securitization of trade receivables and non-current liabilities for an aggregate amount of approximately Ps49,794 million, partially offset by derivative financial instruments and sale of non-controlling interest in subsidiaries for an aggregate amount of approximately Ps10,176 million and (ii) our net cash flows used in the investing activities of continuing operations of approximately Ps5,402 million, which include investing in property, machinery and equipment, net and other long term assets and others, net for an aggregate amount of approximately Ps6,826 million, partially offset by disposal of subsidiaries and associates, net for an amount of approximately Ps1,424 million.

2015. During 2015, excluding the positive foreign currency effect of our initial balances of cash and cash equivalents generated during the period of approximately Ps4,040 million, there was a decrease in cash and cash equivalents of continuing operations of approximately Ps2,409 million. This decrease was the result of our net cash flows used in financing activities of approximately Ps12,467 million and our net cash flows used in investing activities of continuing operations of approximately Ps7,824 million, partially offset by our net cash flows provided by operating activities of continuing operations, which, after financial expense and coupons on Perpetual Debentures and income taxes paid in cash of approximately Ps25,302 million, amounted to approximately Ps17,882 million.

For the year ended December 31, 2015, our net cash flows provided by operating activities included cash flows generated in working capital of approximately Ps3,541 million, which was primarily comprised of cash flows originated by trade payables and other accounts payable and accrued expenses, for an aggregate amount of approximately Ps10,185 million, partially offset by cash flows disbursed by trade receivable, net, other accounts receivable and other assets and inventories for an aggregate amount of approximately Ps6,644 million.

During 2015, our net cash flows provided by operating activities of continuing operations after financial expense and coupons on Perpetual Debentures and income taxes paid in cash of approximately Ps17,882 million were mainly disbursed in connection with (i) our net cash flows used in financing activities of approximately Ps12,467 million, which include repayment of our debt, net, securitization of trade receivables and non-current liabilities for an aggregate amount of approximately Ps13,742 million, partially offset by derivative financial instruments and other financial obligations, net, for an aggregate amount of approximately Ps1,275 million and (ii) our net cash flows used in the investing activities of continuing operations of approximately Ps7,824 million, which include investing in property, machinery and equipment, net, intangible assets and other deferred charges, and other long term assets and others, net for an aggregate amount of approximately Ps10,546 million, partially offset by disposal of subsidiaries and associates, net for an amount of approximately Ps2,722 million.

2014. During 2014, excluding the positive foreign currency effect of our initial balances of cash and cash equivalents generated during the period of approximately Ps708 million, there was a decrease in cash and cash equivalents of continuing operations of approximately Ps3,706 million. This decrease was the result of our net cash flows used in financing activities of approximately Ps8,625 million and our net cash flows used in investing activities of continuing operations of approximately Ps6,500 million, partially offset by our net cash flows provided by operating activities of continuing operations, which, after financial expense, coupons on Perpetual Debentures and income taxes paid in cash of approximately Ps24,522 million, amounted to approximately Ps11,419 million.

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For the year ended December 31, 2014, our net cash flows provided by operating activities included cash flows generated in working capital of approximately Ps1,475 million, which was primarily comprised of cash flows originated by other accounts receivable and other assets, trade payables and other accounts payable and accrued expenses, for an aggregate amount of approximately Ps7,539 million, partially offset by cash flows disbursed by trade receivable, net, and inventories for an aggregate amount of approximately Ps6,064 million.

During 2014, our net cash flows provided by operating activities of continuing operations after financial expense, coupons on Perpetual Debentures and income taxes paid in cash of approximately Ps11,419 million were disbursed mainly in connection with (i) our net cash flows used in financing activities of approximately Ps8,625 million, which include repayment of our debt, net, other financial obligations, net, and non-current liabilities for an aggregate amount of approximately Ps12,238 million, partially offset by our cash flows generated by the securitization of trade receivables and our derivative financial instruments for an aggregate amount of approximately Ps3,613 million and (ii) our net cash flows used in investing activities of continuing operations of Ps6,500 million, which include investing in property, machinery and equipment, net, intangible assets and other deferred charges, and other long term assets and others, net, for an aggregate amount of approximately Ps6,667 million, partially offset by our disposal of subsidiaries and associates, net, for an amount of Ps167 million.

As of December 31, 2016, we had the following uncommitted lines of credit, at annual interest rates ranging between approximately 1.25% and 6.50%, depending on the negotiated currency:

	<u>Lines of Credit</u>	<u>Available</u>
	<u>(in millions of Mexican Pesos)</u>	
Other lines of credit in foreign subsidiaries	9,601	7,230
Other lines of credit from banks	5,834	5,834
	<u>15,435</u>	<u>13,064</u>

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Capital Expenditures

Our capital expenditures incurred for the years ended December 31, 2015 and 2016, and our expected capital expenditures during 2017, which include an allocation to 2017 of a portion of our total future committed amount, are as follows:

	Actual For the Year Ended December 31,		Estimated in 2017
	2015	2016	
	(in millions of U.S. Dollars)		
Mexico	68	84	123
United States	216	197	192
Europe			
United Kingdom	57	30	39
Germany	22	26	13
France	32	19	20
Spain	17	25	13
Rest of Europe	35	23	45
South, Central America and the Caribbean			
Colombia	156	180	96
Rest of South, Central America and the Caribbean	64	34	73
Asia, Middle East and Africa			
Philippines	21	30	41
Egypt	47	20	23
Rest of Asia, Middle East and Africa	18	21	21
Others	1	5	27
Continuing operations	754	685	727
Discontinued operations	10	—	3
Total consolidated	<u>764</u>	<u>685</u>	<u>730</u>
Of which			
Expansion capital expenditures	252	251	212
Base capital expenditures	<u>512</u>	<u>434</u>	<u>518</u>

For the years ended December 31, 2015 and 2016, we recognized U.S.\$754 million and U.S.\$685 million in capital expenditures from our continuing operations, respectively. As of December 31, 2016, in connection with our significant projects, we had contractually committed capital expenditures of approximately U.S.\$111 million, including our capital expenditures estimated to be incurred during 2017. This amount is expected to be incurred during 2017, based on the evolution of the related projects. Pursuant to the Credit Agreement, we are prohibited from making aggregate annual capital expenditures in excess of U.S.\$1 billion (excluding certain capital expenditures, joint venture investments and acquisitions by each of CEMEX Latam and CHP and their respective subsidiaries), which capital expenditures, joint venture investments and acquisitions at any time then incurred are subject to a separate aggregate limit of U.S.\$500 million (or its equivalent) for each of CEMEX Latam and its subsidiaries and CHP and its subsidiaries, in each case, the amounts of which allowed for permitted acquisitions and investments in joint ventures cannot exceed U.S.\$400 million per year.

Our Indebtedness

As of December 31, 2016, we had approximately Ps273,862 million (U.S.\$13,217 million) (principal amount Ps276,716 million (U.S.\$13,355 million), excluding deferred issuance costs) of total debt plus other financial obligations in our balance sheet, which does not include approximately Ps9,075 million (U.S.\$438 million) of Perpetual Debentures. See notes 16A, 16B and 20D to our 2016 audited consolidated financial

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statements included 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, 2016, approximately 77% of our total debt plus other financial obligations was Dollar-denominated, approximately 21% was Euro-denominated, approximately 1% was Mexican Peso-denominated and immaterial amounts were denominated in other currencies.

On August 14, 2009, CEMEX, S.A.B. de C.V. and certain of its subsidiaries entered into the 2009 Financing Agreement, which extended the final maturities of approximately U.S.\$15 billion in syndicated and bilateral loans and private placement notes to February 14, 2014. On July 5, 2012, CEMEX, S.A.B. de C.V. and certain of its subsidiaries launched the 2012 Exchange Offer and Consent Request to eligible creditors under the 2009 Financing Agreement pursuant to which eligible creditors were requested to provide the 2012 Amendment Consents. In addition, CEMEX, S.A.B. de C.V. and certain of its subsidiaries offered to exchange the indebtedness owed to the Participating Creditors for (i) new loans (or, in the case of the private placement notes, new private placement notes) or (ii) up to U.S.\$500 million of our June 2018 U.S. Dollar Notes, in each case, in transactions exempt from registration under the Securities Act.

On September 17, 2012, CEMEX, S.A.B. de C.V. and certain of its subsidiaries successfully completed the 2012 Refinancing Transaction, and CEMEX, S.A.B. de C.V. and certain of its subsidiaries entered into (a) the 2012 Amendment and Restatement Agreement, pursuant to which the 2012 Amendment Consents with respect to the 2009 Financing Agreement were given effect, and (b) the 2012 Facilities Agreement, pursuant to which CEMEX, S.A.B. de C.V. and certain of its subsidiaries were deemed to borrow loans from those Participating Creditors participating in the 2012 Exchange Offer and Consent Request in principal amounts equal to the principal amounts of indebtedness subject to the 2009 Financing Agreement that was extinguished by such Participating Creditors. As a result of the 2012 Refinancing Transaction, Participating Creditors received (i) approximately U.S.\$6,155 million in aggregate principal amount of new loans and new private placement notes and (ii) U.S.\$500 million aggregate principal amount of the June 2018 U.S. Dollar Notes. In addition, approximately U.S.\$525 million aggregate principal amount of loans and private placement notes, which had remained outstanding under the 2009 Financing Agreement as of September 17, 2012, were subsequently repaid in full, as a result of prepayments made in accordance with the 2012 Facilities Agreement.

On September 29, 2014, CEMEX, S.A.B. de C.V. and certain of its subsidiaries entered into the Credit Agreement for U.S.\$1.35 billion with nine of the main lending banks from its 2012 Facilities Agreement. On November 3, 2014, five additional banks joined the Credit Agreement as lenders with aggregate commitments of U.S.\$515 million, increasing the total amount of the Credit Agreement from U.S.\$1.35 billion to U.S.\$1.87 billion (increasing the revolving tranche of the Credit Agreement proportionally to U.S.\$746 million).

On July 30, 2015, CEMEX, S.A.B. de C.V. repaid in full the total amount outstanding of approximately U.S.\$1.94 billion under the 2012 Facilities Agreement with new funds from 17 financial institutions, which joined new tranches under the Credit Agreement.

In February 2016, CEMEX, S.A.B. de C.V. and certain of its subsidiaries launched a consent request to lenders under the Credit Agreement, pursuant to which lenders were requested to consent to the 2016 Credit Agreement Amendments. On March 7, 2016, CEMEX, S.A.B. de C.V. and certain of its subsidiaries obtained the requisite consents from lenders under the Credit Agreement to make the 2016 Credit Agreement Amendments. The 2016 Credit Agreement Amendments became effective when certain customary conditions precedent were fulfilled on March 17, 2016.

In addition, the 2016 Credit Agreement Amendments effected changes to the margin grid in the Credit Agreement such that if the consolidated leverage ratio (as defined in the Credit Agreement) is greater than 5.50 times in the reference periods ending on December 31, 2016, March 31, 2017, June 30, 2017, and September 30, 2017, the applicable margin will be 425 bps instead of 400 bps. All other levels in the margin grid remained unchanged.

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Finally, pursuant to the 2016 Credit Agreement Amendments (i) the consolidated leverage ratio covenant (as defined in the Credit Agreement) remained at 6.0 times until and including March 31, 2017, and will gradually decline to 4.0 times by June 30, 2020; and (ii) the consolidated coverage ratio covenant (as defined in the Credit Agreement) remained at 1.85 times until and including March 31, 2017, increasing then to 2.0 times on June 30, 2017, and to 2.25 times on December 31, 2017, and remaining at this level for each subsequent reference period.

On July 12, 2016, IFC joined the Credit Agreement as a lender granting CEMEX a loan of €106 million to support CEMEX's sustainable investment programs in emerging markets. The funds will support CEMEX projects designed to enhance environmental performance with 60% of the funds allocated for projects relating to the reduction of CEMEX's greenhouse gas emissions.

On November 30, 2016, CEMEX, S.A.B. de C.V. prepaid U.S.\$373 million outstanding under the Credit Agreement and corresponding to the September 2017 amortization thereunder. With this prepayment, and as part of an agreement reached with a group of existing lenders under the Credit Agreement, U.S.\$664 million (Ps13,758 million) of funded commitments maturing in 2018 were exchanged into a revolving facility, maintaining their original amortization schedule and the same terms and conditions. As of December 31, 2016, total commitments under the Credit Agreement included (i) approximately €746 million (approximately U.S.\$785 million or approximately Ps16,259 million) and (ii) approximately U.S.\$2,826 million (Ps58,555 million), out of which about U.S.\$1,413 million (Ps29,277 million) were in the revolving credit facility. The Credit Agreement currently has an amortization profile, considering all commitments, of approximately U.S.\$783 million in 2018, U.S.\$883 million in 2019 and U.S.\$1,096 million in 2020. See note 16A to our 2016 audited consolidated financial statements included elsewhere in this annual report.

CEMEX, S.A.B. de C.V. and certain of its subsidiaries have pledged under pledge agreements or transferred to a trustee under a security trust substantially all the Collateral, and all proceeds of the Collateral, to secure our payment obligations under the Credit Agreement, the Senior Secured Notes and under several other financing arrangements. These subsidiaries whose shares were pledged or transferred as part of the Collateral collectively own, directly or indirectly, substantially all our operations worldwide. See "Item 3—Key Information—Risk Factors—Risks Relating to Our Business—We pledged the capital stock of subsidiaries that represent substantially all of our business as collateral to secure our payment obligations under the Credit Agreement, the Senior Secured Notes and other financing arrangements."

As of December 31, 2016, we reported an aggregate principal amount of outstanding debt of approximately Ps56,879 million (U.S.\$2,745 million) (principal amount Ps57,220 million (U.S.\$2,762 million), excluding deferred issuance costs) under the Credit Agreement. As of December 31, 2016, we had U.S.\$849 million available under the U.S.\$1,413 million revolving credit facility. If we are unable to comply with our upcoming principal maturities under our indebtedness, 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 financial condition. See "Item 3—Key Information—Risk Factors—Risks Relating to Our Business—We have a substantial amount of debt and other financial obligations maturing in the next several years. 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 principal 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."

For a discussion of restrictions and covenants under the Credit Agreement, see "Item 3—Key Information—Risk Factors—Risks Relating to Our Business—The Credit Agreement contains several restrictions and covenants. Our failure to comply with such restrictions and covenants could have a material adverse effect on our business and financial conditions."

For a description of the Senior Secured Notes, see "Item 5—Operating and Financial Review and Prospects—Summary of Material Contractual Obligations and Commercial Commitments—Senior Secured Notes."

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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.

	<u>Senior Secured Notes</u>	<u>Credit Agreement</u>	<u>Perpetual Debentures</u>	<u>CBs(1)</u>
	U.S.\$7,924 million (Ps148,417 million) (principal amount U.S.\$7,992 million (Ps149,690 million))	U.S.\$2,192 million (Ps41,056 million) (principal amount U.S.\$2,208 million (Ps41,356 million))	U.S.\$439 million (Ps8,222 million)	U.S.\$36 million (Ps674 million)
Amount outstanding as of March 31, 2017				
CEMEX, S.A.B. de C.V.	✓	✓	✓	✓
CEMEX México, S.A. de C.V.	✓	✓	✓	✓
CEMEX Concretos, S.A. de C.V.	✓	✓	✓	✓
Empresas Tolteca de México, S.A. de C.V.	✓	✓		
New Sunward Holding B.V.	✓	✓		
CEMEX España, S.A.	✓	✓	✓	
Cemex Asia B.V.	✓	✓		
CEMEX Corp.	✓	✓		
CEMEX Finance LLC	✓	✓		
Cemex Egyptian Investments B.V.	✓	✓		
CEMEX France Gestion (S.A.S)	✓	✓		
Cemex Research Group AG	✓	✓		
CEMEX UK	✓	✓		

(1) Includes long-term secured CBs.

In addition, as of March 31, 2017, (i) CEMEX Materials LLC is a borrower of Ps2,941 million (U.S.\$157 million) (principal amount Ps2,810 million (U.S.\$150 million)) under an indenture, which is guaranteed by CEMEX Corp.; and (ii) several of our other operating subsidiaries were borrowers under debt facilities and other financial obligations aggregating Ps12,905 million (U.S.\$689 million).

Most of our outstanding indebtedness has been incurred to finance our acquisitions and to finance our capital expenditure programs. 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 moderate growth of the global economic environment and its adverse effects on our operating results may negatively affect our credit rating and the market value of CEMEX, S.A.B. de C.V. common stock, CPOs and ADSs. If current economic pressures continue or worsen, we may be dependent on the issuance of equity as a source to repay our existing indebtedness, including indebtedness under the Credit Agreement. Although we have been able to raise debt, equity and equity-linked capital in the recent past, 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.

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If the global economic environment deteriorates and our operating results worsen significantly, if we were unable to complete debt or equity offerings or if the proceeds of any 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 payments under our indebtedness or refinance our indebtedness. If we are unable to comply with our upcoming principal maturities under our indebtedness, 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.

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 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 or amendments, 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 2016

As of December 31, 2016, we had approximately Ps273,862 million (U.S.\$13,217 million) (principal amount Ps276,716 million (U.S.\$13,355 million), excluding deferred issuance costs) of total debt plus other financial obligations in our balance sheet, which does not include approximately Ps9,075 million (U.S.\$438 million) of Perpetual Debentures. As of December 31, 2016, approximately 77% of our total debt plus other financial obligations was Dollar-denominated, approximately 21% was Euro-denominated, approximately 1% was Mexican Peso-denominated and immaterial amounts were denominated in other currencies. Our financing activities through December 31, 2015 are described in the 2015 Annual Report. The following is a description of our most important transactions related to our indebtedness in 2016:

- On March 7, 2016, CEMEX, S.A.B. de C.V. and certain of its subsidiaries obtained the requisite consents from lenders under the Credit Agreement to make the 2016 Credit Agreement Amendments. The 2016 Credit Agreement Amendments became effective when certain customary conditions precedent were fulfilled on March 17, 2016.
- On March 15, 2016, CEMEX, S.A.B. de C.V. repaid the remaining outstanding amount (U.S.\$352 million) of the March 2016 Optional Convertible Subordinated U.S. Dollar Notes at their maturity.
- On March 16, 2016, CEMEX, S.A.B. de C.V. issued U.S.\$1.0 billion aggregate principal amount of its April 2026 U.S. Dollar Notes. A portion of the net proceeds from the offering of the April 2026 U.S. Dollar Notes of approximately U.S.\$830 million were used to fund the April 2019 U.S. Dollar and Euro Notes Redemption, and the remaining net proceeds from the issuance of the April 2026 U.S. Dollar Notes were used to fund the June 2018 U.S. Dollar Notes Redemption.
- On April 1, 2016, CEMEX España, acting through its Luxembourg branch, issued an irrevocable notice of redemption with respect to the April 2019 U.S. Dollar and Euro Notes, pursuant to which it redeemed the remaining U.S.\$603.7 million aggregate principal amount of the April 2019 U.S. Dollar Notes, including some notes held by CEMEX, S.A.B. de C.V., and the remaining €179.2 million aggregate principal amount of the April 2019 Euro Notes on May 3, 2016 using a portion of the proceeds from the issuance by CEMEX, S.A.B. de C.V. of the April 2026 U.S. Dollar Notes on March 16, 2016.
- On April 28, 2016, CEMEX, S.A.B. de C.V. canceled U.S.\$217.3 million aggregate principal amount of Perpetual Debentures. On May 13, 2016, CEMEX, S.A.B. de C.V. canceled U.S.\$7.8 million and €6.1 million aggregate principal amount of Perpetual Debentures. These cancellations refer to Perpetual Debentures that were already held by us.

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- On May 2, 2016, CEMEX, S.A.B. de C.V. completed the April 2019 U.S. Dollar and Euro Notes Redemption.
- On May 12, 2016, CEMEX, S.A.B. de C.V. completed the May 2016 Tender Offer. The May 2016 Tender Offer was financed with the proceeds from a draw-down on the revolving tranche of our Credit Agreement of U.S.\$400 million. All October 2018 U.S. Dollar Notes and December 2019 U.S. Dollar Notes purchased in the May 2016 Tender Offer were immediately canceled. Following the settlement of the May 2016 Tender Offer, U.S.\$319.5 million aggregate principal amount of the October 2018 U.S. Dollar Notes and U.S.\$746.2 million aggregate principal amount of the December 2019 U.S. Dollar Notes remained outstanding.
- On June 14, 2016, CEMEX Finance LLC issued €400 million aggregate principal amount of its June 2024 Euro Notes. The net proceeds from the offering of the June 2024 Euro Notes were used for general corporate purposes, including to repay indebtedness, all in accordance with the Credit Agreement.
- On June 15, 2016, CEMEX, S.A.B. de C.V. completed the June 2018 U.S. Dollar Notes Redemption.
- On July 12, 2016, IFC joined the Credit Agreement as a lender granting CEMEX a loan of €106 million to support CEMEX's sustainable investment programs in emerging markets. The funds will support CEMEX projects designed to enhance environmental performance with 60% of the funds allocated for projects relating to the reduction of CEMEX's greenhouse gas emissions.
- On July 28, 2016, CEMEX, S.A.B. de C.V. completed the July 2016 Tender Offer. The July 2016 Tender Offer was financed with the proceeds from a draw-down on the revolving tranche of our Credit Agreement of approximately U.S.\$450 million. All October 2022 U.S. Dollar Notes purchased in the July 2016 Tender Offer were immediately canceled. Following the settlement of the July 2016 Tender Offer, U.S.\$1,055.6 million aggregate principal amount of the October 2022 U.S. Dollar Notes remained outstanding.
- On August 15, 2016, CEMEX, S.A.B. de C.V. completed the redemption of the remaining 5.875% Senior Secured Notes due 2019.
- On October 28, 2016, CEMEX, S.A.B. de C.V. completed the October 2016 Tender Offer. The October 2016 Tender Offer was financed with the proceeds from a draw-down on the revolving tranche of our Credit Agreement of U.S.\$500 million, together with available cash. All January 2021 U.S. Dollar Notes purchased in the October 2016 Tender Offer were immediately canceled. Following the settlement of the October 2016 Tender Offer, U.S.\$758.1 million aggregate principal amount of the January 2021 U.S. Dollar Notes remained outstanding.
- On November 30, 2016, CEMEX, S.A.B. de C.V. prepaid U.S.\$373 million outstanding under the Credit Agreement and corresponding to the September 2017 amortization thereunder. With this prepayment, and as part of an agreement reached with a group of existing lenders under the Credit Agreement, U.S.\$664 million (Ps13,758 million) of funded commitments maturing in 2018 were exchanged into a revolving facility, maintaining their original amortization schedule and the same terms and conditions. As of December 31, 2016, total commitments under the Credit Agreement included (i) approximately €746 million (approximately U.S.\$785 million or approximately Ps16,259 million) and (ii) approximately U.S.\$2,826 million (Ps58,555 million), out of which about U.S.\$1,413 million (Ps29,277 million) were in the revolving credit facility.
- In 2016, the repurchase of U.S.\$198.5 million aggregate principal amount of the following Senior Secured Notes (all of which Senior Secured Notes have been canceled):
 - U.S.\$2.1 million aggregate principal amount of June 2018 U.S. Dollar Notes;
 - U.S.\$46.1 million aggregate principal amount of CEMEX, S.A.B. de C.V.'s 5.875% Senior Secured Notes due 2019;

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- U.S.\$61.0 million aggregate principal amount of December 2019 U.S. Dollar Notes;
- U.S.\$22.9 million aggregate principal amount of April 2019 U.S. Dollar Notes;
- U.S.\$28.9 million aggregate principal amount of October 2022 U.S. Dollar Notes;
- U.S.\$6.1 million aggregate principal amount of October 2018 U.S. Dollar Notes; and
- U.S.\$31.4 million aggregate principal amount of January 2021 U.S. Dollar Notes.

We used a substantial portion of the proceeds from these transactions to repay and refinance indebtedness, to improve our liquidity position and for general corporate purposes. Through these and prior refinancing transactions, we addressed all maturities under the 2009 Financing Agreement and the 2012 Facilities Agreement. For a description of the 2016 Credit Agreement Amendments, see “Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Our Indebtedness.”

Our Other Financial Obligations

Other financial obligations in the consolidated balance sheet as of December 31, 2015 and 2016 are detailed as follows:

	December 31, 2015			December 31, 2016		
	Short-term	Long-term	Total	Short-term	Long-term	Total
March 2020 Optional Convertible Subordinated U.S. Dollar Notes	Ps —	8,569	8,569	—	10,417	10,417
March 2018 Optional Convertible Subordinated U.S. Dollar Notes	—	10,826	10,826	—	13,575	13,575
March 2016 Optional Convertible Subordinated U.S. Dollar Notes	6,007	—	6,007	—	—	—
November 2019 Mandatory Convertible Mexican Peso Notes	239	961	1,200	278	689	967
Liabilities secured with accounts receivable	9,071	1,430	10,501	11,095	—	11,095
Capital leases	270	1,482	1,752	285	1,291	1,576
	<u>Ps 15,587</u>	<u>23,286</u>	<u>38,855</u>	<u>11,658</u>	<u>25,972</u>	<u>37,630</u>

As mentioned in note 2F to our 2016 audited consolidated financial statements included elsewhere in this annual report, financial instruments convertible into CEMEX, S.A.B. de C.V.’s CPOs and/or ADSs contain components of both liability and equity, which are recognized differently depending on whether the instrument is mandatorily convertible, or is optionally convertible by election of the note holders, as well as the currency in which the instrument is denominated.

March 2020 Optional Convertible Subordinated U.S. Dollar Notes

During 2015, CEMEX, S.A.B. de C.V. issued U.S.\$521 million (Ps 8,977 million) aggregate principal amount of its March 2020 Optional Convertible Subordinated U.S. Dollar Notes. The March 2020 Optional Convertible Subordinated U.S. Dollar Notes were issued: (a) U.S.\$200 million as a result of the exercise on March 13, 2015 of U.S.\$200 million notional amount of CCUs (described below), and (b) U.S.\$321 million as a result of private exchanges with certain institutional investors on May 28, 2015, which together with early conversions, resulted in a total of approximately U.S.\$626 million aggregate principal amount of the March 2016 Optional Convertible Subordinated U.S. Dollar Notes held by such investors being paid and the issuance and delivery by CEMEX of an estimated 42 million ADSs, which included a number of additional ADSs issued to the holders as non-cash inducement premiums. The March 2020 Optional Convertible Subordinated U.S. Dollar

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Notes, which are subordinated to all of CEMEX's liabilities and commitments, are convertible into a fixed number of CEMEX, S.A.B. de C.V.'s ADSs at any time at the holder's election and are subject to antidilution adjustments. The difference at the exchange date between the fair value of the March 2016 Optional Convertible Subordinated U.S. Dollar Notes and the 42 million ADSs against the fair value of March 2020 Optional Convertible Subordinated U.S. Dollar Notes, represented a loss of approximately Ps365 million recognized in 2015 as part of other financial (expense) income, net. As of December 31, 2015 and 2016, the conversion price per ADS was approximately U.S.\$11.90 and U.S.\$11.45, respectively. The aggregate fair value of the conversion option as of the issuance dates which amounted to approximately Ps199 million was recognized in other equity reserves. After antidilution adjustments, the conversion rate as of December 31, 2015 and 2016 was 84.00 ADS and 87.3646 ADS, respectively, per each U.S.\$1 thousand principal amount of such notes. See note 16B to our 2016 audited consolidated financial statements included elsewhere in this annual report.

March 2018 Optional Convertible Subordinated U.S. Dollar Notes

On March 15, 2011, CEMEX, S.A.B. de C.V. closed the offering of U.S.\$690 million (Ps8,211 million) aggregate principal amount of the March 2018 Optional Convertible Subordinated U.S. Dollar Notes. The notes are subordinated to all of CEMEX's liabilities and commitments. The notes are convertible into a fixed number of CEMEX, S.A.B. de C.V.'s ADSs, at the holder's election, and are subject to antidilution adjustments. As of December 31, 2015 and 2016, the conversion price per ADS was approximately U.S.\$9.27 dollars and U.S.\$8.92 dollars, respectively. After antidilution adjustments, the conversion rate as of December 31, 2015 and 2016 was 107.8211 ADS and 112.1339 ADS, respectively, per each U.S.\$1 thousand principal amount of the March 2018 Optional Convertible Subordinated U.S. Dollar Notes. A portion of the net proceeds from this transaction were used to fund the purchase of capped call options, which are generally expected to reduce the potential dilution cost to us upon the potential conversion of the March 2018 Optional Convertible Subordinated U.S. Dollar Notes. See notes 16B and 16D to our 2016 audited consolidated financial statements included elsewhere in this annual report.

November 2019 Mandatory Convertible Mexican Peso Notes

In December 2009, CEMEX, S.A.B. de C.V. completed an exchange offer of debt into mandatorily convertible securities in pesos for approximately U.S.\$315 million (Ps4,126 million) of the November 2019 Mandatory Convertible Mexican Peso Notes. Reflecting antidilution adjustments, the notes will be converted at maturity or earlier if the price of the CPO reaches approximately Ps29.50 into approximately 210 million CPOs at a conversion price of approximately Ps18.1808 per CPO. During their tenure, holders have an option to voluntarily convert their securities on any interest payment date into CPOs. Considering the currency in which the notes are denominated and the functional currency of CEMEX, S.A.B. de C.V.'s financing division, the conversion option embedded in these securities is treated as a stand-alone derivative liability at fair value in the statement of operations, recognizing an initial effect of Ps365 million. Changes in fair value of the conversion option generated gains of approximately U.S.\$11 million (Ps159 million) in 2014, gains of approximately U.S.\$18 million (Ps310 million) in 2015 and losses of approximately U.S.\$29 million (Ps601 million) in 2016. See notes 2D and 16B to our 2016 audited consolidated financial statements included elsewhere in this annual report.

Our Receivables Financing Arrangements

Our subsidiaries in Mexico, the United States, France and the United Kingdom are parties to sales of trade accounts receivable programs with financial institutions, referred to as securitization programs. As of December 31, 2015 and 2016, trade accounts receivable included receivables of U.S.\$746 million (Ps12,858 million) and U.S.\$658 million (Ps13,644 million), respectively. 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

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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 customer, according to the terms of the programs. The portion of the accounts receivable sold maintained as reserves amounted to Ps2,357 million and Ps2,549 million as of December 31, 2015 and 2016, respectively. Therefore, the funded amount to CEMEX was U.S.\$609 million (Ps10,501 million) in 2015 and U.S.\$535 million (Ps11,095 million) in 2016. The discount granted to the acquirers of the trade accounts receivable is recorded as financial expense and amounted to approximately U.S.\$16 million (Ps249 million) and U.S.\$14 million (Ps258 million) in 2015 and 2016, respectively. Our securitization programs are negotiated for specific periods and may be renewed at their maturity. As of December 31, 2016, the securitization programs outstanding in Mexico, the United States, France and the United Kingdom each mature in March 2017. See notes 9 and 16B to our 2016 audited consolidated financial statements included elsewhere in this annual report. For a description of our renewals of the securitization programs, see “Item 5—Operating and Financial Review and Prospects—Recent Developments—Recent Developments Relating to Our Indebtedness.”

Capital Leases

As of December 31, 2015 and 2016, we held several operating buildings and mainly mobile equipment, under capital lease contracts for a total of approximately U.S.\$102 million (Ps1,752 million) and U.S.\$84 million (Ps1,576 million), respectively. See note 16B to our 2016 audited consolidated financial statements included elsewhere in this annual report. Future payments associated with these contracts are presented in note 23E to our 2016 audited consolidated financial statements included elsewhere in this annual report.

Our Equity Forward Arrangements

As of December 31, 2015 and 2016, we had a forward contract to be settled in cash maturing in October 2016 over the price of 59.5 million CPOs of Axtel, S.A.B. de C.V. (“Axtel”), a Mexican telecommunications company traded on the Mexican Stock Exchange. Changes in the fair value of this instrument generated losses of approximately U.S.\$9 million (Ps133 million) in 2014, gains of approximately U.S.\$15 million (Ps258 million) in 2015 and losses of approximately U.S.\$2 million (Ps30 million) in 2016, recognized in our statements of operations for each period. In October 2015, Axtel announced its merger with Alestra, S. de R.L. de C.V. (“Alestra”), a Mexican provider of information technology solutions and a subsidiary of Alfa, S.A.B. de C.V. (“Alfa”) whose merger became effective on February 15, 2016. In connection with this merger, on January 6, 2016, we settled in cash the forward contract and received approximately U.S.\$4 million, net of transaction costs. As of December 31, 2015, we held an investment in Axtel that, upon completion of the Alestra and Axtel merger, would be exchanged proportionately according to the new ownership interests for shares in the new merged entity that will remain public and that we believe has an attractive business outlook. Therefore, in a separate transaction after the settlement of the Axtel forward contract, we purchased 59.5 million CPOs of Axtel in the open market and incorporated them into our existing investment in Axtel as part of our investments available for sale. See note 16D to our 2016 audited consolidated financial statements included elsewhere in this annual report.

Perpetual Debentures

As of December 31, 2015 and 2016, non-controlling interest stockholders’ equity included approximately U.S.\$440 million (Ps7,581 million) and U.S.\$438 million (Ps9,075 million), respectively, representing the notional amount of Perpetual Debentures, which exclude any perpetual debentures held by subsidiaries. The Perpetual Debentures have no fixed maturity date and do not represent contractual obligations to exchange any series of its outstanding Perpetual Debentures for financial assets or financial liabilities. Based on their characteristics, the Perpetual Debentures, issued through SPVs, qualify as equity instruments and are classified within non-controlling interest as they were issued by consolidated entities, and, if the conditions to interest deferred are satisfied, we have the unilateral right to defer indefinitely the payment of interest due on the Perpetual Debentures. Issuance costs, as well as the interest expense, which is accrued based on the principal

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amount of the Perpetual Debentures, are included within “Other equity reserves” and represented expenses of approximately Ps432 million and Ps507 million in 2015 and 2016, respectively. The different SPVs were established solely for purposes of issuing the Perpetual Debentures and are included in our 2016 audited consolidated financial statements included elsewhere in this annual report. As of December 31, 2016, the Perpetual Debentures were as follows

<u>Issuer</u>	<u>Issuance Date</u>	<u>Nominal Amount at Issuance Date (in millions)</u>	<u>Nominal Amount Outstanding as of December 31, 2016 (in millions)</u>	<u>Repurchase Option</u>	<u>Interest Rate</u>
C10-EUR Capital (SPV) Ltd.	May 2007	€ 730	€ 64	Tenth anniversary	6.277%
C8 Capital (SPV) Ltd.(1)	February 2007	U.S.\$ 750	U.S.\$ 135	Eighth anniversary	LIBOR + 4.40%
C5 Capital (SPV) Ltd.(1)	December 2006	U.S.\$ 350	U.S.\$ 61	Fifth anniversary	LIBOR + 4.277%
C10 Capital (SPV) Ltd.	December 2006	U.S.\$ 900	U.S.\$ 175	Tenth anniversary	LIBOR + 4.71%

(1) We are restricted to call these Perpetual Debentures under the Credit Agreement.

Stock Repurchase Program

Under Mexican law, CEMEX, S.A.B. de C.V.’s shareholders may authorize a stock repurchase program at any annual general ordinary shareholders’ meeting. Unless otherwise instructed by CEMEX, S.A.B. de C.V.’s 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 2014, 2015 and 2016 annual general ordinary shareholders’ meetings held on March 26, 2015, March 31, 2016, and March 30, 2017, respectively, no stock repurchase program has been proposed between March 2014 and the date of this annual report. Subject to certain exceptions, we are not permitted to repurchase shares of our capital stock under the Credit Agreement and the indentures governing the Senior Secured Notes.

Research and Development, Patents and Licenses, etc.

Headed by CEMEX Research Group AG (“CEMEX Research Group”), based in Switzerland, R&D is increasingly assuming a key role as it is recognized as an important contributor to CEMEX’s comprehensive pricing strategy for CEMEX’s products. Through the development of innovative technologies, services, and commercial models, CEMEX is leveraging its know-how based assets to create an important differentiation in its offerings to customers in a broad range of markets with unique challenges. Focus is placed on creating tangible value for our customers by making their business more profitable, but more importantly, as leaders in the industry, there is an underlying mission for CEMEX to elevate and accelerate the industry’s evolution in order to achieve greater sustainability, increase engagement in social responsibility and provoke an important leap in its technological advancement.

CEMEX’s R&D initiatives are globally led, coordinated and managed by CEMEX Research Group, which encompasses the areas of Product Development & Construction Trends, Cement Production Technology, Sustainability, Business Process & IT, Innovation, and Commercial & Logistics. The areas of Product Development & Construction Trends and Cement Production Technology are responsible for, among others, developing new products for our cement, ready-mix concrete, aggregate and admixture businesses as well as introduce novel and/or improved processing and manufacturing technology for all of CEMEX’s core businesses. Additionally, the Product Development & Construction Trends and Sustainability areas collaborate to develop and propose construction solutions through consulting and the integration of the aforementioned technologies. The Cement Production Technology and Sustainability areas are dedicated to, among others, operational efficiencies leading to cost reductions and enhancing our CO2 footprint and overall environmental impact through the usage of alternative or biomass fuels and the use of supplementary materials in substitution of

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clinker. For example, we have developed processes and products that allow us to reduce heat consumption in our kilns, which in turn reduces energy costs. Global products/brands have been conceptualized and engineered to positively impact the jobsite safety, promote efficient construction practices, sensibly preserve natural resources vital to life, lower carbon foot-print and improve the quality of life in rapidly transforming cities. Underlying CEMEX's R&D philosophy is a growing culture of global collaboration and coordination, where the Innovation Team identifies and promotes novel collaboration practices, and mobilizes its adoption within CEMEX. Getting closer and understanding our customers is a fundamental transformation within CEMEX, and consequently the Commercial & Logistics area is carrying out research initiatives to better attend the needs of customers as well as identify key changes in our supply chain management that will enable us to bring products, solutions, and services to our customers in the most cost-effective and efficient manner.

There are nine laboratories supporting CEMEX's R&D efforts under a collaboration network. The laboratories are strategically located in close proximity to our plants, and assist the operating subsidiaries with troubleshooting, optimization techniques and quality assurance methods. The laboratory located in Switzerland is continually improving and consolidating our research and development efforts in the areas of cement, concrete, aggregates, admixtures, mortar and asphalt technology, sustainability as well as in energy management. In addition, CEMEX Research Group actively generates as well as registers patents and pending applications in many of the countries in which CEMEX operates. Patents and trade secrets are managed strategically in order to ensure an important technology lock-ins associated with CEMEX technology.

Our Information Technology divisions develop 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. More importantly, thanks to the activities of the Business Process and IT departments, CEMEX is continuously improving and innovating its business processes to adapt them to the dynamically evolving markets, and better serve CEMEX's needs.

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 2014, 2015 and 2016, the total combined expense of the technology and energy departments in CEMEX, which includes all significant R&D activities, amounted to approximately Ps538 million (U.S.\$36 million), Ps660 million (U.S.\$41 million) and Ps712 million (U.S.\$38 million), respectively.

Trend Information

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the year ended December 31, 2016 that are reasonably likely to have a material and adverse effect on our net sales, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future results of operations or financial conditions.

Summary of Material Contractual Obligations and Commercial Commitments

The Credit Agreement

On September 29, 2014, CEMEX, S.A.B. de C.V. entered into the Credit Agreement for U.S.\$1.35 billion with nine of the main lending banks from our 2012 Facilities Agreement. On November 3, 2014, five additional banks joined the Credit Agreement as lenders with aggregate commitments of U.S.\$515 million, increasing the total amount of the Credit Agreement from U.S.\$1.35 billion to U.S.\$1.87 billion (increasing the revolving tranche of the Credit Agreement proportionally to U.S.\$746 million). On July 30, 2015, CEMEX, S.A.B. de C.V.

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repaid in full the total amount outstanding of approximately U.S.\$1.94 billion under the 2012 Facilities Agreement with new funds from 17 financial institutions. These lenders have joined new tranches under the Credit Agreement, allowing us to increase the average life of our syndicated bank debt to approximately four years as of such date. The new tranches share the same guarantors and collateral package as the original tranches under the Credit Agreement.

As of December 31, 2016, we reported an aggregate principal amount of outstanding debt under the Credit Agreement of approximately Ps56,879 million (U.S.\$2,745 million) (principal amount Ps57,220 million (U.S.\$2,762 million), excluding deferred issuance costs). The Credit Agreement is secured by a first-priority security interest over the Collateral and all proceeds of such Collateral.

On July 12, 2016, IFC joined the Credit Agreement as a lender granting CEMEX a loan of €106 million to support CEMEX's sustainable investment programs in emerging markets. The funds will support CEMEX projects designed to enhance environmental performance with 60% of the funds allocated for projects relating to the reduction of CEMEX's greenhouse gas emissions.

On November 30, 2016, CEMEX, S.A.B. de C.V. prepaid U.S.\$373 million outstanding under the Credit Agreement and corresponding to the September 2017 amortization thereunder. With this prepayment, and as part of an agreement reached with a group of existing lenders under the Credit Agreement, U.S.\$664 million (Ps13,758 million) of funded commitments maturing in 2018 were exchanged into a revolving facility, maintaining their original amortization schedule and the same terms and conditions. As of December 31, 2016, total commitments under the Credit Agreement included (i) approximately €746 million (approximately U.S.\$785 million or approximately Ps16,259 million) and (ii) approximately U.S.\$2,826 million (Ps58,555 million), out of which about U.S.\$1,413 million (Ps29,277 million) were in the revolving credit facility. The Credit Agreement currently has an amortization profile, considering all commitments, of approximately U.S.\$783 million in 2018, U.S.\$883 million in 2019 and U.S.\$1,096 million in 2020. See note 16A to our 2016 audited consolidated financial statements included elsewhere in this annual report.

The Credit Agreement is secured by a first-priority security interest over the Collateral and all proceeds of such Collateral.

For a discussion of restrictions and covenants under the Credit Agreement, see "Item 3—Key Information—Risk Factors—Risks Relating to Our Business—The Credit Agreement contains several restrictions and covenants. Our failure to comply with such restrictions and covenants could have a material adverse effect on our business and financial conditions."

Senior Secured Notes

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) create liens; (ii) incur in additional debt; (iii) change CEMEX's business or the business of any obligor or material subsidiary (in each case, as defined in the Credit 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 certain assets; (ix) grant additional guarantees or indemnities; (x) declare or pay cash dividends or make share redemptions; (xi) enter into certain derivatives transactions and (xii) exercise any call option in relation to any perpetual bonds issues unless the exercise of the call options does not have a materially negative impact on our cash flow.

October 2022 U.S. Dollar Notes. On October 12, 2012, our subsidiary, CEMEX Finance LLC, issued the October 2022 U.S. Dollar Notes in transactions exempt from registration pursuant to Rule 144A and Regulation S under the Securities Act. CEMEX, S.A.B. de C.V., CEMEX México, CEMEX España, New Sunward, Cemex Asia B.V. ("CEMEX Asia"), CEMEX Concretos, S.A. de C.V. ("CEMEX Concretos"),

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CEMEX Corp., Cemex Egyptian Investments B.V. (“CEMEX Egyptian Investments”), CEMEX France, CEMEX Research Group, CEMEX UK and Empresas Tolteca de México, S.A. de C.V. (“Empresas Tolteca”) have fully and unconditionally guaranteed the performance of all obligations of CEMEX Finance LLC under the October 2022 U.S. Dollar 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. On June 29, 2016, CEMEX, S.A.B. de C.V. commenced a tender offer to purchase up to U.S.\$450 million of the outstanding October 2022 U.S. Dollar Notes. On July 28, 2016, CEMEX, S.A.B. de C.V. announced that approximately U.S.\$355.3 million of the October 2022 U.S. Dollar Notes were validly tendered by holders of such notes. All such October 2022 U.S. Dollar Notes purchased in the tender offer were immediately canceled. Following the settlement of the tender offer, U.S.\$1,055.6 million aggregate principal amount of the October 2022 U.S. Dollar Notes remained outstanding.

December 2019 U.S. Dollar Notes. On August 12, 2013, CEMEX, S.A.B. de C.V. issued the December 2019 U.S. Dollar Notes, in transactions exempt from registration pursuant to Rule 144A and Regulation S under the Securities Act. CEMEX México, CEMEX España, New Sunward, CEMEX Asia, CEMEX Concretos, CEMEX Corp., CEMEX Finance LLC, CEMEX Egyptian Investments, CEMEX France, CEMEX Research Group, CEMEX UK and Empresas Tolteca have fully and unconditionally guaranteed the performance of all obligations of CEMEX, S.A.B. de C.V. under the December 2019 U.S. Dollar 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. On May 12, 2016, CEMEX, S.A.B. de C.V. completed the purchase of U.S.\$218.9 million aggregate principal amount of the December 2019 U.S. Dollar Notes through a cash tender offer. On March 2, 2017, CEMEX, S.A.B. de C.V. completed the purchase of an additional U.S.\$89.9 million aggregate principal amount of the December 2019 U.S. Dollar Notes through a cash tender offer. All such December 2019 U.S. Dollar Notes purchased in the tender offers were immediately canceled. Following the settlement of the tender offers, U.S.\$618.2 million aggregate principal amount of the December 2019 U.S. Dollar Notes remained outstanding.

January 2021 and October 2018 U.S. Dollar Notes. On October 2, 2013, CEMEX, S.A.B. de C.V. issued the January 2021 and October 2018 U.S. Dollar Notes, in transactions exempt from registration pursuant to Rule 144A and Regulation S under the Securities Act. CEMEX México, CEMEX España, New Sunward, CEMEX Asia, CEMEX Concretos, CEMEX Corp., CEMEX Finance LLC, CEMEX Egyptian Investments, CEMEX France, CEMEX Research Group, CEMEX UK and Empresas Tolteca have fully and unconditionally guaranteed the performance of all obligations of CEMEX, S.A.B. de C.V. under the January 2021 and October 2018 U.S. Dollar 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. On May 12, 2016, CEMEX, S.A.B. de C.V. completed the purchase of U.S.\$178.5 million aggregate principal amount of the October 2018 U.S. Dollar Notes through a cash tender offer. All such October 2018 U.S. Dollar Notes purchased in the tender offer were immediately canceled. Following the settlement of the tender offer, U.S.\$319.5 million aggregate principal amount of the October 2018 U.S. Dollar Notes remained outstanding. On September 29, 2016, CEMEX, S.A.B. de C.V. commenced a tender offer to purchase up to U.S.\$500 million of the outstanding January 2021 U.S. Dollar Notes. On October 28, 2016, CEMEX, S.A.B. de C.V. announced that approximately U.S.\$241.9 million of the January 2021 U.S. Dollar Notes were validly tendered by holders of such notes. On March 2, 2017, CEMEX, S.A.B. de C.V. completed the purchase of an additional U.S.\$385.1 million aggregate principal amount of the January 2021 U.S. Dollar Notes through a cash tender offer. All such January 2021 U.S. Dollar Notes purchased in the tender offers were immediately canceled. Following the settlement of the tender offers, U.S.\$341.7 million aggregate principal amount of the January 2021 U.S. Dollar Notes remained outstanding.

April 2024 U.S. Dollar and April 2021 Euro Notes. On April 1, 2014, CEMEX Finance LLC issued the April 2024 U.S. Dollar and April 2021 Euro Notes in transactions exempt from registration pursuant to Rule 144A and Regulation S under the Securities Act. CEMEX, S.A.B. de C.V., CEMEX México, CEMEX España,

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New Sunward, CEMEX Asia, CEMEX Concretos, CEMEX Corp., CEMEX Egyptian Investments, CEMEX France, CEMEX Research Group, CEMEX UK and Empresas Tolteca have fully and unconditionally guaranteed the performance of all obligations of CEMEX Finance LLC under the April 2024 U.S. Dollar and April 2021 Euro 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.

January 2025 U.S. Dollar and January 2022 Euro Notes. On September 11, 2014, CEMEX, S.A.B. de C.V. issued the January 2025 U.S. Dollar and January 2022 Euro Notes, in transactions exempt from registration pursuant to Rule 144A and Regulation S under the Securities Act. CEMEX México, CEMEX Concretos, Empresas Tolteca, New Sunward, CEMEX España, CEMEX Asia, CEMEX Corp., CEMEX Finance LLC, Cemex Egyptian Investments, CEMEX France, CEMEX Research Group and CEMEX UK have fully and unconditionally guaranteed the performance of all obligations of CEMEX, S.A.B. de C.V. under the January 2025 U.S. Dollar and January 2022 Euro 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.

May 2025 U.S. Dollar and March 2023 Euro Notes. In March 2015, CEMEX, S.A.B. de C.V. issued the May 2025 U.S. Dollar and March 2023 Euro Notes in transactions exempt from registration pursuant to Rule 144A and Regulation S under the Securities Act. CEMEX México, CEMEX Concretos, Empresas Tolteca, New Sunward, CEMEX España, CEMEX Asia, CEMEX Corp., CEMEX Finance LLC, Cemex Egyptian Investments, CEMEX France, CEMEX Research Group and CEMEX UK, have fully and unconditionally guaranteed the performance of all obligations of CEMEX, S.A.B. de C.V. under the May 2025 U.S. Dollar and March 2023 Euro 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.

April 2026 U.S. Dollar Notes. On March 16, 2016, CEMEX, S.A.B. de C.V. issued the April 2026 U.S. Dollar Notes, in transactions exempt from registration pursuant to Rule 144A and Regulation S under the Securities Act. CEMEX México, CEMEX España, New Sunward, CEMEX Asia, CEMEX Concretos, CEMEX Corp., CEMEX Finance LLC, CEMEX Egyptian Investments, CEMEX France, CEMEX Research Group and CEMEX UK and Empresas Tolteca have fully and unconditionally guaranteed the performance of all obligations of CEMEX, S.A.B. de C.V. under the April 2026 U.S. Dollar 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.

June 2024 Euro Notes. On June 14, 2016, CEMEX Finance LLC issued the June 2024 Euro Notes, in transactions exempt from registration pursuant to Rule 144A and Regulation S under the Securities Act. CEMEX, S.A.B. de C.V., CEMEX México, CEMEX Concretos, Empresas Tolteca, New Sunward, CEMEX España, Cemex Asia, CEMEX Corp., Cemex Egyptian Investments, CEMEX France, Cemex Research Group and CEMEX UK have fully and unconditionally guaranteed the performance of all obligations of CEMEX Finance LLC under the June 2024 Euro 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.

Convertible Notes

March 2020 Optional Convertible Subordinated U.S. Dollar Notes. During 2015, CEMEX, S.A.B. de C.V. issued U.S.\$521 million (Ps8,977 million) aggregate principal amount of its March 2020 Optional Convertible Subordinated U.S. Dollar Notes. The March 2020 Optional Convertible Subordinated U.S. Dollar Notes were issued: (a) U.S.\$200 million as a result of the exercise on March 13, 2015 of U.S.\$200 million notional amount of CCUs (described below), and (b) U.S.\$321 million as a result of private exchanges with certain institutional

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investors on May 28, 2015, which together with early conversions, resulted in a total of approximately U.S.\$626 million aggregate principal amount of the March 2016 Optional Convertible Subordinated U.S. Dollar Notes held by such investors being paid and the issuance and delivery by CEMEX of an estimated 42 million ADSs, which included a number of additional ADSs issued to the holders as non-cash inducement premiums. The March 2020 Optional Convertible Subordinated U.S. Dollar Notes, which are subordinated to all of CEMEX's liabilities and commitments, are convertible into a fixed number of CEMEX, S.A.B. de C.V.'s ADSs at any time at the holder's election and are subject to antidilution adjustments. The difference at the exchange date between the fair value of the March 2016 Optional Convertible Subordinated U.S. Dollar Notes and the 42 million ADSs against the fair value of the March 2020 Optional Convertible Subordinated U.S. Dollar Notes, represented a loss of approximately Ps365 million recognized in 2015 as part of other financial (expense) income, net. The aggregate fair value of the conversion option as of the issuance dates which amounted to approximately Ps199 million was recognized in other equity reserves. As of December 31, 2015 and 2016, the conversion price per ADS was approximately U.S.\$11.90 and U.S.\$11.45, respectively. After antidilution adjustments, the conversion rate as of December 31, 2015 and 2016 was 84.0044 ADS and 87.36 ADS, respectively; per each U.S.\$1 thousand principal amount of such notes. See note 16B to our 2016 audited consolidated financial statements included elsewhere in this annual report.

November 2019 Mandatory Convertible Mexican Peso Notes. In December 2009, CEMEX, S.A.B. de C.V. completed an exchange offer of debt into mandatorily convertible securities in pesos for approximately U.S.\$315 million (Ps4,126 million) of the November 2019 Mandatory Convertible Mexican Peso Notes. Reflecting antidilution adjustments, the notes will be converted at maturity or earlier if the price of the CPO reaches approximately Ps29.50 into approximately 210 million CPOs at a conversion price of approximately Ps19.66 per CPO. During their tenure, holders have an option to voluntarily convert their securities on any interest payment date into CPOs. Considering the currency in which the notes are denominated and the functional currency of CEMEX, S.A.B. de C.V.'s financing division, the conversion option embedded in these securities is treated as a stand-alone derivative liability at fair value in the statement of operations, recognizing an initial effect of Ps365 million. See note 16B to our 2016 audited consolidated financial statements included elsewhere in this annual report.

March 2016 Optional Convertible Subordinated U.S. Dollar Notes and March 2018 Optional Convertible Subordinated U.S. Dollar Notes. On March 15, 2011, CEMEX, S.A.B. de C.V. closed the offering of U.S.\$978 aggregate principal amount of the March 2016 Optional Convertible Subordinated U.S. Dollar Notes and U.S.\$690 million (Ps8,211 million) aggregate principal amount of the March 2018 Optional Convertible Subordinated U.S. Dollar Notes. The notes are subordinated to all of CEMEX's liabilities and commitments. The notes are convertible into a fixed number of CEMEX, S.A.B. de C.V.'s ADSs, at the holder's election, and are subject to antidilution adjustments. As of December 31, 2015 and 2016, the conversion price per ADS was approximately U.S.\$9.27 and U.S.\$8.92, respectively. After antidilution adjustments, the conversion rate as of December 31, 2015 and 2016 was 107.8211 ADS and 112.1339 ADS, respectively; per each U.S.\$1 thousand principal amount of the March 2018 Optional Convertible Subordinated U.S. Dollar Notes. During 2015, we amended a portion of the capped calls relating to the March 2016 Optional Convertible Subordinated U.S. Dollar Notes and, as a result, CEMEX received approximately U.S.\$44 million (Ps758 million) in cash, equivalent to the unwind of 44.2% of the total notional amount of such capped call. On March 15, 2016, the remaining options for the 55.8% of the March 2016 Optional Convertible Subordinated U.S. Dollar Notes expired out of the money. During August 2016, we amended the capped calls relating to the March 2018 Optional Convertible Subordinated U.S. Dollar Notes and, as a result, the exercise price was adjusted to U.S.\$8.92 per ADS and the underlying to six million ADSs. See notes 16B and 16D to our 2016 audited consolidated financial statements included elsewhere in this annual report.

Commercial Commitments

On July 30, 2012, we entered into a Master Professional Services Agreement with IBM. This agreement provides the framework for our contracting for IBM to provide us with the following services: information

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technology, application development and maintenance, finance and accounting outsourcing, human resources administration and contact center services. The agreement provides for these services to be provided to us from July 30, 2012 until August 31, 2022, unless earlier terminated. Our minimum required payments to IBM under the agreement are approximately U.S.\$50 million per year. We will have the right to adjust the cost and quality of the services every two years if it is determined that they do not meet certain benchmarks. We may terminate the agreement (or a portion of it) at our discretion and without cause at any time by providing at least six-months' notice to IBM and paying termination charges consisting of IBM's unrecovered investment and breakage and wind-down costs. In addition, we may terminate the agreement (or a portion of it) for cause without paying termination charges. Other termination rights may be available to us for a termination charge that will vary with the reason for termination. IBM may terminate the agreement if we (i) fail to make payments when due or (ii) become bankrupt and do not pay in advance for the services.

In some countries, we have 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, 2016, in certain plans, we have established stop-loss limits for continued medical assistance derived from a series of specific causes (e.g., an automobile accident, illness, etc.) ranging from U.S.\$23 thousand to U.S.\$400 thousand. In other plans, we have established stop-loss limits per employee regardless of the number of events ranging from U.S.\$100 thousand to U.S.\$2.5 million. The contingency for CEMEX if all employees qualifying for health care benefits required medical services simultaneously is significantly. However, this scenario is remote. The amount expensed through self-insured health care benefits was approximately U.S.\$64 million (Ps943 million) in 2014, U.S.\$69 million (Ps1,189 million) in 2015 and U.S.\$69 million (Ps1,430 million) in 2016. See note 23D to our 2016 audited consolidated financial statements included elsewhere in this annual report.

As of December 31, 2016, we did not depend on any of our suppliers of goods or services to conduct our business.

Contractual Obligations

As of December 31, 2015 and 2016, we had material contractual obligations as set forth in the table below.

Obligations	As of	As of December 31, 2016					Total
	December 31, 2015	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years	
		(in millions of U.S. Dollars)					
Long-term debt	U.S.\$ 13,303	37	2,675	2,221	6,446	11,379	
Capital lease obligations(1)	135	18	36	33	20	107	
Convertible notes(2)	1,543	13	689	503	—	1,205	
Total debt and other financial obligations(3)	14,981	68	3,400	2,757	6,466	12,691	
Operating leases(4)	434	117	193	127	78	515	
Interest payments on debt(5)	4,659	678	1,240	969	1,109	3,996	
Pension plans and other benefits(6)	1,568	142	277	269	726	1,414	
Purchases of raw material, fuel and energy(7)	3,963	584	816	739	2,301	4,440	
Total contractual obligations	U.S.\$ 25,605	1,589	5,926	4,861	10,680	23,056	
Total contractual obligations (Mexican Pesos)	Ps 441,174	32,934	122,787	100,720	221,290	477,720	

(1) Represents nominal cash flows. As of December 31, 2016, the net present value of future payments under such leases was approximately U.S.\$76 million (Ps1,576 million), of which, approximately U.S.\$24 million

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- (Ps497 million) refers to payments from one to three years, approximately U.S.\$23 million (Ps389 million) refers to payments from three to five years and approximately U.S.\$16 million (Ps332 million) refers to payments of more than five years
- (2) Refers to the components of liability of the convertible notes described in note 16B to our 2016 audited consolidated financial statements included elsewhere in this annual report and assumes repayment at maturity and no conversion of the such convertible 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, we have replaced our long-term obligations for others of a similar nature.
 - (4) The amounts represent nominal cash flows. We have 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.\$114 million (Ps1,967 million) in 2015 and U.S.\$121 million (Ps2,507 million) in 2016.
 - (5) Estimated cash flows on floating rate denominated debt were determined using the floating interest rates in effect as of December 31, 2015 and 2016.
 - (6) Represents estimated annual payments under these benefits for the next ten years (see note 18 to our 2016 audited consolidated financial statements included elsewhere in this annual report). Future payments include the estimate of new retirees during such future years.
 - (7) Future nominal payments for the purchase of raw materials are presented on the basis of contractual nominal cash flows. Future nominal payments of energy were estimated for all contractual commitments on the basis of an aggregate average expected consumption of approximately 3,124.1 GWh per year using the future prices of energy established in the contracts for each period. Future payments also include our commitments for the purchase of fuel.

As of December 31, 2014, 2015 and 2016, in connection with the commitments for the purchase of fuel and energy included in the table above, a description of the most significant contracts is as follows:

In connection with the beginning of full commercial operations of the Ventikas located in the Mexican state of Nuevo Leon with a combined generation capacity of 252 MW, we agreed to acquire a portion of the energy generated by Ventikas for our Mexican plants for a period of 20 years, which began in April 2016. During 2016, Ventikas supplied approximately 6.4% (unaudited) of our overall electricity needs in Mexico. This agreement is for our own use and we do not intend to engage in energy trading. Until our divestment in the fourth quarter of 2016, we participated in the Ventikas project as sponsor, main developer and equity investor. We, Fistera Energy and private investors contributed 25% of the investment and the remaining 75% was financed. ACCIONA constructed the facilities and currently operates the wind farms. The installation of 84 wind turbines in the farms was finished in December 2015. On December 15, 2016, we sold our interest in Ventikas to Infraestructura Energética Nova S.A.B. de C.V., current sole owner of Ventikas, for approximately U.S.\$21 million (Ps435 million). In addition, during 2016 and in accordance with the established contracts we also received a total of U.S.\$35 million (Ps725 million) in development fees and other payments. We will remain the manager of the Ventikas facilities in exchange for a management fee.

In September 2006, in order to take advantage of the high wind potential in the “Tehuantepec Isthmus,” we and ACCIONA formed an alliance to develop a wind farm project for the generation of 250 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 owns and operates the wind farm. The operation of the 167 wind turbines on the farm commenced on November 15, 2009. The agreements between us and ACCIONA established that our 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, 2014, 2015 and 2016, EURUS supplied approximately 28.2%, 28.0% and 22.9%, respectively, of our overall electricity needs in Mexico during such years. In 1999, we entered into agreements with an international partnership, which financed, built and operated TEG, an electrical energy generating plant in Mexico. In 2007, the original operator was replaced. Pursuant to the agreement, we would purchase the energy

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generated from TEG for a term of not less than 20 years, which started in April 2004 and that was further extended until 2027 with the change of operator. In addition, we committed to supply TEG and another third-party electrical energy generating plant adjacent to TEG all fuel necessary for their operations, a commitment that has been hedged through four 20-year agreements entered with PEMEX, which terminate in 2024. Consequently, for the last three years, CEMEX intends to purchase the required fuel in the market. For the years ended December 31, 2014, 2015 and 2016, TEG supplied approximately 69.6%, 69.3% and 66.3%, respectively, of our overall electricity needs during such year for our cement plants in Mexico.

In regards with the above, in March 1998 and July 1999, we signed contracts with PEMEX providing that beginning in April 2004 PEMEX's refineries in Cadereyta and Madero City would supply us with a combined volume of approximately 1.75 million tons of pet coke per year. As per the pet coke contracts with PEMEX, 1.2 million tons of the contracted volume will be allocated to TEG and the other energy producer and the remaining volume will be allocated to our operations in Mexico. By entering into the pet coke contracts with PEMEX, we expect to have a consistent source of pet coke throughout the 20-year term.

In 2007, CEMEX OstZement GmbH ("COZ"), our subsidiary in Germany, entered into a long-term energy supply contract with Vattenfall Europe New Energy Ecopower ("VENE"), pursuant to which VENE committed to supply energy to our 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 VENE, with the option to adjust the purchase amount one time on a monthly and quarterly basis. According to the contract, COZ acquired approximately 27 MW per year from 2016 up to and including 2018, 15 MW for 2019, and COZ expects to acquire between 26 and 28 MW per year starting in 2020 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.

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 and liquidity or capital resources.

Quantitative and Qualitative Market Disclosure

Our Derivative Financial Instruments

For the year ended December 31, 2015, we had net losses related to the recognition of changes in fair values of derivative financial instruments of Ps2,981 million (U.S.\$173 million). For the year ended December 31, 2016, we had a net gain related to the recognition of changes in fair values of derivative financial instruments of Ps317 million (U.S.\$17 million). See note 16D to our 2016 audited consolidated financial statements included elsewhere in this annual report.

Since the beginning of 2009, with the exception of our capped call transaction entered into in 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 16D to our 2016 audited consolidated financial statements included elsewhere in this annual report), which we finalized during April 2009. The Credit 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 and foreign exchange rates of debt agreements, as a vehicle to reduce financing costs, as an

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alternative source of financing, and as hedges of: (i) highly probable forecasted transactions, (ii) our net assets in foreign subsidiaries and (iii) future exercises of options under our executive stock option programs. 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 assure that risk of non-compliance with the obligations agreed to with such counterparties is minimal.

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.

(in millions of U.S. Dollars)	At December 31, 2015		At December 31, 2016		Maturity Date
	Notional Amount	Estimated Fair value	Notional Amount	Estimated Fair value	
Interest Rate Swaps	157	28	147	23	September 2022
Equity forwards on third-party shares	24	6	—	—	October 2016
Options on CEMEX, S.A.B. de C.V.'s shares	1,145	12	576	26	March 2018
Foreign exchange forward contracts	173	(1)	80	—	February 2017
Fuels price hedging	16	(3)	77	15	May 2017 - October 2018
	<u>1,515</u>	<u>42</u>	<u>880</u>	<u>64</u>	

Our Interest Rate Swaps. As of December 31, 2015 and 2016, we had an interest rate swap maturing in September 2022 with notional amounts of U.S.\$157 million and U.S.\$147 million, respectively, negotiated to exchange floating for fixed rates in connection with agreements we entered into for the acquisition of electric energy in Mexico. As of December 31, 2015 and 2016, the fair value of the swap represented assets of approximately U.S.\$28 million and U.S.\$23 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 at LIBOR. Changes in the fair value of interest rate swaps, generated losses of approximately U.S.\$1 million (Ps3 million) in 2014, approximately U.S.\$4 million (Ps69 million) in 2015 and approximately U.S.\$6 million (Ps112 million) in 2016, which were recognized in the statement of operations for each year. See note 16D to our 2016 audited consolidated financial statements included elsewhere in this annual report.

Our Equity Forwards on Third-Party Shares. On January 6, 2016, in connection with the merger of Alestra and Axtel effective beginning February 15, 2016, the forward contract between a financial counterparty and CEMEX, S.A.B. de C.V. over 59.5 million CPOs of Axtel was cash settled and as a result we received approximately U.S.\$4 million (Ps69 million), net of transaction costs. In a separate transaction, considering that as of December 31, 2015, CEMEX held an investment in Axtel that upon completion of the Alestra and Axtel merger would be exchanged proportionately according to the new ownership interests for shares in the new merged entity that will remain public and the attractive business outlook of such new entity, after the settlement of the Axtel forward contract, we decided to purchase in the market the 59.5 million CPOs of Axtel and incorporate them to CEMEX, S.A.B. de C.V.'s investments available for sale.

Our Options on Our Own Shares. On March 15, 2011, in connection with the offering of the March 2016 Optional Convertible Subordinated U.S. Dollar Notes and the March 2018 Optional Convertible Subordinated U.S. Dollar Notes and to effectively increase the conversion price for CEMEX, S.A.B. de C.V.'s ADSs under such notes, CEMEX, S.A.B. de C.V. entered into capped call transactions after antidilution adjustments of over approximately 173 million ADSs (101 million ADSs maturing in March 2016 and 72 million ADSs maturing in

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March 2018), by means of which, for the March 2016 Optional Convertible Subordinated U.S. Dollar Notes, at maturity of the notes in March 2016, if the price per ADS was above U.S.\$9.2746 dollars, we would have received in cash the difference between the market price of the ADS and U.S.\$9.2746 dollars, with a maximum appreciation per ADS of U.S.\$13.5552 dollars. Likewise, for the March 2018 Optional Convertible Subordinated U.S. Dollar Notes, at maturity of the notes in March 2018, if the price per ADS is above U.S.\$9.2746 dollars, we will receive in cash the difference between the market price of the ADS and U.S.\$9.2746 dollars, with a maximum appreciation per ADS of U.S.\$14.9821 dollars. We paid a total premium of approximately U.S.\$222 million. As of December 31, 2015 and 2016, the fair value of such options represented assets of approximately U.S.\$22 million (Ps379 million) and U.S.\$66 million (Ps1,368 million), respectively. During 2014, 2015 and 2016, changes in the fair value of this contract generated losses of approximately U.S.\$65 million (Ps962 million), losses of approximately U.S.\$228 million (Ps3,928 million) and gains of approximately U.S.\$44 million (Ps818 million), respectively, which were recognized in the statements of operations for each year. During 2015, CEMEX amended a portion of the capped calls relating to the March 2016 Optional Convertible Subordinated U.S. Dollar Notes with the purpose of unwinding the position, and as a result we received an aggregate amount of approximately U.S.\$44 million (Ps758 million) in cash, equivalent to the unwind of 44.2% of the total notional amount of such capped call. See note 16D to our 2016 audited consolidated financial statements included elsewhere in this annual report. In March 2016, CEMEX, S.A.B. de C.V. repaid the full outstanding amount (U.S.\$352 million) of the March 2016 Optional Convertible Subordinated U.S. Dollar Notes.

In addition, in connection with the November 2019 Mandatory Convertible Mexican Peso Notes (see note 16B to our 2016 audited consolidated financial statements included elsewhere in this annual report), and considering (i) the aforementioned change in CEMEX, S.A.B. de C.V.'s functional currency effective January 1, 2013 and (ii) that the currency in which such November 2019 Mandatory Convertible Mexican Peso Notes are denominated and the functional currency of the issuer differ, beginning January 1, 2013, we separate now the conversion option embedded in such instruments and recognizes it at fair value through profit or loss, which as of December 31, 2015 and 2016, resulted in a liability of approximately U.S.\$10 million (Ps178 million) and U.S.\$40 million (Ps829 million), respectively. Changes in fair value of the conversion option generated gains of U.S.\$11 million (Ps159 million) in 2014, gains of U.S.\$18 million (Ps310 million) in 2015 and losses of U.S.\$29 million (Ps545 million) in 2016.

Foreign exchange forward contracts. As of December 31, 2016, we held foreign exchange forward contracts maturing in February 2017 to hedge the U.S. Dollar value of future proceeds in other currencies from expected sale of assets. As of December 31, 2015, we held foreign exchange forward contracts maturing in April 2016 to hedge the U.S. Dollar value of future proceeds in euros from the sale of our operations in Austria and Hungary. See note 4A to our 2016 audited consolidated financial statements included elsewhere in this annual report. For the years 2015 and 2016, changes in the estimated fair value of these instruments, including the effects resulting from positions entered and settled during each year, generated gains of U.S.\$26 million (Ps448 million) in 2015 and U.S.\$10 million (Ps186 million) in 2016, each recognized within "Other financial income (expense), net."

Fuel price hedging. As of December 31, 2015 and 2016, we maintained forward contracts negotiated to hedge the price of diesel fuel in the United Kingdom in 2015 and several countries in 2016 for aggregate notional amounts as of December 31, 2015 and 2016 of U.S.\$16 million (Ps276 million) and U.S.\$44 million (Ps912 million), respectively, with an estimated fair value representing a liability of U.S.\$3 million (Ps52 million) in 2015 and an estimated fair value representing an asset of U.S.\$7 million (Ps145 million) in 2016. By means of these contracts, for own consumption only, we fixed the fuel component of the market price of diesel over certain volumes representing a portion of the estimated diesel consumption in such operations. These contracts have been designated as cash flow hedges of diesel fuel consumption, and as such, changes in fair value are recognized temporarily through other comprehensive income (loss), and are recycled to operating expenses as the related diesel volumes are consumed. For the years 2015 and 2016, changes in fair value of these contracts recognized in other comprehensive income (loss) represented losses of U.S.\$3 million (Ps52 million) and gains of U.S.\$7 million (Ps145 million), respectively.

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In addition, as of December 31, 2016, we held forward contracts negotiated in 2016 to hedge the price of coal, as solid fuel, for an aggregate notional amount of U.S.\$33 million (Ps684 million) and an estimated fair value representing an asset of U.S.\$8 million (Ps166 million). By means of these contracts, for own consumption only, we fixed the price of coal over certain volumes representing a portion of the estimated coal consumption in our applicable operations. These contracts have been designated as cash flow hedges of coal consumption, and as such, changes in fair value are recognized temporarily through other comprehensive income (loss), and are recycled to operating expenses as the related coal volumes are consumed. For the year ended December 31, 2016, changes in fair value of these contracts recognized in other comprehensive income (loss) represented gains of U.S.\$8 million (Ps166 million).

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, 2016. Average floating interest rates are calculated based on forward rates in the yield curve as of December 31, 2016. Future cash flows represent contractual principal 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, 2016 and is summarized as follows:

Long-Term Debt(1)	Expected maturity dates as of December 31, 2016					Total	Fair Value
	2017	2018	2019	2020	After 2021		
	(In millions of U.S. Dollars, except percentages)						
Variable rate	U.S.\$ 4	1,100	877	1,085	53	U.S.\$3,119	U.S.\$3,133
Average interest rate	4.92%	4.32%	3.80%	3.80%	3.70%		
Fixed rate	U.S.\$ 32	—	699	—	7,529	U.S.\$8,260	U.S.\$8,600
Average interest rate	4.52%	—	6.50%	—	6.51%		

- (1) The information above includes the current maturities of the long-term debt. Total long-term debt as of December 31, 2016 does not include our other financial obligations and the Perpetual Debentures for an aggregate amount of approximately U.S.\$438 million (Ps9,075 million) issued by consolidated entities. See notes 16B and 20D to our 2016 audited consolidated financial statements included elsewhere in this annual report.

As of December 31, 2016, 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, 2015, 27% of our foreign currency-denominated long-term debt bears floating rates at a weighted average interest rate of LIBOR plus 367 basis points. As of December 31, 2016, 28% of our foreign currency-denominated long-term debt bears floating rates at a weighted average interest rate of LIBOR plus 306 basis points. As of December 31, 2015 and 2016, if interest rates at that date had been 0.5% higher, with all other variables held constant, CEMEX's net income for 2015 and 2016 would have been reduced by approximately U.S.\$18 million (Ps312 million) and U.S.\$18 million (Ps373 million), respectively, as a result of higher interest expense on variable-rate debt. However, this analysis does not include the interest rate swaps held by CEMEX during 2015 and 2016. See note 16E to our 2016 audited consolidated financial statements included elsewhere in this annual report.

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 U.S. Dollar/Mexican Peso exchange rate. For the year ended December 31, 2016, approximately 20% of our net sales, before eliminations resulting from consolidation, were generated in Mexico, 26% in the United States, 8% in the United Kingdom, 5% in France, 4% in Germany, 2% in Spain, 4% in the Rest of Europe, 5% in Colombia, 7% in the Rest of SAC, 3% in Egypt, 9% in the Rest of Asia, Middle East and Africa and 7% from our Other operations.

Foreign exchange gains and losses occur by monetary assets or liabilities in a currency different from its functional currency, and are recorded in the consolidated statements of operations, except for exchange

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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 (loss). As of December 31, 2015 and 2016, excluding from the sensitivity analysis the impact of translating the net assets of foreign operations into our reporting currency and considering a hypothetical 10% strengthening of the U.S. Dollar against the Mexican peso, with all other variables held constant, our net income for 2015 and 2016 would have increased by approximately U.S.\$232 million (Ps3,998 million) and U.S.\$136 million (Ps2,829 million), respectively, as a result of higher foreign exchange losses on our 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.

As of December 31, 2016, approximately 77% of our total debt plus other financial obligations was U.S. Dollar-denominated, approximately 21% was Euro-denominated, approximately 1% was Mexican Peso-denominated and immaterial amounts were denominated in other currencies, which does not include approximately Ps438 million (U.S.\$9,075 million) of Perpetual 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 U.S. Dollars and Euros from our operations to service these obligations. As of December 31, 2015 and 2016, CEMEX had not implemented any derivative financing hedging strategy to address this foreign currency risk.

Equity Risk. As described above, we have entered into equity forward contracts on Axtel shares, as well as capped call options based on the price of CEMEX's own shares. See "Item 5—Operating and Financial Review and Prospects—Quantitative and Qualitative Market Disclosure—Our Derivative Financial Instruments—Our Options on Our Own Shares." Under these equity derivative instruments, there is a direct relationship in the change in the fair value of the derivative with the change in price of the underlying share. Upon liquidation, the equity forward contracts provided for cash settlement and the effects were recognized in the statement of operations as part of "Other financial income, net" in our 2016 audited consolidated financial statements included elsewhere in this annual report. A significant decrease in the market price of CEMEX's own shares would negatively affect CEMEX's liquidity and financial position.

As of December 31, 2015, the potential change in the fair value of CEMEX's forward contracts in Axtel's shares that would result from a hypothetical, instantaneous decrease of 10% in the market price of Axtel's CPOs, with all other variables held constant, our net income for 2015 would have reduced by approximately U.S.\$3 million (Ps51 million) as a result of additional negative changes in fair value associated with such forward contracts. A 10% hypothetical increase in the Axtel CPO price would have generated approximately the opposite effects.

As of December 31, 2015 and 2016, the potential change in the fair value of our options (capped call) and based on the price of CEMEX, S.A.B. de C.V.'s ADSs that would result from a hypothetical, instantaneous decrease of 10% in the market price of CEMEX, S.A.B. de C.V.'s ADSs, with all other variables held constant, our net income for 2015 would have reduced by approximately U.S.\$8 million (Ps137 million) and our net income for 2016 would have reduced by approximately U.S.\$23 million (Ps476 million) and, as a result of additional negative changes in fair value associated with these contracts. A 10% hypothetical increase in our ADS price would generate approximately the opposite effect.

In addition, even though the change in fair value of our embedded conversion options in the November 2019 Mandatory Convertible Mexican Peso Notes denominated in a currency other than the functional issuer's currency affect profit or loss, they do not imply any risk or variability in cash flows, considering that through their exercise, we will settle a fixed amount of debt with a fixed amount of shares. As of December 31, 2015 and 2016, the potential change in the fair value of these embedded conversion options in the November 2019 Mandatory Convertible Mexican Peso Notes that would result from a hypothetical, instantaneous decrease of

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10% in the market price of CEMEX, S.A.B. de C.V.'s CPOs, with all other variables held constant, would have increased our net income for 2015 by approximately U.S.\$3 million (Ps47 million) and our net income for 2016 would have increased by approximately U.S.\$7 million (Ps154 million), 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. We are exposed to risks from changes in foreign currency exchange rates, prices and currency controls, interest rates, inflation, governmental spending, social instability and other political, economic and/or social developments in the countries in which we operate, any one of which may materially affect our results and reduce cash from operations. As of December 31, 2016, we had approximately U.S.\$849 million (Ps17,591 million) available in our committed revolving credit tranche under the Credit Agreement. See notes 16A and 23E to our 2016 audited consolidated financial statements included elsewhere in this annual report.

Investments, Acquisitions and Divestitures

The transactions described below represent our principal investments, acquisitions and divestitures completed during 2014, 2015 and 2016.

Investments and Acquisitions

On April 10, 2014, we successfully completed the financing of Ventika, a project comprising the construction of two 126 MW wind farms each, for a total nominal capacity of 252 MW located in Nuevo León, Mexico. The investment for the project is approximately U.S.\$650 million (approximately Ps9,581 million), of which 75% correspond to debt and 25% to equity. The project includes debt financiers, equity partners, private investors and CEMEX. In addition, we agreed to supervise the construction process and, once operational, to manage the wind farms without exercising control and owning a minority stake of 5% of the equity. We divested in the fourth quarter of 2016 and, therefore, the project will not be consolidated into our balance sheet and the project's debt will have no recourse to ours. These wind farms will supply renewable energy to facilities belonging to several local companies including us, under the self-supply scheme approved by the Mexican Energy Regulatory Commission.

On August 14, 2014, we announced that our subsidiary, CEMEX Latam began the construction of a cement plant in Colombia. See "Item 4—Information on the Company—Regulatory Matters and Legal Proceedings," for the status of the project.

On October 31, 2014, we announced that we had entered into agreements with Holcim to complete a series of transactions in Europe, which closed on January 5, 2015, with retrospective effect as of January 1, 2015. See note 15B to our 2016 audited consolidated financial statements included elsewhere in this annual report.

On December 1, 2014, we announced the restart of the Tepeaca cement plant expansion in México. By 2018 the total production capacity will reach 7.5 million tons per year and the total investment is estimated to be approximately U.S.\$650 million. The additional investment, in order to add 4.4 million tons per year to the current capacity, will be approximately U.S.\$200 million.

On May 14, 2015, we announced a new 1.5 million ton integrated cement production line at CEMEX's Solid plant in Luzon with an estimated investment of approximately U.S.\$225 million. We expect that this new line will double the capacity of the Solid plant and will represent a 26% increase in our cement capacity in the Philippines. As of December 31, 2016, the production line was not finalized.

On August 27, 2015, we completed the construction of the first phase of a new cement grinding plant in Nicaragua. CEMEX Latam invested approximately U.S.\$30 million for infrastructure procurement and the installation of the first cement grinding mill. The second phase, which is expected to be completed by the end of

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2017, will include the installation of a second cement grinding mill and an additional investment of approximately U.S.\$25 million. Upon completion of the second phase, CEMEX Nicaragua is expected to reach an estimated total annual cement production capacity of approximately 860,000 tons.

On December 5, 2016, Sierra presented an Offer to all shareholders of TCL, a company publicly listed in Trinidad and Tobago, Jamaica and Barbados, to acquire up to 132,616,942 ordinary shares in TCL, which, together with Sierra's existing share ownership in TCL of approximately 39.5%, would, if successful, result in Sierra holding up to 74.9% of the equity share capital in TCL. The total number of TCL shares tendered and accepted in response to the Offer was 113,629,723, which, together with Sierra's pre-existing shareholding in TCL (147,994,188 shares), represented approximately 69.83% of the outstanding TCL shares as of March 31, 2017. The total cash payment by Sierra for the tendered shares was approximately U.S.\$86.36 million. CEMEX started consolidating TCL for financial reporting purposes on February 1, 2017. TCL has de-listed from the Jamaica and Barbados stock exchanges.

Divestitures

During 2015 and 2016, we made divestitures of approximately U.S.\$670 million and U.S.\$1,045 million, respectively (which included fixed assets of approximately U.S.\$194 million and U.S.\$121 million, respectively).

On October 31, 2015, after all conditions precedent were satisfied, we completed the sale of our operations in Austria and Hungary to the Rohrdorfer Group for €165 million (U.S.\$179 million or Ps3,090 million) after final adjustments for changes in cash and working capital balances as of the transfer date. Our combined operations in Austria and Hungary consisted of 29 aggregate quarries and 68 ready-mix plants. Our consolidated statements of operations present the results of our operations in Austria and Hungary, net of income tax, for the year ended December 31, 2014 and the ten-month period ended October 31, 2015 as "Discontinued operations" and include, in 2015, a gain on sale of approximately U.S.\$45 million (Ps741 million). Such gain on sale includes the reclassification to the statement of operations of approximately U.S.\$10 million (Ps215 million) of foreign currency translation effects accrued in equity until October 31, 2015.

On March 10, 2016, CEMEX, S.A.B. de C.V. announced the sale of its operations in Bangladesh and Thailand to SIAM Cement for approximately U.S.\$53 million, which closed on May 26, 2016. The proceeds from this transaction were used mainly for debt reduction and for general corporate purposes.

On July 18, 2016, CHP closed its initial public offering of 45% of its common shares in the Philippines, and 100% of CHP's common shares started trading on the Philippine Stock Exchange under the ticker "CHP." As of March 31, 2017, CASE, an indirect subsidiary of CEMEX España, directly owned approximately 55% of CHP's outstanding common shares. The net proceeds to CHP from its initial public offering were approximately U.S.\$506.8 million after deducting estimated underwriting discounts and commissions, and other estimated offering expenses payable by CHP. CHP used the net proceeds from the initial public offering to repay existing indebtedness owed to BDO Unibank and to an indirect subsidiary of CEMEX. CHP's assets consist primarily of CEMEX's cement manufacturing assets in the Philippines.

On August 29, 2016, we announced that we would be participating in the proposed corporate restructuring of GCC. In connection with the corporate restructuring, if approved by GCC's shareholders as proposed, CEMEX would directly own 23% of the outstanding share capital of GCC and, additionally, own a minority interest in CAMCEM, an entity which in turn would own a majority interest in GCC as a result of the proposed restructuring. On the same day, we also announced that we reached an agreement with GCC on the terms and conditions regarding the sale to GCC of certain assets in the U.S. On February 15, 2017, we sold 45,000,000 shares of common stock of GCC at a price of Ps95 per share in a public offering to investors in Mexico authorized by the CNBV and in a concurrent private placement to eligible investors outside of Mexico. Prior to the offerings, CEMEX, S.A.B. de C.V. owned a 23% direct interest in GCC and a minority interest in CAMCEM, an entity which owns a majority interest in GCC. After the offerings, CEMEX, S.A.B. de C.V. owned a 9.47% direct interest in GCC and the minority interest in CAMCEM.

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On September 12, 2016, one of our subsidiaries in the U.S. signed a definitive agreement for the sale of its Fairborn, Ohio cement plant and cement terminal in Columbus, Ohio to Eagle Materials Inc. for U.S.\$400 million. The proceeds obtained from this transaction were used mainly for debt reduction and for general corporate purposes. This transaction closed on February 10, 2017.

On November 18, 2016, after all conditions precedent were satisfied, CEMEX announced that it had closed the sale of certain assets in the U.S. to GCC for approximately U.S.\$306 million. The assets were sold by an affiliate of CEMEX to an affiliate of GCC in the U.S., and mainly consisted of CEMEX's cement plant in Odessa, Texas, two cement terminals and the building materials business in El Paso, Texas and Las Cruces, New Mexico

On August 12, 2015, we entered into an agreement for the sale of our operations in Croatia, including assets in Bosnia & Herzegovina, Montenegro and Serbia, to Duna-Dráva Cement Kft. for €231 million (approximately U.S.\$243 million or Ps5,032 million). Those operations mainly consist of three cement plants with aggregate annual production capacity of approximately 2.4 million tons of cement, two aggregates quarries and seven ready-mix plants. On April 5, 2017, we announced that the European Commission issued a decision that restricts completion of the sale. Therefore, the sale of our operations in Croatia will not close and we will maintain our operations in Croatia, including assets in Bosnia and Herzegovina, Montenegro and Serbia. For the years ended December 31, 2016, 2015 and 2014, the operations in Croatia, including assets in Bosnia and Herzegovina, Montenegro and Serbia, included in our statements of operations are presented in the single line item "Discontinued operations." However, due to the inability to complete the sale, beginning in the second quarter of 2017, we will reclassify the income statements of our operations in Croatia, including assets in Bosnia & Herzegovina, Montenegro and Serbia, from the single line item "Discontinued Operations" to each applicable line item in our consolidated financial statements. See notes 4A and 26 to our 2016 audited consolidated financial statements included elsewhere in this annual report.

Recent Developments

Recent Developments Relating to Our Indebtedness

On February 1, 2017, CHP announced that it had entered into a senior unsecured peso term loan facility agreement with BDO Unibank for a Philippine Peso denominated amount equal to approximately U.S.\$280 million, to refinance a majority of CHP's outstanding long-term loan with New Sunward. The term loan provided by BDO Unibank has a tenor of seven years and it consists of a fixed rate and a floating rate tranche. CHP has drawn the full amount of the term loan.

During March 2017, we renewed the securitization programs outstanding in the United States, France and the United Kingdom. As a result of such renewals, each program is now scheduled to mature in March 2018. The securitization program in Mexico was settled and paid down in March 2017.

On February 13, 2017, CEMEX, S.A.B. de C.V. commenced a tender offer to purchase up to U.S.\$475 million aggregate principal amount of the outstanding January 2021 U.S. Dollar Notes, December 2019 U.S. Dollar Notes and October 2022 U.S. Dollar Notes. On February 28, 2017, CEMEX, S.A.B. de C.V. announced that U.S.\$385.1 million aggregate principal amount of the January 2021 U.S. Dollar Notes, U.S.\$240.7 million aggregate principal amount of the December 2019 U.S. Dollar Notes and U.S.\$626.7 million aggregate principal amount of the October 2022 U.S. Dollar Notes had been validly tendered by holders of such notes. U.S.\$385.1 million aggregate principal amount of the January 2021 U.S. Dollar Notes, U.S.\$89.9 million aggregate principal amount of the December 2019 U.S. Dollar Notes and none of the October 2022 U.S. Dollar Notes were purchased in the tender offer and immediately canceled. Following the settlement of the tender offer, approximately U.S.\$341.7 million aggregate principal amount of the January 2021 U.S. Dollar Notes, U.S.\$618.2 million aggregate principal amount of the December 2019 U.S. Dollar Notes and U.S.\$1,055.6 million aggregate principal amount of the October 2022 U.S. Dollar Notes remained outstanding.

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During the first quarter of 2017, we repurchased U.S.\$9 million aggregate principal amount of Senior Secured Notes on the open market (all of which have been canceled).

Recent Developments Relating to Equity Purchases

On December 5, 2016, Sierra presented an Offer to all shareholders of TCL, a company publicly listed in Trinidad and Tobago, Jamaica and Barbados, to acquire up to 132,616,942 ordinary shares in TCL, which, together with Sierra's existing share ownership in TCL of approximately 39.5%, would, if successful, result in Sierra holding up to 74.9% of the equity share capital in TCL. The total number of TCL shares tendered and accepted in response to the Offer was 113,629,723, which, together with Sierra's pre-existing shareholding in TCL (147,994,188 shares), represented approximately 69.83% of the outstanding TCL shares as of March 31, 2017. The total cash payment by Sierra for the tendered shares was approximately U.S.\$86.36 million. CEMEX started consolidating TCL for financial reporting purposes on February 1, 2017. TCL has de-listed from the Jamaica and Barbados stock exchanges.

Recent Developments Relating to Our Assets Divestiture Plans

On January 31, 2017, one of CEMEX, S.A.B. de C.V.'s subsidiaries in the U.S. closed the sale of the Concrete Pipe Business to Quikrete for U.S.\$500 million plus an additional U.S.\$40 million purchase price contingent on future performance.

On February 10, 2017, one of our subsidiaries in the U.S. closed the sale of its Fairborn, Ohio cement plant and cement terminal in Columbus, Ohio to Eagle Materials Inc. for U.S.\$400 million. The proceeds obtained from this transaction were used mainly for debt reduction and for general corporate purposes.

On February 15, 2017, we sold 45,000,000 shares of common stock of GCC at a price of Ps95 per share in a public offering to investors in Mexico authorized by the CNBV and in a concurrent private placement to eligible investors outside of Mexico. Prior to the offerings, CEMEX, S.A.B. de C.V. owned a 23% direct interest in GCC and a minority interest in CAMCEM, an entity which owns a majority interest in GCC. After the offerings, CEMEX, S.A.B. de C.V. owned a 9.47% direct interest in GCC and the minority interest in CAMCEM.

On August 12, 2015, we entered into an agreement for the sale of our operations in Croatia, including assets in Bosnia & Herzegovina, Montenegro and Serbia, to Duna-Dráva Cement Kft. for €231 million (approximately U.S.\$243 million or Ps5,032 million). Those operations mainly consist of three cement plants with aggregate annual production capacity of approximately 2.4 million tons of cement, two aggregates quarries and seven ready-mix plants. On April 5, 2017, we announced that the European Commission issued a decision that restricts completion of the sale. Therefore, the sale of our operations in Croatia will not close and we will maintain our operations in Croatia, including assets in Bosnia and Herzegovina, Montenegro and Serbia. For the years ended December 31, 2016, 2015 and 2014, the operations in Croatia, including assets in Bosnia and Herzegovina, Montenegro and Serbia, included in our statements of operations are presented in the single line item "Discontinued operations." However, due to the inability to complete the sale, beginning in the second quarter of 2017, we will reclassify the income statements of our operations in Croatia, including assets in Bosnia & Herzegovina, Montenegro and Serbia, from the single line item "Discontinued Operations" to each applicable line item in our consolidated financial statements. See notes 4A and 26 to our 2016 audited consolidated financial statements included elsewhere in this annual report.

On April 17, 2017, CEMEX, S.A.B. de C.V. announced that one of its subsidiaries in the U.S. had entered into a definitive agreement for the sale of Pacific Northwest to Cadman Materials, a LehighHanson company and U.S. subsidiary of HeidelbergCement Group, for U.S.\$150 million. Pacific Northwest consists of aggregates, asphalt and ready-mix concrete operations in Oregon and Washington. Pending satisfaction of certain conditions, including regulatory approvals, the proceeds obtained from this sale will be used mainly for debt reduction and general corporate purposes.

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Recent Developments Relating to Our Shareholders

On March 30, 2017, CEMEX, S.A.B. de C.V. held an Ordinary General Shareholders Meeting. The most significant items that were approved by shareholders at the meeting were:

- An increase of CEMEX, S.A.B. de C.V.'s capital stock in its variable part by the amount of Ps716,365.38 through the issuance of up to 258,000,000 ordinary common registered shares without nominal value, of which up to 172,000,000 will be Series A and up to 86,000,000 will be Series B, with the same characteristics and the same rights of the currently outstanding shares. These shares will be kept in treasury and will be destined to preserve the right of conversion of the holders of our convertible notes.
- The appointment of the members of CEMEX, S.A.B. de C.V.'s Board of Directors, including new directors Ramiro Gerardo Villarreal Morales and Marcelo Zambrano Lozano.

Recent Developments Relating to Our Board of Directors and Senior Management

On February 14, 2017, we announced that Ramiro Gerardo Villarreal Morales, Executive Vice President of Legal and Secretary of the Board of Directors of CEMEX, S.A.B. de C.V., will retire effective as of June 1, 2017. Starting as of June 1, 2017, the corporate legal function at CEMEX, S.A.B. de C.V. will be headed by Roger Saldaña Madero as Senior Vice President of Legal. He will report to José Antonio González Flores, Executive Vice President of Finance and CFO of CEMEX, S.A.B. de C.V. Ramiro Gerardo Villarreal Morales will thereafter act as an advisor to the Chairman of the Board of Directors and CEO of CEMEX, S.A.B. de C.V.

As described under “— Recent Developments Relating to Our Shareholders,” on March 30, 2017, Ramiro Gerardo Villarreal Morales and Marcelo Zambrano Lozano were appointed as members of CEMEX, S.A.B. de C.V.'s Board of Directors. Additionally, Rogelio Zambrano Lozano, Roger Saldaña Madero and René Delgadillo Galván were elected as Chairman, Secretary and Assistant Secretary of the Board of Directors of CEMEX, S.A.B. de C.V., respectively.

Name, Position (Age)

Marcelo Zambrano Lozano (61)

Experience

Has been a member of CEMEX, S.A.B. de C.V.'s Board of Directors since March 31, 2017. Mr. Zambrano is a founding member and Executive Chairman of the board of directors of Carza, S.A. de C.V. In addition, Mr. Zambrano is a member of the boards of directors of several companies and institutions such as the National Council of Telmex, Green Paper (*Propasa*), Banregio, S.A., Fibra Inn, NAFIN (*Nacional Financiera Nuevo Leon Delegation*), Universidad de Monterrey (UDEM), Grupo Vigía, Instituto Tecnológico y de Estudios Superiores de Monterrey and the Treviño Elizondo Foundation. He was a member of CEMEX México's board of directors until February 2017. Mr. Zambrano is a graduate of the Instituto Tecnológico y de Estudios Superiores de Monterrey with a degree in marketing. He is a brother of Rogelio Zambrano Lozano, Chairman of CEMEX, S.A.B. de C.V.'s Board of Directors.

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 December 31, 2016. The terms of office of the senior managers are indefinite.

Name, Position (Age)

Fernando Ángel González Olivieri,
Chief Executive Officer (62)

Experience

Has been a member of CEMEX, S.A.B. de C.V.'s Board of Directors since March 26, 2015, and he is also a member of the boards of directors of GCC, Axtel and the Instituto Tecnológico y de Estudios Superiores de Monterrey. He was a member of the board of directors of CEMEX México until February 2017. Mr. González earned his B.A. and M.B.A. degrees from the Instituto Tecnológico y de Estudios Superiores de Monterrey. He joined CEMEX in 1989, and served as Corporate Vice President of Strategic Planning from 1994 to 1998, President of CEMEX Venezuela, S.A.C.A. from 1998 to 2000, President of CEMEX Asia from 2000 to May 2003, and President of CEMEX's former South American and Caribbean Region from May 2003 to February 2005. In March 2005, he was appointed President of the expanded CEMEX European Region, in February 2007, President of CEMEX's former Europe, Middle East, Africa, Asia and Australia Region, and, in May 2009, Executive Vice President of Planning and Development. In February 2010, Mr. González was appointed Executive Vice President of Planning and Finance, and, in 2011, he was additionally appointed Chief Financial Officer. On May 15, 2014, Mr. González was appointed as CEMEX's Chief Executive Officer.

Juan Romero Torres,
President CEMEX México (60)

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 Regions 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 procurement area. Mr. Romero graduated from Universidad de Comillas in Spain, where he studied law and economic and enterprise sciences. Mr. Romero was appointed Vice President and representative of the board of directors of the National Chamber of Cement (*Cámara Nacional del Cemento*) in June 2011, and is also a member of the board of directors of GCC.

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Name, Position (Age)

Jaime Gerardo Elizondo Chapa,
President CEMEX Europe (53)

Experience

Joined CEMEX in 1985 and since then he has headed several operations, including Panama, Colombia, Venezuela and Mexico, and more recently was President of CEMEX South America (including Central America) and the Caribbean. He is the current President of CEMEX Europe, and is also in charge of CEMEX's global technology area. Mr. Elizondo served as President and Vice President of the National Chamber of Cement (*Cámara Nacional del Cemento*) and as Vice President of the Transformation Industry Chamber of Nuevo León (*Cámara de la Industria de la Transformación de Nuevo León*). Mr. Elizondo is currently the Vice Chairman of CEMEX Latam's board of directors. He graduated with a B.S. in chemical and system engineering and an M.B.A. from ITESM.

Ignacio Madridejos Fernández,
President CEMEX USA (51)

Joined CEMEX in 1996 and, after holding management positions in the Strategic Planning area, he headed CEMEX's operations in Egypt, Spain, Western Europe and Northern Europe. He is currently President of CEMEX USA, and is also responsible for our Global Energy, Health and Safety and Sustainability areas. Mr. Madridejos Fernández is also a member of the board of directors of CEMEX Latam. He has served as a member of the board of directors of COMAC (*Comercial de Materiales de Construcción S.L.*), member of the board and President of OFICEMEN, member of the board and President of IECA (*Instituto Español del Cemento y sus Aplicaciones*), President of CEMA (*Fundación Laboral del Cemento y el Medioambiente*), Patron of the Junior Achievement Foundation and Vice President and Chairman of CEMBUREAU (European Cement Association), member of the board of Inversiones Danaime SICAV S.A. and member of the board of CEMEX Latam. He graduated with a degree in civil engineering from the Universidad Politécnica de Madrid and holds an M.B.A. from Stanford University.

Jaime Muguero Domínguez,
President CEMEX South, Central America and the
Caribbean (48)

Joined CEMEX in 1996 and has held several executive positions in the areas of Strategic Planning, Business Development, Ready-mix Concrete, Aggregates, and Human Resources. He headed CEMEX's operations in Egypt and our former Mediterranean Region. He is currently President of CEMEX's SAC Region, and Chief Executive Officer of CEMEX Latam. He graduated with a management degree from San Pablo CEU University, and holds a law degree from the Universidad Complutense de Madrid and an M.B.A. from the Massachusetts Institute of Technology.

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Name, Position (Age)

Joaquín Miguel Estrada Suarez,
President CEMEX Asia, Middle East and Africa (53)

Experience

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, Middle East and Africa and is also responsible for our global trading activities. He is also the Chairman of the board of directors of CHP. From 2008 to 2011, he served as a member of the board of directors of COMAC (*Comercial de Materiales de Construcción S.L.*), President and member of the board of OFICEMEN, and member of the board of IECA (*Instituto Español del Cemento y sus Aplicaciones*). He was also the President of CEMA (*Fundación Laboral del Cemento y el Medioambiente*) from 2010 to 2011. He graduated with a degree in economics from the Universidad de Zaragoza and holds an M.B.A. from the Instituto de Empresa.

José Antonio González Flores,
Executive Vice President of Finance and Chief Financial
Officer (46)

Joined CEMEX in 1998 and since then has held management positions in corporate and operating areas in Finance, Strategic Planning, and Corporate Communications and Public Affairs. He is currently responsible for CEMEX's Finance, Controllership, Tax and Process Assessment areas, and will be responsible for the Legal area as of June 2017. Mr. González is also a member of the board of directors of GCC and is an alternate director of the board of directors of Axtel. Mr. González has a B.S. in Industrial and Management Systems Engineering from ITESM and an M.B.A. from Stanford University.

Juan Pablo San Agustín Rubio,
Executive Vice President of Strategic Planning and New
Business Development (48)

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. Mr. San Agustín is Chairman of the board of directors of CEMEX Latam. 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 Administration and
Organization (53)

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 Administration and Organization. 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 GCC.

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<u>Name, Position (Age)</u>	<u>Experience</u>
Maher Al-Haffar, Executive Vice President of Investor Relations, Corporate Communications and Public Affairs (59)	Joined CEMEX in 2000. Prior to his current position he was Vice President of Investor Relations, Corporate Communications and Public Affairs. He also served as a Managing Director in Finance and Head of Investor Relations for CEMEX. Before joining CEMEX, he spent nineteen years with Citicorp Securities Inc. and Santander Investment Securities as an investment banker and capital markets professional. Mr. Al-Haffar holds a B.S. in Economics from the University of Texas and a Master's Degree in International Relations and Finance from Georgetown University.
Mauricio Doehner Cobián, Executive Vice President of Corporate Affairs and Enterprise Risk Management (42)	Joined CEMEX in 1996 and has held several executive positions in areas such as Strategic Planning and Enterprise Risk Management for Europe, Asia, the Middle East, South America and Mexico. He is currently in charge of Corporate Affairs and Enterprise Risk Management. He has also worked in the public sector within the Mexican Presidency. Mr. Doehner earned his B.A. in Economics from ITESM and holds an M.B.A. from IESE/IPADE. He also holds a Professional Certification in Competitive Intelligence from the FULD Academy of Competitive Intelligence in Boston, Massachusetts.
Rafael Garza Lozano, Chief Accounting Officer (53)	Joined CEMEX in 1985 and has served as Chief Accounting Officer since 1999. Mr. Garza is a certified public accountant and he 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 and an alternate member of the board of directors of GCC.
Ramiro Gerardo Villarreal Morales, Executive Vice President of Legal (69)	Joined CEMEX in 1987 and has served as General Counsel since then. He served as Secretary of CEMEX, S.A.B. de C.V.'s Board of Directors from 1995 to March 30, 2017. He was the Secretary of CEMEX México's board of directors until February 2017. Mr. Villarreal will retire as General Counsel of CEMEX effective as of June 1, 2017 and from CEMEX, S.A.B. de C.V. effective as of December 31, 2017. After retiring as General Counsel of CEMEX, he will serve as advisor to the Chairman of the Board of Directors and to the Chief Executive Officer of CEMEX, S.A.B. de C.V. He is a

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Name, Position (Age)

Experience

graduate of the Universidad Autónoma de Nuevo León with a degree in law with honorary citation. He also received a master of science degree in finance from the University of Wisconsin and was appointed to the Roll of Honor. Prior to joining CEMEX, he served as deputy general director of Grupo Financiero Banpaís from 1985 to 1987.

Mr. Villarreal has been a member of CEMEX, S.A.B. de C.V.'s Board of Directors since March 30, 2017. He is also a member of the boards of directors of GCC, Vinte Viviendas Integrales, S.A.B. de C.V., a real estate development company, and a member of the board of directors of Grupo Acosta Verde and an alternate member of the board of directors of Axtel. Until February 2012, Mr. Villarreal was the Secretary of the board of directors of Enseñanza e Investigación Superior, A.C., which manages Instituto Tecnológico y de Estudios Superiores de Monterrey.

Board of Directors

Rafael Rangel Sostmann was a member of CEMEX, S.A.B. de C.V.'s Board of Directors. Mr. Rangel Sostmann was not elected as a director at CEMEX, S.A.B. de C.V.'s 2015 annual general ordinary shareholders' meeting held on March 31, 2016, and no longer serves on the Board of Directors. Set forth below are the names of the members of CEMEX, S.A.B. de C.V.'s Board of Directors as of December 31, 2016. For a description of changes to CEMEX, S.A.B. de C.V.'s Board of Directors in 2017, see the description of CEMEX, S.A.B. de C.V.'s 2016 annual general ordinary shareholders' meeting held on March 30, 2017 in "Item 5—Operating and Financial Review and Prospects—Recent Developments—Recent Developments Relating to Our Board of Directors and Senior Management." No alternate directors were elected at CEMEX, S.A.B. de C.V.'s 2016 annual general ordinary shareholders' meeting. Members of CEMEX, S.A.B. de C.V.'s Board of Directors serve for one-year terms.

Name (Age)

Rogelio Zambrano Lozano,
Chairman (60)

Experience

Has been a member of CEMEX, S.A.B. de C.V.'s Board of Directors since 1987 and Chairman of CEMEX, S.A.B. de C.V.'s Board of Directors since May 15, 2014. He was President of CEMEX, S.A.B. de C.V.'s Finance Committee from 2009 until March 2015 and he was also Chairman of CEMEX México's board of directors until February 2017. He is also a member of the advisory board of Grupo Financiero Banamex, Zona Norte, and member of the boards of directors of Carza, S.A. de C.V. and the Instituto Tecnológico y de Estudios Superiores de Monterrey, among others. He holds an industrial and systems engineering degree from the Instituto Tecnológico y de Estudios Superiores de Monterrey and an M.B.A. from the Wharton Business School of Pennsylvania University. He is a grandson of the late Mr. Lorenzo Zambrano Gutiérrez, one of CEMEX, S.A.B. de C.V.'s founders, and a son of Mr. Marcelo

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<u>Name (Age)</u>	<u>Experience</u>
	Zambrano Hellión, who was a member of CEMEX, S.A.B. de C.V.'s Board of Directors from 1957 until his passing away and its Chairman from 1979 to 1995. He is also a second cousin of Roberto Luis Zambrano Villarreal, a second uncle of Tomás Milmo Santos, and a second uncle of Ian Christian Armstrong Zambrano, all members of CEMEX, S.A.B. de C.V.'s Board of Directors.
Fernando Ángel González Olivieri (62)	See “— Senior Management.”
Tomás Milmo Santos (52)	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 from 2009 until March 2015. 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 Co-Chairman of the board of directors of Axtel. He is also a member of the boards of directors of Promotora Ambiental, S.A., the Instituto Tecnológico y de Estudios Superiores de Monterrey and Chairman of the board of directors of Tec Salud and Alianza Educativa por Nuevo León. He was a member of CEMEX México's board of directors until February 2017. He graduated with a degree in economics from Stanford University. Mr. Milmo Santos is a second nephew of Rogelio Zambrano Lozano, Chairman of CEMEX, S.A.B. de C.V.'s Board of Directors.
Ian Christian Armstrong Zambrano (36)	Has been a member of CEMEX, S.A.B. de C.V.'s Board of Directors since March 26, 2015. He had previously been a provisional member of CEMEX, S.A.B. de C.V.'s Board of Directors since May 15, 2014. He is a former Vice President of Promotion and Analysis at Evercore Casa de Bolsa, and currently is a founding member and President of Biopower, a founding member of RIC Energy Mexico and a member of the boards of directors of Tec Salud and Fondo Zambrano Hellión. Mr. Armstrong Zambrano is a graduate in business administration from the Instituto Tecnológico y de Estudios Superiores de Monterrey and holds an M.B.A. from the IE Business School. He is a second nephew of Rogelio Zambrano Lozano, Chairman of CEMEX, S.A.B. de C.V.'s Board of Directors.
Armando J. García Segovia (65)	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

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Name (Age)

Experience

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 the Instituto Tecnológico y de Estudios Superiores de Monterrey with a degree in mechanical engineering and administration and he 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.

He is also an alternate member of the board of directors of GCC. He was also Vice President of the Mexican Employers' Association (*Confederación Patronal de la República Mexicana* or "COPARMEX"), member of the board and former Chairman of the Private Sector Center for Sustainable Development Studies (*Centro de Estudios del Sector Privado para el Desarrollo Sustentable*), former Chairman of COPARMEX Nuevo León, he was Chairman and member of the board of directors of Gas Industrial de Monterrey, S.A. de C.V. He also served as Chairman of an advisory board of the School of Engineering and Information Technology of the Instituto Tecnológico y de Estudios Superiores de Monterrey and member of the board of directors of the World Environmental Center. Currently, he is a member of the boards of directors of Hoteles City Express, S.A.P.I. de C.V. and of Innovación y Conveniencia, S.A. de C.V., formerly known as Grupo Chapa, S.A. de C.V. He is also a member of the boards of directors of Universidad de Monterrey, A.C., Unidos para la Conservación, Pronatura Noreste, A.C., and Consejo Consultivo de Flora y Fauna del Estado de Nuevo León. He is also founder and Chairman of the board of directors of Comenzar de Nuevo, A.C. He is a first cousin of Rodolfo García Muriel, a member of CEMEX, S.A.B. de C.V.'s Board of Directors.

Rodolfo García Muriel (71)

Has been a member of CEMEX, S.A.B. de C.V.'s Board of Directors since 1985 and was a member of CEMEX, S.A.B. de C.V.'s Finance Committee from 2009 until March 2015. On March 26, 2015, he was appointed as a member of CEMEX, S.A.B. de C.V.'s Corporate Practices and Finance Committee and has been a member since then. On March 31, 2016, he was appointed as a member of CEMEX, S.A.B. de C.V.'s Audit Committee. He is the Chief Executive

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Name (Age)

Experience

Officer of Compañía Industrial de Parras, S.A. de C.V. He is a member of the boards 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 Grupo Financiero Banamex. He was a member of CEMEX México's board of directors until February 2017. Mr. García Muriel is also Vice President of the National Chamber of the Textile Industry (*Cámara Nacional de la Industria Textil*). Mr. García Muriel holds a degree in electric mechanical engineering from 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.

Roberto Luis Zambrano Villarreal (71)

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 from 2009 until March 2015. On March 26, 2015, he was appointed as a member of CEMEX, S.A.B. de C.V.'s Audit Committee and has been a member since then. He is Chairman of the boards 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., Industrias Diza, S.A. de C.V., Mantenimiento Integrado, S.A. de C.V., and Pilatus PC-12 Center de México, S.A. de C.V. He is a member of the board of directors of S.L.I. de México, S.A. de C.V. He was a member of CEMEX México's board of directors until February 2017. Mr. Zambrano Villarreal is a graduate in mechanical engineering and administration from the Instituto Tecnológico y de Estudios Superiores de Monterrey. He is a second cousin of Rogelio Zambrano Lozano, Chairman of CEMEX, S.A.B. de C.V.'s Board of Directors.

Dionisio Garza Medina (63)

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 from 2009 until March 2015. On March 26, 2015, he was appointed as a member and President of CEMEX, S.A.B. de C.V.'s Corporate Practices and Finance Committee and has served as its President since then. He is Chairman of the board of directors and Chief Executive Officer of Tenedora TOPAZ, S.A.P.I. de C.V. He was a member of the board of directors of Alfa, S.A.B. de C.V. until March 2013 and Chairman and Chief Executive

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Name (Age)

Experience

Officer for 16 years until March 2010. Mr. Garza Medina is currently a member of the boards of directors of ABC Holding, S.A.P.I. de C.V. and Autlán, S.A.B. de C.V. Mr. Garza Medina was a member of the Board of Dean's Advisors of the Harvard Business School and member of the advisory council of Stanford University's School of Engineering. Additionally, Mr. Garza Medina was the Chairman of the board of the Universidad de Monterrey, A.C. for 13 years until April 2012. Mr. Garza Medina holds a bachelor of science and a master's degree in industrial engineering from Stanford University, where he earned the F. Terman Award. He also holds an M.B.A. from Harvard University.

José Manuel Rincón Gallardo Purón (74)

Has been a member of CEMEX, S.A.B. de C.V.'s Board of Directors since 2003. On March 26, 2015, he was appointed as President 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, and has remained its President since then. He is President of the board of directors of Sonoco de México S.A. de C.V., member of the boards of directors and audit committees of Grupo Financiero Banamex, Grupo Herdez, S.A. de C.V., General de Seguros, S.A.B., Reaseguradora Patriam S.A.B., Peña Verde, S.A.B., Cinépolis, S.A. de C.V., Citelis, S.A. de C.V., Grupo Proa, S.A. de C.V., Grupo CP, S.A. de C.V., and member of the board of directors of Invekra, S.A.P.I. and Fondo Wamex, S.A. de C.V. Mr. Rincón Gallardo is a member of Instituto Mexicano de Contadores Públicos, A.C., he was a managing partner of KPMG México, and was member of the boards of directors of KPMG United States and KPMG International. He was a member of CEMEX México's board of directors until February 2017. 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.

Francisco Javier Fernández Carbajal (61)

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 from February 2012 until March 2015 and a member of CEMEX, S.A.B. de C.V.'s Corporate Practices Committee from March 2013 until March 2015. On March 26, 2015, he was appointed as a member of CEMEX, S.A.B. de C.V.'s Audit Committee and the Corporate Practices and Finance Committee, and has remained in both

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Name (Age)

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committees since then. Mr. Fernández is currently the Chief Executive Officer of Servicios Administrativos Contry, S.A. de C.V., a privately held company that provides central administrative and investment management services. He has served as Chief Executive Officer of the Corporate Development Division 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 boards of directors of Alfa, S.A.B. de C.V., Fomento Económico Mexicano, S.A.B. de C.V., and VISA, Inc. He graduated with a degree in electric mechanical engineering from the Instituto Tecnológico y de Estudios Superiores de Monterrey and also holds an M.B.A. from Harvard Business School.

Armando Garza Sada (59)

Has been a member of CEMEX, S.A.B. de C.V.'s Board of Directors and Corporate Practices and Finance Committee since March 26, 2015. Mr. Garza Sada is currently the Chairman of the boards of directors of Alfa, S.A.B. de C.V., Alpek, S.A.B. de C.V. and Nematik, S.A.B. de C.V. and a member of the boards of directors of El Puerto de Liverpool, S.A.B. de C.V., Grupo Lamosa, S.A.B. de C.V., Instituto Tecnológico y de Estudios Superiores de Monterrey, Fomento Económico Mexicano, S.A.B. de C.V., Grupo Financiero Banorte, S.A.B. de C.V., Frisa Industrias, S.A. de C.V., Grupo Proeza, S.A.P.I. de C.V., and the Stanford Graduate School of Business advisory board and Stanford University's board of trustees. Mr. Garza Sada holds a bachelor's degree from the Massachusetts Institute of Technology and an M.B.A. from Stanford University.

David Martínez Guzmán (59)

Has been a member of CEMEX, S.A.B. de C.V.'s Board of Directors since March 26, 2015. Mr. Martínez Guzmán is a Managing Director of Fintech Advisory Inc. In addition, as of December 31, 2016, he was a member of the boards of directors of Alfa, S.A.B. de C.V., Vitro, S.A.B. de C.V., Telecom Argentina and Banco de Sabadell. Mr. Martínez Guzmán earned degrees in electrical and mechanical engineering from Universidad Nacional Autónoma de México and also holds an M.B.A. from Harvard Business School.

Everardo Elizondo Almaguer (73)

Mr. Elizondo Almaguer has been an independent member of Grupo Financiero Banorte, S.A.B. de C.V.'s board of directors since April 2010, and a member of the boards of directors of Autlán, S.A.B.

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Name (Age)

Experience

de C.V., Rassini, S.A.B. de C.V., Grupo Senda Autotransporte, S.A. de C.V. and Gruma, S.A.B. de C.V. He is also professor of economics and international finance at EGADE Business School, the graduate business school of Instituto Tecnológico y de Estudios Superiores de Monterrey. He was director for economic studies at Alfa, S.A.B. de C.V. and Grupo Financiero BBVA Bancomer, S.A. de C.V. He founded and was director of the Graduate School of Economics of the Universidad Autónoma de Nuevo León. He was deputy governor of the Banco de México from 1998 to 2008. Mr. Elizondo Almaguer is a graduate in economics from the Universidad de Nuevo León and holds a master's degree in economics from the University of Wisconsin-Madison.

Board Practices

In compliance with the Mexican Securities Market Law (*Ley del Mercado de Valores*), which was enacted on December 28, 2005 and became effective on June 28, 2006 (the "Mexican Securities Market Law"), CEMEX, S.A.B. de C.V.'s shareholders approved, at an extraordinary shareholders' meeting held on April 27, 2006, a proposal to amend various articles of CEMEX, S.A.B. de C.V.'s by-laws (estatutos sociales), in order to improve our standards of corporate governance and transparency, among other matters. The amendments included 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 finance committee 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 and Finance Committee and Other Committees

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

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effectiveness of its corporate governance, at CEMEX, S.A.B. de C.V.'s annual general ordinary shareholders' meeting held on 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 the annual general ordinary shareholders' meeting held on April 29, 2010, CEMEX, S.A.B. de C.V.'s shareholders approved the creation of the finance committee. In addition, at the annual general ordinary shareholders' meeting held on March 26, 2015, CEMEX, S.A.B. de C.V.'s shareholders approved that the then existing corporate practices committee took over certain responsibilities of the then existing finance committee and changed its name to "corporate practices and 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;
- 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 and finance 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.
- evaluating the company's financial plans
- reviewing the company's financial strategy and its implementation; and
- evaluating mergers, acquisitions, review of market information and financial plans, including financing and related transactions.

Under CEMEX, S.A.B. de C.V.'s by-laws and the Mexican Securities Market Law, all members of the corporate practices and finance committee and the audit committee, including their presidents, are required to be independent directors. The president of the audit committee and the corporate practices and 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 or of the board of directors.

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Set forth below are the names of the members of CEMEX, S.A.B. de C.V.'s current audit committee and corporate practices and finance committee. Each member of the committees is an independent director. 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:

José Manuel Rincón Gallardo Purón	President
Roberto Luis Zambrano Villarreal	
Rodolfo García Muriel	
Francisco Javier Fernández Carbajal	

CORPORATE PRACTICES AND FINANCE COMMITTEE:

Dionisio Garza Medina	President
Francisco Javier Fernández Carbajal	
Rodolfo García Muriel	
Armando Garza Sada	

In addition, at a meeting of CEMEX, S.A.B. de C.V.'s Board of Directors held on September 25, 2014, CEMEX, S.A.B. de C.V.'s directors approved the creation of a sustainability committee.

CEMEX, S.A.B. de C.V.'s sustainability committee is responsible for:

- ensuring sustainable development in CEMEX's strategy;
- supporting CEMEX, S.A.B. de C.V.'s Board of Directors in fulfilling its responsibility to shareholders regarding sustainable growth;
- evaluating the effectiveness of sustainability programs and initiatives;
- providing assistance to CEMEX's Chief Executive Officer and senior management team regarding the strategic direction on sustainability; and
- endorsing a model of sustainability, priorities and key indicators.

The current members of CEMEX, S.A.B. de C.V.'s sustainability committee are:

Armando J. García Segovia	President
Ian Christian Armstrong Zambrano	
Roberto Luis Zambrano Villarreal	

Compensation of CEMEX, S.A.B. de C.V.'s Directors and Members of Our Senior Management

For the year ended December 31, 2016, 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.\$43 million. Approximately U.S.\$32 million of this amount was paid as base compensation, including approximately U.S.\$8 million of a bonus pool to key executives based on our operating performance and U.S.\$12 million to provide pension, retirement or similar benefits. In addition, approximately U.S.\$11 million of the aggregate amount corresponds to stock-based compensation, including approximately U.S.\$7 million related to the bonus pool to key executives based on our operating performance. During 2016, we issued approximately 54 million CPOs to this group pursuant to the Restricted Stock Incentive Plan ("RSIP") described below under "—Restricted Stock Incentive Plan (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 (the "ESOP") for CEMEX, Inc.'s executives to purchase CEMEX, S.A.B. de

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C.V.'s ADSs. The options granted under the program had a fixed exercise price in U.S. Dollars equivalent to the average market price of one ADS during a six-month period before the grant date and had a ten-year term. 25% of the options vested annually during the first four years after their grant date. The options were covered using shares owned by our subsidiaries, thus potentially increasing stockholders' equity and the number of shares outstanding. As of December 31, 2016, these options expired without being exercised.

Consolidated Employee Stock Option Information

Stock options activity during 2015 and 2016, the balance of options outstanding as of December 31, 2015 and 2016 and other general information regarding our stock option programs, is presented in notes 2Q and 21 to our 2016 audited consolidated financial statements included elsewhere in this annual report.

As of December 31, 2016, no employee stock options to purchase our securities were outstanding. The options granted under the ESOP that were outstanding as of December 31, 2014 expired without being exercised.

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 was 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, S.A.B. de C.V. issues new CPOs to cover the RSIP. Second, CEMEX, S.A.B. de C.V. now issues the RSIP in four blocks of 25% per year. The total number of CEMEX, S.A.B. de C.V. CPOs granted during 2016 were approximately 70 million, of which approximately 15.7 million were related to senior management and the board of directors. In 2016, approximately 54.8 million CPOs were issued, representing the first 25% of the 2016 program, the second 25% of the 2015 program, the third 25% of the 2014 program and the final 25% of the 2013 program. Of these 54 million CPOs, approximately 12.9 million corresponded to senior management and the board of directors.

See note 25 to our consolidated financial statements included elsewhere in this annual report.

CEMEX Latam Employee stock-ownership plan

To better align CEMEX Latam's executives' interests with those of its stockholders, on January 16, 2013, CEMEX Latam's board of directors approved, effective as of January 1, 2013, a long-term incentives plan available to eligible executives of CEMEX Latam, which consists of an annual compensation plan based on CEMEX Latam shares. The underlying shares in this long-term incentives plan, which are held in the CEMEX Latam's treasury, and subject to certain restrictions, are delivered fully vested under each annual program over a service period of four years. During 2015, CEMEX Latam delivered 242,618 shares to eligible executives under this long-term incentives plan. During 2016, CEMEX Latam delivered 271,461 shares to eligible executives under this long-term incentives plan. The delivery of these shares is dilutive to CEMEX's equity indirect interest in CEMEX Latam.

Employees

As of December 31, 2016, we had 41,853 employees worldwide, which represented a decrease of approximately 2.93% from the total number of employees we had as of December 31, 2015.

The following table sets forth the number of our full-time employees and a breakdown of their geographic location as of December 31, 2014, 2015 and 2016:

Location	2014	2015	2016
Mexico	11,412	11,050	11,249
United States	9,808	10,236	9,830
Europe			
United Kingdom	2,941	2,977	2,922
Germany	2,391	1,448	1,473
France	1,875	1,844	1,833
Spain	1,670	1,890	1,722
Rest of Europe	3,326	3,098	3,172
South, Central America and the Caribbean			
Colombia	3,132	3,131	3,048
Rest of South, Central America and the Caribbean	4,297	3,931	3,351
Asia, Middle East and Africa			
Egypt	650	670	679
Philippines	665	693	710
Rest of Asia, Middle East and Africa	2,074	2,149	1,864

In Mexico, we have entered into collective bargaining agreements on a plant-by-plant basis, and such collective bargaining agreements are renewable on an annual basis with respect to salaries and on a biannual basis with respect to benefits. During 2016, we renewed more than 106 contracts with different labor unions in Mexico.

As of December 31, 2016, approximately 26% of our employees in the United States were represented by unions, with the largest number being members of the International Brotherhood of Teamsters, the Laborers' Union of North America, the International Brotherhood of Boilermakers and the International Union of Operating Engineers. We have entered into or are in the process of negotiating various collective bargaining agreements at many of our U.S. plants, which collective bargaining agreements have various expiration dates through December 15, 2022.

In Spain, as of December 31, 2016, (i) some of our employees in the cement business had a company-specific collective bargaining agreement that is renewable every two to three years on a legal entity and business basis, and (ii) some of our employees in the ready-mix concrete, mortar, aggregates and transport sectors had industry-specific collective bargaining agreements.

In the United Kingdom, as of December 31, 2016, our cement manufacturing and cement logistics operations had collective bargaining agreements with Unite the Union. The rest of our operations in the United Kingdom are not part of collective bargaining agreements; however, there are local agreements for consultations and employees can be represented by a trade union official or body of which they are an existing member.

In Germany, as of December 31, 2016, most of our employees worked under collective bargaining agreements with the Industriegewerkschaft Bauen Agrar Umwelt—IG B.A.U. union. In addition there are internal company agreements, negotiated between the workers council and the company itself.

In France, as of December 31, 2016, less than 5% of our employees were members of one of the five main unions. At least one representative from one of the five main unions was represented in the following legal entities: Cemex Granulats (two representatives), Cemex Bétons Nord Ouest (one representative), Cemex Bétons

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Ile de France (three representatives), Cemex Bétons Sud Est (one representative) and Cemex Granulats Rhône Méditerranée (two representatives). 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 2014 and the next election will take place in April 2018, except for Cemex Bétons Ile de France, whose last election took place in early 2015 and the next one will be in 2019.

In Egypt, as of December 31, 2016, approximately 100% of our employees in ACC were affiliated to ACC's union ("ACC's Union"), which is a member of Egypt's General Union of Building Materials. ACC's Union represents these employees in any collective negotiation, agreement or dispute.

In Israel, as of December 31, 2016, approximately 89% of our employees in Lime & Stone Production Company Ltd., one of our operating subsidiaries in Israel, or 24% of all of our employees in Israel, were represented by Histadrut, Israel's largest labor union. These employees work under special collective bargaining agreements which are renewable on an annual basis with respect to salaries and benefits and every one or two years with respect to retirement and dismissal terms.

In the Philippines, as of December 31, 2016, approximately 33% of the cement operation employees of APO and Solid Cement were members of either one of four labor unions that are affiliated with a national federation. Each labor union has a collective bargaining agreement with either APO or Solid Cement. Each of the collective bargaining agreements has a term of five years, with the economic terms negotiated in the third and fifth years. We consider our relationships with the labor unions representing our employees in the Philippines to be satisfactory.

In Colombia, as of December 31, 2016, there were five regional sectionals of a single union that represents our employees at the Caracolito, Clemencia, Bucaramanga, Cúcuta and Maceo cement plants and mills, and part of the logistic operations at the national level. There were also collective agreements with non-union workers at the Santa Rosa cement plant, all aggregates operations and the majority of the logistics and ready mix operations in Colombia. Two other unions represent minority groups of employees of our logistics and ready-mix operations. We consider our relationships with labor unions representing our employees in Colombia to be satisfactory.

In Panama, as of December 31, 2016, approximately 62% of our workforce were members of a union named Sindicato de Trabajadores de Cemento Bayano, which is a legal entity registered before the Panamanian Ministry of Labor. The union's board of directors is elected every two to four years through a general voting process. The collective bargaining agreement that is currently in full force and effect was entered into in January 2016 and expires in December 2019.

Share Ownership

As of December 31, 2016, our senior management and directors and their immediate families owned, collectively, approximately 1.73% 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 December 31, 2016, 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 and each such individual's share ownership has not been previously disclosed to shareholders or otherwise made public.

Item 7—Major Shareholders and Related Party Transactions

Major Shareholders

The information contained in Amendment No. 5 to a statement on Schedule 13G filed with the SEC on January 23, 2017, stated that as of December 31, 2016, BlackRock beneficially owned 1,033,221,731 CPOs,

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representing 7.4% of CEMEX, S.A.B. de C.V.'s outstanding capital stock. BlackRock does not have voting rights different from our other non-Mexican holders of CPOs. As required by CEMEX, S.A.B. de C.V.'s by-laws, CEMEX, S.A.B. de C.V.'s board of directors is required to approve BlackRock beneficial ownership of CEMEX, S.A.B. de C.V.'s outstanding capital stock. Pursuant to the authorizations by Board of Directors, BlackRock is authorized to acquire up to 13% of capital stock.

As of the date of this annual report, Dodge & Cox, an investment adviser registered under the U.S. Investment Advisers Act of 1940, as amended, has been authorized by CEMEX, S.A.B. de C.V.'s board of directors to own up to 6% of CEMEX, S.A.B. de C.V.'s outstanding capital stock. Dodge & Cox does not have voting rights different from our other non-Mexican holders of CPOs.

As of March 30, 2017, CEMEX, S.A.B. de C.V.'s outstanding capital stock consisted of 28,121,583,148 Series A shares and 14,060,791,574 Series B shares, in each case including shares held by our subsidiaries. Additionally, at CEMEX, S.A.B. de C.V.'s 2016 annual general ordinary shareholders' meeting held on March 30, 2017, CEMEX, S.A.B. de C.V.'s shareholders approved the issuance of 1,124,863,326 Series A shares and 562,431,663 Series B shares, equivalent to approximately 562.4 million CPOs, to be allocated to shareholders on a pro rata basis pursuant to such approval. These shares are expected to become part of CEMEX, S.A.B. de C.V.'s outstanding capital stock on May 8, 2017.

As of March 31, 2017, a total of 28,078,596,254 Series A shares and 14,039,298,127 Series B shares outstanding 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 Series A shares underlying those CPOs and ADSs. All ADSs are deemed to be held by non-Mexican nationals. At every shareholders' meeting, the Series A shares held in the CPO trust are voted as expressed by the shareholders representing the majority of the capital stock entitled to vote.

Other than BlackRock 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, 2017, through CEMEX, S.A.B. de C.V.'s subsidiaries, we owned approximately 19.7 million CPOs, representing approximately 0.1% of CEMEX, S.A.B. de C.V.'s outstanding CPOs and approximately 0.1% 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 by-laws 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 CEMEX, S.A.B. de C.V.'s 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 CEMEX, S.A.B. de C.V.'s 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 by-laws or the by-laws 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.

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As of March 31, 2017, we had 641 ADS holders of record, holding 648,417,085 ADRs, representing 6,484,170,850 CPOs, or approximately 46.12% of CEMEX, S.A.B. de C.V.'s outstanding capital stock as of such date.

Related Party Transactions

We had no significant related party transactions for the year ended December 31, 2016. From January 1, 2016 through the date of this annual report, we did not have any outstanding loans to any of CEMEX, S.A.B. de C.V.'s 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 can be made by CEMEX, S.A.B. de C.V.'s shareholders at any general ordinary shareholders' 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. 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 Credit Agreement and the indentures governing the Senior Secured Notes effectively prohibit 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—Risks Relating to Our Business—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 Series A shares and the Series 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. 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 Series A shares and the Series B shares underlying the CPOs represented by ADSs from Mexican Pesos into U.S. Dollars and, after deduction or after payment of expenses of the ADS depository, to pay those dividends to holders of ADSs in U.S. 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 Mexican Pesos into U.S. Dollars.

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CEMEX, S.A.B. de C.V. did not declare a dividend for fiscal years 2014, 2015 and 2016.

Significant Changes

Except as described herein, no significant change has occurred since the date of our 2016 consolidated financial statements included elsewhere in this annual report.

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 Mexican Pesos for CPOs on the Mexican Stock Exchange and the high and low sales prices in U.S. Dollars for ADSs on the NYSE.

Calendar Period	CPOs(1)		ADSs	
	High	Low	High	Low
Yearly				
2012	12.93	7.00	10.14	4.94
2013	16.16	12.58	12.71	9.14
2014	18.50	14.32	14.36	9.66
2015	16.37	8.64	10.72	4.95
2016	18.07	7.09	9.15	3.82
Quarterly				
2015				
First quarter	15.60	12.97	10.45	8.72
Second quarter	16.37	14.11	10.72	9.02
Third quarter	14.75	10.60	9.24	6.12
Fourth quarter	13.31	8.64	8.14	4.95
2016				
First quarter	12.70	6.78	7.43	3.63
Second quarter	12.80	10.61	7.45	5.49
Third quarter	16.05	10.93	8.89	5.81
Fourth quarter	18.07	15.30	9.15	7.43
2017				
First quarter	19.66	16.46	9.49	7.80
Monthly				
2016-2017				
October	16.94	15.30	9.15	7.90
November	16.74	15.41	8.99	7.43
December	18.07	15.90	8.93	7.74
January	19.88	16.46	9.49	7.80
February	18.92	16.93	9.26	8.46
March	18.06	16.56	9.14	8.54
April(2)	17.95	16.34	9.62	8.65

Source: Based on data of the Mexican Stock Exchange and the NYSE.

- (1) As of December 31, 2016, approximately 99.84% of CEMEX, S.A.B. de C.V.'s outstanding share capital was represented by CPOs.
- (2) CPO and ADS prices are through April 21, 2017.

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On April 21, 2017, the last reported closing price for CPOs on the Mexican Stock Exchange was Ps16.66 per CPO, and the last reported closing price for ADSs on the NYSE was U.S.\$8.78 per ADS.

During 2016, (i) we did not have a market maker and (ii) there was no suspension of trading of (a) CEMEX, S.A.B. de C.V.'s CPOs on the Mexican Stock Exchange or (b) CEMEX, S.A.B. de C.V.'s ADSs on the New York Stock Exchange.

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, Nuevo León, Mexico, under entry number 21, since June 11, 1920.

CEMEX, S.A.B. de C.V. is an operating and holding company engaged directly or indirectly, through its operating subsidiaries, primarily in the production, distribution, marketing and sale of cement, ready-mix concrete, aggregates, clinker and other construction materials throughout the world. CEMEX, S.A.B. de C.V.'s corporate purpose 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 ("Series A shares"), which can only be owned by Mexican nationals, and the Series B common stock, with no par value ("Series 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 Series 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 Series 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 Series 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 Series A shares and the Series 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 Series A shares and Series 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 April 29, 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 Series A shares, Series B shares and ADSs, and converted CEMEX, S.A.B. de C.V.'s then existing CPOs into the new CPOs.

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On June 1, 2001, the then-effective 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 then-effective 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 consisted of, among other things, protective measures to prevent share acquisitions, hostile takeovers, and direct or indirect changes of control.

On March 19, 2003, the Mexican securities authority issued new regulations designed to (i) further implement minority rights granted to shareholders by the then-effective 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, the Mexican Securities Market Law was published to continue bringing corporate governance requirements of Mexican listed companies in line with international standards. This new law included 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 provided that each member of the audit committee must be an independent director, and required the creation of corporate governance committees integrated by independent directors as well. In addition, the law clarified directors' duties, specified safe harbors for directors' actions, clarified what is deemed as a conflict of interest and clarified what are the confidentiality obligations for directors.

Under the then 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 extraordinary 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.).

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- The creation of a corporate practices committee, which was 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 (comisario) and the assumption of its responsibilities by the board of directors through the audit committee and the then 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.
- 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.

On March 20, 2014, CEMEX, S.A.B. de C.V. held an extraordinary shareholders' meeting, at which its shareholders approved, among other items, the board of directors' proposal to expand the corporate purpose of CEMEX, S.A.B. de C.V. so that, aside from being a holding company, CEMEX, S.A.B. de C.V. can undertake operating activities related to the production and commercialization of cement, ready-mix concrete and aggregates.

On March 26, 2015, CEMEX, S.A.B. de C.V. held an extraordinary shareholders' meeting, at which its shareholders approved, among other items, (i) changes to CEMEX, S.A.B. de C.V.'s by-laws, incorporating additional provisions and removing some restrictions. The changes, among other items, are the following: extend CEMEX, S.A.B. de C.V.'s corporate existence for an indefinite period of time, adopt the electronic system established by the Ministry of Economy (Secretaría de Economía) for the publication of notices and other legal matters; remove a redundancy in minority rights; adopt additional considerations that CEMEX, S.A.B. de C.V.'s board of directors shall consider in order to authorize purchases of 2% or more of shares; adopt provisions to improve corporate governance with respect to the presidency at shareholders' meetings and corporate bodies; separation of roles of chairman of the board and chief executive officer; include the possibility of electing an alternate secretary of the board of directors; authorization to formalize CEMEX, S.A.B. de C.V.'s restated by-laws and authorization to exchange the share certificates that represent CEMEX, S.A.B. de C.V.'s then outstanding capital stock.

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 Series A shares, Series 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

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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 through the electronic system established by the Ministry of Economy (Secretaría de Economía) or, in its absence, in the Official Gazette of the State of Nuevo León (*Periódico Oficial del Estado de Nuevo León*) or in 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 pre-emptive rights. See “Item 3—Key Information—Risk Factors—Risks Relating to Our Business—Preemptive rights may be unavailable to ADS holders.”

Pursuant to CEMEX, S.A.B. de C.V.'s 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. CEMEX, S.A.B. de C.V.'s board of directors shall consider the following when determining whether to authorize such transfer of voting shares: a) the type of investors involved; b) if stock prices may be affected or if the number of CEMEX, S.A.B. de C.V.'s shares outstanding would be reduced in such way that marketability may be affected; c) whether the acquisition would result in the potential acquirer exercising a significant influence or being able to obtain control; d) whether all applicable rules and CEMEX, S.A.B. de C.V.'s by-laws have been observed by the potential acquirer; e) whether the potential acquirers are our competitors or are persons or legal entities participating in companies, entities or persons that are or competitors and whether there is a risk of affecting market competition, or the potential acquirers could have access to confidential and privileged information; f) the morality and economic solvency of the potential acquirers; g) the protection of minority rights and the rights of our employees; and h) whether an adequate base of investors would be maintained. If CEMEX, S.A.B. de C.V.'s board of directors denies the authorization, the transfer had been authorized on the basis of false or incorrect information or information had been withheld 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, Institución para el Depósito de Valores, S.A. de C.V. (“Indeval”), the Mexican securities depository, shall not have any effect.

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) 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 Credit Agreement and other debt agreements of CEMEX.

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CEMEX, S.A.B. de C.V. is required to maintain a share registry to record 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 and finance 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.

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 and finance 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 and finance 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 and finance 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 and finance committee and audit committee do not comply with the valid shareholders' request described above.

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Notice of shareholders' meetings must be published through the electronic system established by the Ministry of Economy (Secretaría de Economía) or, in its absence, in the Official Gazette of the State of Nuevo León (*Periódico Oficial del Estado de Nuevo León*), Mexico or in 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 Series A shares and Series 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 Series A shares represented by their CPOs, in which case, the CPO trustee will vote the underlying Series 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 and finance 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 and finance 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.

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.

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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 (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 ordinary 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.

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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 and finance 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 or any entities on which we have a significant influence and not merely the damage suffered by the plaintiffs. Actions initiated on these grounds have a five-year statute of limitations from the day of the act or action that caused the damage.

Any recovery of damages with respect to these actions will be for CEMEX, S.A.B. de C.V.'s 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.

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

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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 general ordinary 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 each annual general ordinary 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 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, see "Item 16G—Corporate Governance."

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You may find additional information in the corporate governance section of our website (www.cemex.com), or you may contact our investment relations team, by writing to or telephoning us as follows:

CEMEX, S.A.B. de C.V.
Avenida Ricardo Margáin Zozaya #325
Colonia Valle del Campestre
San Pedro Garza García, Nuevo León, México 66265.
Attn: Eduardo Rendón
Telephone: +52 81 8888-4292
Email: eduardo.rendon@cemex.com

Share Capital

CEMEX, S.A.B. de C.V. did not declare a dividend for fiscal years 2014, 2015 and 2016. See “Item 8—Financial Information—Dividends” for a description of CEMEX, S.A.B. de C.V.’s policy on dividend distributions and dividend restrictions.

At each of CEMEX, S.A.B. de C.V.’s 2014, 2015 and 2016 annual general ordinary shareholders’ meetings, held on March 26, 2015, March 31, 2016 and March 30, 2017, respectively, CEMEX, S.A.B. de C.V.’s shareholders approved a recapitalization of retained earnings. New CPOs issued pursuant to each such recapitalization were allocated to shareholders on a pro-rata basis. As a result, shares equivalent to approximately 500 million CPOs, approximately 538 million CPOs and approximately 562.4 CPOs were allocated to shareholders on a pro-rata basis in connection with the 2014, 2015 and 2016 recapitalizations, respectively. In each case, 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 of December 31, 2016, CEMEX, S.A.B. de C.V.’s common stock was represented as follows:

Shares ¹	2016	
	Series A ²	Series B ³
Subscribed and paid shares	28,121,583,148	14,060,791,574
Unissued shares authorized for stock compensation programs	638,468,154	319,234,077
Shares that guarantee the issuance of convertible securities ⁴	5,218,899,920	2,609,449,960
	<u>33,978,951,222</u>	<u>16,989,475,611</u>

- (1) As of December 31, 2016, 13,068,000,000 shares correspond to the fixed portion, and 37,900,426,833 shares correspond to the variable portion.
- (2) Series “A” or Mexican shares must represent at least 64% of CEMEX, S.A.B. de C.V.’s capital stock.
- (3) Series “B” or free subscription shares must represent at most 36% of CEMEX, S.A.B. de C.V.’s capital stock.
- (4) Shares that guarantee the conversion of the November 2019 Mandatory Convertible Mexican Peso Notes, the March 2018 Optional Convertible Subordinated U.S. Dollar Notes and the March 2020 Optional Convertible Subordinated U.S. Dollar Notes.

Material Contracts

On March 14, 2006, CEMEX, S.A.B. de C.V. registered a Ps5 billion revolving promissory note program (*programa dual revolvente de certificados bursátiles*) 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, which authorization was valid until its expiration on March 31, 2015.

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On December 18, 2006, CEMEX, through two special purpose vehicles, issued two tranches of fixed-to-floating rate callable Perpetual Debentures. C5 Capital (SPV) Limited issued U.S.\$350 million original principal amount of Perpetual Debentures under the first tranche, with the issuer having the option to redeem such Perpetual Debentures on December 31, 2011 and on each interest payment date thereafter, of which U.S.\$61 million principal amount were outstanding as of December 31, 2016 (excluding Perpetual Debentures held by us). C10 Capital (SPV) Limited issued U.S.\$900 million original principal amount of Perpetual Debentures under the second tranche, with the issuer having the option to redeem such Perpetual Debentures on December 31, 2016 and on each interest payment date thereafter, of which U.S.\$175 million principal amount were outstanding as of December 31, 2016 (excluding Perpetual Debentures held by us). Both tranches pay coupons denominated in U.S. 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 original principal amount of Perpetual Debentures under this third tranche, with the issuer having the option to redeem such Perpetual Debentures on December 31, 2014 and on each interest payment date thereafter, of which U.S.\$135 million principal amount were outstanding as of December 31, 2016 (excluding Perpetual Debentures held by us). This third tranche also pays coupons denominated in U.S. 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 fourth tranche of fixed-to-floating rate callable Perpetual Debentures. C10-EUR Capital (SPV) Limited issued €730 million original principal amount of Perpetual Debentures under this fourth tranche, with the issuer having the option to redeem such Perpetual Debentures on June 30, 2017, and on each interest payment date thereafter, of which €64 million principal amount were outstanding as of December 31, 2016 (excluding Perpetual Debentures held by us). 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.

For a description of the material terms relating to the November 2019 Mandatory Convertible Mexican Peso Notes, the March 2018 Optional Convertible Subordinated U.S. Dollar Notes and the March 2020 Optional Convertible Subordinated U.S. Dollar Notes, see “Item 5—Operating and Financial Review and Prospects—Summary of Material Contractual Obligations and Commercial Commitments.”

In connection with the Credit Agreement, we are also parties to the amendment and restatement agreement, dated July 23, 2015 related to the intercreditor agreement, dated as of September 17, 2012 and amended on October 31, 2014; the Dutch law share pledge, dated as of September 17, 2012; the Dutch law share pledge, dated as of December 15, 2015; the Swiss law share pledge, dated as of September 17, 2012; the security confirmation agreement, dated as of July 23, 2015; the security confirmation agreement, dated as of March 17, 2016; the Spanish law share pledge, dated as of November 8, 2012; the ratification and extension deed to the Spanish law share pledge, dated as of July 29, 2015; and the amendment and restatement agreement, dated July 29, 2015 to the Mexican law security trust agreement, dated as of September 17, 2012. For a description of the material terms of the Credit Agreement and related agreements, see “Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Our Indebtedness.”

For a description of the material terms relating to the Senior Secured Notes, see “Item 5—Operating and Financial Review and Prospects—Summary of Material Contractual Obligations and Commercial Commitments—Senior Secured Notes.”

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 CEMEX, S.A.B. de C.V.'s 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 CEMEX, S.A.B. de C.V.'s 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 CEMEX, S.A.B. de C.V.'s 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 from earnings generated before January 1, 2014, either in cash or in any other form, paid to non-residents of Mexico with respect to Series A shares or Series 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.

As a result of the enactment of certain tax provisions in Mexico, as of January 1, 2014, dividends in cash from identified pre-tax retained earnings generated after January 1, 2014 will be subject to a 10% withholding tax. This tax is considered as a definitive payment.

Disposition of CPOs or ADSs

As a result of the enactment of certain tax provisions in Mexico, as of January 1, 2014, in the case of individuals, capital gains of shares issued by Mexican companies in the Mexican Stock Exchange will be subject

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to a 10% withholding tax which will be withheld by the intermediary acting as a withholding agent. If the individual is a tax resident in a country with a tax treaty in force with Mexico such individual will not be subject to any withholding tax.

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. However, 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.

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 (as defined herein) 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 certain U.S. federal income tax consequences relating to the ownership and disposition of CEMEX, S.A.B. de C.V.’s CPOs and ADSs.

This summary is based on provisions of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), U.S. Treasury regulations promulgated under the Code, 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 that 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 U.S. 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 the Medicare tax imposed on certain net investment income or any aspect of state, local foreign, gift, estate or alternative minimum tax considerations.

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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 citizen or resident of the United States;
- 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;
- 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 the control of 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 arrangement 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 should consult its tax advisor regarding the associated tax consequences.

U.S. Shareholders should consult their 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 CEMEX, S.A.B. de C.V.’s 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 Series A shares and one Series B share.

Taxation of distributions with respect to CPOs and ADSs

A distribution of cash or property with respect to the Series A shares or Series 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 Mexican 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 Mexican Pesos are received by the CPO trustee or successor thereof whether or not the Mexican 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 “qualified dividend income” received by U.S. Shareholders that are individuals (as well as certain trusts and estates) is generally eligible for preferential U.S. federal income tax rates (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

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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 the United States which includes an exchange of information program. Accordingly, we believe that any dividends we pay should constitute “qualified dividend income” for U.S. 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 is generally eligible for preferential U.S. federal income tax rates. The deduction of capital losses is subject to limitations. Gain from the disposition of CPOs or ADSs generally will be treated as U.S. source for foreign tax credit purposes; losses will generally 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 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 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 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.

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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.

Item 11—Quantitative and Qualitative Disclosures About Market Risk

See “Item 5—Operating and Financial Review and Prospects—Quantitative and Qualitative 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

Depositary 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 depositary:

<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 depositary 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;

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- expenses incurred for converting foreign currency into Dollars;
- expenses for cable, telex and fax transmissions and for delivery of securities;
- 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, 2016

In 2016, we received approximately U.S.\$1.9 million (after applicable U.S. taxes and including payments to third parties) 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

Background and Internal Investigation

As previously disclosed in our consolidated financial statements, during 2016 CEMEX received reports through its anonymous reporting line related to possible irregularities in the purchase process of land in connection with the Maceo Project. CEMEX initiated an investigation and internal audit in accordance with its corporate governance policies and its code of ethics, which confirmed the irregularities in the purchase process of land in connection with the Maceo Project. As a result of this investigation and internal audit, on September 23, 2016, CEMEX Latam and CEMEX Colombia terminated the employment of the Vice President of Planning of CEMEX Latam, who was also CEMEX Colombia's Director of Planning, and the Legal Counsel of CEMEX Latam, who was also the General Counsel of CEMEX Colombia. In addition, effective September 23, 2016, the Chief Executive Officer of CEMEX Latam, who was also the President of CEMEX Colombia, resigned to facilitate the investigation and internal audit.

Since September 2016, we engaged legal counsel, forensic and other advisors to investigate and advise with regard to different matters regarding the Maceo Project, including with respect to our internal controls. We subsequently filed a criminal complaint against four former employees of CEMEX Colombia. The implicated employees, allegedly acting in collusion, were able to intentionally circumvent the then existing internal controls.

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While the irregularities occurred in a number of periods prior to 2016, CEMEX performed a qualitative and quantitative evaluation of the resulting financial statement effects and concluded that none of them individually, or in aggregate, were material to any such periods. Accordingly, we have not restated any previously issued financial statements.

Disclosure Controls and Procedures

Our management has evaluated, with the participation of CEMEX, S.A.B. de C.V.'s Chief Executive Officer and Executive Vice President of Finance/Chief Financial Officer, 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 annual report. Based on the foregoing, our management, with the participation of CEMEX, S.A.B. de C.V.'s Chief Executive Officer and Executive Vice President of Finance/Chief Financial Officer, concluded that our disclosure controls and procedures were not effective as of December 31, 2016 to achieve their intended objectives. As further described below, we have identified a material weakness in our internal control over financial reporting, which substantially overlaps with our disclosure controls and procedures.

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). Internal control over financial reporting refers to a process designed by, or under the supervision of, our Chief Executive Officer and our Chief Financial Officer and effected by CEMEX, S.A.B. de C.V.'s board of directors, our management and other personnel, 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 and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and members of CEMEX, S.A.B. de C.V.'s board of directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our financial statements.

A material weakness (as defined in Rule 12b-2 under the Exchange Act) is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis.

Under the supervision and with the participation of our management, including CEMEX, S.A.B. de C.V.'s Chief Executive Officer, Executive Vice President of Finance/Chief Financial Officer and principal financial and accounting officers, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2016 using criteria established in "Internal Control—Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management has identified the following material weakness in internal control over financial reporting as of December 31, 2016: our risk assessment process did not operate effectively to implement controls that would prevent, or detect and correct, misstatements resulting from apparent collusion or management override of controls in relation to significant unusual transactions. In addition, we did not design and operate effective monitoring controls to detect non-compliance with our policies related to the financial reporting of significant unusual transactions.

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The control deficiencies described above resulted in immaterial misstatements that were corrected in the consolidated financial statements as of and for the fiscal year ended December 31, 2016, as disclosed in note 24A of our consolidated financial statements. We have concluded that the consolidated financial statements included in this annual report fairly present, in all material respects, our financial position, results of operations and cash flows as of and for the period ended December 31, 2016.

The control deficiencies described above created a reasonable possibility that a material misstatement to the consolidated financial statements would not be prevented or detected on a timely basis; accordingly our management has concluded that internal control over financial reporting was not effective as of December 31, 2016.

Remediation Plan and Activities

Our management is engaged in remedial activities to address the material weakness described above. We have initiated the implementation of practices and procedures over significant unusual transactions to ensure effective monitoring. These practices include a new approval policy over significant unusual transactions that takes place at the operating subsidiary level, a corporate committee to oversee large investment projects, enhancements to our internal audit procedures and improvements over our current monitoring controls in order to make them operate at a sufficient level of precision.

The material weakness will not be considered remediated until the applicable remedial controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. We expect that the remediation of this material weakness will be completed prior to the end of fiscal year 2017.

Attestation Report of the Independent Registered Public Accounting Firm

KPMG Cárdenas Dosal, S.C., the registered public accounting firm that audited our financial statements included elsewhere in this annual report, has issued an adverse report on our internal control over financial reporting, which is included on page F-110 of this annual report.

Changes in Internal Control Over Financial Reporting

Except for the material weakness disclosed above that was identified and evaluated in the fourth quarter but that occurred in an earlier period, we have not identified changes in our internal controls over financial reporting during 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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 employees, including our principal executive officer, principal financial officer and principal accounting officer, to ensure that all of our employees abide by the same high standards of conduct in their daily interactions.

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Our code of ethics provides the following main guidelines:

(i) Our purpose, mission and values: we look to build a better future through the creation of sustainable value by providing industry-leading products and solutions to satisfy the construction needs of our customers;

(ii) Our people and human rights: we believe our employees give us a competitive advantage; we foster an encouraging environment for individual growth acting pursuant to our principles and values;

(iii) Customer relations and fair dealing: we work to be our customers' best option and, to that end, conduct our business dealings fairly and professionally, and supply top-quality services and products as agreed with our customers; we and our employees make every possible effort to act in an innovative and proactive manner, exceeding our customers' expectations and anticipating their needs in order to ensure long and mutually beneficial relationships;

(iv) Supplier relations and fair dealing: our success depends on supplier relationships that are built on trust and mutual benefit; we try to always manage our supplier relationships with honesty, respect and integrity, offering equal opportunities to all parties;

(v) Government relations: our operations require a wide range of interactions with government agencies in many countries; these agencies may act as regulators, customers, suppliers, stockholders and/or promoters; we try to always conduct our interactions with these agencies consistent with our principles and values, with particular emphasis on honesty and respect;

(vi) Community relations: we are committed to promoting and contributing to the development of our communities by preserving the environment, fostering mutually beneficial relationships and maintaining open lines of communication;

(vii) Antitrust compliance: we are dedicated to conducting all of our business activities with the highest ethical standards; compliance with applicable laws, including antitrust legislation, is a fundamental part of our corporate values; we operate in many countries and are subject to different antitrust laws and regulations; therefore, our country managers must ensure that all of our business activities conform to local laws and regulations, and to our own policies;

(viii) Anti-bribery: we reject all forms of corruption; paying or receiving bribes is illegal and highly unethical, and can lead to severe consequences for all parties involved, including jail for individuals and harsh penalties to our company; we are committed to conducting our business with transparency and integrity, and try to ensure that all transactions comply with anti-bribery laws, including requirements to maintain complete and accurate books and records;

(ix) Preventing money laundering: we prohibit money laundering, understood as any transaction or series thereof undertaken to conceal the true origin of illicit funds or making them look as they have been obtained from legitimate activities;

(x) Conflicts of interest and corporate opportunities. our employees, officers and directors have an obligation to conduct themselves in an honest and ethical manner and to act in our best interest; our employees, officers and directors must avoid situations that present or could present a potential or actual conflict between their interests and our interests;

(xi) Gifts, services and other courtesies: we, our employees, officers and directors may not accept or give courtesies of any kind that may compromise, or appear to compromise, decision-making on current or future negotiations; it is forbidden to seek or condition a negotiation on any kind of gift, service or courtesy;

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(xii) Environmental responsibility: managing our environmental footprint is an integral part of our business philosophy and, therefore, we are fully committed to carrying out our business activities in an environmentally responsible and sustainable manner to minimize the environmental implications of our activities;

(xiii) Political contributions and activities: we acknowledge and respect the right of our employees to participate in activities external to the company, such as politics, provided that they are legal and do not interfere with the employees' duties and responsibilities or in any way involve the company;

(xiv) Health and safety in the workplace: we give highest priority to preventing incidents and safeguarding the health and safety of our workforce and are fully committed to carrying out our business activities in a safe and efficient manner to care for the well-being of all those on our sites and those who may be impacted by our activities;

(xv) Confidential information: our employees must administer and handle confidential information in a responsible, safe, objective and legal manner;

(xvi) Financial controls and records: we seek to build credibility and trust with our stakeholders and try to communicate effectively with them so that they are provided with full and accurate information about our financial condition and results of operations; consequently, our employees, officers and directors must ensure, within the scope of their responsibilities and duties, that our financial records are accurate and our financial controls effective; we must also ensure that our reports and documents filed with or submitted to securities regulators, as well as all other public communications, include full, fair, accurate, timely and understandable disclosure; and

(xvii) Preservation of assets: the proper use and preservation of our tangible and intangible assets are essential to fulfill our mission.

We ensure awareness and enforcement of our code of ethics through our ethics committees, training programs, and secured internal communications channels. We periodically evaluate and update the provisions of our code of ethics.

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
San Pedro Garza García, Nuevo León, México 66265.
Attn: Luis Hernández
Telephone: +52 81 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 Ps248 million in fiscal year 2016 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 2015, KPMG Cárdenas Dosal, S.C. in Mexico and KPMG firms worldwide billed us approximately Ps230 million for these services.

Audit-Related Fees: KPMG Cárdenas Dosal, S.C. in Mexico and KPMG firms worldwide billed us approximately Ps7 million in fiscal year 2016 for assurance and related services reasonably related to the performance of our audit. In fiscal year 2015, KPMG Cárdenas Dosal, S.C. in Mexico and KPMG firms worldwide charged us approximately Ps22 million for audit-related services.

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Tax Fees: KPMG Cárdenas Dosal, S.C. in Mexico and KPMG firms worldwide charged us approximately Ps20 million in fiscal year 2016 for tax compliance, tax advice and tax planning. In fiscal year 2015, KPMG Cárdenas Dosal, S.C. in Mexico and KPMG firms worldwide billed us approximately Ps14 million for tax-related services.

All Other Fees: KPMG Cárdenas Dosal, S.C. in Mexico and KPMG firms worldwide billed us Ps16 million in fiscal year 2016 for products and services other than those comprising audit fees, audit-related fees and tax fees. In fiscal year 2015, KPMG Cárdenas Dosal, S.C. in Mexico and KPMG firms worldwide charged us approximately Ps12 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 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 2016, 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 by-laws, by the corporate governance provisions set forth in 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.

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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.

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

303A.01

Listed companies must have a majority of independent directors.

CEMEX CORPORATE GOVERNANCE PRACTICE

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. As of December 31, 2016, CEMEX, S.A.B. de C.V.’s Board of Directors had 13 members, of which more than 50% 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 scheduled executive sessions without management.

Under CEMEX, S.A.B. de C.V.’s by-laws 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 by-laws 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 and Finance Committee operates pursuant to the provisions of the Mexican Securities Market Law and CEMEX, S.A.B. de C.V.’s by-laws. Our Corporate Practices and Finance Committee is composed of four independent directors.

303A.05

Listed companies must have a compensation committee composed of independent directors.

Compensation committee members must satisfy additional independence requirements specific to compensation committee membership.

Listed companies must have an audit committee that satisfies the requirements of Rule 10A-3 under the Exchange Act.

Our Corporate Practices and Finance 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 and Finance Committee meets as required by CEMEX, S.A.B. de C.V.'s by-laws and by the Mexican Laws and Regulations.

Under CEMEX, S.A.B. de C.V.'s by-laws and the Mexican Laws and Regulations, we are not required to have a compensation committee. We do not have such a committee.

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 by-laws.

CEMEX, S.A.B. de C.V.'s Audit Committee is composed of four 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 in 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.

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NYSE LISTING STANDARDS

CEMEX CORPORATE GOVERNANCE PRACTICE

303A.09

Listed companies must adopt and disclose corporate governance guidelines.

CEMEX, S.A.B. de C.V.'s Audit Committee meets as required by CEMEX, S.A.B. de C.V.'s by-laws and by the Mexican Laws and Regulations.

Under CEMEX, S.A.B. de C.V.'s by-laws 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 under the Mexican Securities Market Law, subject to limited exemptions.

Shareholder approval is not expressly required under CEMEX, S.A.B. de C.V.'s by-laws for the adoption and amendment of an equity compensation plan. However, at our 2011 annual shareholders' meeting held on February 23, 2012, CEMEX, S.A.B. de C.V.'s shareholders resolved to extend our current stock program for our employees, officers and administrators until December 31, 2018.

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.

PART III

Item 17—Financial Statements

Not applicable.

Item 18—Financial Statements

See pages F-1 through F-111, 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 Certificate for shares of Series A Common Stock of CEMEX, S.A.B. de C.V.(k)
- 2.2 Form of Certificate for shares of Series B Common Stock of CEMEX, S.A.B. de C.V.(k)
- 2.3 English Translation of Amended and Restated Agreement to the Trust Agreement dated November 27, 2014, between CEMEX, S.A.B. de C.V., as founder of the trust, and Banco Nacional de México, S.A. regarding the CPOs.(j)
- 2.4 Form of CPO Certificate.(l)
- 2.5 Form of Second Amended and Restated Deposit Agreement (Series A and Series B share CPOs), dated August 10, 1999, among CEMEX, S.A. de C.V., Citibank, N.A. and holders and beneficial owners of American Depositary Shares.(b)
- 2.5.1 Amendment No. 1 to the Second Amended and Restated Deposit Agreement, dated as of July 1, 2005, by and among CEMEX, S.A. 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.(d)
- 2.5.2 Amendment No. 2 to the Second Amended and Restated Deposit Agreement, dated as of February 11, 2015, 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.(k)
- 2.5.3 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. (d)
- 2.5.4 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.(i)
- 2.5.5 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.(i)
- 2.5.6 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.(i)
- 2.5.7 Letter Agreement, dated February 11, 2015 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.(i)

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- 2.6 Form of American Depositary Receipt evidencing American Depositary Shares.(k)
- 4.1 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 México, 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 aggregate principal amount of Callable Perpetual Dual-Currency Notes.(d)
 - 4.1.1 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 México, 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 México, 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 aggregate principal amount of Callable Perpetual Dual-Currency Notes.(d)
 - 4.1.2 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 México, 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 México, 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 aggregate principal amount of Callable Perpetual Dual-Currency Notes.(d)
- 4.2 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 México, 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 aggregate principal amount of Callable Perpetual Dual-Currency Notes.(d)
 - 4.2.1 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 México, 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 México, 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 aggregate principal amount of Callable Perpetual Dual-Currency Notes.(d)
 - 4.2.2 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 México, 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 México, 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 aggregate principal amount of Callable Perpetual Dual-Currency Notes.(d)
- 4.3 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 México, 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 aggregate principal amount of Callable Perpetual Dual-Currency Notes.(d)

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- 4.3.1 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 México, 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 México, 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 aggregate principal amount of Callable Perpetual Dual-Currency Notes.(d)
- 4.3.2 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 México, 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 México, 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 aggregate principal amount of Callable Perpetual Dual-Currency Notes.(d)
- 4.4 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 México, 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.(d)
- 4.4.1 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 México, 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 México, 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.(d)
- 4.4.2 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 México, 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 México, 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.(d)
- 4.5 Indenture, dated as of December 10, 2009, by and among CEMEX, S.A.B. de C.V., as issuer, Banco Mercantil del Norte, Sociedad Anónima, Institución de Banca Múltiple, Grupo Financiero Banorte, as common representative and calculation agent, in connection with the issuance of Mandatory Convertible Bonds.(d)
- 4.6 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 3.75% Convertible Subordinated Notes due 2018.(e)
- 4.7 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 3.25% Convertible Subordinated Notes due 2016 and 3.75% Convertible Subordinated Notes due 2018.(e)

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- 4.8 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 3.25% Convertible Subordinated Notes due 2016 and 3.75% Convertible Subordinated Notes due 2018.(e)
- 4.9 Indenture, dated as of March 15, 2011, CEMEX, S.A.B. de C.V., as issuer, The Bank of New York Mellon, as trustee, and The Bank of New York Mellon S.A., Institución de Banca Múltiple, as Mexican trustee, in connection with the issuance of U.S.\$690,000,000 aggregate principal amount of 3.75% Convertible Subordinated Notes due 2018.(i)
- 4.10 Amendment and Restatement Agreement, dated July 23, 2015, by and among CEMEX, S.A.B. de C.V. and certain of its subsidiaries, the Intra-Group Lenders (as named therein), Citibank International Ltd (formerly Citibank International plc), as Facilities Agent, and Wilmington Trust (London) Limited, acting as Security Agent, relating to the Intercreditor Agreement dated September 17, 2012 and amended October 31, 2014. (k)
- 4.11 Dutch law Share Pledge over the registered shares in New Sunward Holding B.V., dated September 17, 2012, between (i) CEMEX International Finance Company Ltd. (formerly CEMEX International Finance Company) which merged into New Sunward Holding B.V., (ii) Corporación Gouda S.A. de C.V. and Mexcement Holdings, S.A. de C.V., both which merged into CEMEX Operaciones México, S.A. de C.V. and CEMEX TRADEMARKS HOLDING Ltd., as Pledgors, and Wilmington Trust (London) Limited, as Pledgee.(g)
- 4.11.1 Dutch law Share Pledge over the registered shares in New Sunward Holding B.V., dated December 15, 2015, between (i) CEMEX Operaciones México, S.A. de C.V., as Pledgor, and Wilmington Trust (London) Limited, as Pledgee.(k)
- 4.12 Swiss law Share Pledge over 1,938,958,014 shares in CEMEX TRADEMARKS HOLDING Ltd., dated September 17, 2012, between CEMEX, S.A.B. de C.V., CEMEX México, S.A. de C.V., Interamerican Investments Inc. and Empresas Tolteca de México, S.A. de C.V., as Pledgors, and Wilmington Trust (London) Limited, as Pledgee.(g)
- 4.12.1 Security confirmation agreement of Swiss law Share Pledge over 1,938,958,014 shares in CEMEX TRADEMARKS HOLDING Ltd., dated July 23, 2015, between CEMEX, S.A.B. de C.V., CEMEX México, S.A. de C.V., Interamerican Investments Inc. and Empresas Tolteca de México, S.A. de C.V., as Pledgors, and Wilmington Trust (London) Limited, as Pledgee.(k)
- 4.12.2 Security confirmation agreement of Swiss law Share Pledge over 1,938,958,014 shares in CEMEX TRADEMARKS HOLDING Ltd., dated March 17, 2016, between CEMEX, S.A.B. de C.V., CEMEX México, S.A. de C.V., Interamerican Investments Inc. and Empresas Tolteca de México, S.A. de C.V., as Pledgors, and Wilmington Trust (London) Limited, as Pledgee.(k)
- 4.13 Spanish law Share Pledge over the shares in CEMEX España, S.A., dated November 8, 2012, between New Sunward Holding B.V., CEMEX, S.A.B. de C.V., CEMEX España, S.A. and Wilmington Trust (London) Limited (as Security Agent).(g)
- 4.14 Ratification and Extension deed to Spanish law Share Pledge over the shares in CEMEX España, S.A., dated July 28, 2016, between New Sunward Holding B.V., CEMEX, S.A.B. de C.V., CEMEX España, S.A. and Wilmington Trust (London) Limited (as Security Agent).(l)
- 4.15 English translation of the Amendment and Restatement Agreement of the Mexican law Security Trust Agreement, dated July 29, 2015, entered into by CEMEX, S.A.B. de C.V., Empresas Tolteca de Mexico, S.A. de C.V., Impra Café S.A. de C.V., Interamerican Investments Inc., Cemex México, S.A. de C.V., and CEMEX Operaciones México, S.A. de C.V. (formerly Centro Distribuidor de Cemento, S.A. de C.V.), regarding the shares that each of them owned in: CEMEX México, S.A. de C.V. and CEMEX Operaciones México, S.A. de C.V.(k)

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- 4.16 Amendment and Restatement Agreement, dated March 17, 2016, among CEMEX, S.A.B. de C.V. and certain of its subsidiaries, with the financial institutions named therein as Original Lenders and Citibank Europe PLC, UK Branch (formerly Citibank International plc) acting as Agent and Wilmington Trust (London) Limited acting as Security Agent, relating to the Facilities Agreement, dated September 29, 2014, as amended and restated on July 23, 2015.(k)
- 4.17 Amendment and Restatement Agreement, dated November 21, 2016, among CEMEX, S.A.B. de C.V. and certain of its subsidiaries, with the financial institutions named therein as Original Lenders and Citibank Europe PLC, UK Branch (formerly Citibank International plc) acting as Agent and Wilmington Trust (London) Limited acting as Security Agent, relating to the Facilities Agreement, dated September 29, 2014, as amended and restated on July 23, 2015, March 17, 2016, June 23, 2016 and July 11, 2016.(l)
- 4.18 Indenture, dated as of October 12, 2012, 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.\$1,500,000,000 aggregate principal amount of 9.375% Senior Secured Notes due 2022.(g)
- 4.18.1 Supplemental Indenture No. 1, dated as of June 6, 2013, among CEMEX Finance LLC, as issuer, the Note Guarantors party thereto and The Bank of New York Mellon, as trustee, relating to its 9.375% Senior Secured Notes due 2022.(h)
- 4.19 Indenture, dated as of August 12, 2013, 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 aggregate principal amount of 6.500% Senior Secured Notes due 2019.(h)
- 4.19.1 Supplemental Indenture No. 1, dated as of April 1, 2014, among CEMEX, S.A.B. de C.V., as issuer, the Note Guarantors party thereto and The Bank of New York Mellon, as trustee, relating to its 6.500% Senior Secured Notes due 2019.(h)
- 4.20 English translation of Accession Deed, dated August 12, 2013, 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, S.A.B. de C.V. of U.S.\$1,000,000,000 aggregate principal amount of 6.500% Senior Secured Notes due 2019.(h)
- 4.21 Indenture, dated as of October 2, 2013, 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 aggregate principal amount of 7.250% Senior Secured Notes due 2021.(h)
- 4.21.1 Supplemental Indenture No. 1, dated as of April 1, 2014, among CEMEX, S.A.B. de C.V., as issuer, the Note Guarantors party thereto and The Bank of New York Mellon, as trustee, relating to its 7.250% Senior Secured Notes due 2021.(h)
- 4.22 English translation of Accession Deed, dated as of October 2, 2013, 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, S.A.B. de C.V. of U.S.\$1,000,000,000 aggregate principal amount of 7.250% Senior Secured Notes due 2021.(h)
- 4.23 Indenture, dated as of October 2, 2013, 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.\$500,000,000 aggregate principal amount of Floating Rate Senior Secured Notes due 2018.(h)
- 4.23.1 Supplemental Indenture No. 1, dated as of April 1, 2014, among CEMEX, S.A.B. de C.V., as issuer, the Note Guarantors party thereto and The Bank of New York Mellon, as trustee, relating to its Floating Rate Senior Secured Notes due 2018.(h)
- 4.24 English Translation of Accession Deed, dated October 2, 2013, 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, S.A.B. de C.V. of U.S.\$500,000,000 aggregate principal amount of Floating Rate Senior Secured Notes due 2018.(h)

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- 4.25 Indenture, dated as of April 1, 2014, 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.\$1,000,000,000 aggregate principal amount of 6.000% U.S. Dollar-Denominated Senior Secured Notes due 2024.(h)
- 4.26 English Translation of Accession Deed, dated April 1, 2014, 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.\$1,000,000,000 aggregate principal amount of 6.000% U.S. Dollar-Denominated Senior Secured Notes due 2024.(h)
- 4.27 Indenture, dated as of April 1, 2014, among CEMEX Finance LLC, as issuer, the Note Guarantors party thereto, The Bank of New York Mellon, as trustee, and The Bank of New York Mellon, London Branch, as paying agent and transfer agent, in connection with the issuance of €400,000,000 aggregate principal amount of 5.250% Euro-Denominated Senior Secured Notes due 2021.(h)
- 4.28 English Translation of Accession Deed, dated April 1, 2014, 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 €400,000,000 aggregate principal amount of 5.250% Euro-Denominated Senior Secured Notes due 2021.(h)
- 4.29 Indenture, dated as of September 11, 2014, 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.\$1,100,000,000 aggregate principal amount of 5.700% U.S. Dollar-Denominated Senior Secured Notes due 2025.(j)
- 4.30 English Translation of Accession Deed, dated September 11, 2014, 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, S.A.B. de C.V. of U.S.\$1,100,000,000 aggregate principal amount of 5.700% U.S. Dollar-Denominated Senior Secured Notes due 2025.(j)
- 4.31 Indenture, dated as of September 11, 2014, among CEMEX, S.A.B. de C.V., as issuer, the Note Guarantors party thereto, The Bank of New York Mellon, as trustee, and The Bank of New York Mellon, London Branch, as paying agent and transfer agent, in connection with the issuance of €400,000,000 aggregate principal amount of 4.750% Euro-Denominated Senior Secured Notes due 2022.(j)
- 4.32 English Translation of Accession Deed, dated September 11, 2014, 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, S.A.B. de C.V. of €400,000,000 aggregate principal amount of 4.750% Euro-Denominated Senior Secured Notes due 2022.(j)
- 4.33 Indenture, dated as of March 5, 2015, among CEMEX, S.A.B. de C.V., as issuer, the Note Guarantors party thereto, The Bank of New York Mellon, as trustee, registrar, paying agent and transfer agent, in connection with the issuance of U.S.\$750,000,000 aggregate principal amount of 6.125% U.S. Dollar-Denominated Senior Secured Notes due 2025.(j)
- 4.34 English Translation of Accession Deed, dated March 5, 2015, 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, S.A.B. de C.V. of U.S.\$750,000,000 aggregate principal amount of 6.125% U.S. Dollar-Denominated Senior Secured Notes due 2025.(j)
- 4.35 Indenture, dated as of March 5, 2015, among CEMEX, S.A.B. de C.V., as issuer, the Note Guarantors party thereto, The Bank of New York Mellon, as trustee and registrar, and The Bank of New York Mellon, London Branch, as paying agent and transfer agent, in connection with the issuance of €550,000,000 aggregate principal amount of 4.375% Euro-Denominated Senior Secured Notes due 2023.(j)

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- 4.36 English Translation of Accession Deed, dated March 5, 2015, 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, S.A.B. de C.V. of €550,000,000 aggregate principal amount of 4.375% Euro-Denominated Senior Secured Notes due 2023.(j)
- 4.37 Indenture, dated as of March 13, 2015, among CEMEX, S.A.B. de C.V., as issuer, The Bank of New York Mellon, as trustee, CIBanco S.A., Institución de Banca Múltiple, as Mexican trustee, in connection with the issuance of \$200,000,000 aggregate principal amount of 3.72% Convertible Subordinated Notes due 2020.(j)
- 4.38 Indenture, dated as of May 28, 2015, among CEMEX, S.A.B. de C.V. as issuer, The Bank of New York Mellon, as trustee, and CIBanco S.A., Institución de Banca Múltiple, as Mexican trustee, with respect to the issuance of 3.72% Convertible Subordinated Notes due 2020.(k)
- 4.39 Note Indenture, dated as of March 16, 2016, among CEMEX, S.A.B. de C.V., the guarantors listed therein, and The Bank of New York Mellon, as trustee, with respect to the issuance of 7.750% Senior Secured Notes due 2026.(k)
- 4.40 English Translation of Accession Deed, dated March 16, 2016, 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, S.A.B. de C.V. of U.S.\$1,000,000,000 aggregate principal amount of 7.750% Senior Secured Notes due 2026.(k)
- 4.41 Indenture, dated as of June 14, 2016, among CEMEX Finance LLC, the guarantors listed therein, The Bank of New York Mellon, as trustee, and The Bank of New York Mellon, London Branch, as paying agent and transfer agent, with respect to the issuance of 4.625% Senior Secured Notes due 2024.(l)
- 8.1 List of subsidiaries of CEMEX, S.A.B. de C.V.(l)
- 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.(l)
- 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.(l)
- 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.(l)
- 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.(l)
- 15.1 Mine safety and health administration safety data.(l)
-
- (a) Incorporated by reference to Form 6-K of CEMEX, S.A.B. de C.V., filed with the SEC on March 27, 2015.
- (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 2009 annual report on Form 20-F of CEMEX, S.A.B. de C.V. filed with the SEC on June 30, 2010.
- (e) 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.
- (f) Incorporated by reference to the 2011 annual report on Form 20-F of CEMEX, S.A.B. de C.V. filed with the SEC on April 30, 2012.
- (g) Incorporated by reference to the 2012 annual report on Form 20-F of CEMEX, S.A.B. de C.V. filed with the SEC on April 23, 2013.

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- (h) Incorporated by reference to the 2013 annual report on Form 20-F of CEMEX, S.A.B. de C.V. filed with the SEC on April 28, 2014.
- (i) 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.
- (j) Incorporated by reference to the 2014 annual report on Form 20-F of CEMEX, S.A.B. de C.V. filed with the SEC on April 27, 2015.
- (k) Incorporated by reference to the 2015 annual report on Form 20-F of CEMEX, S.A.B. de C.V. filed with the SEC on April 22, 2016.
- (l) 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.

SIGNATURES

CEMEX, S.A.B. de C.V. hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

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

By: /s/ Fernando Ángel González Olivieri

Name: Fernando Ángel González Olivieri

Title: Chief Executive Officer

Date: April 28, 2017

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CEMEX, S.A.B. DE C.V. AND SUBSIDIARIES
Consolidated Statements of Operations
(Millions of Mexican pesos, except for earnings (loss) per share)

	Note	Years ended December 31,		
		2016	2015	2014
Net sales	3	Ps 250,909	220,326	199,942
Cost of sales	2P	(161,883)	(146,068)	(134,742)
Gross profit		89,026	74,258	65,200
Operating expenses	5	(53,762)	(47,769)	(43,347)
Operating earnings before other expenses, net	2A	35,264	26,489	21,853
Other expenses, net	6	(1,646)	(3,043)	(5,045)
Operating earnings		33,618	23,446	16,808
Financial expense	16	(21,468)	(19,767)	(21,483)
Other financial income (expense), net	7	4,441	(1,235)	2,531
Share of profit of equity accounted investees	13A	688	738	294
Earnings (loss) before income tax		17,279	3,182	(1,850)
Income tax	19	(3,096)	(2,328)	(3,920)
Net income (loss) from continuing operations		14,183	854	(5,770)
Discontinued operations	4A	1,024	1,279	90
CONSOLIDATED NET INCOME (LOSS)		15,207	2,133	(5,680)
Non-controlling interest net income		1,174	932	1,103
CONTROLLING INTEREST NET INCOME (LOSS)	Ps	14,033	1,201	(6,783)
Basic earnings (loss) per share	22	Ps 0.33	0.03	(0.16)
Basic earnings (loss) per share from continuing operations	22	Ps 0.31	—	(0.16)
Diluted earnings (loss) per share	22	Ps 0.33	0.03	(0.16)
Diluted earnings (loss) per share from continuing operations	22	Ps 0.31	—	(0.16)

The accompanying notes are part of these consolidated financial statements.

CEMEX, S.A.B. DE C.V. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income (Loss)
(Millions of Mexican pesos)

	Notes	Years ended December 31,		
		2016	2015	2014
CONSOLIDATED NET INCOME (LOSS)		Ps 15,207	2,133	(5,680)
Items that will not be reclassified subsequently to profit or loss				
Net actuarial losses from remeasurement of defined benefit pension plans	18	(4,019)	(748)	(3,025)
Income tax recognized directly in other comprehensive income	19	788	183	486
		<u>(3,231)</u>	<u>(565)</u>	<u>(2,539)</u>
Items that are or may be reclassified subsequently to profit or loss				
Effects from available-for-sale investments and derivative financial instruments designated as cash flow				
hedges	13B, 16D	36	335	(94)
Currency translation of foreign subsidiaries	20B	11,629	7,967	501
Income tax recognized directly in other comprehensive income	19	(696)	453	(85)
		<u>10,969</u>	<u>8,755</u>	<u>322</u>
Total items of other comprehensive income (loss)		<u>7,738</u>	<u>8,190</u>	<u>(2,217)</u>
TOTAL COMPREHENSIVE INCOME (LOSS)		22,945	10,323	(7,897)
Non-controlling interest comprehensive income		5,164	3,221	2,129
CONTROLLING INTEREST COMPREHENSIVE INCOME (LOSS)		Ps 17,781	7,102	(10,026)
Out of which:				
COMPREHENSIVE INCOME (LOSS) FROM DISCONTINUED OPERATIONS		Ps 1,965	1,352	721
COMPREHENSIVE INCOME (LOSS) FROM CONTINUING OPERATIONS		Ps 15,816	5,750	(10,747)

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)

	Note	December 31,	
		2016	2015
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	Ps 11,555	15,280
Trade accounts receivables, net	9	29,949	27,774
Other accounts receivable	10	5,179	4,817
Inventories	11	17,862	17,716
Assets held for sale	12A	25,193	5,391
Other current assets	12B	2,292	2,687
Total current assets		<u>92,030</u>	<u>73,665</u>
NON-CURRENT ASSETS			
Equity accounted investees	13A	10,484	12,150
Other investments and non-current accounts receivable	13B	7,049	6,549
Property, machinery and equipment, net	14	227,111	214,133
Goodwill and intangible assets, net	15	247,020	220,318
Deferred income taxes	19B	16,034	15,449
Total non-current assets		<u>507,698</u>	<u>468,599</u>
TOTAL ASSETS	Ps	<u>599,728</u>	<u>542,264</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term debt	16A	Ps 1,216	218
Other financial obligations	16B	11,658	15,587
Trade payables		39,903	28,709
Income tax payable		5,421	6,619
Other current liabilities	17	22,452	20,769
Liabilities directly related to assets held for sale	12A	1,466	673
Total current liabilities		<u>82,116</u>	<u>72,575</u>
NON-CURRENT LIABILITIES			
Long-term debt	16A	235,016	229,125
Other financial obligations	16B	25,972	23,268
Employee benefits	18	23,365	18,269
Deferred income taxes	19B	19,594	20,385
Other non-current liabilities	17	16,940	14,874
Total non-current liabilities		<u>320,887</u>	<u>305,921</u>
TOTAL LIABILITIES		<u>403,003</u>	<u>378,496</u>
STOCKHOLDERS' EQUITY			
Controlling interest:			
Common stock and additional paid-in capital	20A	127,336	119,624
Other equity reserves	20B	24,793	15,273
Retained earnings	20C	1,612	7,381
Net income		14,033	1,201
Total controlling interest		<u>167,774</u>	<u>143,479</u>
Non-controlling interest and perpetual debentures	20D	28,951	20,289
TOTAL STOCKHOLDERS' EQUITY		<u>196,725</u>	<u>163,768</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	Ps	<u>599,728</u>	<u>542,264</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,		
		2016	2015	2014
OPERATING ACTIVITIES				
Consolidated net income (loss)		Ps 15,207	2,133	(5,680)
Discontinued operations		1,024	1,279	90
Net income (loss) from continuing operations		Ps 14,183	854	(5,770)
Non-cash items:				
Depreciation and amortization of assets	5	16,147	14,865	13,703
Impairment losses and remeasurement of assets held for sale	6	2,516	1,526	3,848
Share of profit of equity accounted investees	13A	(688)	(738)	(294)
Results on sale of subsidiaries, other disposal groups and others		(2,116)	(194)	(389)
Financial items, net		17,027	21,002	18,952
Income taxes	19	3,096	2,328	3,920
Changes in working capital, excluding income taxes		11,023	3,541	1,475
Net cash flow provided by operating activities from continuing operations before interest, coupons on perpetual debentures and income taxes		61,188	43,184	35,445
Financial expense and coupons on perpetual debentures paid	20D	(18,129)	(17,865)	(16,844)
Income taxes paid		(5,183)	(7,437)	(7,678)
Net cash flow provided by operating activities from continuing operations		37,876	17,882	10,923
Net cash flow provided by operating activities from discontinued operations		1,194	1,213	1,069
Net cash flows provided by operating activities		39,070	19,095	11,992
INVESTING ACTIVITIES				
Property, machinery and equipment, net	14	(4,500)	(8,872)	(5,965)
Disposal of subsidiaries and other disposal groups, net	4A, 12A	1,424	2,722	167
Intangible assets and other deferred charges	15	(1,427)	(908)	(902)
Long term assets and others, net		(899)	(766)	199
Net cash flows used in investing activities from continuing operations		(5,402)	(7,824)	(6,501)
Net cash flows provided by (used in) investing activities from discontinued operations		2	(153)	(161)
Net cash flows used in investing activities		(5,400)	(7,977)	(6,662)
FINANCING ACTIVITIES				
Sale of non-controlling interests in subsidiaries	20D	9,777	—	—
Derivative instruments		399	1,098	1,561
Repayment of debt, net	16A	(37,050)	(11,473)	(6,714)
Other financial obligations, net	16B	(9,773)	177	(4,396)
Securitization of trade receivables		(999)	(506)	2,052
Non-current liabilities, net		(1,972)	(1,763)	(1,128)
Net cash flows used in financing activities		(39,618)	(12,467)	(8,625)
Decrease in cash and cash equivalents from continuing operations		(7,144)	(2,409)	(4,203)
Increase in cash and cash equivalents from discontinued operations		1,196	1,060	908
Cash conversion effect, net		2,223	4,040	708
Cash and cash equivalents at beginning of year		15,280	12,589	15,176
CASH AND CASH EQUIVALENTS AT END OF YEAR	8	Ps 11,555	15,280	12,589
Changes in working capital, excluding income taxes:				
Trade receivables, net		Ps (4,353)	(3,384)	(3,348)
Other accounts receivable and other assets		(276)	(1,961)	1,255
Inventories		(1,174)	(1,299)	(2,716)
Trade payables		13,619	7,207	3,807
Other accounts payable and accrued expenses		3,207	2,978	2,477
Changes in working capital, excluding income taxes		Ps 11,023	3,541	1,475

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)

	Notes	Common stock	Additional paid-in Capital	Other equity reserves	Retained earnings	Total controlling interest	Non-controlling interest	Total stockholders' equity
Balance as of December 31, 2013		Ps 4,143	84,800	15,037	29,399	133,379	14,939	148,318
Net loss		—	—	—	(6,783)	(6,783)	1,103	(5,680)
Total other items of comprehensive loss		—	—	(3,243)	—	(3,243)	1,026	(2,217)
Effects of early conversion of convertible subordinated notes	16B	4	8,037	(601)	—	7,440	—	7,440
Capitalization of retained earnings	20A	4	7,614	—	(7,618)	—	—	—
Share-based compensation	20A, 21	—	765	(35)	—	730	—	730
Effects of perpetual debentures	20D	—	—	(420)	—	(420)	—	(420)
Balance as of December 31, 2014		4,151	101,216	10,738	14,998	131,103	17,068	148,171
Net income		—	—	—	1,201	1,201	932	2,133
Total other items of comprehensive income		—	—	5,901	—	5,901	2,289	8,190
Effects of early conversion and issuance of convertible subordinated notes	16B	3	5,982	(934)	—	5,051	—	5,051
Capitalization of retained earnings	20A	4	7,613	—	(7,617)	—	—	—
Share-based compensation	20A, 21	—	655	—	—	655	—	655
Effects of perpetual debentures	20D	—	—	(432)	—	(432)	—	(432)
Balance as of December 31, 2015		4,158	115,466	15,273	8,582	143,479	20,289	163,768
Net income		—	—	—	14,033	14,033	1,174	15,207
Total other items of comprehensive income		—	—	3,748	—	3,748	3,990	7,738
Capitalization of retained earnings	20A	4	6,966	—	(6,970)	—	—	—
Share-based compensation	20A, 21	—	742	—	—	742	—	742
Effects of perpetual debentures	20D	—	—	(507)	—	(507)	—	(507)
Changes in non-controlling interest	20D	—	—	6,279	—	6,279	3,498	9,777
Balance as of December 31, 2016		Ps 4,162	123,174	24,793	15,645	167,774	28,951	196,725

The accompanying notes are part of these consolidated financial statements.

CEMEX, S.A.B. DE C.V. AND SUBSIDIARIES
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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. In addition, in order to facilitate the acquisition of financing and to run its operations in Mexico more efficiently considering that there are efficiency and improvement opportunities; beginning on April 1, 2014, CEMEX, S.A.B. de C.V. integrated and carries out all businesses and operational activities of the cement and aggregates sectors in Mexico. Moreover, beginning on January 1, 2015, CEMEX, S.A.B. de C.V. completed the transition, integrated and carries all operating activities related to the sale of ready-mix concrete in Mexico.

CEMEX, S.A.B. de C.V. was founded in 1906 and was registered in 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") under the symbol "CEMEXCPO". 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." and/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 Board of Directors of CEMEX, S.A.B. de C.V. on February 2, 2017. These financial statements were authorized by the General Ordinary Shareholders' Meeting of CEMEX, S.A.B. de C.V. on March 30, 2017.

2) SIGNIFICANT ACCOUNTING POLICIES

2A) BASIS OF PRESENTATION AND DISCLOSURE

The consolidated financial statements as of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014, were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Presentation currency and definition of terms

The presentation currency of the consolidated financial statements is the Mexican peso, currency in which the Company reports periodically to the MSE. When reference is made to pesos or "Ps" it means Mexican pesos. The amounts in the financial statements and the accompanying notes are stated in millions, except when references are made to earnings (loss) per share and/or prices per share. When reference is made to "US\$" or "dollars", it means dollars of the United States of America ("United States"). When reference is made to "€" or "euros", it means the currency in circulation in a significant number of European Union ("EU") countries. When it is deemed relevant, certain amounts in foreign currency presented in the notes to the financial statements include between parentheses a convenience translation into dollars and/or into pesos, as applicable. Previously reported convenience translations of prior years are not restated unless the transaction is still outstanding, in which case those are restated using the closing exchange rates as of the reporting date. These translations should not be construed as representations that the amounts in pesos or dollars, as applicable, actually represent those peso or

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Presentation currency and definition of terms — continued

dollar amounts or could be converted into pesos or dollars at the rate indicated. As of December 31, 2016 and 2015, translations of pesos into dollars and dollars into pesos, were determined for balance sheet amounts using the closing exchange rates of Ps20.72 and Ps17.23 pesos per dollar, respectively, and for statements of operations amounts, using the average exchange rates of Ps18.72, Ps15.98 and Ps13.37 pesos per dollar for 2016, 2015 and 2014, respectively. When the amounts between parentheses are the peso and the dollar, the amounts were determined by translating the euro amount into dollars using the closing exchange rates at year-end and then translating the dollars into pesos as previously described.

Amounts disclosed in the notes in connection with tax or legal proceedings (notes 19D and 24), which are originated in jurisdictions which currencies are different to the peso or the dollar, are presented in dollar equivalents as of the closing of the most recent year presented. Consequently, without any change in the original currency, such dollar amounts will fluctuate over time due to changes in exchange rates.

Statements of operations

CEMEX includes the line item titled “Operating earnings before other expenses, net” considering that it is a relevant measure for CEMEX’s management as explained in note 4C. Under IFRS, the inclusion of certain subtotals such as “Operating earnings before other expenses, net” and the display of the statement of operations vary significantly by industry and company according to specific needs.

The line item “Other expenses, net” in profit or loss consists primarily of revenues and expenses not directly related to CEMEX’s main activities, or which are of an unusual and/or non-recurring nature, including impairment losses of long-lived assets, results on disposal of assets and restructuring costs, among others (note 6).

Considering the disposal of entire reportable operating segments, for the years 2016, 2015 and 2014, CEMEX presents in the single line item of discontinued operations, the results of its operations in Bangladesh and Thailand, sold in May 2016; for the years 2015 and 2014, the results of its operations in Austria and Hungary, sold in October 2015; for the years 2016, 2015 and 2014, the results of its operations in Croatia, including assets in Bosnia and Herzegovina, Montenegro and Serbia, as well as the results of its Concrete Pipe Business operations in the United States, expected to be sold in the short-term subject to the authorization of the respective authorities (note 4A). As a result, the statements of operations of 2015 and 2014 originally reported were restated. Discontinued operations are presented net of income tax.

Statements of comprehensive income (loss)

The statements of comprehensive income (loss) for 2015 and 2014 were restated in order to give effect to the discontinued operations mentioned above.

Statements of cash flows

The statements of cash flows for 2015 and 2014 were restated in order to give effect to the discontinued operations mentioned above. The statements of cash flows exclude the following transactions that did not represent sources or uses of cash:

- In 2016, 2015 and 2014, the increases in common stock and additional paid-in capital associated with: (i) the capitalization of retained earnings for Ps6,970, Ps7,617 and Ps7,618, respectively (note 20A); and (ii) CPOs issued as part of the executive share-based compensation programs for Ps742, Ps655 and Ps765, respectively (note 20A);

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Statements of cash flows — continued

- In 2016, 2015 and 2014, the increases in property, plant and equipment for approximately Ps7, Ps63 and Ps108, respectively, associated with the negotiation of capital leases during the year (note 14);
- In 2016, the increase in debt and in other current accounts receivable for approximately Ps148, in connection with a guarantee signed by CEMEX Colombia, S.A. (“CEMEX Colombia”) over the debt of a trust committed to the development of housing projects in Colombia and the related beneficial interest that in turn holds CEMEX Colombia in the assets of such trust, which are comprised by land;
- In 2015, the decrease in debt for Ps4,517, the net decrease in other equity reserves for Ps934, the increase in common stock for Ps3 and the increase in additional paid-in capital for Ps5,982, in connection with the issuance of optional convertible subordinated notes due in 2020, which involved, among others, the exchange and early conversion of optional convertible subordinated notes due in 2016, as well as the issuance of approximately 42 million ADSs (note 16B);
- In 2015, the decrease in other current and non-current liabilities and in deferred tax assets in connection with changes in the tax legislation in Mexico effective as of December 31, 2015 (notes 19C and 19D); and
- In 2014, the decrease in debt for Ps6,483, the decrease in other equity reserves for Ps601, the increase in common stock for Ps4 and the increase in additional paid-in capital for Ps8,037, in connection with several early conversions of optional convertible subordinated notes due in 2015, incurred in different dates during the year (note 16B).

2B) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include those of CEMEX, S.A.B. de C.V. and those of the entities in which the Parent Company exercises control, including structured entities, by means of which the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee’s relevant activities. Balances and operations between related parties are eliminated in consolidation.

Equity accounted investees are initially recorded at cost, and are subsequently 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 significant influence is achieved with a lower percentage. The equity method reflects in the financial statements, the investee’s original cost and CEMEX’s share of the investee’s equity and earnings after acquisition. The financial statements of joint ventures, which relate to those arrangements in which CEMEX and other third-party investors have joint control and have rights to the net assets of the arrangements, are recognized under the equity method. During the reported periods, CEMEX did not have joint operations, referring to those cases in which the parties that have joint control of the arrangement have rights over specific assets and obligations for specific liabilities relating to the arrangements. The equity method is discontinued when the carrying amount of the investment, including any long-term interest in the investee or joint venture, is reduced to zero, unless CEMEX has incurred or guaranteed additional obligations of the investee or joint venture.

Other permanent investments where CEMEX holds equity interests of less than 20% and/or there is no significant influence are carried at their historical cost.

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2C) USE OF ESTIMATES AND CRITICAL ASSUMPTIONS

The preparation of financial statements in accordance with IFRS 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 obsolescence of 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 is required by management to appropriately assess the amounts of these concepts.

2D) FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION OF FOREIGN CURRENCY FINANCIAL STATEMENTS

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 associated 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 20B) 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, as determined using their respective functional currency, 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 statements of operations accounts. The functional currency is that in which each consolidated entity primarily generates and expends cash. The corresponding translation effect is included within "Other equity reserves" and is presented in the statement of other comprehensive income (loss) for the period as part of the foreign currency translation adjustment (note 20B) until the disposal of the net investment in the foreign subsidiary.

Considering its integrated activities, for purposes of functional currency, the Parent Company is considered to have two divisions, one related with its financial and holding company activities, in which the functional currency is the dollar for all assets, liabilities and transactions associated with these activities, and another division related with the Parent Company's operating activities in Mexico, in which the functional currency is the peso for all assets, liabilities and transactions associated with these activities.

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 profit or loss accounts would be translated to pesos at the closing exchange rates of the year.

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Foreign currency transactions and translation of foreign currency financial statements — continued

The most significant closing exchange rates and the approximate average exchange rates for balance sheet accounts and statement of operations accounts as of December 31, 2016, 2015 and 2014, were as follows:

Currency	2016		2015		2014	
	Closing	Average	Closing	Average	Closing	Average
Dollar	20.7200	18.7200	17.2300	15.9800	14.7400	13.3700
Euro	21.7945	20.6564	18.7181	17.6041	17.8386	17.6306
British Pound Sterling	25.5361	25.0731	25.4130	24.3638	22.9738	21.9931
Colombian Peso	0.0069	0.0062	0.0055	0.0058	0.0062	0.0066
Egyptian Pound	1.1234	1.8261	2.2036	2.0670	2.0584	1.8824
Philippine Peso	0.4167	0.3927	0.3661	0.3504	0.3296	0.3009

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 implied exchange rates resulting from this methodology. The peso to 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.

2E) CASH AND CASH EQUIVALENTS (note 8)

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 known amounts of 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. Accrued interest is included in profit or loss as part of “Other financial income (expense), net”.

The amount of cash and cash equivalents in the balance sheet includes restricted cash and investments, comprised of deposits in margin accounts that guarantee certain 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 cash equivalents are offset against the liabilities that CEMEX has with its counterparties.

2F) FINANCIAL INSTRUMENTS

Trade accounts receivable and other current accounts receivable (notes 9 and 10)

Instruments under these captions are classified as “loans and receivables” and are recorded at their amortized cost representing the net present value (“NPV”) 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.

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Other investments and non-current receivables (note 13B)

As part of the category of “loans and receivables”, non-current accounts receivable, as well as investments classified as held to maturity are initially recognized at their amortized cost. Subsequent changes in NPV are recognized in profit or loss as part of “Other financial income (expense), net”.

Investments in financial instruments held for trading, as well as those investments available for sale, are recognized at their estimated fair value, in the first case through profit or loss as part of “Other financial income (expense), 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 (expense), net”, in profit or loss. These investments are tested for impairment upon the occurrence of a significant adverse change or at least once a year during the last quarter.

Debt and other financial liabilities (notes 16A and 16B)

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 the reported periods, 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, as well as debt refinancing or non-substantial modifications to debt agreements that did not represent an extinguishment of debt by considering that the holders and the relevant economic terms of the new instrument are not substantially different to the replaced instrument, adjust the carrying amount of related debt are amortized as interest expense as part of the effective interest rate of each transaction over its maturity. These costs include commissions and professional fees. Costs incurred in the extinguishment of debt, as well as debt refinancing or modifications to debt agreements when the new instrument is substantially different to the old instrument according to a qualitative and quantitative analysis are recognized in profit or loss within “Financial expense” as incurred.

Capital leases are recognized as financing liabilities against a corresponding fixed asset for the lesser of the market value of the leased asset and the NPV of future minimum lease payments, using the contract’s implicit interest rate to the extent available, or the incremental borrowing cost. The main factors that determine a capital lease are: a) ownership title of the asset is transferred to CEMEX at the expiration of the contract; b) CEMEX has a bargain purchase option to acquire the asset at the end of the lease term; c) the lease term covers the majority of the useful life of the asset; and/or d) the NPV 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 liabilities and equity (note 16B)

The financial instrument that contains components of both liability and equity, such as notes convertible into a fixed number of the issuer’s shares and denominated its same functional currency, 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 NPV 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 2N). 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 statement of operations.

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Derivative financial instruments (note 16D)

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 profit or loss within “Other financial income (expense), net” for the period in which they occur, except for the effective portion of changes in fair value of derivative instruments associated with 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. During the reported periods, CEMEX did not designate fair value hedges. 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.

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.

Put options granted for the purchase of non-controlling interests and associates

Represent agreements by means of which a non-controlling interest has the right to sell, at a future date using a predefined price formula or at fair market value, its shares in a subsidiary of CEMEX. When the obligation should be settled in cash or through the delivery of other financial asset, CEMEX recognizes a liability for the NPV of the redemption amount as of the reporting date against the controlling interest within stockholders’ equity. A liability is not recognized under these agreements when the redemption amount is determined at fair market value at the exercise date and CEMEX has the election to settle using its own shares.

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 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.

Fair value measurements (note 16C)

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 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.— represent quoted prices (unadjusted) in active markets for identical assets or liabilities that CEMEX has the ability to access at the measurement date. A quote price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available.

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Fair value measurements — continued

- Level 2.— are inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly, and are used mainly to determine the fair value of securities, investments or loans that are not actively traded. Level 2 inputs included equity prices, certain interest rates and yield curves, implied volatility and credit spreads, among others, as well as inputs extrapolated from other observable inputs. In the absence of Level 1 inputs, CEMEX determined fair values by iteration of the applicable Level 2 inputs, the number of securities and/or the other relevant terms of the contract, as applicable.
- Level 3.— inputs are unobservable inputs for the asset or liability. CEMEX used unobservable inputs to determine fair values, to the extent there are no Level 1 or Level 2 inputs, in valuation models such as Black-Scholes, binomial, discounted cash flows or multiples of Operative EBITDA, including risk assumptions consistent with what market participants would use to arrive at fair value.

2G) INVENTORIES (note 11)

Inventories are valued using the lower of cost or 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 of the period. Advances to suppliers of inventory are presented as part of other current assets.

2H) PROPERTY, MACHINERY AND EQUIPMENT (note 14)

Property, machinery and equipment are recognized at their acquisition or construction cost, as applicable, less accumulated depreciation and accumulated impairment losses. Depreciation of fixed assets is recognized as part of cost and operating expenses (note 5), 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, 2016, the maximum average useful lives by category of fixed assets were as follows:

	<u>Years</u>
Administrative buildings	34
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 related cost of fixed assets, interest expense 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.

All waste removal costs or stripping costs incurred in the operative phase of a surface mine in order to access the mineral reserves are recognized as part of the carrying amount of the related quarries. The capitalized amounts are further amortized over the expected useful life of exposed ore body based on the units of production method.

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Property, machinery and equipment — continued

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. Periodic maintenance on fixed assets is expensed as incurred. Advances to suppliers of fixed assets are presented as part of other long-term accounts receivable.

The depreciation methods, useful lives and residual values of property, machinery and equipment are reviewed at each reporting date and adjusted if appropriate.

21) BUSINESS COMBINATIONS, GOODWILL, OTHER INTANGIBLE ASSETS AND DEFERRED CHARGES (note 15)

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 2J), 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 profit or loss as incurred.

CEMEX capitalizes intangible assets acquired, as well as costs incurred in the development of intangible assets, when future economic benefits associated are identified and there is evidence of control over such benefits. Intangible assets are presented at their acquisition or development cost. Indefinite life intangible assets are not amortized since the period in which the benefits associated with such intangibles will terminate cannot be accurately established. Definite life intangible assets are amortized on straight-line basis as part of operating costs and expenses (note 5).

Startup costs are recognized in profit or loss as they are incurred. Costs associated with research and development activities (“R&D activities”), 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. 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.

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 extracting a mineral resource, which are not significant to 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, 2016, except for extraction rights and/or as 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.

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2.J) IMPAIRMENT OF LONG-LIVED ASSETS (notes 14 and 15)

Property, machinery and equipment, intangible assets of definite life and other investments

These assets are tested for impairment upon the occurrence of factors such as the occurrence of a significant adverse event, changes in CEMEX's operating environment or in technology, as well as expectations of lower operating results, in order to determine whether their carrying amounts may not be recovered. An impairment loss is recorded in profit or loss for the period within "Other expenses, net", for the excess of the asset's carrying amount over its recoverable amount, corresponding to the higher of the fair value less costs to sell of the asset, and the asset's value in use, the latter represented by the NPV of estimated cash flows related to the use and eventual disposal of the asset. The main assumptions utilized to develop estimates of NPV are a discount rate that reflects the risk of the cash flows associated with the assets and the estimations of generation of future income. Those assumptions are evaluated for reasonableness by comparing such discount rates to available market information and by comparing to third-party expectations of industry growth, such as governmental agencies or industry chambers.

When impairment indicators exist, for each intangible asset, CEMEX determines 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 NPV using the risk adjusted discount rate of return. The most significant economic assumptions 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 these assets are very sensitive to changes in such significant assumptions. Certain key assumptions are more subjective than others. In respect of trademarks, CEMEX considers that the most subjective key assumption is the royalty rate. 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. Significant judgment by management is required to appropriately assess the fair values and values in use of the related assets, as well as to determine the appropriate valuation method and select the significant economic assumptions.

Impairment of long-lived assets — Goodwill

Goodwill is tested for impairment when required due to significant adverse changes or at least once a year, during the last quarter of such year. CEMEX determines the recoverable amount of the group of cash-generating units ("CGUs") to which goodwill balances were allocated, which consists of the higher of such group of CGUs fair value less cost to sell and its value in use, the later represented by the NPV of estimated future cash flows to be generated by such CGUs to which goodwill was allocated, which are generally determined over periods of 5 years. However, in specific circumstances, when CEMEX considers that actual results for a CGU do not fairly reflect historical performance and most external economic variables provide confidence that a reasonably determinable improvement in the mid-term is expected in their operating results, management uses cash flow projections over a period of up to 10 years, to the point in which future expected average performance resembles the historical average performance, to the extent CEMEX has detailed, explicit and reliable financial forecasts and is confident and can demonstrate its ability, based on past experience, to forecast cash flows accurately over that longer period. If the value in use of a group of CGUs to which goodwill has been allocated is lower than its corresponding carrying amount, CEMEX determines the fair value of such group of CGUs 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 is recognized within "Other expenses, net", if the recoverable amount is lower than the net book value of the group of CGUs to which goodwill has been allocated. Impairment charges recognized on goodwill are not reversed in subsequent periods.

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Impairment of long-lived assets — Goodwill — continued

The geographic operating segments reported by CEMEX (note 4C), represent CEMEX's groups of CGUs to which goodwill has been allocated for purposes of testing goodwill for impairment, considering: a) that after the acquisition, goodwill was allocated at the level of the geographic operating segment; b) that the operating components that comprise the reported segment have similar economic characteristics; c) that the reported segments are used by CEMEX to organize and evaluate its activities in its internal information system; d) the homogeneous nature of the items produced and traded in each operative component, which are all used by the construction industry; e) the vertical integration in the value chain of the products comprising each component; f) the type of clients, which are substantially similar in all components; g) the operative integration among components; and h) 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. In addition, the country level represents the lowest level within CEMEX at which goodwill is monitored for internal management purposes.

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. For purposes of estimating future prices, CEMEX uses, to the extent available, historical data plus the expected increase or decrease according to information issued by trusted external sources, such as national construction or cement producer chambers and/or in governmental economic expectations. Operating expenses are normally measured as a constant proportion of revenues, following past experience. However, such operating expenses are also reviewed considering external information sources in respect of inputs that behave according to international prices, such as oil and gas. CEMEX uses specific pre-tax discount rates for each group of CGUs to which goodwill is allocated, 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 of undiscounted future cash flows by group of CGUs obtained. Conversely, the higher the discount rate applied, the lower the amount of discounted estimated future cash flows by group of CGUs obtained.

2K) 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. As of December 31, 2016 and 2015 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 24A.

Considering guidance under IFRS, CEMEX recognizes provisions for levies imposed by governments until the obligating event or the activity that triggers the payment of the levy has occurred, as defined in the legislation.

Restructuring (note 17)

CEMEX recognizes provisions for restructuring when the restructuring detailed 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.

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Asset retirement obligations (note 17)

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 NPV 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 adjustments to NPV by the passage of time is charged to the line item "Other financial income (expense), 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 17 and 24)

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 23 and 24)

Obligations or losses related to contingencies are recognized as liabilities in the balance sheet only 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, unless their realization is virtually certain.

2L) PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (note 18)

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 and other post-employment benefits

The costs associated with employees' benefits for: a) defined benefit pension plans; and b) other post-employment benefits, basically comprised of health care benefits, life insurance and seniority premiums, granted by CEMEX and/or pursuant to applicable law, are recognized as services are rendered, based on actuarial estimations of the benefits' present value with the advice of external actuaries. For certain pension plans, CEMEX has created irrevocable trust funds to cover future benefit payments ("plan assets"). These plan assets are valued at their estimated fair value at the balance sheet date. The actuarial assumptions and accounting policy consider: a) the use of nominal rates; b) a single rate is used for the determination of the expected return on plan

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Defined benefit pension plans and other post-employment benefits — continued

assets and the discount of the benefits obligation to present value; c) a net interest is recognized on the net defined benefit liability (liability minus plan assets); and d) all actuarial gains and losses for the period, 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 as part of “Other comprehensive income or loss” within stockholders’ equity.

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 net interest cost, resulting from the increase in obligations for changes in NPV and the change during the period in the estimated fair value of plan assets, is recognized within “Other financial income (expense), net”.

The effects from modifications to the pension plans that affect the cost of past services are recognized within operating costs and expenses over the period in which such modifications become effective to the employees or without delay 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.

Termination benefits

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.

2M) INCOME TAXES (note 19)

The effects reflected in profit or loss 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 assets such as loss carryforwards and other recoverable taxes, to the extent that it is probable that future taxable profits will be available against which they can be utilized. The measurement of deferred income taxes at the reporting period reflects the tax consequences that follow the manner in which CEMEX expects to recover or settle the carrying amount of its assets and liabilities. Deferred income taxes for the period represent the difference between balances of deferred income taxes 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.

Deferred tax assets are reviewed at each reporting date and are reduced when it is not deemed probable that the related tax benefit will be realized, considering the aggregate amount of self-determined tax loss carryforwards included in its income tax returns in each country that CEMEX believes, based on available evidence, will not be rejected by the tax authorities; and the likelihood of recovering such tax loss carryforwards prior to their expiration through an analysis of estimated future taxable income. If it is probable that the tax authorities would reject a self-determined deferred tax asset, CEMEX would decrease such asset. When it is considered that a

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deferred tax asset will not be recovered before its expiration, CEMEX would not recognize such deferred tax asset. 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 recovered, 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 probable 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 high probability threshold represents a positive assertion by management that CEMEX is entitled to the economic benefits of a tax position. If a tax position is considered not probable of being sustained, no benefits of the position are recognized. Interest and penalties related to unrecognized tax benefits are recorded as part of the income tax in the consolidated statements of operations.

The effective income tax rate is determined by dividing the line item "Income Tax", in profit or loss within the line item "Earnings (loss) before income tax". This effective tax rate is further reconciled to CEMEX's statutory tax rate applicable in Mexico (note 19C). During 2014, CEMEX has experienced consolidated losses before income tax. In any given period whereas a loss before income tax is reported, the reference statutory tax rate to which CEMEX reconciles its effective income tax rate is shown as a negative percentage. A significant effect in CEMEX's effective tax rate and consequently in the aforementioned reconciliation of CEMEX's effective tax rate, relates to the difference between the statutory income tax rate in Mexico of 30% against the applicable income tax rates of each country where CEMEX operates.

For the years ended December 31, 2016, 2015 and 2014, the statutory tax rates in CEMEX's main operations were as follows:

Country	2016	2015	2014
Mexico	30.0%	30.0%	30.0%
United States	35.0%	35.0%	35.0%
United Kingdom	20.0%	20.3%	21.5%
France	34.4%	38.0%	38.0%
Germany	28.2%	29.8%	29.8%
Spain	25.0%	28.0%	30.0%
Philippines	30.0%	30.0%	30.0%
Colombia	40.0%	39.0%	34.0%
Egypt	22.5%	22.5%	30.0%
Switzerland	9.6%	9.6%	9.6%
Others	7.8% – 39.0%	7.8% – 39.0%	10.0% – 39.0%

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CEMEX's current and deferred income tax amounts included in profit or loss for the period are highly variable, and are subject, among other factors, to taxable income determined in each jurisdiction in which CEMEX operates. Such amounts of taxable income depend on factors such as sale volumes and prices, costs and expenses, exchange rates fluctuations and interest on debt, among others, as well as to the estimated tax assets at the end of the period due to the expected future generation of taxable gains in each jurisdiction.

2N) STOCKHOLDERS' EQUITY

Common stock and additional paid-in capital (note 20A)

These items represent the value of stockholders' contributions, and include increases related to the capitalization of retained earnings and the recognition of executive compensation programs in CEMEX's CPOs as well as decreases associated with the restitution of retained earnings.

Other equity reserves (note 20B)

Groups the cumulative effects of items and transactions that are, temporarily or permanently, recognized directly to stockholders' equity, and includes the comprehensive income (loss), which reflects certain changes in stockholders' equity that do not result 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):

- Currency translation effects from the translation of foreign subsidiaries, 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 2F);
- Changes in fair value during the tenure of available-for-sale investments until their disposal (note 2F); 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 (loss):

- 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 securities which are mandatorily or optionally convertible into shares of the Parent Company (notes 2F and 16B). 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 entities.

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Retained earnings (note 20C)

Retained earnings represent the cumulative net results of prior years including the effects generated from initial adoption of IFRS as of January 1, 2010, net of: a) dividends declared; b) capitalization of retained earnings; and c) restitution of retained earnings when applicable.

Non-controlling interest and perpetual debentures (note 20D)

This caption includes the share of non-controlling stockholders in the results and equity of consolidated subsidiaries. This caption also includes the nominal 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.

2O) REVENUE RECOGNITION (note 3)

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 on the goods purchased, not acting as agent or broker.

Revenue and costs related to construction contracts are recognized in the period in which the work is performed by reference to the contract's stage of completion at the end of the period, considering that the following have been defined: a) each party's enforceable rights regarding the asset under construction; 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.

The stage of completion of construction contracts represents the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs or the surveys of work performed or the physical proportion of the contract work completed, whichever better reflects the percentage of completion under the specific circumstances. Progress payments and advances received from customers do not reflect the work performed and are recognized as a short or long term advanced payments, as appropriate.

2P) COST OF SALES AND OPERATING EXPENSES (note 5)

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, expenses related to storage in production plants and freight expenses of raw material in plants and delivery expenses of CEMEX's ready-mix concrete business.

Administrative expenses represent the expenses associated with personnel, services and equipment, including depreciation and amortization, related to managerial activities and back office for the Company's management.

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Cost of sales and operating expenses — continued

Sales expenses represent the expenses associated with personnel, services and equipment, including depreciation and amortization, involved specifically in sales activities.

Distribution and logistics expenses refer to expenses of storage at points of sales, including depreciation and amortization, as well as freight expenses of finished products between plants and points of sale and freight expenses between points of sales and the customers' facilities.

2Q) EXECUTIVE SHARE-BASED COMPENSATION (note 21)

Share-based payments to executives are defined as equity instruments when services received from employees are settled by delivering shares of the Parent Company and/or a subsidiary; 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 profit or loss 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.

2R) EMISSION RIGHTS

In certain countries where CEMEX operates, such as EU countries, mechanisms aimed at reducing carbon dioxide emissions ("CO2") have been established by means of which, the relevant environmental authorities have granted certain number of emission rights ("certificates") free of cost to the different industries releasing CO2, which must submit to such environmental authorities at the end of a compliance period, certificates for a volume equivalent to the tons of CO2 released. Companies must obtain additional certificates to meet deficits between actual CO2 emissions during the compliance period and certificates received, or they can dispose of any surplus of certificates 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.

CEMEX does not maintain emission rights, CERs and/or enter into forward transactions with trading purposes. CEMEX accounts for the effects associated with CO2 emission reduction mechanisms as follows:

- Certificates received free of cost are not recognized in the balance sheet. Revenues from the sale of any surplus of certificates are recognized by decreasing cost of sales. In forward sale transactions, revenues are recognized upon physical delivery of the emission certificates.
- Certificates 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 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 in the process of obtaining such CERs.

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Emission rights — continued

During 2016, 2015 and 2014, there were no sales of emission rights to third parties. In addition, in certain countries, the environmental authorities impose levies per ton of CO₂ or other greenhouse gases released. Such expenses are recognized as part of cost of sales as incurred.

2S) 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 and for the years ended December 31, 2016, 2015 and 2014, 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.

2T) NEWLY ISSUED IFRS NOT YET ADOPTED

There are a number of IFRS issued as of the date of issuance of these financial statements but which have not yet been adopted, which are listed below. Except as otherwise indicated, CEMEX expects to adopt these IFRS when they become effective.

- IFRS 9, *Financial instruments: classification and measurement* (“IFRS 9”). IFRS 9 sets forth the guidance relating to the classification and measurement of financial assets and liabilities, to the accounting for expected credit losses on an entity’s financial assets and commitments to extend credits, as well as the requirements related to hedge accounting; and will replace IAS 39, *Financial instruments: recognition and measurement* (“IAS 39”) in its entirety. IFRS 9 requires an entity to recognize a financial asset or a financial liability when, and only when, the entity becomes party to the contractual provisions of the instrument. At initial recognition, an entity shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability, and includes a category of financial assets at fair value through other comprehensive income (loss) for simple debt instruments. In respect to impairment requirements, IFRS 9 eliminates the threshold set forth in IAS 39 for the recognition of credit losses. Under the impairment approach in IFRS 9 it is no longer necessary for a credit event to have occurred before credit losses are recognized, instead, an entity always accounts for expected credit losses, and changes in those expected losses through profit or loss. In respect to hedging activities, the requirements of IFRS 9 align hedge accounting more closely with an entity’s risk management through a principles-based approach, by means of which, among other changes; the current range of 0.8 to 1.25 to declare and maintain a hedge is eliminated, and in its place, under IFRS 9, a hedging instrument will be declared only if it supports the entity’s risk management strategy. Nonetheless, the IASB provided entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 or continuing to apply the existing hedge accounting requirements in IAS 39; until the IASB completes its project on the accounting for macro hedging.

CEMEX is currently evaluating the impact that IFRS 9 will have on the classification and measurement of its financial assets and financial liabilities, impairment of financial assets and hedging activities. Preliminarily: a) CEMEX does not maintain fixed income investments held to maturity; and b) it is considered that the expected loss on trade receivables will replace the current allowance for doubtful accounts. The Company is considering the full adoption of IFRS 9 on January 1, 2018, including hedge accounting. CEMEX does not expect any significant effect in its results from the adoption of IFRS 9. Nonetheless, CEMEX is not considering an early application of IFRS 9.

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Newly issued ifrs not yet adopted — continued

- In May 2014, the IASB issued IFRS 15, *Revenue from contracts with customers* (“IFRS 15”). Under IFRS 15, an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, following a five step model: Step 1: Identify the contract(s) with a customer, which is an agreement between two or more parties that creates enforceable rights and obligations; Step 2: Identify the performance obligations in the contract, considering that if a contract includes promises to transfer distinct goods or services to a customer, the promises are performance obligations and are accounted for separately; Step 3: Determine the transaction price, which is the amount of consideration in a contract to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer; Step 4: Allocate the transaction price to the performance obligations in the contract, on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract; and Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation, by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). IFRS 15 also includes disclosure requirements that would provide users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers. IFRS 15 will supersede all existing guidance on revenue recognition. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted considering certain additional disclosure requirements.

CEMEX started in 2015 the evaluation of the impact that IFRS 15 will have on its accounting and disclosures related to its revenue. As of the reporting date, CEMEX has analyzed its contracts with customers in all countries in which it operates in order to identify the several performance obligations and other offerings (discounts, loyalty programs, etc.) included in such contracts, among other aspects, aimed to determine potential differences in the accounting recognition of revenues in respect to current IFRS. In addition, CEMEX has provided training in IFRS 15 to key personnel with the support of external experts and has developed an online training. Preliminarily, considering its assessments at the reporting date, the nature of its business, its main transactions and current accounting policies, the fact that the transaction price is allocated to goods delivered or services rendered to customers when customers have assumed the risk of loss, CEMEX does not expect a significant effect in the timing of its accounting of its revenue from the adoption of IFRS 15. During 2017, CEMEX plans to complete its assessment and quantify any adjustment that would be necessary if certain portion of revenue that currently is being recognized at the transaction date or deferred during time, as applicable, should otherwise be recognized differently upon the adoption of IFRS 15. Beginning January 1, 2018, CEMEX plans to adopt IFRS 15 using the full retrospective approach. CEMEX is not considering the early application of IFRS 15.

- On January 13, 2016, the IASB issued IFRS 16, *Leases* (“IFRS 16”), which will supersede all current standards and interpretations related to lease accounting. IFRS 16, defines leases as any contract or part of a contract that conveys to the lessee the right to use an asset for a period of time in exchange for consideration and the lessee directs the use of the identified asset throughout that period. In summary, IFRS 16 introduces a single lessee accounting model, and requires a lessee to recognize, for all leases with a term of more than 12 months, unless the underlying asset is of low value, assets for the right-of-use the underlying asset against a corresponding financial liability, representing the NPV of estimated lease payments under the contract, with a single income statement model in which a lessee recognizes depreciation of the right-of-use asset and interest on the lease liability. A lessee shall present either in the balance sheet, or disclose in the notes, right-of-use assets separately from other assets, as well as, lease liabilities separately from other liabilities. IFRS 16 is effective beginning January 1, 2019, with early adoption permitted considering certain requirements.

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As of the reporting date, CEMEX has performed an assessment of its main outstanding operating and finance lease contracts, in order to inventory the most relevant characteristics of such contracts (type of assets, committed payments, maturity dates, renewal clauses, etc.). During 2017, CEMEX expects to define its future policy under IFRS 16 in connection with the exemption for short-term leases and low value assets in order to set the basis and be able to start quantifying the required adjustments for the proper recognition of the assets for the “right-of-use” and the corresponding financial liability, with a plan to adopt IFRS 16 beginning January 1, 2019 full retrospectively. Preliminarily, based on its assessment as of the reporting date, CEMEX considers that upon adoption of IFRS 16; most of its outstanding operating leases will be recognized on balance sheet increasing assets and liabilities, with no significant initial effect on CEMEX’s net assets. CEMEX is not considering the early application of IFRS 16.

- On January 29, 2016, the IASB issued amendments to IAS 7, *Statement of cash flows*, which are effective beginning January 1, 2017. The amendments aim to enable users of financial statements to evaluate changes in liabilities arising from financing activities. To achieve this objective, the IASB requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. The amendments state that one way to fulfill the new disclosure requirement is to provide a rollforward between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. CEMEX does not expect a significant effect from the adoption of these amendments.

3) REVENUES AND CONSTRUCTION CONTRACTS

For the years ended December 31, 2016, 2015 and 2014, net sales, after sales and eliminations between related parties resulting from consolidation, were as follows:

		2016	2015	2014
From the sale of goods associated to CEMEX’s main activities ¹	Ps	240,379	212,019	192,518
From the sale of services ²		3,110	2,811	2,618
From the sale of other goods and services ³		7,420	5,496	4,806
	Ps	<u>250,909</u>	<u>220,326</u>	<u>199,942</u>

¹ Includes in each period those revenues generated under construction contracts that are presented in the table below.

² Refers mainly to revenues generated by Neoris N.V., a subsidiary involved in providing information technology solutions and services.

³ Refers mainly to revenues generated by subsidiaries not individually significant operating in different lines of business.

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Revenues and construction contracts — continued

For the years ended December 31, 2016, 2015 and 2014, revenues and costs related to construction contracts in progress were as follows:

		Recognized to date¹	2016	2015	2014
Revenue from construction contracts included in consolidated net sales ²	Ps	4,066	1,033	994	1,507
Costs incurred in construction contracts included in consolidated cost of sales ³		(3,185)	(1,133)	(919)	(1,332)
Construction contracts gross operating profit (loss)	Ps	<u>881</u>	<u>(100)</u>	<u>75</u>	<u>175</u>

- ¹ Revenues and costs recognized from inception of the contracts until December 31, 2016 in connection with those projects still in progress.
- ² Revenues from construction contracts during 2016, 2015 and 2014, determined under the percentage of completion method, were mainly obtained in Mexico and Colombia.
- ³ Refers to actual costs incurred during the periods. The oldest contract in progress as of December 31, 2016 started in 2010.

As of December 31, 2016 and 2015, amounts receivable for progress billings to customers of construction contracts and/or advances received by CEMEX from these customers were not significant.

4) DISCONTINUED OPERATIONS, SALE OF OTHER DISPOSAL GROUPS AND SELECTED FINANCIAL INFORMATION BY GEOGRAPHIC OPERATING SEGMENT**4A) DISCONTINUED OPERATIONS**

On November 28, 2016, CEMEX announced that one of its subsidiaries in the United States signed a definitive agreement to divest its Concrete Reinforced Pipe Manufacturing Business (“Concrete Pipe Business”) in the United States to Quikrete Holdings, Inc. (“Quikrete”) for approximately US\$500 plus an additional US\$40 contingent consideration based on future performance. The closing of this transaction is subject to the satisfaction of certain conditions, including approval from regulators. CEMEX currently expects to finalize this sale during the first quarter of 2017. Considering the disposal of the entire concrete pipe division, the operations of the Pipe Business for the years ended December 31, 2016, 2015 and 2014, included in CEMEX’s statements of operations were reclassified to the single line item “Discontinued operations”. In addition, the balance sheet of CEMEX’s Pipe Business as of December 31, 2016 was reclassified to assets held for sale and directly related liabilities on the face of the consolidated balance sheet, including approximately US\$260 (Ps5,369) of goodwill associated to the reporting segment in the United States that was proportionally allocated to these net assets based on their relative fair values (see note 26).

On May 26, 2016, CEMEX closed the sale of its operations in Bangladesh and Thailand to Siam City Cement Public Company Ltd. for approximately US\$70 (Ps1,450), generating a net gain on sale of approximately US\$24 (Ps424) and included in the statement of operations in 2016 within the line item “Discontinued operations”, which includes the reclassification of foreign currency translation gains associated with these operations accrued in equity until disposal for approximately US\$7 (Ps122).

With effective date October 31, 2015, after all agreed upon conditions precedent were satisfied, CEMEX completed the process for the sale of its operations in Austria and Hungary that started on August 12, 2015 to the

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Discontinued operations — continued

Rohrdorfer Group for approximately €165 (US\$179 or Ps3,090), after final adjustments negotiated for changes in cash and working capital balances as of the transfer date. The combined operations in Austria and Hungary consisted of 29 aggregate quarries and 68 ready-mix plants. The operations in Austria and Hungary for the ten-month period ended October 31, 2015 and the year ended December 31, 2014, included in CEMEX's statements of operations, were reclassified to the single line item "Discontinued operations", which includes, in 2015, a gain on sale of approximately US\$45 (Ps741). Such gain on sale includes the reclassification to the statement of operations of foreign currency translation gains accrued in equity until October 31, 2015 for an amount of approximately US\$10 (Ps215).

In addition, on August 12, 2015, CEMEX agreed with Duna-Dráva Cement, the sale of its Croatia operations, including assets in Bosnia and Herzegovina, Montenegro and Serbia, for approximately €231 (US\$243 or Ps5,032), amount that is subject to final adjustments negotiated for changes in cash and working capital balances as of the change of control date. The operations in Croatia, including assets in Bosnia and Herzegovina, Montenegro and Serbia, mainly consist of three cement plants with aggregate annual production capacity of approximately 2.4 million tons of cement, two aggregates quarries and seven ready-mix plants. As of December 31, 2016, after the compliance of customary conditions precedent agreed by the parties, the closing of this transaction is still subject to approval from the relevant authorities. CEMEX expects to conclude the sale of its operations in Croatia, including assets in Bosnia and Herzegovina, Montenegro and Serbia, in the short-term. The operations in Croatia, including assets in Bosnia and Herzegovina, Montenegro and Serbia, for the years ended December 31, 2016, 2015 and 2014, included in CEMEX's statements of operations were reclassified, to the single line item "Discontinued operations".

The following table presents condensed combined information of the statement of operations of CEMEX's discontinued operations in Bangladesh and Thailand for the five-months period ended May 31, 2016 and for the years ended December 31, 2015 and 2014, in Austria and Hungary for the ten-months period ended October 31, 2015 and for the year ended December 31, 2014; as well as of CEMEX's operations in Croatia, including assets in Bosnia and Herzegovina, Montenegro and Serbia, and the Pipe Business in the United States for the years ended December 31, 2016, 2015 and 2014:

		<u>2016</u>	<u>2015</u>	<u>2014</u>
Sales	Ps	8,016	10,861	10,081
Cost of sales and operating expenses		(7,198)	(10,251)	(9,750)
Other products (expenses), net		(15)	33	(83)
Financial expenses, net and others		(25)	(65)	(55)
Earnings before income tax		778	578	193
Income tax		(130)	(34)	(103)
Net income		648	544	90
Net income of non-controlling interest		1	6	—
Net income of controlling interest	Ps	647	538	90

As of December 31, 2016 and 2015, the balance sheets of CEMEX's Croatian discontinued operations, including its assets in Bosnia and Herzegovina, Montenegro and Serbia, were reclassified to current assets and current liabilities held for sale. In addition, as mentioned above, the balance sheet of CEMEX's Pipe Business as of

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December 31, 2016 was reclassified to current assets and current liabilities held for sale. Selected combined condensed financial information of balance sheet of these operations was as follows:

	2016	2015
Current assets	Ps 1,570	438
Property, machinery and equipment, net	5,798	2,562
Intangible assets, net and other non-current assets	6,222	446
Total assets held for sale	13,590	3,446
Current liabilities	599	442
Non-current liabilities	694	231
Total liabilities directly related to assets held for sale	1,293	673
Net assets held for sale	Ps 12,297	2,773

The balance sheet of CEMEX as of December 31, 2015 was not restated as a result of the expected sale of its Concrete Pipe Business nor for the sale of the operations in Bangladesh and Thailand described above. Selected condensed combined financial information of balance sheet at this date of CEMEX's Concrete Pipe Business, Bangladesh and Thailand was as follows:

	2015
Current assets	Ps 832
Property, machinery and equipment, net	2,446
Intangible assets, net and other non-current assets	4,921
Total assets	8,199
Current liabilities	70
Non-current liabilities	387
Total liabilities	457
Net assets	Ps 7,742

4B) OTHER DISPOSAL GROUPS

On November 18, 2016, a subsidiary of CEMEX in the United States closed the sale to an affiliate of Grupo Cementos de Chihuahua, S.A.B. de C.V. ("GCC") of certain assets consisting in CEMEX's cement plant in Odessa, Texas, two cement terminals and the building materials business in El Paso, Texas and Las Cruces, New Mexico, for an amount of approximately US\$306 (Ps6,340). Odessa plant has an annual production capacity of approximately 537 thousand tons. The transfer of control was effective on November 18, 2016. As a result of the sale of these assets, CEMEX recognized a net gain of approximately US\$104 (Ps2,159) as part of "Other expenses, net" in the statement of operations, which includes an expense related to the proportional write off of goodwill associated to CEMEX's reporting segment in the United States based on their relative fair values for approximately US\$161 (Ps3,340) and the reclassification of proportional foreign currency translation gains associated with these net assets accrued in equity until disposal for approximately US\$65 (Ps1,347).

On September 12, 2016, CEMEX announced that one of its subsidiaries in the United States signed a definitive agreement for the sale of its Fairborn, Ohio cement plant and cement terminal in Columbus, Ohio to Eagle

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Materials Inc. (“Eagle Materials”) for approximately US\$400 (Ps8,288). Fairborn plant has an annual production capacity of approximately 730 thousand tons. The closing of this transaction is subject to the satisfaction of certain conditions, including approval from regulators. CEMEX currently expects to finalize this divestiture during the first quarter of 2017. The balance sheet of these assets as of December 31, 2016 was reclassified to assets held for sale and liabilities directly related to assets held for sale (note 12A), including approximately US\$211 (Ps4,365) of goodwill associated to the reporting segment in the United States that was proportionally allocated to these net assets based on their relative fair values.

The operations of the net assets sold to GCC on November 18, 2016 and those expected to be sold to Eagle Materials, mentioned above, did not represent discontinued operations and were consolidated by CEMEX line-by-line for all the periods presented in the statement of operations. In arriving to this conclusion, CEMEX evaluated: a) the Company’s ongoing cement operations on its CGUs in Texas and the East coast; and b) the relative size of the net assets sold and held for sale in respect to the Company’s remaining overall ongoing cement operations in the United States. Moreover, as a reasonability check, CEMEX measured the materiality of such net assets using a threshold of 5% of consolidated net sales, operating earnings before other expenses, net gain (loss) and total assets. In no case was the 5% threshold reached.

For 2016, 2015 and 2014, selected combined statement of operations information of the net assets sold to GCC on November 18, 2016 and those expected to be sold to Eagle Materials was as follows:

		<u>2016</u>	<u>2015</u>	<u>2014</u>
Net sales	Ps	3,122	3,538	4,465
Operating costs and expenses		<u>(2,450)</u>	<u>(2,795)</u>	<u>(3,240)</u>
Operating earnings before other expenses, net	Ps	<u>672</u>	<u>743</u>	<u>1,225</u>

As of December 31, 2016, the condensed balance sheet of the net assets expected to be sold to Eagle Materials was as follows:

		<u>2016</u>
Current assets	Ps	123
Non-current assets		<u>5,834</u>
Total assets of the disposal group		<u>5,957</u>
Current liabilities		6
Non-current liabilities		<u>158</u>
Total liabilities directly related to disposal group		<u>164</u>
Total net assets of disposal group	Ps	<u>5,793</u>

In addition, on December 2, 2016, CEMEX agreed the definite transfer of its assets and activities related to the ready-mix concrete pumping in Mexico to Cementos Españoles de Bombeo, S. de R.L., subsidiary in Mexico of Pumping Team S.L.L. (“Pumping Team”), specialist in the supply of ready-mix concrete pumping services based in Spain, for US\$80 (Ps1,658), which includes the sale of fixed assets upon closing of the transaction for approximately US\$15 (Ps311) plus administrative and client and market development services, as well as the

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lease of facilities that CEMEX will supply to Pumping Team over a period of ten years with the possibility to extend for three additional years, for an aggregate initial amount of approximately US\$65 (Ps1,347), plus a contingent revenue subject to results for up to US\$29 (Ps601) linked to annual metrics beginning in the first year and up to the fifth year of the agreement. As of December 31, 2016, the closing of the transaction is subject to certain conditions, including approval by the Mexican authorities. CEMEX expects to conclude this transaction during the first quarter of 2017.

Effective January 1, 2015, as part of a series of related transactions agreed on October 31, 2014 with Holcim Ltd. (“Holcim”), then a global producer of building materials based in Switzerland, currently LafargeHolcim after the merger of Holcim with Lafarge, S.A., during 2015, CEMEX sold to Holcim its assets in the western region of Germany, consisting of one cement plant, two cement grinding mills, one slag granulator, 22 aggregates quarries and 79 ready-mix plants for approximately €171 (US\$207 or Ps3,047), while CEMEX maintained its operations in the northern, eastern and southern regions of the country. The operations of the net assets sold by CEMEX to Holcim were consolidated by CEMEX line-by-line for the year ended December 31, 2014, considering that this transaction did not represent the disposal of entire reportable operating segment. In arriving to this conclusion, CEMEX evaluated: a) the Company’s remaining operations in the North, East and South regions of Germany; and b) the relative size of the net assets sold in respect to the Company’s remaining overall ongoing operations in such country. Moreover, as a reasonability check, CEMEX measured the materiality of such net assets using a threshold of 5% of consolidated net sales, operating earnings before other expenses, net, net income (loss) and total assets. In any case the 5% threshold was reached.

For the year 2014, selected combined statement of operations information of the net assets sold in Germany was as follows:

Net sales	Ps	<u>6,655</u>
Operating costs and expenses		<u>(6,428)</u>
Operating earnings before other expenses, net	Ps	<u>227</u>

During 2014, CEMEX sold significantly all the operating assets of Readymix plc (“Readymix”), CEMEX’s main operating subsidiary in the Republic of Ireland, and an indirect subsidiary of CEMEX España, for €19 (US\$23 or Ps339), recognizing a loss on sale of approximately €14 (US\$17 or Ps250).

4C) SELECTED FINANCIAL INFORMATION BY GEOGRAPHIC OPERATING SEGMENT

Geographic operating segments represent the components of CEMEX that engage in business activities from which CEMEX may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity’s top management to make decisions about resources to be allocated to the segments and assess their performance, and for which discrete financial information is available.

CEMEX’s main activities are oriented to the construction industry segment through the production, distribution, marketing and sale of cement, ready-mix concrete, aggregates and other construction materials. CEMEX operates geographically on a regional basis. Effective January 1, 2016, according to an announcement made by CEMEX’s Chief Executive Officer (“CEO”), the Company’s operations were reorganized into five geographical regions,

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each under the supervision of a regional president, as follows: 1) Mexico, 2) United States, 3) Europe, 4) South, Central America and the Caribbean, and 5) Asia, Middle East and Africa. 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, aggregates and other construction materials, the allocation of resources and the review of their performance and operating results. All regional presidents report directly to CEMEX's CEO. The country manager, who is one level below the regional president in the organizational structure, reports the performance and operating results of its country to the regional president, including all the operating sectors. CEMEX's top management internally evaluates the results and performance of each country and region for decision-making purposes and allocation of resources, following a vertical integration approach 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 for employees of a specific country is based on the consolidated results of the geographic segment and not on the particular results of the components. In accordance with this approach, in CEMEX's daily operations, management allocates economic resources and evaluates operating results on a country basis rather than on an operating component basis. The financial information by geographic operating segment reported in the tables below for the years ended December 31, 2015 and 2014 was restated in order to give effect to: a) the discontinued operations described in note 4A, and b) the new geographical operating organization described above. Until December 31, 2015, CEMEX's operations were organized into six geographical regions, also each under the supervision of a regional president: 1) Mexico, 2) United States, 3) Northern Europe, 4) Mediterranean, 5) South, Central America and the Caribbean, and 6) Asia. Under the current operating organization, the geographical operating segments under the former Mediterranean region were incorporated into the current Europe region or the Asia, Middle East and Africa region, as corresponded.

Considering the financial information that is regularly reviewed by CEMEX's top management, each of the five geographic regions in which CEMEX operates and the countries that comprise such regions represent reportable operating segments. However, for disclosure purposes in the notes to the financial statements, considering similar regional and economic characteristics and/or the fact that certain countries do not exceed certain materiality thresholds to be reported separately, such countries have been aggregated and presented as single line items as follows: a) "Rest of Europe" is mainly comprised of CEMEX's operations in the Czech Republic, Poland and Latvia, as well as trading activities in Scandinavia and Finland; b) "Rest of South, Central America and the Caribbean" is mainly comprised of 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; and c) "Rest of Asia, Middle East and Africa" is mainly comprised of CEMEX's operations in the United Arab Emirates, Israel and Malaysia. The segment "Others" refers to: 1) cement trade maritime operations, 2) Neoris N.V., CEMEX's subsidiary involved in the development of information technology solutions, 3) the Parent Company and other corporate entities, and 4) other minor subsidiaries with different lines of business.

The main indicator used by CEMEX's management to evaluate the performance of each country is "Operating EBITDA" representing operating earnings before other expenses, net, plus depreciation and amortization, considering that such amount represents a relevant measure for CEMEX's management as an indicator of the

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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 16). Operating EBITDA should not be considered as an indicator of CEMEX's financial performance, as an alternative to cash flows, 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, 2016, 2015 and 2014 was as follows:

		Net sales (including related parties)	Less: Related parties	Net sales	Operating EBITDA	Less: Depreciation and amortization	Operating earnings before other expenses, net	Other expenses, net	Financial expense	Other financing items, net
2016										
Mexico	Ps	53,579	(848)	52,731	19,256	2,390	16,866	(608)	(339)	2,695
United States		68,553	—	68,553	11,159	6,605	4,554	2,911	(489)	(205)
Europe										
United Kingdom		21,153	—	21,153	3,606	1,047	2,559	711	(63)	(393)
Germany		9,572	(1,385)	8,187	553	464	89	(64)	(15)	(85)
France		14,535	—	14,535	669	484	185	(110)	(53)	2
Spain		6,563	(841)	5,722	814	663	151	(112)	(37)	(9)
Rest of Europe		10,881	(629)	10,252	1,420	914	506	(63)	(23)	203
South, Central America and the Caribbean ("SAC")										
Colombia 1		12,415	(1)	12,414	3,975	489	3,486	(575)	46	38
Rest of SAC 1		18,820	(1,252)	17,568	6,126	892	5,234	(1,255)	(65)	(150)
Asia, Middle East and Africa ("AMEA")										
Egypt		6,950	(5)	6,945	2,454	539	1,915	(213)	(78)	(253)
Philippines 2		9,655	—	9,655	2,687	530	2,157	21	(1)	(24)
Rest of AMEA		12,676	(12)	12,664	1,607	325	1,282	(122)	(27)	(33)
Others		19,128	(8,598)	10,530	(2,915)	805	(3,720)	(2,167)	(20,324)	2,655
Continuing operations		264,480	(13,571)	250,909	51,411	16,147	35,264	(1,646)	(21,468)	4,441
Discontinued operations		8,223	(207)	8,016	1,355	537	818	(15)	(29)	4
Total	Ps	<u>272,703</u>	<u>(13,778)</u>	<u>258,925</u>	<u>52,766</u>	<u>16,684</u>	<u>36,082</u>	<u>(1,661)</u>	<u>(21,497)</u>	<u>4,445</u>

1 CEMEX Latam Holdings, S.A. ("CLH"), entity incorporated in Spain which since 2012 trades its ordinary shares in the Colombian Stock Exchange under the symbol CLH is the indirect holding company of CEMEX's operations in Colombia, Panama, Costa Rica, Guatemala, El Salvador and Brazil. At year end 2016, there is a non-controlling interest in CLH of approximately 26.72% of its ordinary shares, excluding shares held in CLH's treasury.

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2 CEMEX's operations in the Philippines are conducted through CEMEX Holdings Philippines, Inc. ("CHP"), subsidiary incorporated in the Philippines which since July 2016 trades its ordinary shares in the Philippines Stock Exchange under the symbol CHP (note 20D). At year end 2016, there is a non-controlling interest in CHP of 45.0% of its ordinary shares.

		Net sales (including related parties)	Less: Related parties	Net sales	Operating EBITDA	Less: Depreciation and amortization	Operating earnings before other expenses, net	Other expenses, net	Financial expense	Other financing items, net
2015										
Mexico	Ps	50,260	(5,648)	44,612	15,362	2,399	12,963	(684)	(210)	915
United States		58,668	(18)	58,650	8,080	5,865	2,215	252	(439)	(159)
Europe										
United Kingdom		20,227	—	20,227	2,705	1,004	1,701	(147)	(95)	(299)
Germany		8,285	(1,276)	7,009	542	389	153	49	(14)	(61)
France		12,064	—	12,064	670	438	232	(8)	(48)	(10)
Spain		6,151	(755)	5,396	1,031	604	427	(735)	(72)	(2)
Rest of Europe		10,010	(767)	9,243	1,419	972	447	(182)	(57)	(75)
South, Central America and the Caribbean ("SAC")										
Colombia		11,562	(2)	11,560	4,041	500	3,541	(88)	(50)	(570)
Rest of SAC		19,169	(2,285)	16,884	5,211	844	4,367	(267)	(43)	(113)
Asia, Middle East and Africa ("AMEA")										
Egypt		6,923	(5)	6,918	1,777	536	1,241	(254)	(115)	114
Philippines		8,436	(4)	8,432	2,206	447	1,759	(12)	(20)	19
Rest of AMEA		11,025	—	11,025	1,264	277	987	(69)	(23)	97
Others		17,058	(8,752)	8,306	(2,954)	590	(3,544)	(898)	(18,581)	(1,091)
Continuing operations		239,838	(19,512)	220,326	41,354	14,865	26,489	(3,043)	(19,767)	(1,235)
Discontinued operations		10,918	(57)	10,861	1,381	771	610	33	(33)	(32)
Total	Ps	<u>250,756</u>	<u>(19,569)</u>	<u>231,187</u>	<u>42,735</u>	<u>15,636</u>	<u>27,099</u>	<u>(3,010)</u>	<u>(19,800)</u>	<u>(1,267)</u>

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	Net sales (including related parties)	Less: Related parties	Net sales	Operating EBITDA	Less: Depreciation and amortization	Operating earnings before other expenses, net	Other expenses, net	Financial expense	Other financing items, net
2014									
Mexico	Ps 51,412	(10,143)	41,269	13,480	2,420	11,060	734	(262)	481
United States	45,691	(33)	45,658	4,962	5,296	(334)	(352)	(411)	(123)
Europe									
United Kingdom	17,071	—	17,071	1,672	1,004	668	1,062	(33)	(378)
Germany	14,138	(1,247)	12,891	869	625	244	(797)	(29)	(122)
France	12,914	—	12,914	852	516	336	(94)	(72)	(4)
Spain	4,717	(559)	4,158	363	571	(208)	(2,107)	(29)	(4)
Rest of Europe	9,101	(921)	8,180	1,080	667	413	(367)	(26)	(56)
South, Central America and the Caribbean ("SAC")									
Colombia	13,242	(1)	13,241	4,838	476	4,362	52	(90)	(353)
Rest of SAC	16,292	(1,865)	14,427	4,767	688	4,079	(101)	(44)	9
Asia, Middle East and Africa ("AMEA")									
Egypt	7,123	(12)	7,111	2,664	474	2,190	(209)	(28)	15
Philippines	5,912	(2)	5,910	1,374	338	1,036	40	(5)	(8)
Rest of AMEA	9,694	(6)	9,688	1,098	254	844	(147)	(19)	27
Others	<u>13,531</u>	<u>(6,107)</u>	<u>7,424</u>	<u>(2,463)</u>	<u>374</u>	<u>(2,837)</u>	<u>(2,759)</u>	<u>(20,435)</u>	<u>3,047</u>
Continuing operations	<u>220,838</u>	<u>(20,896)</u>	<u>199,942</u>	<u>35,556</u>	<u>13,703</u>	<u>21,853</u>	<u>(5,045)</u>	<u>(21,483)</u>	<u>2,531</u>
Discontinued operations	<u>10,134</u>	<u>(53)</u>	<u>10,081</u>	<u>1,084</u>	<u>753</u>	<u>331</u>	<u>(83)</u>	<u>(18)</u>	<u>(37)</u>
Total	Ps <u>230,972</u>	<u>(20,949)</u>	<u>210,023</u>	<u>36,640</u>	<u>14,456</u>	<u>22,184</u>	<u>(5,128)</u>	<u>(21,501)</u>	<u>2,494</u>

The information of share of profits of equity accounted investees by geographic operating segment for the years ended December 31, 2016, 2015 and 2014 is included in the note 13A.

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As of December 31, 2016 and 2015, selected balance sheet information by geographic segment was as follows:

2016	Equity accounted investees	Other segment assets	Total assets	Total liabilities	Net assets by segment	Additions to fixed assets¹
Mexico	Ps 490	70,012	70,502	20,752	49,750	1,651
United States	1,587	287,492	289,079	30,118	258,961	3,760
Europe						
United Kingdom	104	32,469	32,573	22,914	9,659	599
Germany	74	8,396	8,470	6,694	1,776	507
France	909	16,855	17,764	6,829	10,935	379
Spain	13	27,251	27,264	3,206	24,058	490
Rest of Europe	276	16,223	16,499	4,643	11,856	440
South, Central America and the Caribbean						
Colombia	—	26,532	26,532	11,548	14,984	3,633
Rest of South, Central America and the Caribbean	28	22,321	22,349	5,931	16,418	637
Asia, Middle East and Africa						
Egypt	1	5,512	5,513	2,907	2,606	381
Philippines	6	12,308	12,314	2,696	9,618	341
Rest of Asia, Middle East and Africa	—	12,347	12,347	6,994	5,353	394
Others	<u>6,996</u>	<u>26,333</u>	<u>33,329</u>	<u>276,305</u>	<u>(242,976)</u>	<u>67</u>
Continuing operations	<u>10,484</u>	<u>564,051</u>	<u>574,535</u>	<u>401,537</u>	<u>172,998</u>	<u>13,279</u>
Assets held for sale and directly related liabilities (note 12A)	<u>4</u>	<u>25,189</u>	<u>25,193</u>	<u>1,466</u>	<u>23,727</u>	<u>(1)</u>
Total	Ps <u>10,488</u>	<u>589,240</u>	<u>599,728</u>	<u>403,003</u>	<u>196,725</u>	<u>13,278</u>

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2015	Equity accounted investees	Other segment assets	Total assets	Total liabilities	Net assets by segment	Additions to fixed assets¹
Mexico	Ps 438	75,215	75,653	16,936	58,717	1,177
United States	1,228	260,847	262,075	22,832	239,243	3,453
Europe						
United Kingdom	103	32,339	32,442	19,054	13,388	925
Germany	64	7,278	7,342	5,988	1,354	362
France	582	14,577	15,159	6,704	8,455	515
Spain	94	23,544	23,638	2,810	20,828	281
Rest of Europe	291	15,043	15,334	4,025	11,309	594
South, Central America and the Caribbean						
Colombia	—	19,499	19,499	8,959	10,540	2,601
Rest of South, Central America and the Caribbean	24	21,714	21,738	5,110	16,628	965
Asia, Middle East and Africa						
Egypt	11	9,310	9,321	4,499	4,822	762
Philippines	6	10,447	10,453	2,907	7,546	329
Rest of Asia, Middle East and Africa	—	12,055	12,055	6,205	5,850	288
Others	<u>9,309</u>	<u>22,855</u>	<u>32,164</u>	<u>271,794</u>	<u>(239,630)</u>	<u>61</u>
Continuing operations	12,150	524,723	536,873	377,823	159,050	12,313
Assets held for sale and directly related liabilities (note 12A)	4	5,387	5,391	673	4,718	154
Total	Ps <u>12,154</u>	<u>530,110</u>	<u>542,264</u>	<u>378,496</u>	<u>163,768</u>	<u>12,467</u>

¹ In 2016 and 2015, the total “Additions to fixed assets” includes capital expenditures of approximately Ps12,676 and Ps11,454, respectively (note 14).

Total consolidated liabilities as of December 31, 2016 and 2015 included debt of Ps236,232 and Ps229,343, respectively. Of such balances, as of December 31, 2016 and 2015, approximately 73% and 71% was in the Parent Company, less than 1% and 1% was in Spain, 25% and 27% was in finance subsidiaries in the Netherlands, Luxembourg and the United States, and 2% and 1% was in other countries, respectively. The Parent Company and the finance subsidiaries mentioned above are included within the segment “Others”.

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Selected financial information by geographic operating segment — continued

Net sales by product and geographic segment for the years ended December 31, 2016, 2015 and 2014 were as follows:

2016		Cement	Concrete	Aggregates	Others	Eliminations	Net sales
Mexico	Ps	37,647	13,664	3,156	11,773	(13,509)	52,731
United States		28,585	36,452	15,296	7,999	(19,779)	68,553
Europe							
United Kingdom		5,267	7,830	8,195	7,889	(8,028)	21,153
Germany		3,416	4,539	2,112	2,262	(4,142)	8,187
France		—	11,883	5,640	278	(3,266)	14,535
Spain		5,478	823	196	472	(1,247)	5,722
Rest of Europe		6,397	4,241	1,475	555	(2,416)	10,252
South, Central America and the Caribbean							
Colombia		8,814	4,522	1,364	1,761	(4,047)	12,414
Rest of South, Central America and the Caribbean		16,660	3,493	914	563	(4,062)	17,568
Asia, Middle East and Africa							
Egypt		6,076	943	26	217	(317)	6,945
Philippines		9,405	143	164	70	(127)	9,655
Rest of Asia, Middle East and Africa		961	10,293	2,573	1,407	(2,570)	12,664
Others		—	—	—	19,127	(8,597)	10,530
Continuing operations		128,706	98,826	41,111	54,373	(72,107)	250,909
Discontinued operations		2,122	250	15	5,747	(118)	8,016
Total	Ps	<u>130,828</u>	<u>99,076</u>	<u>41,126</u>	<u>60,120</u>	<u>(72,225)</u>	<u>258,925</u>
2015							
Mexico	Ps	30,384	13,163	2,860	9,956	(11,751)	44,612
United States		23,358	30,575	12,524	8,758	(16,565)	58,650
Europe							
United Kingdom		4,705	7,729	7,614	7,859	(7,680)	20,227
Germany		3,098	3,749	1,790	2,103	(3,731)	7,009
France		—	10,026	4,410	224	(2,596)	12,064
Spain		5,265	721	150	392	(1,132)	5,396
Rest of Europe		5,966	3,623	1,191	519	(2,056)	9,243
South, Central America and the Caribbean							
Colombia		8,158	4,428	1,329	1,345	(3,700)	11,560
Rest of South, Central America and the Caribbean		14,846	3,850	898	731	(3,441)	16,884
Asia, Middle East and Africa							
Egypt		6,052	975	36	236	(381)	6,918
Philippines		8,270	115	95	62	(110)	8,432
Rest of Asia, Middle East and Africa		880	8,945	1,980	1,180	(1,960)	11,025
Others		—	—	—	17,057	(8,751)	8,306
Continuing operations		110,982	87,899	34,877	50,422	(63,854)	220,326
Discontinued operations		2,787	2,678	1,296	4,885	(785)	10,861
Total	Ps	<u>113,769</u>	<u>90,577</u>	<u>36,173</u>	<u>55,307</u>	<u>(64,639)</u>	<u>231,187</u>

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2014		Cement	Concrete	Aggregates	Others	Eliminations	Net sales
Mexico	Ps	27,667	12,855	2,963	9,056	(11,272)	41,269
United States		17,937	21,490	9,886	8,857	(12,512)	45,658
Europe							
United Kingdom		3,824	6,666	6,128	7,929	(7,476)	17,071
Germany		4,883	6,600	4,042	2,434	(5,068)	12,891
France		—	10,826	4,585	215	(2,712)	12,914
Spain		3,856	783	168	359	(1,008)	4,158
Rest of Europe		5,305	3,154	1,089	341	(1,709)	8,180
South, Central America and the Caribbean							
Colombia		9,544	4,964	1,547	770	(3,584)	13,241
Rest of South, Central America and the Caribbean		13,123	3,417	712	690	(3,515)	14,427
Asia, Middle East and Africa							
Egypt		6,402	542	19	318	(170)	7,111
Philippines		5,849	48	—	27	(14)	5,910
Rest of Asia, Middle East and Africa		593	7,993	1,831	1,093	(1,822)	9,688
Others		—	—	—	11,607	(4,183)	7,424
Continuing operations		98,983	79,338	32,970	43,696	(55,045)	199,942
Discontinued operations		2,694	2,827	1,356	3,992	(788)	10,081
Total	Ps	<u>101,677</u>	<u>82,165</u>	<u>34,326</u>	<u>47,688</u>	<u>(55,833)</u>	<u>210,023</u>

5) OPERATING EXPENSES, DEPRECIATION AND AMORTIZATION

Consolidated operating expenses during 2016, 2015 and 2014 by function are as follows:

		2016	2015	2014
Administrative expenses ¹	Ps	20,883	18,717	16,984
Selling expenses		6,954	5,943	5,674
Distribution and logistics expenses		25,925	23,109	20,689
	Ps	<u>53,762</u>	<u>47,769</u>	<u>43,347</u>

¹ The Technology and Energy departments in CEMEX undertake all significant R&D activities as part of their daily activities. In 2016, 2015 and 2014, total combined expenses of these departments recognized within administrative expenses were approximately Ps712 (US\$38), Ps660 (US\$41) and Ps538 (US\$36), respectively.

Depreciation and amortization recognized during 2016, 2015 and 2014 are detailed as follows:

		2016	2015	2014
Depreciation and amortization expense included in cost of sales	Ps	14,299	13,329	12,379
Depreciation and amortization expense included in administrative, selling and distribution and logistics expenses		1,848	1,536	1,324
	Ps	<u>16,147</u>	<u>14,865</u>	<u>13,703</u>

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6) OTHER EXPENSES, NET

The detail of the line item “Other expenses, net” in 2016, 2015 and 2014 was as follows:

		<u>2016</u>	<u>2015</u>	<u>2014</u>
Impairment losses and remeasurement of assets held for sale ¹	Ps	(2,516)	(1,526)	(3,848)
Restructuring costs ²		(778)	(845)	(544)
Charitable contributions		(93)	(60)	(18)
Results from the sale of assets and others, net		<u>1,741</u>	<u>(612)</u>	<u>(635)</u>
	Ps	<u>(1,646)</u>	<u>(3,043)</u>	<u>(5,045)</u>

1 The main effects included in this line item for the years ended December 31, 2016, 2015 and 2014 are described in notes 13B, 14, 15 and 24A.

2 In 2016, 2015 and 2014, restructuring costs mainly refer to severance payments.

7) OTHER FINANCIAL INCOME (EXPENSE), NET

The detail of the line item “Other financial income (expense), net” in 2016, 2015 and 2014 was as follows:

		<u>2016</u>	<u>2015</u>	<u>2014</u>
Financial income	Ps	417	315	312
Results from financial instruments, net (notes 13B and 16D)		113	(2,729)	(880)
Foreign exchange results		4,943	2,083	3,936
Effects of NPV on assets and liabilities and others, net		<u>(1,032)</u>	<u>(904)</u>	<u>(837)</u>
	Ps	<u>4,441</u>	<u>(1,235)</u>	<u>2,531</u>

8) CASH AND CASH EQUIVALENTS

As of December 31, 2016 and 2015, consolidated cash and cash equivalents consisted of:

		<u>2016</u>	<u>2015</u>
Cash and bank accounts	Ps	9,044	11,395
Fixed-income securities and other cash equivalents		<u>2,511</u>	<u>3,885</u>
	Ps	<u>11,555</u>	<u>15,280</u>

Based on net settlement agreements, the balance of cash and cash equivalents excludes deposits in margin accounts that guarantee several obligations of CEMEX of approximately Ps250 in 2016 and Ps258 in 2015, which were offset against the corresponding obligations of CEMEX with the counterparties, considering CEMEX’s right, ability and intention to settle the amounts on a net basis.

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9) TRADE ACCOUNTS RECEIVABLE, NET

As of December 31, 2016 and 2015, consolidated trade accounts receivable consisted of:

		<u>2016</u>	<u>2015</u>
Trade accounts receivable	Ps	32,088	29,773
Allowances for doubtful accounts		<u>(2,139)</u>	<u>(1,999)</u>
	Ps	<u>29,949</u>	<u>27,774</u>

As of December 31, 2016 and 2015, trade accounts receivable include receivables of Ps13,644 (US\$658) and Ps12,858 (US\$746), respectively, that were sold under outstanding securitization programs for the sale of trade accounts receivable and/or factoring programs with recourse in Mexico, the United States, France and the United Kingdom. Under the outstanding securitization 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 Ps2,549 in 2016 and Ps2,357 in 2015. Therefore, the funded amount to CEMEX was Ps11,095 (US\$535) in 2016 and Ps10,501 (US\$609) in 2015, representing the amounts recognized within the line item of "Other financial obligations." The discount granted to the acquirers of the trade accounts receivable is recorded as financial expense and amounted to approximately Ps258 (US\$14) in 2016, Ps249 (US\$16) in 2015 and Ps298 (US\$22) in 2014. CEMEX's securitization programs are negotiated for specific periods and may be renewed at their maturity. The securitization programs outstanding as of December 31, 2016 in Mexico, the United States, France and the United Kingdom mature in March 2017, respectively.

Allowances for doubtful accounts are established according to the credit history and risk profile of each customer. Changes in the valuation of this caption allowance for doubtful accounts in 2016, 2015 and 2014, were as follows:

		<u>2016</u>	<u>2015</u>	<u>2014</u>
Allowances for doubtful accounts at beginning of period	Ps	1,999	1,856	1,804
Charged to selling expenses		556	439	442
Deductions		<u>(867)</u>	<u>(270)</u>	<u>(394)</u>
Foreign currency translation effects		451	<u>(26)</u>	4
Allowances for doubtful accounts at end of period	Ps	<u>2,139</u>	<u>1,999</u>	<u>1,856</u>

10) OTHER ACCOUNTS RECEIVABLE

As of December 31, 2016 and 2015, consolidated other accounts receivable consisted of:

		<u>2016</u>	<u>2015</u>
Non-trade accounts receivable ¹	Ps	2,503	2,332
Interest and notes receivable ²		1,523	1,332
Loans to employees and others		188	177
Refundable taxes		<u>965</u>	<u>976</u>
	Ps	<u>5,179</u>	<u>4,817</u>

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Other accounts receivable — continued

- 1 Non-trade accounts receivable are mainly attributable to the sale of assets.
- 2 Includes Ps27 in 2016 and Ps148 in 2015, representing the short-term portion of a restricted investment related to coupon payments under CEMEX's perpetual debentures (note 20D). In addition, in 2016, includes CEMEX Colombia's beneficial interest in a trust oriented to promote housing projects, which its only asset is land in the municipality of Zipaquira, Colombia and its only liability is a bank credit for approximately Ps148, guaranteed by CEMEX Colombia, obtained to purchase the land. The estimated fair value of the land as determined by external appraiser significantly exceeds the amount of the loan.

11) INVENTORIES, NET

As of December 31, 2016 and 2015, the consolidated balance of inventories was summarized as follows:

		<u>2016</u>	<u>2015</u>
Finished goods	Ps	5,805	6,439
Work-in-process		3,316	3,160
Raw materials		3,112	3,217
Materials and spare parts		4,888	4,822
Inventory in transit		1,176	525
Allowance for obsolescence		(435)	(447)
	Ps	<u>17,862</u>	<u>17,716</u>

For the years ended December 31, 2016, 2015 and 2014, CEMEX recognized within "Cost of sales" in profit or loss, inventory impairment losses of approximately Ps52, Ps49 and Ps36, respectively.

12) ASSETS HELD FOR SALE AND OTHER CURRENT ASSETS

12A) ASSETS HELD FOR SALE

As of December 31, 2016 and 2015, assets held for sale, which are measured at the lower of their estimated realizable value, less costs to sell, and their carrying amounts, as well as liabilities directly related with such assets are detailed as follows:

		<u>2016</u>			<u>2015</u>		
		<u>Assets</u>	<u>Liabilities</u>	<u>Net assets</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Net assets</u>
Concrete Pipe Division (note 4A)	Ps	9,426	642	8,784	Ps	—	—
CEMEX's operations in Croatia (note 4A)		4,164	651	3,513	3,446	673	2,773
Fairborn cement plant (note 4B)		5,957	164	5,793	—	—	—
Concrete pumping equipment (note 4B)		213	—	213	—	—	—
Idle assets in Andorra, Spain		560	—	560	481	—	481
Investment in GCC shares (note 13A) ¹		3,882	—	3,882	—	—	—
Other assets held for sale ²		991	9	982	1,464	—	1,464
	Ps	<u>25,193</u>	<u>1,466</u>	<u>23,727</u>	Ps	<u>5,391</u>	<u>4,718</u>

- 1 CEMEX analyzes alternatives to sell its investment in 23% of GCC's common stock in the short-term. See note 26 for subsequent events related to this investment.

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Assets held for sale — continued

2 During 2014, CEMEX recognized impairment losses in connection with the remeasurement of other assets held for sale for approximately Ps55.

12B) OTHER CURRENT ASSETS

As of December 31, 2016 and 2015, other current assets are mainly comprised of advance payments.

13) EQUITY ACCOUNTED INVESTEES, OTHER INVESTMENTS AND NON-CURRENT ACCOUNTS RECEIVABLE

13A) EQUITY ACCOUNTED INVESTEES

As of December 31, 2016 and 2015, the main investments in common shares of associates were as follows:

	Activity	Country	%		2016	2015
Camcem, S.A. de C.V.	Cement	Mexico	40.1	Ps	3,674	600
Control Administrativo Mexicano, S.A. de C.V.	Cement	Mexico	—		—	5,613
Trinidad Cement Limited	Cement	Trinidad and Tobago	39.5		1,689	1,543
Concrete Supply Co. LLC	Concrete	United States	40.0		1,234	932
Akmenes Cementas AB	Cement	Lithuania	37.8		586	560
ABC Capital, S.A. Institución de Banca Múltiple	Financing	Mexico	33.9		474	385
Lehigh White Cement Company	Cement	United States	24.5		334	276
Société Méridionale de Carrières	Aggregates	France	33.3		300	241
Société d'Exploitation de Carrières	Aggregates	France	50.0		257	202
Industrias Básicas, S.A.	Cement	Panama	25.0		155	133
Other companies	—	—	—		1,781	1,665
				Ps	<u>10,484</u>	<u>12,150</u>
Out of which:						
Book value at acquisition date				Ps	8,260	4,683
Changes in stockholders' equity				Ps	<u>2,224</u>	<u>7,467</u>

As of December 31, 2016 and 2015, there were no written put options for the purchase of investments in associates.

On December 5, 2016, through one of its indirect subsidiaries, Sierra Trading (“Sierra”), CEMEX presented an offer and take-over bid (the “Offer”) to all shareholders of Trinidad Cement Limited (“TCL”), a company publicly listed in Trinidad and Tobago, Jamaica and Barbados, to acquire up to 132,616,942 ordinary shares in TCL for Ps4.50 trinitarian dollars (“TT”) in cash per TCL share, which together with Sierra’s existing share ownership in TCL of approximately 39.5%, would, if successful, result in Sierra holding up to 74.9% of the equity share capital in TCL. Full acceptance of the Offer would result in a cash payment by Sierra of approximately TTPs597 million (US\$89 or Ps1,844). The Offer price represents a premium of 33.1% over the December 1, 2016 closing price of TCL’s shares in the Trinidad and Tobago Stock Exchange. Among other

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conditions, the Offer is conditional on Sierra acquiring at least an amount of TCL shares that would allow CEMEX to consolidate TCL. Unless extended, the Offer period is expected to close on January 10, 2017. If the Offer is successful, TCL will continue operating as usual and will be maintained as a publicly listed company on the Trinidad and Tobago Stock Exchange with the benefit of a strong local shareholding together with the enhanced benefit of proven management and operational expertise from CEMEX. TCL's main operations are in Trinidad and Tobago, Jamaica and Barbados. TCL is the majority shareholder of Caribbean Cement Company Limited, a main cement producer in Jamaica. In connection with the Offer, on December 23, 2016, the Board of Directors of TCL announced its recommendation to TCL's shareholders of not selling their shares (see note 26 for recent developments related to the Offer).

During 2016, the Parent Company participated as shareholder in a share restructuring executed by Camcem, S.A. de C.V. ("Camcem"), indirect parent company of Control Administrativo Mexicano, S.A. de C.V. ("Camsa") and GCC, aimed to simplify its corporate structure, by means of which, Imin de México, S.A. de C.V., intermediate holding company, Camsa and GCC were merged, prevailing GCC as the surviving entity. As a result of the share restructuring, CEMEX's 10.3% interest in Camcem and 49% interest in Camsa, both before the restructuring, were exchanged on equivalent basis into a 40.1% interest in Camcem and a 23% interest in GCC, which shares of the latest trade in the MSE (note 12A).

In addition, during 2015, through the exercise of its preemptive rights in TCL's rights issuance and the purchase of shares not subscribed and fully paid up by other eligible TCL shareholders in the rights issuance, Sierra increased its participation in TCL from 20% to 39.5% for approximately Ps774 (US\$45). Moreover, in April 2015, CEMEX and TCL entered into a Technical Services Agreement (the "TSA") pursuant to which CEMEX will provide TCL with technical, managerial and other assistance from May 1, 2015 to May 1, 2018, unless earlier terminated.

Share of profit of equity accounted investees by geographic operating segment in 2016, 2015 and 2014 is detailed as follows:

		<u>2016</u>	<u>2015</u>	<u>2014</u>
Mexico	Ps	452	330	242
United States		253	92	4
Europe		54	340	74
Corporate and others		(71)	(24)	(26)
	Ps	<u>688</u>	<u>738</u>	<u>294</u>

Combined condensed balance sheet information of CEMEX's associates as of December 31, 2016 and 2015 is set forth below:

		<u>2016</u>	<u>2015</u>
Current assets	Ps	21,651	16,002
Non-current assets		41,085	30,435
Total assets		<u>62,736</u>	<u>46,437</u>
Current liabilities		11,612	8,342
Non-current liabilities		22,436	15,242
Total liabilities		<u>34,048</u>	<u>23,584</u>
Total net assets	Ps	<u>28,688</u>	<u>22,853</u>

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Combined selected information of the statements of operations of CEMEX's associates in 2016, 2015 and 2014 is set forth below:

		<u>2016</u>	<u>2015</u>	<u>2014</u>
Sales	Ps	29,791	25,484	21,173
Operating earnings		4,730	3,523	1,931
Income before income tax		3,111	3,350	484
Net income		<u>1,860</u>	<u>2,403</u>	<u>228</u>

13B) OTHER INVESTMENTS AND NON-CURRENT ACCOUNTS RECEIVABLE

As of December 31, 2016 and 2015, consolidated other investments and non-current accounts receivable were summarized as follows:

		<u>2016</u>	<u>2015</u>
Non-current portion of valuation of derivative financial instruments	Ps	1,900	869
Non-current accounts receivable and other investments ¹		4,501	4,731
Investments available-for-sale ²		491	632
Investments held for trading ³		<u>157</u>	<u>317</u>
	Ps	<u>7,049</u>	<u>6,549</u>

- ¹ Includes, among other items: a) advances to suppliers of fixed assets of approximately Ps52 in 2016 and Ps54 in 2015; and b) the non-current portion of a restricted investment used to pay coupons under the perpetual debentures (note 20D) of Ps83 in 2015. CEMEX recognized impairment losses of non-current accounts receivable in Costa Rica of approximately Ps21 in 2016, Egypt and Colombia of approximately Ps71 and Ps22 in 2015, respectively; and the United Kingdom of approximately Ps16 in 2014.
- ² This line item refers mainly to an investment in CPOs of Axtel, S.A.B. de C.V. ("Axtel"). This investment is recognized as available for sale at fair value and changes in valuation are recorded in other comprehensive loss until its disposal.
- ³ This line item refers to investments in private funds. In 2016 and 2015, no contributions were made to such private funds.

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14) PROPERTY, MACHINERY AND EQUIPMENT, NET

As of December 31, 2016 and 2015, consolidated property, machinery and equipment, net and the changes in such line item during 2016, 2015 and 2014, were as follows:

		2016				Total
		Land and mineral reserves 1	Building 1	Machinery and equipment 2	Construction in progress 3	
Cost at beginning of period	Ps	85,763	47,205	210,175	13,813	356,956
Accumulated depreciation and depletion		<u>(12,194)</u>	<u>(20,852)</u>	<u>(109,777)</u>	—	<u>(142,823)</u>
Net book value at beginning of period		73,569	26,353	100,398	13,813	214,133
Capital expenditures		2,149	1,856	8,671	—	12,676
Additions through capital leases		—	—	7	—	7
Capitalization of financial expense		—	—	—	175	175
Stripping costs		421	—	—	—	421
Total capital expenditures		2,570	1,856	8,678	175	13,279
Disposals 4		(388)	(140)	(1,268)	(44)	(1,840)
Reclassifications 5		(2,029)	(703)	(1,731)	(86)	(4,549)
Depreciation and depletion for the period		(2,430)	(2,068)	(9,658)	—	(14,156)
Impairment losses		(671)	(302)	(547)	(378)	(1,898)
Foreign currency translation effects		9,516	1,388	7,548	3,690	22,142
Cost at end of period		96,410	50,131	228,438	17,170	392,149
Accumulated depreciation and depletion		<u>(16,273)</u>	<u>(23,747)</u>	<u>(125,018)</u>	—	<u>(165,038)</u>
Net book value at end of period	Ps	<u>80,137</u>	<u>26,384</u>	<u>103,420</u>	<u>17,170</u>	<u>227,111</u>

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Property, machinery and equipment, net — continued

	2015					2014
	Land and mineral reserves ¹	Building ¹	Machinery and equipment ²	Construction in progress ³	Total	
Cost at beginning of period	Ps 78,511	43,473	185,629	13,480	321,093	309,668
Accumulated depreciation and depletion	(9,836)	(16,970)	(91,359)	—	(118,165)	(103,951)
Net book value at beginning of period	68,675	26,503	94,270	13,480	202,928	205,717
Capital expenditures	1,429	1,198	8,827	—	11,454	8,866
Additions through capital leases	—	—	63	—	63	108
Capitalization of financial expense	—	—	—	73	73	—
Stripping costs	723	—	—	—	723	512
Total capital expenditures	2,152	1,198	8,890	73	12,313	9,486
Disposals ⁴	(713)	(544)	(987)	(3)	(2,247)	(2,461)
Reclassifications ⁵	(1,147)	(982)	(929)	(41)	(3,099)	(6,828)
Business combinations	1,372	757	1,869	6	4,004	—
Depreciation and depletion for the period	(2,007)	(1,969)	(9,552)	—	(13,528)	(12,949)
Impairment losses	(338)	(114)	(693)	—	(1,145)	(589)
Foreign currency translation effects	5,575	1,504	7,530	298	14,907	10,552
Cost at end of period	85,763	47,205	210,175	13,813	356,956	321,093
Accumulated depreciation and depletion	(12,194)	(20,852)	(109,777)	—	(142,823)	(118,165)
Net book value at end of period	Ps 73,569	26,353	100,398	13,813	214,133	202,928

- 1** Includes corporate buildings and related land sold to financial institutions in previous years, which were leased back. The aggregate carrying amount of these assets as of December 31, 2016 and 2015 was approximately Ps1,777 and Ps1,865, respectively.
- 2** Includes assets, mainly mobile equipment, acquired through capital leases, which carrying amount as of December 31, 2016 and 2015 was approximately Ps48 and Ps63, respectively.
- 3** In July 2014, CEMEX began the construction of a new cement plant in the municipality of Maceo, Antioquia department in Colombia with an annual production capacity of approximately 1.1 million tons. The first phase included the construction of a cement mill, which has been in testing phase with supplies of clinker from Caracolito plant in Ibague and the cement produced has been used entirely in the construction of the plant. The next phase that includes the construction of the kiln and the plant's access road is expected to be completed in phases by the first half of 2017, in order to start commercial operations during the second half of 2017, considering the successful conclusion of several undergoing procedures related to certain operational permits. In 2016, includes an investment reduction of approximately Ps483 (US\$23), of which,

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approximately Ps295 (US\$14) were recognized as impairment against the line item of “Other expenses, net”, considering that the assets, mainly advances for the purchase of land through a representative, were considered contingent assets considering based on low probability for their recoverability due to deficiencies in the legal processes, and approximately Ps188 (US\$9) were decreased against “Other accounts payable” in connection with the cancellation of the portion payable of such assets (notes 6 and 24A). CEMEX determined an original total investment in the plant of approximately US\$340. As of December 31, 2016, Maceo project’s book value, net of adjustments, is for an amount in Colombian pesos equivalent to approximately US\$275, excluding US\$11 of interest capitalized during the construction period.

- 4 In 2016, includes sales of non-strategic fixed assets in the United States, Mexico, and France for Ps317, Ps281 and Ps165, respectively. In 2015, includes the sales of non-strategic fixed assets in the United Kingdom, the United States and Spain for Ps584, Ps451 and Ps417, respectively. In 2014, includes the sales of non-strategic fixed assets in the United States, the United Kingdom and Ireland for Ps757, Ps539 and Ps537, respectively.
- 5 In 2016, refers mainly to those assets of the Concrete Pipe Business in the United States for Ps2,747, as well as other disposal groups in the United States reclassified to assets available for sale for Ps1,386 (notes 4A, 4B and 12A). In 2015, refers to assets in Croatia for Ps2,562 and other disposal groups in the United States reclassified to assets available for sale for Ps537 (notes 4A, 4B and 12A). In 2014 refers primarily to the reclassification to other current assets in connection with the sale of assets in the western region of Germany and the projected sale of idle assets in Andorra, Spain (notes 4B and 12A) for Ps3,956 and Ps2,601, respectively.

As a result of impairment tests conducted on several CGUs considering certain triggering events, mainly: a) the closing and/or reduction of operations of cement and ready-mix concrete plants resulting from adjusting the supply to current demand conditions, such as the situation in Puerto Rico in the last quarter of 2016 due to the adverse outlook and the overall uncertain economic conditions in such country; b) the transferring of installed capacity to more efficient plants, such as the projected closing in the short-term of a cement mill in Colombia; as well as c) the recoverability of certain investments in Colombia as described above, for the years ended December 31, 2016, 2015 and 2014, CEMEX adjusted the related fixed assets to their estimated value in use in those circumstances in which the assets would continue in operation based on estimated cash flows during the remaining useful life, or to their realizable value, in case of permanent shut down, and recognized impairment losses within the line item of “Other expenses, net” (note 2J) during the years ended December 31, 2016, 2015 and 2014 in the following countries and for the following amounts:

		<u>2016</u>	<u>2015</u>	<u>2014</u>
Puerto Rico	Ps	1,087	172	—
Colombia		454	—	—
Spain		—	392	125
United States		277	269	108
Latvia		—	126	—
Panama		—	118	—
Mexico		46	46	221
United Kingdom		—	19	59
Germany		—	—	19
Other countries		34	3	43
	Ps	<u>1,898</u>	<u>1,145</u>	<u>575</u>

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15) GOODWILL AND INTANGIBLE ASSETS, NET

15A) BALANCES AND CHANGES DURING THE PERIOD

As of December 31, 2016 and 2015, consolidated goodwill, intangible assets and deferred charges were summarized as follows:

	2016			2015		
	Cost	Accumulated amortization	Carrying amount	Cost	Accumulated amortization	Carrying amount
Intangible assets of indefinite useful life:						
Goodwill	Ps 205,835	—	205,835	Ps 183,752	—	183,752
Intangible assets of definite useful life:						
Extraction rights	40,994	(5,948)	35,046	34,927	(4,600)	30,327
Industrial property and trademarks	707	(350)	357	822	(200)	622
Customer relationships	4,343	(4,084)	259	6,166	(5,162)	1,004
Mining projects	961	(84)	877	992	(187)	805
Others intangible assets	13,796	(9,150)	4,646	10,900	(7,092)	3,808
	Ps <u>266,636</u>	<u>(19,616)</u>	<u>247,020</u>	Ps <u>237,559</u>	<u>(17,241)</u>	<u>220,318</u>

The amortization of intangible assets of definite useful life was approximately Ps1,991 in 2016, Ps1,848 in 2015 and Ps1,508 in 2014, and was recognized within operating costs and expenses.

Goodwill

Changes in consolidated goodwill in 2016, 2015 and 2014, were as follows:

	2016	2015	2014
Balance at beginning of period	Ps 183,752	160,544	144,457
Business combinations	—	64	—
Disposals, net (note 4B)	(3,340)	(552)	—
Reclassification to assets held for sale and other current assets (notes 4A, 4B and 12)	(9,734)	(404)	—
Foreign currency translation effects	35,157	24,100	16,087
Balance at end of period	Ps <u>205,835</u>	<u>183,752</u>	<u>160,544</u>

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Balances and changes during the period — continued

Intangible assets of definite life

Changes in intangible assets of definite life in 2016, 2015 and 2014, were as follows:

		2016					
		Extraction rights	Industrial property and trademarks	Customer relations	Mining projects	Others¹	Total
Balance at beginning of period	Ps	30,327	622	1,004	805	3,808	36,566
Additions (disposals), net		202	(760)	—	(382)	343	(597)
Amortization		(712)	(293)	(658)	(12)	(316)	(1,991)
Impairment losses		(6)	—	—	—	(19)	(25)
Foreign currency translation effects		5,235	788	(87)	466	830	7,232
Balance at the end of period	Ps	<u>35,046</u>	<u>357</u>	<u>259</u>	<u>877</u>	<u>4,646</u>	<u>41,185</u>

		2015						2014
		Extraction rights	Industrial property and trademarks	Customer relations	Mining projects	Others¹	Total	2014
Balance at beginning of period	Ps	27,330	122	1,393	1,501	2,594	32,940	30,483
Business combinations		458	—	156	—	2	616	—
Additions (disposals), net		157	133	(1)	(577)	102	(186)	653
Reclassifications (notes 4A, 4B and 12)		1	—	—	—	—	1	(5)
Amortization		(813)	(132)	(601)	(32)	(270)	(1,848)	(1,508)
Impairment losses		(10)	—	—	—	—	(10)	—
Foreign currency translation effects		3,204	499	57	(87)	1,380	5,053	3,317
Balance at the end of period	Ps	<u>30,327</u>	<u>622</u>	<u>1,004</u>	<u>805</u>	<u>3,808</u>	<u>36,566</u>	<u>32,940</u>

¹ As of December 31, 2016 and 2015, “Others” includes the carrying amount of internal-use software of approximately Ps2,544 and Ps2,077, respectively. Capitalized direct costs incurred in the development stage of internal-use software, such as professional fees, direct labor and related travel expenses, amounted to approximately Ps769 in 2016, Ps615 in 2015 and Ps702 in 2014.

15B) MAIN ACQUISITIONS DURING THE REPORTED PERIODS

In connection with the agreements entered into with Holcim on October 31, 2014 as described in note 4B, CEMEX and Holcim agreed to conduct a series of related transactions, finally executed on January 5, 2015 after customary conditions precedent were concluded, with retrospective effects as of January 1, 2015, by means of which: a) in the Czech Republic, CEMEX acquired all of Holcim’s assets, including a cement plant, four aggregates quarries and 17 ready-mix plants for approximately €115 (US\$139 or Ps2,049); b) in Germany, CEMEX sold to Holcim its assets in the western region of the country; c) in Spain, CEMEX acquired from Holcim one cement plant in the southern part of the country with a production capacity of 850 thousand tons, and one cement mill in the central part of the country with grinding capacity of 900 thousand tons, among other

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Main acquisitions during the reported periods — continued

related assets for approximately €88 (US\$106 or Ps1,562), after working capital adjustments; and d) CEMEX agreed a final payment in cash, after combined debt and working capital adjustments agreed with Holcim of approximately €33 (US\$40 or Ps594). The aforementioned transactions were authorized by the European competition authority in the case of Germany and Spain, and by the Czech Republic authority in respect to the transaction in this country. As of January 1, 2015, after concluding the purchase price allocation to the fair values of the assets acquired and liabilities assumed, no goodwill was determined in respect of the Czech Republic, while in Spain, the fair value of the net assets acquired for approximately €106 (US\$129 or Ps1,894) exceeded the purchase price in approximately €19 (US\$22 or Ps328), mainly as a result of market conditions in Spain and production overcapacity in the region.

After performing the required reassessment of fair values, this gain was recognized during 2015 in profit or loss. The purchase price allocation was as follows:

		Czech Republic	Spain	Total
Current assets	Ps	231	59	290
Property, machinery and equipment		1,419	2,004	3,423
Other non-current assets		270	—	270
Intangible assets		590	2	592
Fair value of assets acquired		<u>2,510</u>	<u>2,065</u>	<u>4,575</u>
Current liabilities		117	57	174
Non-current liabilities		344	114	458
Fair value of liabilities assumed		<u>461</u>	<u>171</u>	<u>632</u>
Fair value of net assets acquired	Ps	<u>2,049</u>	<u>1,894</u>	<u>3,943</u>

15C) ANALYSIS OF GOODWILL IMPAIRMENT

As of December 31, 2016 and 2015, goodwill balances allocated by operating segment were as follows:

		2016	2015
Mexico	Ps	7,529	7,015
United States		162,692	146,161
Europe			
Spain		12,316	10,659
United Kingdom		6,043	5,330
France		4,524	3,860
Czech Republic		546	488
South, Central America and the Caribbean			
Colombia		6,461	5,236
Dominican Republic		250	215
Rest of South, Central America and the Caribbean 1		1,034	877
Asia, Middle East and Africa			
Philippines		1,911	1,660
United Arab Emirates		1,748	1,562
Egypt		231	232
Others			
Other reporting segments 2		550	457
	Ps	<u>205,835</u>	<u>183,752</u>

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Analysis of goodwill impairment — continued

- 1 This caption refers to the operating segments in the Caribbean, Argentina, Costa Rica and Panama.
- 2 This caption is primarily associated with Neoris N.V., CEMEX's subsidiary involved in the sale of information technology and services.

For purposes of goodwill impairment tests, all cash-generating units within a country are aggregated, as goodwill is allocated at that level. Considering materiality for disclosure purposes, certain balances of goodwill were presented for Rest of South, Central America and the Caribbean, but this does not represent that goodwill was tested at a higher level than for operations in an individual country.

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 long-term growth rates applied. CEMEX's cash flow projections to determine the value in use of its CGUs to which goodwill has been allocated 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 specific interest rates observed in recent transactions. Other key assumptions used to determine CEMEX's discounted cash flows are volume and price increases or decreases by main product during the projected periods. Volume increases or decreases generally reflect forecasts issued by trustworthy external sources, occasionally adjusted based on CEMEX's actual backlog, experience and judgment considering its concentration in certain sectors, while price changes normally reflect the expected inflation in the respective country. Operating costs and expenses during all periods are maintained as a fixed percent of revenues considering historic performance. During the last quarter of 2016, 2015 and 2014, CEMEX performed its annual goodwill impairment test. Based on these analyses, CEMEX did not determine impairment losses of goodwill in any of the reported periods.

CEMEX's pre-tax discount rates and long-term growth rates used to determine the discounted cash flows in the group of CGUs with the main goodwill balances were as follows:

Groups of CGUs	Discount rates			Growth rates		
	2016	2015	2014	2016	2015	2014
United States	8.6%	8.6%	8.7%	2.5%	2.5%	2.5%
Spain	9.5%	9.9%	10.1%	1.6%	1.9%	2.0%
Mexico	9.8%	9.6%	9.7%	2.9%	3.5%	3.8%
Colombia	10.0%	9.8%	9.7%	4.0%	4.0%	3.0%
France	9.1%	9.0%	9.2%	1.8%	1.6%	1.7%
United Arab Emirates	10.2%	10.2%	10.4%	3.4%	3.6%	3.4%
United Kingdom	8.8%	8.8%	9.0%	1.9%	2.3%	2.4%
Egypt	11.4%	12.5%	11.6%	6.0%	4.6%	4.0%
Range of rates in other countries	9.1% - 12.8%	9.0% - 13.8%	9.2% - 14.0%	2.2% - 7.0%	2.4% - 4.3%	2.1% - 4.9%

As of December 31, 2016, the discount rates used by CEMEX in its cash flows projections remained relatively flat in the countries with the most significant goodwill balances as compared to the values determined in 2015. During the year, the funding cost observed in industry decreased from 6.9% in 2015 to 6.2% in 2016, and the risk

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Analysis of goodwill impairment — continued

free rate also decreased from approximately 3.2% in 2015 to 2.7% in 2016. These reductions were partially offset by overall increases in the sovereign risk rate of the majority of the countries as well as in the risk multiple associated to the Company which increased from 1.08 in 2015 to 1.29 in 2016. As of December 31, 2015, the discount rates remained almost flat in most cases as compared to the values determined in 2014. Among other factors, the funding cost observed in industry increased from 6.1% in 2014 to 6.9% in 2015, and the risk free rate increased from approximately 3.1% in 2014 to 3.2% in 2015. Nonetheless, these increases were offset by reductions in 2015 in the country specific sovereign yields in the majority of the countries where CEMEX operates. As of December 31, 2014, the discount rates decreased mainly as a result of the reduction of the funding cost as compared to the prior year and the reduction in the risk free rate, significant assumptions in the determination of the discount rates. In respect to long-term growth rates, following general practice under IFRS, CEMEX uses country specific rates, which are mainly obtained from the Consensus Economics, a compilation of analysts' forecast worldwide, or from the International Monetary Fund when the first are not available for a specific country.

In connection with the assumptions included in the table above, CEMEX made sensitivity analyses to changes in assumptions, affecting the value in use of all groups of CGUs with an independent reasonable possible increase of 1% in the pre-tax discount rate, and an independent possible decrease of 1% in the long-term growth rate. In addition, CEMEX performed cross-check analyses for reasonableness of its results using multiples of Operating EBITDA. In order to arrive at these multiples, which represent a reasonableness check of the discounted cash flow models, CEMEX determined a weighted average multiple of Operating EBITDA to enterprise value observed in the industry. The average multiple was then applied to a stabilized amount of Operating EBITDA and the result was compared to the corresponding carrying amount for each group of CGUs to which goodwill has been allocated. CEMEX considered an industry weighted average Operating EBITDA multiple of 9.0 times in 2016 and 2015, respectively; and 9.5 times in 2014. CEMEX's own Operating EBITDA multiple was 8.9 times in 2016, 8.7 times in 2015 and 10.9 times in 2014. The lowest multiple observed in CEMEX's benchmark was 5.9 times in 2016, 5.8 times in 2015 and 6.0 times in 2014, and the highest being 18.3 times in 2016, 18.0 times in 2015 and 16.4 times in 2014.

As of December 31, 2016, 2015 and 2014, none of CEMEX's sensitivity analyses resulted in a relative impairment risk in CEMEX's operating segments. CEMEX continually monitors the evolution of the specific CGUs to which goodwill has been allocated that have presented relative goodwill impairment risk in any of the reported periods and, in the event that the relevant economic variables and the related cash flows projections would be negatively affected, it may result in a goodwill impairment loss in the future.

CEMEX market capitalization has been affected over several years after the 2008 global crisis, which CEMEX believes is due to several factors, among others: a) the slower recovery of the construction industry in the United States, one of CEMEX's main markets, which suffered one of the most deepest recessions since the Great Depression, which also significantly affected CEMEX's operations in key countries and regions such as Mexico and Europe, and consequently CEMEX's overall generation of cash flows; b) CEMEX's significant amount of consolidated debt, which generates uncertainty regarding CEMEX's ability to meet its financial obligations; and c) the generalized capital outflows from Emerging Markets securities, such as Mexico and Colombia, to safer assets in developed countries such as the United States. In dollar terms, CEMEX's market capitalization as of December 31, 2016 was approximately US\$11.2 billion (Ps232.2 billion), reflecting an increase of approximately 52% as compared to 2015, which was mainly generated by initiatives taken by CEMEX to increase free cash flow from its operations and asset divestments aimed to reduce indebtedness and financial leverage, along with a

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reduction of risk aversion across global financial markets as U.S. stock indexes reached to new all-time highs and international oil prices partially recovered during 2016 amid reduced global growth concerns, despite the continued depreciation of Emerging Markets currencies against the dollar in 2016 and continued uncertainty of the pace and timing of actions to increase interest rates in the United States. CEMEX market capitalization decreased approximately 41% in 2015 compared to 2014 to approximately US\$7.4 billion (Ps126.8 billion), due to the continuing significant depreciation of the Emerging Markets currencies against the dollar in 2015, which intensified in the second half of the year, driven by the material reduction in the international oil prices, uncertainty generated by the pace and timing of actions to increase interest rates in the United States, China growth concerns, lower global growth expectations and the uncertainty of CEMEX's income in US dollar terms from its operations in Emerging Markets such as Mexico and Colombia, countries with important dependence of oil revenues in its government budgets, which may result in the cancellation or delay of government infrastructure projects.

As of December 31, 2016 and 2015, goodwill allocated to the United States accounted for approximately 79% and 80%, respectively, of CEMEX's total amount of consolidated goodwill. In connection with CEMEX's determination of value in use relative to its groups of CGUs in the United States in the reported periods, CEMEX has considered several factors, such as the historical performance of such operating segment, including operating losses in recent years, the long-term nature of CEMEX's investment, the signs of recovery in the construction industry over the last three years, the significant economic barriers for new potential competitors considering the high investment required, and the lack of susceptibility of the industry to technology improvements or alternate construction products, among other factors. CEMEX has also considered recent developments in its operations in the United States, such as the increases in ready-mix concrete volumes of approximately 1% in 2016, 13% in 2015 and 2% in 2014, and the increases in ready-mix concrete prices of approximately 1% in 2016, 5% in 2015 and 8% in 2014, which are key drivers for cement consumption and CEMEX's profitability, and which trends are expected to continue over the next few years, as anticipated in CEMEX's cash flow projections.

16) FINANCIAL INSTRUMENTS

16A) SHORT-TERM AND LONG-TERM DEBT

As of December 31, 2016 and 2015, CEMEX's consolidated debt summarized by interest rates and currencies, was as follow:

		2016				2015		
		Short-term	Long-term	Total		Short-term	Long-term	Total
Floating rate debt	Ps	519	64,550	65,069	Ps	176	62,319	62,495
Fixed rate debt		697	170,466	171,163		42	166,806	166,848
	Ps	1,216	235,016	236,232	Ps	218	229,125	229,343
Effective rate ¹								
Floating rate		9.7%	4.4%			5.5%	4.0%	
Fixed rate		4.4%	6.5%			1.5%	7.0%	

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Short-term and long-term debt — continued

Currency	2016				2015			
	Short-term	Long-term	Total	Effective rate ¹	Short-term	Long-term	Total	Effective rate ¹
Dollars	Ps 114	179,675	179,789	6.3%	Ps 87	187,427	187,514	6.5%
Euros	50	55,292	55,342	4.3%	38	40,954	40,992	4.8%
Pesos	648	—	648	4.4%	—	627	627	4.4%
Other currencies	404	49	453	10.2%	93	117	210	6.3%
	Ps <u>1,216</u>	<u>235,016</u>	<u>236,232</u>		Ps <u>218</u>	<u>229,125</u>	<u>229,343</u>	

¹ In 2016 and 2015, represents the weighted average interest rate of the related debt agreements.

As of December 31, 2016 and 2015, CEMEX's consolidated debt summarized by type of instrument, was as follow:

2016	Short-term	Long-term	2015	Short-term	Long-term
Bank loans			Bank loans		
Loans in foreign countries, 2017 to 2022	Ps 255	1,090	Loans in foreign countries, 2016 to 2022	Ps 78	996
Syndicated loans, 2017 to 2020	36	57,032	Syndicated loans, 2016 to 2020	31	52,825
	<u>291</u>	<u>58,122</u>		<u>109</u>	<u>53,821</u>
Notes payable			Notes payable		
Notes payable in Mexico, 2017	—	648	Notes payable in Mexico, 2016 to 2017	—	627
Medium-term notes, 2017 to 2026	—	173,656	Medium-term notes, 2016 to 2025	—	171,988
Other notes payable, 2017 to 2025	173	3,342	Other notes payable, 2016 to 2025	23	2,775
	<u>173</u>	<u>177,646</u>		<u>23</u>	<u>175,390</u>
Total bank loans and notes payable	464	235,768	Total bank loans and notes payable	132	229,211
Current maturities	752	(752)	Current maturities	86	(86)
	Ps <u>1,216</u>	<u>235,016</u>		Ps <u>218</u>	<u>229,125</u>

As of December 31, 2016 and 2015, discounts, fees and other direct costs incurred in the issuance of CEMEX's outstanding notes payable for approximately US\$84 and US\$108, respectively, adjust the balance of payable instruments, and are amortized to financing expense over the maturity of the related debt instruments.

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Short-term and long-term debt — continued

Changes in consolidated debt for the years ended December 31, 2016, 2015 and 2014 were as follows:

		2016	2015	2014
Debt at beginning of year	Ps	229,343	205,834	190,980
Proceeds from new debt instruments		48,748	52,764	72,534
Debt repayments		(85,798)	(64,237)	(79,248)
Foreign currency translation and inflation effects		43,939	34,982	21,568
Debt at end of year	Ps	<u>236,232</u>	<u>229,343</u>	<u>205,834</u>

As of December 31, 2016 and 2015, as presented in the table above of debt by type of instrument, approximately 25% and 24%, respectively, of CEMEX's total indebtedness, was represented by bank loans, of which the most significant portion corresponded to those balances under CEMEX's facilities agreement entered into on September 29, 2014, as amended several times in 2015 and 2016 (the "Credit Agreement") of approximately US\$2,745 (Ps56,879) in 2016 and US\$3,062 (Ps52,763) in 2015.

In addition, as of December 31, 2016 and 2015, as presented in the table above of debt by type of instrument, approximately 75% and 76%, respectively, of CEMEX's total indebtedness, was represented by notes payable, of which, the most significant portion was long-term in both periods. As of December 31, 2016 and 2015, CEMEX's long-term notes payable are detailed as follows:

Description	Date of issuance	Issuer 1,2	Currency	Principal amount	Rate 1	Maturity date	Repurchased amount	Outstanding amount 3	2016	2015
							US\$	US\$		
April 2026 Notes 4	16/Mar/16	CEMEX, S.A.B. de C.V.	Dollar	1,000	7.75%	16/Apr/26	—	1,000	Ps 20,631	—
July 2025 Notes	02/Apr/03	CEMEX Materials, LLC	Dollar	150	7.70%	21/Jul/25	—	150	3,249	2,720
July 2025 Notes	08/Jul/15	CEMEX Colombia, S.A.	COP	10,000	8.30%	08/Jul/25	(3)	—	—	55
March 2025 Notes 5	03/Mar/15	CEMEX, S.A.B. de C.V.	Dollar	750	6.125%	05/May/25	—	750	15,488	12,866
January 2025 Notes 6	11/Sep/14	CEMEX, S.A.B. de C.V.	Dollar	1,100	5.70%	11/Jan/25	(29)	1,071	22,124	18,382
June 2024 Notes	14/Jun/16	CEMEX Finance LLC	Euro	400	4.625%	15/Jun/24	—	421	8,665	—
April 2024 Notes	01/Apr/14	CEMEX Finance LLC	Dollar	1,000	6.00%	01/Apr/24	(10)	990	19,886	16,483
March 2023 Notes 5	03/Mar/15	CEMEX, S.A.B. de C.V.	Euro	550	4.375%	05/Mar/23	—	579	11,948	10,251
October 2022 Notes 4	12/Oct/12	CEMEX Finance LLC	Dollar	1,500	9.375%	12/Oct/22	(444)	1,056	21,738	24,634
January 2022 Notes 6	11/Sep/14	CEMEX, S.A.B. de C.V.	Euro	400	4.75%	11/Jan/22	—	421	8,696	7,462
April 2021 Notes	01/Apr/14	CEMEX Finance LLC	Euro	400	5.25%	01/Apr/21	—	421	8,679	7,448
January 2021 Notes 4	02/Oct/13	CEMEX, S.A.B. de C.V.	Dollar	1,000	7.25%	15/Jan/21	(273)	727	14,845	17,009
December 2019 Notes 4	12/Aug/13	CEMEX, S.A.B. de C.V.	Dollar	1,000	6.50%	10/Dec/19	(292)	708	14,471	16,764
April 2019 USD Notes	28/Mar/12	CEMEX España, S.A.	Dollar	704	9.875%	30/Apr/19	(704)	—	—	10,702
April 2019 Euro Notes	28/Mar/12	CEMEX España, S.A.	Euro	179	9.875%	30/Apr/19	(188)	—	—	3,355
March 2019 Notes	25/Mar/13	CEMEX, S.A.B. de C.V.	Dollar	600	5.875%	25/Mar/19	(600)	—	—	10,302
October 2018 Variable Notes 4	02/Oct/13	CEMEX, S.A.B. de C.V.	Dollar	500	L+475bps	15/Oct/18	(187)	313	6,485	8,564
June 2018 Notes	17/Sep/12	CEMEX, S.A.B. de C.V.	Dollar	500	9.50%	15/Jun/18	(500)	—	—	7,702
November 2017 Notes	30/Nov/07	CEMEX, S.A.B. de C.V.	Peso	627	4.40%	17/Nov/17	(292)	30	648	627
Other notes payable								93	—	64
									<u>Ps 177,646</u>	<u>175,390</u>

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- 1 In all applicable cases the issuer refers to CEMEX España, S.A. acting through its Luxembourg Branch. The letter “L” included above refers to LIBOR, which represents the London Inter-Bank Offered Rate, variable rate used in international markets for debt denominated in U.S. dollars. As of December 31, 2016 and 2015, 3-Month LIBOR rate was 0.9979% and 0.6127%, respectively. The contraction “bps” means basis points. One hundred basis points equal 1%.
- 2 Unless otherwise indicated, all issuances are fully and unconditionally guaranteed by CEMEX, S.A.B. de C.V., CEMEX México, S.A. de C.V., CEMEX Concretos, S.A. de C.V., Empresas Tolteca de México, S.A. de C.V., New Sunward Holding B.V., CEMEX España, S.A., CEMEX Asia, B.V., CEMEX Corp., CEMEX Egyptian Investments, B.V., CEMEX Finance LLC, CEMEX France Gestion, (S.A.S.), CEMEX Research Group AG and CEMEX UK. CEMEX Egyptian Investments II, B.V. and CEMEX Shipping, B.V. originally guaranteed the issuances listed above but were merged into CEMEX España, S.A. on October 3, 2016.
- 3 Presented net of all outstanding notes repurchased and held by CEMEX’s subsidiaries.
- 4 On May 9, 2016, using available funds from the issuance of the April 2026 Notes, the sale of assets and cash flows provided by operating activities, and by means of tender offers, CEMEX completed the purchase of approximately US\$178 principal amount of the October 2018 Variable Notes, and the purchase of approximately US\$219 principal amount of the December 2019 Notes. In addition, on July 28, 2016, CEMEX repurchased additional US\$355 principal amount of the October 2022 Notes. Moreover, on October 28, 2016, CEMEX repurchased US\$242 principal amount of the January 2021 Notes.
- 5 On March 30, 2015, in connection with the issuance of the March 2023 Notes and the March 2025 Notes, CEMEX repurchased US\$344 of the remaining principal amount of the then outstanding January 2018 Notes. In addition, on May 15, 2015, CEMEX repurchased US\$213 of the remaining principal amount of the then outstanding May 2020 Notes, and on June 30, 2015, the purchase of the remaining principal amount for US\$746 of the then outstanding September 2015 Variable Notes.
- 6 On January 11, 2015, in connection with the issuance of the January 2025 Notes and the January 2022 Notes, CEMEX completed the purchase of additional US\$217 principal amount of the then outstanding January 2018 Notes.

During 2016, 2015 and 2014, as a result of the debt transactions incurred by CEMEX mentioned above, including exchange offers and tender offers to replace and/or repurchase existing debt instruments, CEMEX paid combined premiums, fees and issuance costs for approximately US\$196 (Ps4,061), US\$61 (Ps1,047) and US\$232 (Ps3,107), respectively, of which approximately US\$151 (Ps3,129) in 2016, US\$35 (Ps604) in 2015 and US\$167 (Ps2,236) in 2014, associated with the extinguished portion of the exchanged or repurchased notes, were recognized in the statement of operations in each year within “Financial expense”. In addition, approximately US\$8 (Ps166) in 2016, US\$26 (Ps443) in 2015 and US\$65 (Ps871) in 2014, corresponding to issuance costs of new debt and/or the portion of the combined premiums, fees and issuance costs treated as a refinancing of the old instruments by considering that: a) the relevant economic terms of the old and new notes were not substantially different; and b) the final holders of the new notes were the same of such portion of the old notes; adjusted the carrying amount of the new debt instruments, and are amortized over the remaining term of each instrument. Moreover, proportional fees and issuance costs related to the extinguished debt instruments for approximately US\$37 (Ps767) in 2016, US\$31 (Ps541) in 2015 and US\$87 (Ps1,161) in 2014 that were pending for amortization were recognized in the statement of operations of each year as part of “Financial expense”.

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The maturities of consolidated long-term debt as of December 31, 2016, were as follows:

		2016
2018	Ps	22,802
2019		32,638
2020		22,492
2021		23,525
2022 and thereafter		133,559
	Ps	<u>235,016</u>

As of December 31, 2016, CEMEX had the following lines of credit, the majority of which are subject to the banks' availability, at annual interest rates ranging between 1.25% and 6.50%, depending on the negotiated currency:

		<u>Lines of credit</u>	<u>Available</u>
Other lines of credit in foreign subsidiaries	Ps	9,601	7,230
Other lines of credit from banks		5,834	5,834
	Ps	<u>15,435</u>	<u>13,064</u>

Credit Agreement, Facilities Agreement and Financing Agreement

On September 29, 2014, CEMEX entered into the Credit Agreement for US\$1,350 with nine of the main participating banks under its Facilities Agreement. The proceeds from the Credit Agreement were used to repay US\$1,350 of debt under the then existing Facilities Agreement entered into on September 17, 2012, as amended from time to time (the "Facilities Agreement"). In addition, on November 3, 2014, CEMEX received US\$515 of additional commitments from banks that agreed to join the Credit Agreement, increasing the total principal amount to US\$1,865. The incremental amount was applied to partially prepay the Facilities Agreement and other debt. Considering the aforementioned reductions to the Facilities Agreement, along with the repayment on September 12, 2014 of US\$350 of debt under the Facilities Agreement using the proceeds from the January 2025 Notes, as of December 31, 2014, the total outstanding amount under the Facilities Agreement was approximately US\$2,050, scheduled to mature in 2017. On July 30, 2015, CEMEX repaid in full the then total amount outstanding of approximately US\$1,937 (Ps33,375) under the Facilities Agreement with new funds from 21 financial institutions, which joined the Credit Agreement under new tranches, allowing CEMEX to increase the average life of its syndicated bank debt to approximately 4 years as of such date. The tranches share the same guarantors and collateral package as the original tranches under the Facilities Agreement. On September 21, 2015 three additional financial institutions provided additional commitments for approximately US\$30. As of December 31, 2015, total commitments under the Credit Agreement included approximately €621 (US\$675 or Ps11,624) and approximately US\$3,149 (Ps54,257), out of which about US\$735 (Ps12,664) were in a revolving credit facility. At the same date, the Credit Agreement had an amortization profile, considering all commitments, of approximately 10% in 2017; 25% in 2018; 25% in 2019; and 40% in 2020. On November 30, 2016, CEMEX prepaid US\$373 (Ps7,729) corresponding to the September 2017 amortization under the Credit Agreement and agreed with the lenders to exchange current funded commitments for US\$664 maturing in 2018 into the revolving facility, maintaining their original amortization schedule and the same terms and conditions.

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Credit Agreement, Facilities Agreement and Financing Agreement — continued

As of December 31, 2016, total commitments under the Credit Agreement amounted to approximately €746 (US\$785 or Ps16,259) and approximately US\$2,826 (Ps58,555), out of which approximately US\$1,413 (Ps29,277) were in the revolving credit facility. At the same date, the Credit Agreement had an amortization profile, considering all commitments, of approximately US\$783 in 2018; US\$883 in 2019; and US\$1,096 in 2020.

On August 14, 2009, CEMEX entered into a financing with its major creditors, as amended from time to time during 2009, 2010, 2011 and 2012 (the “Financing Agreement”), by means of which CEMEX extended the maturities of US\$14,961 of syndicated loans, private placement notes and other obligations. After the application of the proceeds from several refinancing transactions, the sale of assets, and a Parent Company’s equity offering in 2009, in September 2012, CEMEX entered into the Facilities Agreement pursuant to an exchange with the creditors under the Financing Agreement of their existing loans and private placement notes for new loans and new private placement notes of approximately US\$6,155 maturing in February 2017, US\$500 of the June 2018 Notes and approximately US\$525 of loans and private placement notes remained outstanding under the existing Financing Agreement. Subsequently, after the application in 2012 of proceeds resulting from the October 2022 Notes, the aggregate principal amount of loans and U.S. dollar private placement notes under the amended Financing Agreement decreased to US\$55. This amount was repaid in full in March 2013 with proceeds from the issuance of the March 2019 Notes.

All tranches under the Credit Agreement have substantially the same terms, including an applicable margin over LIBOR of between 250 to 425 basis points, depending on the leverage ratio (as defined below) of CEMEX, as follows:

<u>Consolidated leverage ratio</u>	<u>Applicable margin</u>
> 5.50x	425 bps
< 5.50x > 5.00	350 bps
< 5.00x > 4.50	325 bps
< 4.50x > 4.00	300 bps
< 4.00x > 3.50	275 bps
< 3.50x	250 bps

In February 2016, CEMEX launched a consent request to lenders under the Credit Agreement, in connection with its plan to sell a non-controlling interest in CHP, main holding company of CEMEX’s operations in the Philippines (notes 4C and 20D). On March 7, 2016, CEMEX obtained such consent. Jointly with this consent, in respect to the table above, some amendments were applicable to the Credit Agreement. Such amendments are in connection with the consolidated leverage ratio on the applicable margin over LIBOR. If the consolidated leverage ratio exceeds 5.50 times on December 31, 2016, March 31, 2017, June 30, 2017 and September 30, 2017, the applicable margin over LIBOR would be 425 bps instead of 400 bps. The amendments also modify the consolidated leverage ratio limits as described in the financial covenants section.

For the years ended December 31, 2016 and 2015, under the Credit Agreement, CEMEX observed the following thresholds: (a) the aggregate amount allowed for capital expenditures cannot exceed US\$1,000 per year excluding certain capital expenditures, and, joint venture investments and acquisitions by CHP and its subsidiaries and CLH and its subsidiaries, which capital expenditures, joint venture investments and acquisitions at any time then incurred are subject to a separate aggregate limit for each of CHP and CLH of US\$500 (or its

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equivalent); and (b) the amounts allowed for permitted acquisitions and investments in joint ventures cannot exceed US\$400 per year. Nonetheless, such limitations do not apply if capital expenditures or acquisitions are funded with equity, equity-like issuances or asset disposals proceeds.

The debt under the Credit Agreement and previously under the Facilities Agreement is guaranteed by CEMEX México, S.A. de C.V., CEMEX Concretos, S.A. de C.V., Empresas Tolteca de México, S.A. de C.V., New Sunward Holding B.V., CEMEX España, S.A., CEMEX Asia, B.V., CEMEX Corp., CEMEX Egyptian Investments, B.V., CEMEX Finance LLC, CEMEX France Gestion, (S.A.S.), CEMEX Research Group AG and CEMEX UK. In addition, the debt under such agreements (together with all other senior capital markets debt issued or guaranteed by CEMEX, and certain other precedent facilities) is also secured by a first-priority security interest in: (a) substantially all the shares of CEMEX México, S.A. de C.V., CEMEX Operaciones México, S.A. de C.V., New Sunward Holding B.V., CEMEX Trademarks Holding Ltd. and CEMEX España, S.A. (the “Collateral”); and (b) all proceeds of such Collateral. CEMEX Egyptian Investments II, B.V. and CEMEX Shipping, B.V. originally guaranteed the Credit Agreement but were merged into CEMEX España, S.A. on October 3, 2016.

In addition to the restrictions mentioned above, and subject in each case to the permitted negotiated amounts and other exceptions, CEMEX is also subject to a number of negative covenants that, among other things, restrict or limit its ability to: (i) create liens; (ii) incur additional debt; (iii) change CEMEX’s business or the business of any obligor or material subsidiary (in each case, as defined in the Credit Agreement and the Facilities Agreement); (iv) enter into mergers; (v) enter into agreements that restrict its 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) enter into certain derivatives transactions; and (xii) exercise any call option in relation to any perpetual bonds CEMEX issues unless the exercise of the call options does not have a materially negative impact on its cash flow. The Credit Agreement contains a number of affirmative covenants that, among other things, require CEMEX to provide periodic financial information to its lenders. However, a number of those covenants and restrictions will automatically cease to apply or become less restrictive if CEMEX so elects when (i) CEMEX’s Leverage Ratio (as defined hereinafter) for the two most recently completed quarterly testing periods is less than or equal to 4.0 times; and (ii) no default under the Credit Agreement is continuing. At that point the Leverage Ratio must not exceed 4.25 times. Restrictions that will cease to apply when CEMEX satisfies such conditions include the capital expenditure limitations mentioned above and several negative covenants, including limitations on CEMEX’s ability to declare or pay cash dividends and distributions to shareholders, limitations on CEMEX’s ability to repay existing financial indebtedness, certain asset sale restrictions, certain mandatory prepayment provisions, and restrictions on exercising call options in relation to any perpetual bonds CEMEX issues. 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, CEMEX cannot assure that it will be able to meet the conditions for these restrictions to cease to apply prior to the final maturity date under the Credit Agreement.

In addition, the Credit Agreement contains events of default, some of which may occur and are outside of CEMEX’s control such as expropriation, sequestration and availability of foreign exchange. As of December 31, 2016 and 2015, CEMEX was not aware of any event of default. CEMEX cannot assure that it will be able to comply with the restrictive covenants and limitations contained in the Credit Agreement. CEMEX’s failure to comply with such covenants and limitations could result in an event of default, which could materially and adversely affect CEMEX’s business and financial condition.

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Financial Covenants

The Credit Agreement and previously the Facilities Agreement requires CEMEX the compliance with financial ratios, which mainly include: a) the consolidated ratio of debt to Operating EBITDA (the “Leverage Ratio”); and b) the consolidated ratio of Operating EBITDA to interest expense (the “Coverage Ratio”). These financial ratios are calculated according to the formulas established in the debt contracts using the consolidated amounts under IFRS. Considering the amendments of March 7, 2016 mentioned above. As of December 31, 2016, CEMEX must comply with a Coverage ratio and a Leverage ratio for each period of four consecutive fiscal quarters as follows:

Period	Coverage ratio	Period	Leverage ratio
For the period ending on December 31, 2016 up to and including the period ending on March 31, 2017	> = 1.85	For the period ending on December 31, 2016 up to and including the period ending on March 31, 2017	< = 6.00
		For the period ending on June 30, 2017 up to and including the period ending on September 30, 2017	< = 5.75
For the period ending on June 30, 2017 up to and including the period ending on September 30, 2017	> = 2.00	For the period ending on December 31, 2017 up to and including the period ending on March 31, 2018	< = 5.50
		For the period ending on June 30, 2018 up to and including the period ending on September 30, 2018	< = 5.25
For the period ending on December 31, 2017 and each subsequent reference period	> = 2.25	For the period ending on December 31, 2018 up to and including the period ending on March 31, 2019	< = 5.00
		For the period ending on June 30, 2019 up to and including the period ending on September 30, 2019	< = 4.50
		For the period ending on December 31, 2019 up to and including the period ending on March 31, 2020	< = 4.25
		For the period ending on June 30, 2020 and each subsequent reference period	< = 4.00

CEMEX’s ability to comply with these ratios may be affected by economic conditions and volatility in foreign exchange rates, as well as by overall conditions in the financial and capital markets. For the compliance periods ended as of December 31, 2016, 2015 and 2014, taking into account the Credit Agreement and the Facilities Agreement, as applicable, CEMEX was in compliance with the financial covenants imposed by its debt contracts. The main consolidated financial ratios as of December 31, 2016, 2015 and 2014 were as follows:

		Consolidated financial ratios		
		2016	2015	2014
Leverage ratio 1, 2	Limit	=< 6.00	=< 6.00	=< 6.50
	Calculation	4.22	5.21	5.19
Coverage ratio 3	Limit	=> 1.85	=> 1.85	=> 1.75
	Calculation	3.18	2.61	2.34

1 The leverage ratio is calculated in pesos by dividing “Funded debt” by pro forma 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, components of liability of convertible subordinated notes, plus perpetual

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- debentures and guarantees, plus or minus the fair value of derivative financial instruments, as applicable, among other adjustments.
- 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.

CEMEX will classify all of its outstanding debt as current debt in its balance sheet if: 1) as of any measurement date CEMEX fails to comply with the aforementioned financial ratios; or 2) the cross default clause that is part of the Credit Agreement is triggered by the provisions contained therein; 3) as of any date prior to a subsequent measurement date CEMEX expects not to be in compliance with such financial ratios 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. Moreover, concurrent with the aforementioned classification of debt in the short-term, the noncompliance of CEMEX with the financial ratios agreed upon pursuant to the Credit Agreement or, in such event, the absence of a waiver of compliance or a negotiation thereof, after certain procedures upon CEMEX's lenders' request, they would call for the acceleration of payments due under the Credit Agreement. That scenario will have a material adverse effect on CEMEX's liquidity, capital resources and financial position.

16B) OTHER FINANCIAL OBLIGATIONS

As of December 31, 2016 and 2015, other financial obligations in the consolidated balance sheet are detailed as follows:

	2016			2015				
		Short-term	Long-term	Total		Short-term	Long-term	Total
I. Convertible subordinated notes due 2020	Ps	—	10,417	10,417	Ps	—	8,569	8,569
II. Convertible subordinated notes due 2018		—	13,575	13,575		—	10,826	10,826
II. Convertible subordinated notes due 2016		—	—	—		6,007	—	6,007
III. Mandatory convertible securities 2019		278	689	967		239	961	1,200
IV. Liabilities secured with accounts receivable		11,095	—	11,095		9,071	1,430	10,501
V. Capital leases		285	1,291	1,576		270	1,482	1,752
	Ps	<u>11,658</u>	<u>25,972</u>	<u>37,630</u>	Ps	<u>15,587</u>	<u>23,268</u>	<u>38,855</u>

Financial instruments convertible into CEMEX's shares contain components of liability and equity, which are recognized differently depending upon the currency in which the instrument is denominated and the functional currency of the issuer (note 2F).

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I. Optional convertible subordinated notes due 2020

During 2015, the Parent Company issued US\$521 aggregate principal amount of 3.72% convertible subordinated notes due in March 2020 (the “2020 Convertible Notes”). The 2020 Convertible Notes were issued: a) US\$200 as a result of the exercise in March 13, 2015 of US\$200 notional amount of Contingent Convertible Units (“CCUs”) (described below), and b) US\$321 as a result of the exchange with certain investors in May 2015, which together with early conversions, resulted in settlement of approximately US\$626 aggregate principal amount of 3.25% convertible subordinated notes due in 2016 (the “2016 Convertible Notes”) held by such investors and the issuance and delivery by CEMEX of an estimated 42 million ADSs, which included a number of additional ADSs issued to the holders as non-cash inducement premiums. The 2020 Convertible Notes, which are subordinated to all of CEMEX’s liabilities and commitments, are convertible into a fixed number of CEMEX’s ADSs at any time at the holder’s election and are subject to antidilution adjustments. The difference at the exchange date between the fair value of the 2016 Convertible Notes and the 42 million ADSs against the fair value of the 2020 Convertible Notes represented a loss of approximately Ps365 recognized in 2015 as part of “Other financial income (expense), net”. The aggregate fair value of the conversion option as of the issuance dates which amounted to approximately Ps199 was recognized in other equity reserves. As of December 31, 2016 and 2015, the conversion price per ADS was approximately 11.45 dollars and 11.90 dollars, respectively. After antidilution adjustments, the conversion rate as of December 31, 2016 and 2015 was 87.3646 ADS and 84.0044 ADS per each 1 thousand dollars principal amount of such notes, respectively.

II. 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 aggregate principal amount of the 2016 Convertible Notes and US\$690 principal amount of 3.75% convertible subordinated notes due in 2018 (the “2018 Convertible Notes”). The notes were subordinated to all of CEMEX’s liabilities and commitments. The notes are convertible into a fixed number of CEMEX’s ADSs, and are subject to antidilution adjustments. After the exchange of notes described in the paragraph above, as of December 31, 2015, US\$352 of the 2016 Convertible Notes remained outstanding, which were repaid in cash at their maturity on March 15, 2016. As of December 31, 2016 and 2015, the conversion price per ADS of the notes then outstanding was approximately 8.92 dollars and 9.27 dollars, respectively. After antidilution adjustments, the conversion rate as of December 31, 2016 and 2015 was 112.1339 ADS and 107.8211 ADS, respectively, per each 1 thousand dollars principal amount of such notes. Concurrent with the offering, a portion of the net proceeds from this transaction were used to fund the purchase of capped call options, which are generally expected to reduce the potential dilution cost to CEMEX upon the potential conversion of such notes (note 16D).

III. Mandatorily convertible securities due in 2019

In December 2009, the Parent Company exchanged debt into approximately US\$315 principal amount of 10% mandatorily convertible securities in pesos with maturity in 2019 (the “2019 Mandatorily Convertible Securities”). Reflecting antidilution adjustments, the notes will be converted at maturity or earlier if the price of the CPO reaches approximately Ps29.50 into approximately 210 million CPOs at a conversion price of approximately Ps19.66 per CPO. Holders have an option to voluntarily convert their securities on any interest payment date into CPOs. The conversion option embedded in these securities is treated as a stand-alone derivative liability at fair value through the statement of operations (note 16D).

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IV. Liabilities secured with accounts receivable

As mentioned in note 9, as of December 31, 2016 and 2015, CEMEX maintained securitization programs for the sale of trade accounts receivable established in Mexico, the United States, 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, considering that CEMEX retains certain residual interest in the programs and/or maintains continuing involvement with the accounts receivable, the funded amounts of the trade receivables sold are recognized in "Other financial obligations", and the receivables sold are maintained in the balance sheet.

V. Capital leases

CEMEX has several operating and administrative assets, including buildings and mobile equipment, under capital lease contracts. Future payments associated with these contracts are presented in note 23E.

Optional convertible subordinated notes due in 2015

On March 30, 2010, the Parent Company issued US\$715 aggregate principal amount of 4.875% Optional Convertible Subordinated Notes due 2015 (the "2015 Convertible Notes"), which were subordinated to all of CEMEX's liabilities and commitments, and were convertible into a fixed number of CEMEX's ADSs, at the holder's election considering antidilution adjustments. As of December 31, 2014, the conversion price per ADS was approximately 11.18 dollars. After antidilution adjustments, the conversion rate as of December 31, 2014 was 89.4729 ADS per each 1 thousand dollars principal amount of such notes. Concurrent with the offering, a portion of the proceeds were used to enter into a capped call transaction that was expected to generally reduce the dilution cost to CEMEX upon the potential conversion of the notes (note 16D).

On several dates during 2014, CEMEX agreed the early conversion of approximately US\$511 in aggregate principal amount of the 2015 Convertible Notes in exchange for approximately 50.4 million ADSs, which included the number of additional ADSs issued to the holders as non-cash inducement premiums. As a result of the early conversion agreements the liability component of the converted notes of approximately Ps6,483, was reclassified from other financial obligations to other equity reserves. In addition, considering the issuance of shares, CEMEX increased common stock for Ps4 and additional paid-in capital for Ps8,037 against other equity reserves, and recognized expense for the inducement premiums of approximately Ps957, representing the fair value of the ADSs at the issuance dates, in the statement of operations in 2014 within "Other financial income (expense), net". As of December 31, 2014, the outstanding principal amount of the 2015 Convertible Notes was of approximately US\$204. In March 2015 CEMEX repaid at maturity the remaining balance of these notes as described in the paragraph below.

In October 2014, in connection with the 2015 Convertible Notes, the Parent Company issued US\$200 notional amount of CCUs at an annual rate of 3.0% on the notional amount, by means of which, in exchange for coupon payments, CEMEX secured the refinancing for any of the 2015 Convertible Notes that would mature without conversion up to US\$200 of the principal amount. Pursuant to the CCUs, holders invested the US\$200 in U.S. treasury bonds, and irrevocably agreed to apply such investment in March 2015, if necessary, to subscribe new convertible notes of the Parent Company for up to US\$200. As previously mentioned, in March 2015, CEMEX exercised the CCUs, issued US\$200 principal amount of the 2020 Convertible Notes to the holders of the CCUs and repaid the US\$204 remaining principal amount of the 2015 Convertible Notes described above.

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16C) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial assets and liabilities

The 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. 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 CEMEX's long-term debt is Level 2, and 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, 2016 and 2015, the carrying amounts of financial assets and liabilities and their respective fair values were as follows:

	2016		2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Derivative instruments (notes 13B and 16D)	Ps 1,900	1,900	Ps 869	869
Other investments and non-current accounts receivable (note 13B)	5,149	5,149	5,680	5,537
	Ps 7,049	7,049	Ps 6,549	6,406
Financial liabilities				
Long-term debt (note 16A)	Ps 235,016	241,968	Ps 229,125	220,662
Other financial obligations (note 16B)	25,972	27,419	23,268	24,863
Derivative instruments (notes 16D and 17)	818	818	178	178
	Ps 261,806	270,205	Ps 252,571	245,703

Fair Value Hierarchy

As of December 31, 2016 and 2015, assets and liabilities carried at fair value in the consolidated balance sheets are included in the following fair value hierarchy categories:

	2016	Level			Total
		1	2	3	
Assets measured at fair value					
Derivative instruments (notes 13B and 16D)	Ps —	1,900	—	—	1,900
Investments available-for-sale (note 13B)		491	—	—	491
Investments held for trading (note 13B)		—	157	—	157
	Ps 491	2,057	—	—	2,548
Liabilities measured at fair value					
Derivative instruments (notes 16D and 17)	Ps —	818	—	—	818
2015					
Assets measured at fair value					
Derivative instruments (notes 13B and 16D)	Ps —	869	—	—	869
Investments available-for-sale (note 13B)		632	—	—	632
Investments held for trading (note 13B)		—	317	—	317
	Ps 632	1,186	—	—	1,818
Liabilities measured at fair value					
Derivative instruments (notes 16D and 17)	Ps —	178	—	—	178

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16D) DERIVATIVE FINANCIAL INSTRUMENTS

During the reported periods, in compliance with the guidelines established by its Risk Management Committee, the restrictions set forth by its debt agreements and its hedging strategy (note 16E), CEMEX held derivative instruments, with the objectives of, as the case may be of: a) changing the risk profile or fixed the price of fuels and electric energy; b) foreign exchange hedging; and c) other corporate purposes. As of December 31, 2016 and 2015, the notional amounts and fair values of CEMEX's derivative instruments were as follows:

(U.S. dollars millions)		2016		2015	
		Notional amount	Fair value	Notional amount	Fair value
I. Interest rate swaps	US\$	147	23	157	28
II. Equity forwards on third party shares		—	—	24	6
III. Options on the Parent Company's own shares		576	26	1,145	12
IV. Foreign exchange forward contracts		80	—	173	(1)
V. Fuels price hedging		77	15	16	(3)
	US\$	880	64	1,515	42

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 (expense), 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 net gains of US\$17 (Ps317) in 2016, net losses of US\$173 (Ps2,981) and of US\$46 (Ps679) in 2015 and 2014, respectively.

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 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, 2016 and 2015, CEMEX had an interest rate swap maturing in September 2022 associated with an agreement entered into by CEMEX for the acquisition of electric energy in Mexico, which fair value represented assets of US\$23 (Ps477) and US\$28 (Ps482), 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. Changes in the fair value of this interest rate swap generated losses of US\$6 (Ps112) in 2016, losses of US\$4 (Ps69) in 2015 and losses of US\$1 (Ps3) in 2014, recognized in profit or loss for each year.

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II. Equity forwards in third party shares

As of December 31, 2015, CEMEX held a forward contract to be settled in cash maturing in October 2016 over the price of 59.5 million CPOs of Axtel, a Mexican telecommunications company traded in the MSE. Changes in the fair value of this instrument generated losses of US\$2 (Ps30) in 2016, gains of US\$15 (Ps258) in 2015 and losses of US\$9 (Ps133) in 2014, recognized in profit or loss for each period. In October, 2015, Axtel announced its merger with Alestra, a Mexican entity provider of information technology solutions and member of Alfa Group which was effective beginning February 15, 2016. In connection with this merger, on January 6, 2016, CEMEX settled in cash the forward contract and received approximately US\$4, net of transaction costs. In a separate transaction, considering that as of December 31, 2015, CEMEX held an investment in Axtel that upon completion of the Alestra and Axtel merger would be exchanged proportionately according to the new ownership interests for shares in the new merged entity that will remain public and the attractive business outlook of such new entity, after the settlement of the Axtel forward contract, CEMEX decided to purchase in the market the 59.5 million CPOs of Axtel and incorporate them to its existing investment in Axtel as part of CEMEX's investments available for sale.

III. Options on the Parent Company's own shares

On March 15, 2011, CEMEX, S.A.B. de C.V. entered into a capped call transaction, subject to antidilution adjustments, over 173 million CEMEX's ADSs (101 million ADSs maturing in March 2016 in connection with the 2016 Convertible Notes and 72 million ADSs maturing in March 2018 in connection with the 2018 Convertible Notes) in order to effectively increase the conversion price of the ADSs under such notes, by means of which, at maturity of the notes, originally CEMEX would receive in cash the excess between the market price and the strike price of approximately 9.65 dollars per ADS, with a maximum appreciation per ADS of approximately 4.45 dollars for the 2016 Convertible Notes and 5.94 dollars for the 2018 Convertible Notes. CEMEX paid aggregate premiums of approximately US\$222. During 2015, CEMEX amended a portion of the capped calls relating to the 2016 Convertible Notes and, as a result, CEMEX received approximately US\$44 in cash, equivalent to the unwind of 44.2% of the total notional amount of such capped call. On March 15, 2016, the remaining options for the 55.8% of the 2016 Convertible Notes expired out of the money. During August 2016, CEMEX amended the capped calls relating to the 2018 Convertible Notes and, as a result, the exercise price was adjusted to 8.92 dollars per ADS and the underlying to 6 million ADSs. As of December 31, 2016 and 2015, the fair value of the existing options represented an asset of approximately US\$66 (Ps1,368) and US\$22 (Ps379), respectively. Changes in the fair value of these instruments generated gains of US\$44 (Ps818) in 2016, losses of US\$228 (Ps3,928) in 2015 and losses of US\$65 (Ps962) in 2014, recognized within "Other financial income (expense), net" in profit or loss.

On March 30, 2010, CEMEX, S.A.B. de C.V. entered into a capped call transaction, subject to antidilution adjustments, over approximately 64 million CEMEX's ADSs maturing in March 2015, in connection with the 2015 Convertible Notes in order to effectively increase the conversion price of the ADSs under such notes, by means of which, at maturity of the notes, if the market price per ADS was above the strike price of approximately 11.18 dollars, CEMEX would receive in cash the difference between the market price and the strike price, with a maximum appreciation per ADS of approximately 4.30 dollars. CEMEX paid a premium of approximately US\$105. In January, 2014, CEMEX amended the terms of this capped call transaction, pursuant to which, using the then existing market valuation of the instrument, CEMEX received approximately 7.7 million zero-strike call options over the same number of ADSs. In July 2014, CEMEX amended the zero-strike call options to fix a minimum value of approximately US\$94 and retained the economic value of approximately 1 million ADSs. During December 2014, CEMEX further amended and unwound the zero-strike call options, monetizing the remainder value of the approximately 1 million ADSs it had retained, pursuant to which CEMEX received a total

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payment of approximately US\$105. During 2014, changes in the fair value of these options generated gains of US\$17 (Ps253), which were recognized within "Other financial income (expense), net" in profit or loss.

In addition, in connection with the 2019 Mandatorily Convertible Securities (note 16B); that the securities are denominated in pesos and the functional currency of the Parent Company's division that issued the securities is the dollar (note 2D), CEMEX separated the conversion option embedded in such instruments and recognized it at fair value through profit or loss, which as of December 31, 2016 and 2015, resulted in a liability of US\$40 (Ps829) and US\$10 (Ps178), respectively. Changes in fair value generated losses of US\$29 (Ps545) in 2016, gains of US\$18 (Ps310) in 2015 and gains of US\$11 (Ps159) in 2014.

IV. Foreign exchange forward contracts

As of December 31, 2016, CEMEX held foreign exchange forward contracts maturing in February 2017, negotiated to hedge the U.S. dollar value of future proceeds in other currencies from expected sale of assets. As of December 31, 2015, CEMEX held foreign exchange forward contracts maturing in April 2016, negotiated to hedge the U.S. dollar value of future proceeds in euros from the sale of CEMEX's operations in Austria and Hungary (note 4A). For the years 2016 and 2015, changes in the estimated fair value of these instruments, including the effects resulting from positions entered and settled during the year, generated gains of US\$10 (Ps186) in 2016 and gains of US\$26 (Ps448) in 2015, recognized within "Other financial income (expense), net" in profit or loss.

V. Fuel price hedging

As of December 31, 2016 and 2015, CEMEX maintained forward contracts negotiated to hedge the price of diesel fuel in several countries in 2016 and in the United Kingdom in 2015 for aggregate notional amounts as of December 31, 2016 and 2015 of US\$44 (Ps912) and US\$16 (Ps276), respectively, with an estimated fair value representing an asset of US\$7 (Ps145) in 2016 and a liability of US\$3 (Ps52) in 2015. By means of these contracts, for own consumption only, CEMEX fixed the fuel component of the market price of diesel over certain volume representing a portion of the estimated diesel consumption in such operations. These contracts have been designated as cash flow hedges of diesel fuel consumption, and as such, changes in fair value are recognized temporarily through other comprehensive income (loss) and are recycled to operating expenses as the related diesel volumes are consumed. For the years 2016 and 2015, changes in fair value of these contracts recognized in other comprehensive income (loss) represented gains of US\$7 (Ps145) and losses of US\$3 (Ps52), respectively.

In addition, as of December 31, 2016, CEMEX held forward contracts negotiated in 2016 to hedge the price of coal, as solid fuel, for an aggregate notional amount as of December 31, 2016 of US\$33 (Ps684) and an estimated fair value representing an asset of US\$8 (Ps166). By means of these contracts, for own consumption only, CEMEX fixed the price of coal over certain volume representing a portion of the estimated coal consumption in CEMEX's applicable operations. These contracts have been designated as cash flow hedges of coal consumption, and as such, changes in fair value are recognized temporarily through other comprehensive income (loss) and are recycled to operating expenses as the related coal volumes are consumed. For the year 2016, changes in fair value of these contracts recognized in other comprehensive income (loss) represented gains of US\$8 (Ps166).

16E) RISK MANAGEMENT

In recent years, CEMEX has significantly decreased its use of derivatives instruments related to debt, both currency and interest rate derivatives, thereby reducing the risk of cash margin calls. In addition, the Credit Agreement may restrict CEMEX's ability to enter into certain derivative transactions.

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Credit risk

Credit risk is the risk of financial loss faced by CEMEX if a customer or counterpart of a financial instrument does not meet its contractual obligations and originates mainly from trade accounts receivable. As of December 31, 2016 and 2015, the maximum exposure to credit risk is represented by the balance of financial assets. Management has developed policies for the authorization of credit to customers. The exposure to credit risk is monitored constantly according to the behavior of payment of the debtors. Credit is assigned on a customer-by-customer basis and is subject to assessments which consider the customers' payment capacity, as well as past behavior regarding due dates, balances past due and delinquent accounts. In cases deemed necessary, CEMEX's management requires guarantees from its customers and financial counterparties with regard to financial assets.

The Company's management has established a policy of low risk which analyzes the creditworthiness of each new client individually before offering the general conditions of payment terms and delivery, the review includes external ratings, when references are available, and in some cases bank references. Threshold of purchase limits are established for each client, which represent the maximum purchase amounts that require different levels of approval. Customers that do not meet the levels of solvency requirements imposed by CEMEX can only carry out transactions by paying cash in advance. As of December 31, 2016, considering CEMEX's best estimate of potential losses based on an analysis of age and considering recovery efforts, the allowance for doubtful accounts was Ps2,139.

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, which only affects CEMEX's results if the fixed-rate long-term debt is measured at fair value. All of CEMEX's 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, 2016 and 2015, CEMEX was subject to the volatility of floating interest rates, which, if such rates were to increase, may adversely affect its financing cost and the results for the period. 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, 2016 and 2015, approximately 28% and 27%, respectively, of CEMEX's long-term debt was denominated in floating rates at a weighted average interest rate of LIBOR plus 306 basis points in 2016 and 367 basis points in 2015. As of December 31, 2016 and 2015, if interest rates at that date had been 0.5% higher, with all other variables held constant, CEMEX's net income for 2016 and 2015 would have reduced by approximately US\$18 (Ps373) and US\$18 (Ps312), respectively, as a result of higher interest expense on variable rate denominated debt. This analysis does not include the interest rate swaps held by CEMEX during 2016 and 2015.

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, 2016, approximately 20% of CEMEX's net sales, before eliminations resulting from consolidation, were generated in Mexico, 26% in the United States, 8% in the United Kingdom, 4% in Germany, 5% in France, 4% in the Europe region, 2% in Spain, 5% in Colombia, 7% in the Rest of South, Central America and the Caribbean region, 3% in Egypt, 9% in Asia, Middle East and Africa and 7% in CEMEX's other operations.

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Foreign currency risk — continued

Foreign exchange gains and losses occur by monetary assets or liabilities in a currency different from its functional currency, and 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 are reported in the statement of other comprehensive income (loss). As of December 31, 2016 and 2015, excluding from the sensitivity analysis the impact of translating the 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 income for 2016 and 2015 would have increased by approximately US\$136 (Ps2,829) and US\$232 (Ps3,998), 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.

As of December 31, 2016, approximately 76% of CEMEX's financial debt was Dollar-denominated, approximately 23% was Euro-denominated, less than 1% was Peso-denominated and immaterial amounts were denominated in other currencies; therefore, CEMEX had a foreign currency exposure arising from the Dollar-denominated financial debt, and the Euro-denominated financial debt, 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, 2016 and 2015, CEMEX had not implemented any derivative financing hedging strategy to address this foreign currency risk.

As of December 31, 2016 and 2015, CEMEX's consolidated net monetary assets (liabilities) by currency are as follows:

	2016						Total
	Mexico	United States	Europe	South, Central America and the Caribbean	Asia, Middle East and Africa	Others¹	
Monetary assets	Ps 10,261	26,685	12,724	6,132	13,101	11,836	80,739
Monetary liabilities	10,564	33,145	42,336	9,130	11,305	277,117	383,597
Net monetary assets (liabilities) ²	<u>Ps (303)</u>	<u>(6,460)</u>	<u>(29,612)</u>	<u>(2,998)</u>	<u>1,796</u>	<u>(265,281)</u>	<u>(302,858)</u>
Out of which:							
Dollars	Ps (483)	(6,463)	38	35	364	(214,751)	(221,260)
Pesos	180	3	—	—	—	(3,395)	(3,212)
Euros	—	—	(9,465)	—	—	(48,470)	(57,935)
Other currencies	—	—	(20,185)	(3,033)	1,432	1,335	(20,451)
	<u>Ps (303)</u>	<u>(6,460)</u>	<u>(29,612)</u>	<u>(2,998)</u>	<u>1,796</u>	<u>(265,281)</u>	<u>(302,858)</u>

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Foreign currency risk — continued

	2015						Total
	Mexico	United States	Europe	South, Central America and the Caribbean	Asia, Middle East and Africa	Others ¹	
Monetary assets	Ps 13,418	10,266	15,052	5,646	9,968	7,748	62,098
Monetary liabilities	12,690	22,593	36,349	6,697	11,615	268,059	358,003
Net monetary assets (liabilities) ²	Ps 728	(12,327)	(21,297)	(1,051)	(1,647)	(260,311)	(295,905)
Out of which:							
Dollars	Ps (69)	(12,334)	191	604	55	(187,553)	(199,106)
Pesos	797	9	—	—	—	(29,407)	(28,601)
Euros	—	—	(8,837)	—	(827)	(45,183)	(54,847)
Other currencies	—	(2)	(12,651)	(1,655)	(875)	1,832	(13,351)
	Ps 728	(12,327)	(21,297)	(1,051)	(1,647)	(260,311)	(295,905)

¹ Includes the Parent Company, CEMEX's financing subsidiaries, as well as Neoris N.V., among other entities.

² Includes assets held for sale and liabilities directly related with these assets considering that such items will be realized in the short-term.

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 16D, CEMEX has entered into equity forward contracts on Axtel CPOs, as well as capped call options based on the price of CEMEX's own ADSs. Under these equity derivative instruments, there is a direct relationship in the change in the fair value of the derivative with the change in price of the underlying share. All changes in fair value of such derivative instruments are recognized in profit or loss as part of "Other financial income (expense), net". A significant decrease in the market price of CEMEX's ADSs would negatively affect CEMEX's liquidity and financial position.

As of December 31, 2015, the potential change in the fair value of CEMEX's forward contracts in Axtel's shares that would result from a hypothetical, instantaneous decrease of 10% in the market price of Axtel's CPO, with all other variables held constant, CEMEX's net income for 2015 would have reduced in approximately US\$3 (Ps51); as a result of additional negative changes in fair value associated with such forward contracts. A 10% hypothetical increase in the Axtel CPO price would have generated approximately the opposite effects.

As of December 31, 2016 and 2015, the potential change in the fair value of CEMEX's options (capped calls) that would result from a hypothetical, instantaneous decrease of 10% in the market price of CEMEX's ADSs, with all other variables held constant, CEMEX's net income for 2016 and 2015 would have reduced in approximately US\$23 (Ps476) and US\$8 (Ps137), respectively, as a result of additional negative changes in fair value associated with these contracts. A 10% hypothetical increase in CEMEX's ADS price would generate approximately the opposite effect.

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Equity risk — continued

In addition, even though the changes in fair value of CEMEX's embedded conversion option in the Mandatorily Convertible Notes 2019 denominated in a currency other than the functional issuer's currency affect profit or loss, 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, 2016 and 2015, the potential change in the fair value of the embedded conversion options in the Mandatorily Convertible Notes 2019 that would result from a hypothetical, instantaneous decrease of 10% in the market price of CEMEX's CPOs, with all other variables held constant, would have increased CEMEX's net income for 2016 and 2015 by approximately US\$7 (Ps154) and US\$3 (Ps47), respectively; as a result of additional positive changes in fair value associated with this option. A 10% hypothetical increase in the CEMEX 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. In addition to cash flows provided by its operating activities, in order to meet CEMEX's overall liquidity needs for operations, servicing debt and funding capital expenditures and acquisitions, CEMEX 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 is exposed to risks from changes in foreign currency exchange rates, prices and currency controls, interest rates, inflation, governmental spending, social instability and other political, economic and/or social developments in the countries in which it operates, any one of which may materially affect CEMEX's results and reduce cash from operations. The maturities of CEMEX's contractual obligations are included in note 23E. As of December 31, 2016, CEMEX has approximately US\$1,413 (Ps29,277) available in its committed revolving credit tranche under its Credit Agreement (note 16A).

As of December 31, 2016 and 2015, the potential requirement for additional margin calls under our different commitments is not significant.

17) OTHER CURRENT AND NON-CURRENT LIABILITIES

As of December 31, 2016 and 2015, consolidated other current liabilities were as follows:

	2016	2015
Provisions ¹	Ps 11,670	10,438
Interest payable	3,425	3,421
Advances from customers	3,408	2,606
Other accounts payable and accrued expenses	3,949	4,304
	<u>Ps 22,452</u>	<u>20,769</u>

¹ Current provisions primarily consist of accrued employee benefits, insurance payments, and accruals for legal assessments, among others. 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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Other current and non-current liabilities — continued

As of December 31, 2016 and 2015, consolidated other non-current liabilities were as follows:

	2016	2015
Asset retirement obligations ¹	Ps 8,143	7,036
Accruals for legal assessments and other responsibilities ²	1,514	1,984
Non-current liabilities for valuation of derivative instruments	818	231
Environmental liabilities ³	1,172	827
Other non-current liabilities and provisions ⁴	5,293	4,796
	<u>Ps 16,940</u>	<u>14,874</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** Provisions for legal claims and other responsibilities include items related to tax contingencies.
- 3** 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.
- 4** As of December 31, 2016 and 2015, includes approximately Ps2,300 and Ps3,131, respectively, of the non-current portion of taxes payable recognized since 2009 as a result of the changes to the tax consolidation regime in Mexico approved in 2009 and 2013 as described in note 19D. Approximately Ps936 and Ps840 as of December 31, 2016 and 2015 respectively, were included within current taxes payable.

Changes in consolidated other current and non-current liabilities for the years ended December 31, 2016 and 2015, were as follows:

		2016					Total	2015
		Asset retirement obligations	Environmental liabilities	Accruals for legal proceedings	Valuation of derivative instruments	Other liabilities and provisions		
Balance at beginning of period	Ps	7,036	827	1,984	231	15,234	25,312	41,832
Business combinations		—	—	—	—	—	—	629
Additions or increase in estimates		1,437	307	—	925	65,003	67,672	46,408
Releases or decrease in estimates		(610)	(54)	(292)	(451)	(59,896)	(61,303)	(67,604)
Reclassifications		544	(39)	11	—	(1,257)	(741)	(3,754)
Accretion expense		(9)	—	(14)	—	(1,010)	(1,033)	(904)
Foreign currency translation		(255)	131	(175)	118	(1,116)	(1,297)	8,705
Balance at end of period	Ps	<u>8,143</u>	<u>1,172</u>	<u>1,514</u>	<u>823</u>	<u>16,958</u>	<u>28,610</u>	<u>25,312</u>
Out of which:								
Current provisions	Ps	<u>—</u>	<u>—</u>	<u>—</u>	<u>5</u>	<u>11,665</u>	<u>11,670</u>	<u>10,438</u>

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18) PENSIONS AND POST-EMPLOYMENT BENEFITS

Defined contribution pension plans

The costs of defined contribution plans for the years ended December 31, 2016, 2015 and 2014 were approximately Ps865, Ps706 and Ps497, 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 financial statements' date.

Defined benefit pension plans

Most CEMEX's defined benefit plans have been closed to new participants for several years. 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, 2016, 2015 and 2014, the effects of pension plans and other post-employment benefits are summarized as follows:

	<u>Pensions</u>			<u>Other benefits</u>			<u>Total</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net period cost (revenue):									
Recorded in operating costs and expenses									
Service cost	Ps 151	128	108	25	30	32	176	158	140
Past service cost	8	12	4	—	(20)	—	8	(8)	4
Loss for settlements and curtailments	—	—	—	—	(13)	(110)	—	(13)	(110)
	<u>159</u>	<u>140</u>	<u>112</u>	<u>25</u>	<u>(3)</u>	<u>(78)</u>	<u>184</u>	<u>137</u>	<u>34</u>
Recorded in other financial expenses									
Net interest cost	<u>711</u>	<u>596</u>	<u>527</u>	<u>57</u>	<u>56</u>	<u>54</u>	<u>768</u>	<u>652</u>	<u>581</u>
Recorded in other comprehensive income (loss) for the period									
Actuarial (gains) losses for the period	<u>3,985</u>	<u>872</u>	<u>3,014</u>	<u>34</u>	<u>(124)</u>	<u>(13)</u>	<u>4,019</u>	<u>748</u>	<u>3,001</u>
	Ps <u>4,855</u>	<u>1,608</u>	<u>3,653</u>	<u>116</u>	<u>(71)</u>	<u>(37)</u>	<u>4,971</u>	<u>1,537</u>	<u>3,616</u>

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Defined benefit pension plans — continued

The reconciliations of the actuarial benefits obligations, pension plan assets, and liabilities recognized in the balance sheet as of December 31, 2016 and 2015 are presented as follows:

		Pensions		Other benefits		Total	
		2016	2015	2016	2015	2016	2015
Change in benefits obligation:							
Projected benefit obligation at beginning of year	Ps	42,740	40,285	1,100	1,321	43,840	41,606
Service cost		151	128	25	30	176	158
Interest cost		1,685	1,561	59	58	1,744	1,619
Actuarial (gains) losses for the period		6,263	(693)	35	(129)	6,298	(822)
Reduction for disposal of assets (notes 4A and 4B)		—	(196)	—	(161)	—	(357)
Settlements and curtailments		—	—	(19)	(13)	(19)	(13)
Plan amendments		8	12	—	(20)	8	(8)
Benefits paid		(2,379)	(2,186)	(74)	(60)	(2,453)	(2,246)
Foreign currency translation		2,587	3,829	38	74	2,625	3,903
Projected benefit obligation at end of year		<u>51,055</u>	<u>42,740</u>	<u>1,164</u>	<u>1,100</u>	<u>52,219</u>	<u>43,840</u>
Change in plan assets:							
Fair value of plan assets at beginning of year		25,547	24,698	24	27	25,571	24,725
Return on plan assets		974	965	2	2	976	967
Actuarial results		2,278	(1,565)	1	(5)	2,279	(1,570)
Employer contributions		1,289	1,031	93	60	1,382	1,091
Reduction for disposal of assets (notes 4A and 4B)		—	(79)	—	—	—	(79)
Settlements and curtailments		—	—	(19)	—	(19)	—
Benefits paid		(2,379)	(2,186)	(74)	(60)	(2,453)	(2,246)
Foreign currency translation		1,119	2,683	(1)	—	1,118	2,683
Fair value of plan assets at end of year		<u>28,828</u>	<u>25,547</u>	<u>26</u>	<u>24</u>	<u>28,854</u>	<u>25,571</u>
Amounts recognized in the balance sheets:							
Net projected liability recognized in the balance sheet	Ps	<u>22,227</u>	<u>17,193</u>	<u>1,138</u>	<u>1,076</u>	<u>23,365</u>	<u>18,269</u>

For the years 2016, 2015 and 2014, actuarial (gains) losses for the period were generated by the following main factors as follows:

		2016	2015	2014
Actuarial (gains) losses due to experience	Ps	(511)	(105)	238
Actuarial (gains) losses due to demographic assumptions		(231)	(153)	330
Actuarial (gains) losses due financial assumptions		4,761	1,006	2,433
	Ps	<u>4,019</u>	<u>748</u>	<u>3,001</u>

Net actuarial losses due to financial assumptions during 2016 were mainly generated by a significant reduction in the discount rates applicable to the benefit obligations in the United Kingdom, Germany and other European countries, considering macroeconomic and political uncertainty, partially offset by an increase in the discount rate in Mexico. These actuarial losses originated by the reduction in the discount rates in 2016 were also partially

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offset by actual returns higher than estimated in some of the plan assets related to CEMEX's defined benefit plans. During 2015, discounts rates increased slightly or remained flat as compared to 2014, but the resulting actuarial gains were offset and reversed by actuarial losses generated by actual returns lower than estimated in certain of CEMEX's plan assets. In 2014 there was also a reduction in the discount rates applicable to the obligations at the end of the period in the United Kingdom, Germany and the United States.

As of December 31, 2016 and 2015, plan assets were measured at their estimated fair value and, based on the hierarchy of fair values, are detailed as follows:

	2016				2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash	Ps 1,075	1,024	—	2,099	Ps 649	884	—	1,533
Investments in corporate bonds	1,050	2,617	—	3,667	896	2,615	—	3,511
Investments in government bonds	209	10,081	—	10,290	153	9,122	—	9,275
Total fixed-income securities	2,334	13,722	—	16,056	1,698	12,621	—	14,319
Investment in marketable securities	2,001	5,956	—	7,957	1,503	5,441	—	6,944
Other investments and private funds	770	3,478	593	4,841	618	3,244	446	4,308
Total variable-income securities	2,771	9,434	593	12,798	2,121	8,685	446	11,252
Total plan assets	Ps 5,105	23,156	593	28,854	Ps 3,819	21,306	446	25,571

As of December 31, 2016, estimated payments for pensions and other post-employment benefits over the next 10 years were as follows:

	2016
2017	Ps 2,934
2018	2,850
2019	2,892
2020	2,771
2021	2,808
2022 – 2026	15,047

The most significant assumptions used in the determination of the benefit obligation were as follows:

	2016				2015			
	Mexico	United States	United Kingdom	Range of rates in other countries	Mexico	United States	United Kingdom	Rates ranges in other countries
Discount rates	9.0%	4.2%	2.6%	1.1% – 7.0%	8.0%	4.4%	3.7%	1.6% – 7.3%
Rate of return on plan assets	9.0%	4.2%	2.6%	1.1% – 7.0%	8.0%	4.4%	3.7%	1.6% – 7.3%
Rate of salary increases	4.0%	—	3.3%	1.5% – 6.0%	4.0%	—	3.1%	2.0% – 6.0%

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Defined benefit pension plans — continued

As of December 31, 2016 and 2015, the aggregate projected benefit obligation (“PBO”) for pension plans and other post-employment benefits and the plan assets by country were as follows:

		2016				2015		
		PBO	Assets	Deficit		PBO	Assets	Deficit
Mexico	Ps	3,247	824	2,423	Ps	3,699	538	3,161
United States		7,110	4,192	2,918		5,988	3,552	2,436
United Kingdom		33,925	22,154	11,771		27,522	20,042	7,480
Germany		4,429	227	4,202		3,700	205	3,495
Other countries		3,508	1,457	2,051		2,931	1,234	1,697
	Ps	<u>52,219</u>	<u>28,854</u>	<u>23,365</u>	Ps	<u>43,840</u>	<u>25,571</u>	<u>18,269</u>

Applicable regulation in the United Kingdom requires entities to maintain plan assets at a level similar to that of the obligations. In November 2012, in order to better manage CEMEX’s obligations under its defined benefit pension schemes and future cash funding requirements thereof, CEMEX implemented an asset backed pension funding arrangement in its operations in the United Kingdom by means of which CEMEX transferred certain operating assets to a non-transferable limited partnership, owned, controlled and consolidated by CEMEX UK with a total value of approximately US\$553 and entered into lease agreements for the use of such assets with the limited partnership, in which the pension schemes hold a limited interest. On an ongoing basis CEMEX UK will make annual rental payments of approximately US\$20, increasing at annual rate of 5%, which will generate profits in the limited partnership that are then distributed to the pension schemes. As previously mentioned, the purpose of the structure, in addition to provide the pension schemes with secured assets producing an annual return over a period of 25 years, improves the security for the trustees of the pension schemes, and reduces the level of cash funding that CEMEX UK will have to make in future periods. In 2037, on expiry of the lease arrangements, the limited partnership will be terminated and under the terms of the agreement, the remaining assets will be distributed to CEMEX UK. Any future profit distribution from the limited partnership to the pension fund will be considered as an employer contribution to plan assets in the period in which they occur.

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, 2016 and 2015, the projected benefits obligation related to these benefits was approximately Ps837 and Ps786, respectively. The medical inflation rates used to determine the projected benefits obligation of these benefits in 2016 and 2015 for Mexico were 7.0% and 7.0%, respectively, for Puerto Rico 4.3% and 4.5%, respectively, and for the United Kingdom were 6.8% and 6.6%, respectively. Eligibility for retiree medical in the United States has been terminated for all new employees on December 31, 2014, and remaining participants are under a capped group and future health care cost trend rates are not applicable. The medical inflation rate for 2014 in the United States was 4.4%.

Significant events related to employees’ pension benefits and other post-employment benefits during the reported periods

During 2015, CEMEX in the United States terminated the retiree medical coverage for certain participants not yet retired. In addition, during 2014, CEMEX in the United States terminated the retiree medical and life insurance coverage for most new retirees, and changed the existing retirees program effective January 1, 2015, where participants will cease their current plans and instead receive a Health Reimbursement Account (HRA) contribution, if they become eligible. These curtailment events resulted in an adjustment to past service cost which generated gains of approximately Ps13 (US\$1) in 2015 and Ps110 (US\$8) in 2014, recognized immediately through the benefit cost of the respective year.

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Sensitivity analysis of pension and other post-employment benefits

For the year ended December 31, 2016, CEMEX performed sensitivity analyses on the most significant assumptions that affect the PBO, considering reasonable independent changes of plus or minus 50 basis points in each of these assumptions. The increase (decrease) that would have resulted in the PBO of pensions and other post-employment benefits as of December 31, 2016 are shown below:

		<u>Pensions</u>		<u>Other benefits</u>		<u>Total</u>	
		<u>+50 bps</u>	<u>-50 bps</u>	<u>+50 bps</u>	<u>50 bps</u>	<u>+50 bps</u>	<u>-50 bps</u>
Assumptions:							
Discount Rate Sensitivity	Ps	(3,699)	4,033	(53)	58	(3,752)	4,091
Salary Increase Rate Sensitivity		91	(83)	6	(7)	97	(90)
Pension Increase Rate Sensitivity		2,254	(2,127)	—	—	2,254	(2,127)

19) INCOME TAXES

19A) INCOME TAXES FOR THE PERIOD

The amounts of income tax revenue (expense) in the statements of operations for 2016, 2015 and 2014 are summarized as follows:

		<u>2016</u>	<u>2015</u>	<u>2014</u>
Current income taxes	Ps	(3,448)	6,149	(4,184)
Deferred income taxes		352	(8,477)	264
	Ps	<u>(3,096)</u>	<u>(2,328)</u>	<u>(3,920)</u>

19B) DEFERRED INCOME TAXES

As of December 31, 2016 and 2015, the main temporary differences that generated the consolidated deferred income tax assets and liabilities are presented below:

		<u>2016</u>	<u>2015</u>
Deferred tax assets:			
Tax loss carryforwards and other tax credits	Ps	17,514	16,658
Accounts payable and accrued expenses		9,262	8,220
Intangible assets and deferred charges, net		6,358	5,487
Others		359	130
Total deferred tax assets, net		<u>33,493</u>	<u>30,495</u>
Deferred tax liabilities:			
Property, machinery and equipment		(35,095)	(32,742)
Investments and other assets		(1,958)	(2,689)
Total deferred tax liabilities, net		<u>(37,053)</u>	<u>(35,431)</u>
Net deferred tax liabilities	Ps	<u>(3,560)</u>	<u>(4,936)</u>
Out of which:			
Net deferred tax (liability) asset in Mexican entities	Ps	(2,509)	255
Net deferred tax (liability) asset in Foreign entities	Ps	<u>(1,051)</u>	<u>(5,191)</u>

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Deferred income taxes — continued

The breakdown of changes in consolidated deferred income taxes during 2016, 2015 and 2014 were as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Deferred income tax (charged) credited to profit or loss	Ps 352	(8,477)	264
Deferred income tax (charged) credited to stockholders' equity	514	1,089	229
Reclassification to other captions in the balance sheet and in the statement of operations 1,2	<u>510</u>	<u>(5,479)</u>	<u>410</u>
Change in deferred income tax during the period	Ps <u>1,376</u>	<u>(12,867)</u>	<u>903</u>

- 1 In 2016, 2015 and 2014, includes the effects of discontinued operations (note 4A) and in 2015 the effects of the termination of tax consolidation regime.
- 2 In 2014, includes the effect of the divest assets in the western region of Germany (note 15B).

Current and/or deferred income tax relative to items of other comprehensive income (loss) during 2016, 2015 and 2014 were as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax effects relative to foreign exchange fluctuations from debt (note 20B)	Ps (410)	(272)	(75)
Tax effects relative to foreign exchange fluctuations from intercompany balances (note 20B)	(12)	(181)	247
Tax effects relative to actuarial (gains) and losses (note 20B)	788	183	486
Foreign currency translation and other effects	<u>(274)</u>	<u>906</u>	<u>(257)</u>
	Ps <u>92</u>	<u>636</u>	<u>401</u>

For the recognition of deferred tax assets, CEMEX analyzes 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 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 or any other tax asset, CEMEX would not recognize such asset. 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. In addition, every reporting period, CEMEX analyzes its actual results versus its estimates, and adjusts, as necessary, its tax asset valuations. If actual results vary from CEMEX's estimates, the deferred tax asset 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.

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Deferred income taxes — continued

As of December 31, 2016, consolidated tax loss and tax credits carryforwards expire as follows:

		<u>Amount of carryforwards</u>	<u>Amount of reserved carryforwards</u>	<u>Amount of unreserved carryforwards</u>
2017	Ps	935	579	356
2018		1,916	1,577	339
2019		7,956	7,821	135
2020		8,922	2,375	6,547
2021 and thereafter		<u>373,840</u>	<u>325,292</u>	<u>48,548</u>
	Ps	<u>393,569</u>	<u>337,644</u>	<u>55,925</u>

As of December 31, 2016, in connection with CEMEX's deferred tax loss carryforwards presented in the table above, in order to realize the benefits associated with such deferred tax assets that have not been reserved, before their expiration, CEMEX would need to generate approximately Ps55,925 in consolidated pre-tax income in future periods. For the year ended December 31, 2014, CEMEX reported pre-tax losses on a worldwide consolidated basis. Nonetheless, based on the same forecasts of future cash flows and operating results used by CEMEX's management to allocate resources and evaluate performance in the countries in which CEMEX operates, which include expected growth in revenues and reductions in interest expense in several countries due to a reduction in intra-group debt balances, along with the implementation of feasible tax strategies, CEMEX believes that it will recover the balance of its tax loss carryforwards that have not been reserved before their expiration. In addition, CEMEX concluded that, the deferred tax liabilities that were considered in the analysis of recoverability of its deferred tax assets will reverse in the same period and tax jurisdiction of the related recognized deferred tax assets. Moreover, a certain amount of CEMEX's deferred tax assets refer to operating segments and tax jurisdictions in which CEMEX is currently generating taxable income or in which, according to CEMEX's management cash flow projections, will generate taxable income in the relevant periods before the expiration of the deferred tax assets.

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 and management is satisfied that such temporary differences will not reverse in the foreseeable future.

19C) EFFECTIVE TAX RATE

For the years ended as of December 31, 2016, 2015 and 2014, the effective consolidated income tax rates were as follows:

		<u>2016</u>	<u>2015</u>	<u>2014</u>
Income (loss) before income tax	Ps	17,279	3,182	(1,850)
Income tax expense		<u>(3,096)</u>	<u>(2,328)</u>	<u>(3,920)</u>
Effective consolidated income tax rate ¹		<u>(17.9)%</u>	<u>(73.2)%</u>	<u>211.9%</u>

¹ The average effective tax rate equals the net amount of income tax revenue or expense divided by income or loss before income taxes, as these line items are reported in profit or loss.

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Effective tax rate — continued

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 2016, 2015 and 2014 were as follows:

	2016		2015		2014	
	%	Ps	%	Ps	%	Ps
Mexican statutory tax rate	(30.0)	(5,184)	(30.0)	(955)	(30.0)	555
Non-taxable dividend income	0.2	32	40.2	1,280	(3.9)	73
Difference between accounting and tax expenses, net	84.0	14,514	(93.1)	(2,963)	71.4	(1,320)
Termination of tax consolidation regime	—	—	35.7	1,136	—	—
Unrecognized effects during the year related to applicable tax consolidation regimes	(3.6)	(622)	9.2	293	5.5	(101)
Non-taxable sale of marketable securities and fixed assets	3.8	657	39.7	1,263	(47.1)	871
Difference between book and tax inflation	(11.2)	(1,935)	(29.0)	(922)	31.7	(586)
Differences in the income tax rates in the countries where CEMEX operates ¹	11.2	1,935	53.2	1,693	(393.5)	7,280
Changes in deferred tax assets ²	(71.3)	(12,320)	(109.1)	(3,473)	547.8	(10,135)
Changes in provisions for uncertain tax positions	0.7	121	8.5	272	31.7	(586)
Others	(1.7)	(294)	1.5	48	(1.7)	29
Effective consolidated tax rate	<u>(17.9)</u>	<u>(3,096)</u>	<u>(73.2)</u>	<u>(2,328)</u>	<u>211.9</u>	<u>(3,920)</u>

- 1 Refers mainly to the effects of the differences between the statutory income tax rate in Mexico of 30% against the applicable income tax rates of each country where CEMEX operates.
- 2 Refers to the effects in the effective income tax rate associated with changes during the period in the amount of deferred income tax assets related to CEMEX's tax loss carryforwards.

The following table compares variations between the line item "Changes in deferred tax assets" as presented in the table above against the changes in deferred tax assets in the balance sheet for the years ended December 31, 2016 and 2015:

		2016		2015	
		Changes in the balance sheet	Amounts in reconciliation	Changes in the balance sheet	Amounts in reconciliation
Tax loss carryforwards generated and not recognized during the year	Ps	—	(9,108)	—	(3,687)
Utilization of deferred tax assets to settle liabilities (note 19D)		—	—	(11,136)	—
Derecognition related to tax loss carryforwards recognized in prior years		(4,843)	(4,843)	(2,554)	(2,554)
Recognition related to unrecognized tax loss carryforwards		1,631	1,631	2,768	2,768
Foreign currency translation and other effects		4,068	—	1,860	—
Changes in deferred tax assets	Ps	<u>856</u>	<u>(12,320)</u>	<u>(9,062)</u>	<u>(3,473)</u>

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19D) UNCERTAIN TAX POSITIONS AND SIGNIFICANT TAX PROCEEDINGS

As of December 31, 2016 and 2015, as part of short-term and long-term provisions and other liabilities (note 17), 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. As of December 31, 2016, 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 for the years ended December 31, 2016, 2015 and 2014, excluding interest and penalties, is as follows:

		<u>2016</u>	<u>2015</u>	<u>2014</u>
Balance of tax positions at beginning of year	Ps	1,190	1,396	1,283
Additions for tax positions of prior years		200	134	216
Additions for tax positions of current year		90	71	278
Reductions for tax positions related to prior years and other items		(131)	(95)	(71)
Settlements and reclassifications		(163)	(204)	(317)
Expiration of the statute of limitations		(126)	(231)	(73)
Foreign currency translation effects		<u>72</u>	<u>119</u>	<u>80</u>
Balance of tax positions at end of year	Ps	<u>1,132</u>	<u>1,190</u>	<u>1,396</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, 2016, the Company's most significant tax proceedings, some of which are associated with the uncertain tax positions described above are as follows:

- As of December 31, 2016, the U.S. Internal Revenue Service ("IRS") has concluded its audit for the year 2014. The final findings did not alter the originally filed tax return, which had no reserves set aside for any potential tax issue. In addition, there is any tax matter considered material to CEMEX's financial results related to the IRS' audits of prior periods. On May 18, 2016 and April 24, 2015, the IRS commenced its audits of the 2016 and 2015 tax years, respectively, under the Compliance Assurance Process. CEMEX has not identified any material audit issues and, as such, no reserves are recorded for either the 2016 or 2015 audits in CEMEX's financial statements.
- On July 7, 2011, the tax authorities in Spain notified CEMEX España of a tax audit process in Spain covering the tax years from and including 2006 to 2009. The tax authorities in Spain have challenged part of the tax losses reported by CEMEX España for such years. The tax authorities in Spain notified CEMEX

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Uncertain tax positions and significant tax proceedings — continued

España of fines in the aggregate amount of approximately €456 (US\$480 or Ps9,938). The laws of Spain provide a number of appeals that could be filed against such penalty without making any payment until they are finally resolved. On April 22, 2014, CEMEX España filed appeals against such fines. At this stage, CEMEX does not consider probable an adverse resolution in this proceeding. Nonetheless, is difficult to assess with certainty the likelihood of an adverse result, and the appeals that CEMEX España has file could take an extended amount of time to be resolved, but if adversely resolved, it could have a material adverse impact on CEMEX's results of operations, liquidity or financial position.

- In November 2009, amendments to the income tax law in Mexico effective on January 1, 2010 modified the tax consolidation regime by requiring entities to determine income taxes as if the tax consolidation rules 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 the Parent Company; and c) other transactions that represented the transfer of resources between the companies included in the tax consolidation. In December 2010, the tax authority in Mexico had granted the option to defer the calculation and payment of the income tax over the difference in equity explained above, until the subsidiary was excluded or the elimination of the tax consolidation. Nonetheless, in December 2013 new amendments to the income tax law in Mexico were approved effective January 1, 2014, which eliminated the tax consolidation regime and implemented prospectively a new voluntary integration regime that CEMEX did not join. As a result, beginning in 2014, each Mexican entity determines its income taxes based solely in its individual results. A period of up to 10 years was established for the settlement of the liability for income taxes related to the tax consolidation regime accrued until December 31, 2013, amount which considering the rules issued for the disconnection of the tax consolidation regime as well as payments made during 2013 amounted to approximately Ps24,804 as of December 31, 2013. In 2014, considering payments incurred net of inflation adjustments, as of December 31, 2014, the balance payable was reduced to approximately Ps21,429. Furthermore, in October 2015, a new tax reform approved by Congress (the “new tax reform”) granted entities the option to settle a portion of the liability for the exit of the tax consolidation regime using available tax loss carryforwards of the previously consolidated entities, considering a discount factor, and a tax credit to offset certain items of the aforementioned liability. Consequently, during 2015, as a result of payments made, the liability was further reduced to approximately Ps16,244, which after the application of tax credits and assets for tax loss carryforwards (as provided by the new tax reform) which had a book value for CEMEX before discount of approximately Ps11,136, as of December 31, 2015, the Parent Company's liability was reduced to approximately Ps3,971. In 2016, considering payments made during the year net of inflation adjustments, as of December 31, 2016, CEMEX reduced the balance payable to approximately Ps3,236.
- On April 1, 2011, the Colombian Tax Authority notified CEMEX Colombia of a special proceeding rejecting certain deductions taken by CEMEX Colombia in its 2009 tax return. The Colombian Tax Authority assessed an increase in taxes to be paid by CEMEX Colombia in an amount in Colombian pesos equivalent to approximately US\$30 (Ps622) and imposed a penalty in an amount in Colombian pesos equivalent to approximately US\$48 (Ps995), both as of December 31, 2016. 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 considering that future revenue will be taxed under the income tax law in Colombia. CEMEX Colombia responded to the special proceeding on June 25, 2011. On December 15, 2011, the Colombian Tax Authority issued its final resolution, which confirmed the information in the special proceeding. CEMEX Colombia appealed such resolution on February 15, 2012.

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Uncertain tax positions and significant tax proceedings — continued

On January 17, 2013, the Colombian Tax Authority confirmed CEMEX Colombia its final resolution. On May 10, 2013, CEMEX Colombia appealed the final resolution before the Administrative Tribunal of Cundinamarca, which was admitted on June 21, 2013. On July 14, 2014, CEMEX Colombia was notified about an adverse resolution to its appeal, which confirms the official liquidation notified by the Colombian Tax Authority. On July 22, 2014, CEMEX Colombia filed an appeal against this resolution before the Colombian State Council (*Consejo de Estado*). On September 17, 2015, CEMEX Colombia presented arguments in second instance on this proceeding. At this stage of the proceeding, as of December 31, 2016, CEMEX does not consider probable an adverse resolution in this proceeding. Nonetheless, is difficult to assess with certainty the likelihood of an adverse result; but if adversely resolved, this proceeding could have a material adverse impact on CEMEX’s results of operations, liquidity or financial position.

20) STOCKHOLDERS’ EQUITY

As of December 31, 2016 and 2015, stockholders’ equity excludes investments in CPOs of the Parent Company held by subsidiaries of approximately Ps327 (19,751,229 CPOs) and Ps179 (18,991,576 CPOs), respectively, which were eliminated within “Other equity reserves”.

20A) COMMON STOCK AND ADDITIONAL PAID-IN CAPITAL

As of December 31, 2016 and 2015, the breakdown of common stock and additional paid-in capital was as follows:

		2016	2015
Common stock	Ps	4,162	4,158
Additional paid-in capital		123,174	115,466
	Ps	<u>127,336</u>	<u>119,624</u>

As of December 31, 2016 and 2015 the common stock of CEMEX, S.A.B. de C.V. was presented as follows:

Shares ¹	2016		2015	
	Series A ²	Series B ²	Series A ²	Series B ²
Subscribed and paid shares	28,121,583,148	14,060,791,574	26,935,196,072	13,467,598,036
Unissued shares authorized for stock compensation programs	638,468,154	319,234,077	747,447,386	373,723,693
Shares that guarantee the issuance of convertible securities ³	5,218,899,920	2,609,449,960	5,020,899,920	2,510,449,960
	<u>33,978,951,222</u>	<u>16,989,475,611</u>	<u>32,703,543,378</u>	<u>16,351,771,689</u>

- 1 As of December 31, 2016 and 2015, 13,068,000,000 shares correspond to the fixed portion, and 37,900,426,833 shares in 2016 and 35,987,315,067 shares in 2015, correspond to the variable portion.
- 2 Series “A” or Mexican shares must represent at least 64% of CEMEX’s capital stock; meanwhile, Series “B” or free subscription shares must represent at most 36% of CEMEX’s capital stock.
- 3 Shares that guarantee the conversion of both the outstanding voluntary and mandatorily convertible securities and new securities issues (note 16B).

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Common stock and additional paid-in capital — continued

On March 31, 2016, stockholders at the annual ordinary shareholders' meeting approved resolutions to: (i) increase the variable common stock through the capitalization of retained earnings by issuing up to 1,616 million shares (539 million CPOs), which shares were issued, representing an increase in common stock of approximately Ps4, considering a nominal value of Ps0.00833 per CPO, and additional paid-in capital of approximately Ps6,966; (ii) increase the variable common stock by issuing up to 297 million shares (99 million CPOs), which will be kept in the Parent Company's treasury to be used to preserve the anti-dilutive rights of note holders pursuant CEMEX's convertible securities (note 16B).

On March 26, 2015, stockholders at the annual ordinary shareholders' meeting approved resolutions to: (i) increase the variable common stock through the capitalization of retained earnings by issuing up to 1,500 million shares (500 million CPOs), which shares were issued, representing an increase in common stock of approximately Ps4, considering a nominal value of Ps0.00833 per CPO, and additional paid-in capital of approximately Ps7,613; (ii) increase the variable common stock by issuing up to 297 million shares (99 million CPOs), which will be kept in the Parent Company's treasury to be used to preserve the anti-dilutive rights of note holders pursuant CEMEX's convertible securities (note 16B).

On March 20, 2014, stockholders at the annual ordinary shareholders' meeting approved resolutions to: (i) increase the variable common stock through the capitalization of retained earnings by issuing up to 1,404 million shares (468 million CPOs), which shares were issued, representing an increase in common stock of approximately Ps4, considering a nominal value of Ps0.00833 per CPO, and additional paid-in capital of approximately Ps7,614; (ii) increase the variable common stock by issuing up to 387 million shares (129 million CPOs), which will be kept in the Parent Company's treasury to be used to preserve the anti-dilutive rights of note holders pursuant CEMEX's convertible securities (note 16B).

In connection with the long-term executive share-based compensation program (note 21) in 2016, 2015 and 2014, CEMEX issued approximately 53.9 million CPOs, 49.2 million and 61.1 million, respectively, generating an additional paid-in capital of approximately Ps742 in 2016, Ps655 in 2015 and Ps765 in 2014 associated with the fair value of the compensation received by executives.

20B) OTHER EQUITY RESERVES

As of December 31, 2016 and 2015 other equity reserves are summarized as follows:

	2016	2015
Cumulative translation effect, net of effects from perpetual debentures and deferred income taxes recognized directly in equity (notes 19B and 20D)	Ps 31,293	17,606
Cumulative actuarial losses	(10,934)	(6,915)
Effects associated with CEMEX's convertible securities ¹	4,761	4,761
Treasury shares held by subsidiaries	(327)	(179)
	<u>Ps 24,793</u>	<u>15,273</u>

¹ Represents the equity component upon the issuance of CEMEX's convertible securities described in note 16B, as well as the effects associated with such securities in connection with the change in the Parent Company's functional currency (note 2D). Upon conversion of these securities, the balances have been correspondingly reclassified to common stock and/or additional paid-in capital (note 16A).

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Other equity reserves — continued

For the years ended December 31, 2016, 2015 and 2014, the translation effects of foreign subsidiaries included in the statements of comprehensive income (loss) were as follows:

		<u>2016</u>	<u>2015</u>	<u>2014</u>
Foreign currency translation adjustment ¹	Ps	20,647	12,860	15,157
Foreign exchange fluctuations from debt ²		1,367	908	479
Foreign exchange fluctuations from intercompany balances ³		<u>(10,385)</u>	<u>(5,801)</u>	<u>(15,135)</u>
	Ps	<u>11,629</u>	<u>7,967</u>	<u>501</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 (note 2D).
- 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.

20C) RETAINED EARNINGS

The Parent Company's 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, 2016, the legal reserve amounted to Ps1,804.

20D) 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, 2016 and 2015, non-controlling interest in equity amounted to approximately Ps19,876 and Ps12,708, respectively.

On July 18, 2016, CEMEX Holdings Philippines, Inc. ("CHP"), an indirect wholly-owned subsidiary of CEMEX España, S.A., closed its initial offering of 2,337,927,954 new common shares, at a price of 10.75 Philippine Pesos per common share, in a public offering to investors in the Philippines and in a concurrent private placement to eligible investors outside of the Philippines. The number of common shares issued by CHP includes 304,947,124 shares which subscription option was exercised by the underwriters any time from June 30, 2016, the date of pricing, up to and including the day prior to the first day of trading of the shares on July 18, 2016. CHP's assets consist primarily of CEMEX's cement manufacturing assets in the Philippines. After giving effect to the offering, and the exercise of the subscription option, CEMEX Asian South East Corporation ("CASE"), an indirect wholly-owned subsidiary of CEMEX España, S.A., owns approximately 55.0% of CHP's outstanding common shares. CHP's common shares are listed on the Philippine Stock Exchange under the ticker CHP. The net proceeds from the offering of approximately US\$507 (considering an exchange rate of 46.932 Philippines Pesos per U.S. dollar on June 30, 2016), after deducting commissions and other offering expenses, were used by CEMEX for general corporate purposes, including the repayment of existing debt.

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Perpetual debentures

As of December 31, 2016 and 2015, the balances of the non-controlling interest included approximately US\$438 (Ps9,075) and US\$440 (Ps7,581), respectively, representing the notional amount of perpetual debentures, which exclude any perpetual debentures held by subsidiaries.

Interest expense on the perpetual debentures, was included within “Other equity reserves” and amounted to approximately Ps507 in 2016, Ps432 in 2015 and Ps420 in 2014, excluding in all the periods the amount of interest accrued by perpetual debentures held by subsidiaries.

CEMEX’s perpetual debentures have no fixed maturity date and there are no contractual obligations for CEMEX to exchange any series of its outstanding perpetual debentures for financial assets or financial liabilities. 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. The different SPVs were established solely for purposes of issuing the perpetual debentures and were included in CEMEX’s consolidated financial statements.

As of December 31, 2016 and 2015, the detail of CEMEX’s perpetual debentures, excluding the perpetual debentures held by subsidiaries, was as follows:

Issuer	Issuance date	2016		2015		Repurchase option	Interest rate
		Nominal amount		Nominal amount			
C10-EUR Capital (SPV) Ltd	May 2007	€	64	€	64	Tenth anniversary	6.277%
C8 Capital (SPV) Ltd	February 2007	US\$	135	US\$	135	Eighth anniversary	LIBOR + 4.40%
C5 Capital (SPV) Ltd ¹	December 2006	US\$	61	US\$	61	Fifth anniversary	LIBOR + 4.277%
C10 Capital (SPV) Ltd	December 2006	US\$	175	US\$	175	Tenth anniversary	LIBOR + 4.71%

¹ Under the Credit Agreement, and previously under the Facilities Agreement, CEMEX is not permitted to call these debentures.

21) EXECUTIVE SHARE-BASED COMPENSATION

CEMEX has long-term restricted share-based compensation programs 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 service period of four years. The CPOs of the annual grant (25% of each annual program) are placed at the beginning of the service period in the executives’ accounts to comply with a one year restriction on sale. Under these programs, the Parent Company issued new shares for approximately 53.9 million CPOs in 2016, 49.2 million CPOs in 2015 and 61.1 million CPOs in 2014 that were subscribed and pending for payment in CEMEX’s treasury. As of December 31, 2016, there are approximately 75.7 million CPOs associated with these annual programs that are expected to be issued in the following years as the executives render services.

Beginning January 1, 2013, eligible executives belonging to the operations of CLH and subsidiaries, ceased to receive CEMEX’s CPOs and instead started receiving shares of CEMEX Latam, sharing significantly the same conditions of CEMEX’s plan also over a service period of four years. During 2016 and 2015, CEMEX Latam

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Executive share-based compensation — continued

physically delivered 271,461 shares and 242,618 shares, respectively, corresponding to the vested portion of prior years' grants, which were subscribed and held in CEMEX Latam's treasury. As of December 31, 2016, there are approximately 540,359 shares of CEMEX Latam associated with these annual programs that are expected to be delivered in the following years as the executives render services.

In addition, in 2012, CEMEX initiated a share-based compensation program for a group of executives which was linked to both, internal performance conditions (increase in Operating EBITDA) and market conditions (increase in the price of CEMEX's CPO), over a period of three years ending on December 31, 2014. Under this program, CEMEX granted awards over approximately 39.9 million CPOs, which became fully vested upon achievement of the annual internal and/or external performance conditions in each of the three years. CPOs vested were delivered, fully unrestricted, to active executives in March 2015.

The combined compensation expense related to the programs described above in 2016, 2015 and 2014, recognized in the operating results, amounted to approximately Ps742, Ps655 and Ps730, respectively. The weighted average price per CPO granted during the period was approximately 13.79 pesos in 2016, 13.34 pesos in 2015 and 12.53 pesos in 2014. Moreover, the weighted average price per CEMEX Latam share granted during the period was approximately 13,423 colombian pesos in 2016, 14,291 colombian pesos in 2015 and 15,073 colombian pesos in 2014. As of December 31, 2016 and 2015, there were no options or commitments to make payments in cash to the executives based on changes in the market price of the Parent Company's CPO or CLH's shares.

22) EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is calculated by dividing profit or loss attributable to ordinary equity holders of the Parent Company (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 led 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.

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Earnings (loss) per share — continued

The amounts considered for calculations of earnings (loss) per share in 2016, 2015 and 2014 were as follows:

	2016	2015	2014
Denominator (thousands of shares)			
Weighted average number of shares outstanding ¹	40,624,905	39,905,168	38,506,999
Capitalization of retained earnings ²	1,616,112	1,616,112	1,616,112
Effect of dilutive instruments — mandatorily convertible securities (note 16B) ³	680,916	680,916	680,916
Weighted average number of shares — basic	42,921,933	42,202,196	40,804,027
Effect of dilutive instruments — share-based compensation (note 21) ³	226,972	171,747	293,657
Effect of potentially dilutive instruments — optionally convertible securities (note 16B) ³	4,367,895	4,870,774	5,963,148
Weighted average number of shares — diluted	<u>47,516,800</u>	<u>47,244,717</u>	<u>47,060,832</u>
Numerator			
Net income (loss) from continuing operations	Ps 14,183	854	(5,770)
Less: non-controlling interest net income	1,174	932	1,103
Controlling interest net income (loss) from continuing operations	13,009	(78)	(6,873)
Plus: after tax interest expense on mandatorily convertible securities	119	144	164
Controlling interest net income (loss) from continuing operations — for basic earnings per share calculations	13,128	66	(6,709)
Plus: after tax interest expense on optionally convertible securities	1,079	1,288	1,424
Controlling interest net income (loss) from continuing operations — for diluted earnings per share calculations	Ps 14,207	1,354	(5,285)
Net income from discontinued operations	Ps 1,024	1,279	90
Basic Earnings (Loss) Per Share			
Controlling Interest Basic Earnings (Loss) Per Share	Ps 0.33	0.03	(0.16)
Controlling Interest Basic Earnings (Loss) Per Share from continuing operations	0.31	—	(0.16)
Controlling Interest Basic Earnings (Loss) Per Share from discontinued operations	<u>0.02</u>	<u>0.03</u>	<u>—</u>
Controlling Interest Diluted Earnings (Loss) Per Share⁴			
Controlling Interest Diluted Earnings (Loss) Per Share	Ps 0.33	0.03	(0.16)
Controlling Interest Diluted Earnings (Loss) Per Share from continuing operations	0.31	—	(0.16)
Controlling Interest Diluted Earnings (Loss) Per Share from discontinued operations	<u>0.02</u>	<u>0.03</u>	<u>—</u>

- 1 The weighted average number of shares outstanding in 2015 and 2014 reflects the shares issued as a result of the capitalization of retained earnings declared on March 2015 and March 2014, as applicable (note 20A).
- 2 According to resolution of the stockholders' meetings on March 31, 2016.

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Earnings (loss) per share — continued

- 3 The number of CPOs to be issued under the executive share-based compensation programs, 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 2016, 2015 and 2014, the effects on the denominator and numerator of potential dilutive shares generate antidilution; therefore, there is no change between the reported basic and diluted earning (loss) per share.

23) COMMITMENTS

23A) GUARANTEES

As of December 31, 2016 and 2015, CEMEX, S.A.B. de C.V., had guaranteed loans of certain subsidiaries for approximately US\$2,887 (Ps59,819) and US\$3,726 (Ps64,195), respectively.

23B) PLEDGED ASSETS

CEMEX transferred to a guarantee trust the shares of its main subsidiaries, including CEMEX México, S.A. de C.V., New Sunward Holding B.V. and CEMEX España, S.A., and entered into pledge agreements in order to secure payment obligations under the Credit Agreement (formerly under the Facilities Agreement) and other debt instruments entered into prior to the date of these agreements (note 16A).

As of December 31, 2016 and 2015, there are no liabilities secured by property, machinery and equipment.

23C) OTHER COMMITMENTS

As of December 31, 2016 and 2015, CEMEX was party of other commitments for several purposes, including the purchase of fuel and energy, which estimated future cash flows over their maturity are presented in note 23E. A description of the most significant contracts is as follows:

- In connection with the beginning of full commercial operations of the Ventika S.A.P.I. de C.V. and the Ventika II S.A.P.I. de C.V. wind farms (jointly "Ventikas") located in the Mexican state of Nuevo Leon with a combined generation capacity of 252 Megawatts ("MW"), CEMEX agreed to acquire a portion of the energy generated by Ventikas for its Mexican Plants for a period of 20 years, which began in April 2016. During 2016, Ventikas supplied approximately 6.4% (unaudited) of CEMEX's overall electricity needs in Mexico. This agreement is for CEMEX's own use and there is no intention of energy trading. CEMEX participated in Ventikas project as sponsor, main developer and equity investor. On December 15, 2016, CEMEX sold its interest in Ventikas to Infraestructura Energética Nova, S.A.B. de C.V. ("IEnova"), current owner of 100% of Ventikas, for approximately US\$21 (Ps435). In addition, during 2016 and in accordance with the established contracts CEMEX also received a total of US\$35 (Ps725) for development fee and other concepts. CEMEX will remain as the manager of the Ventikas facilities in exchange of a management fee.
- On July 30, 2012, CEMEX signed a 10-year strategic agreement with International Business Machines Corporation ("IBM") pursuant to which IBM provides, among others, data processing services (back office) in finance, accounting and human resources; as well as Information Technology ("IT") infrastructure services, support and maintenance of IT applications in the countries in which CEMEX operates.
- Beginning in February 2010, CEMEX agreed with EURUS the purchase of electric energy for a period of no less than 20 years. EURUS is a wind farm with an installed capacity of 250 MW operated by ACCIONA in

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Other commitments — continued

the Mexican state of Oaxaca. For the years 2016, 2015 and 2014, EURUS supplied (unaudited) approximately 22.9%, 28.0% and 28.2%, respectively, of CEMEX's overall electricity needs in Mexico during such year.

- CEMEX maintains a commitment initiated in April 2004 to purchase the energy generated by Termoeléctrica del Golfo ("TEG") until 2027. CEMEX committed to supply TEG and another third-party electrical energy generating plant adjacent to TEG all fuel necessary for their operations, a commitment that has been hedged through four 20-year agreements entered with Petróleos Mexicanos ("PEMEX"), which terminate in 2024. For the years ended December 31, 2016, 2015 and 2014, TEG supplied (unaudited) approximately 66.3%, 69.3% and 69.6% respectively, of CEMEX's overall electricity needs during such year for its cement plants in Mexico.

In regards with the above, in March 1998 and July 1999, CEMEX signed contracts with PEMEX providing that beginning in April 2004 PEMEX's refineries in Cadereyta and Madero City would supply CEMEX with a combined volume of approximately 1.75 million tons of petroleum coke per year. As per the petroleum coke contracts with PEMEX, 1.2 million tons of the contracted volume will be allocated to TEG and the other energy producer and the remaining volume will be allocated to CEMEX's operations in Mexico. By entering into the petroleum coke contracts with PEMEX, CEMEX expects to have a consistent source of petroleum coke throughout the 20-year term.

- 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 ("VENE"), pursuant to which VENE 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 in terms of MW that it will acquire from VENE, with the option to adjust the purchase amount one time on a monthly and quarterly basis. According to the contract, COZ acquired (unaudited) approximately 27 MW in 2016, 2015 and 2014, and COZ 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. Considering that 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.

23D) 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, 2016, 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 100 thousand dollars to 2.5 million dollars. The contingency for CEMEX if all employees qualifying for health care benefits required medical services simultaneously is significantly. However, this scenario is remote. The amount expensed through self-insured health care benefits was approximately US\$69 (Ps1,430) in 2016, US\$69 (Ps1,189) in 2015 and US\$64 (Ps943) in 2014.

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23E) CONTRACTUAL OBLIGATIONS

As of December 31, 2016 and 2015, CEMEX had the following contractual obligations:

(U.S. dollars millions)	2016					2015	
	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total	Total	
Obligations							
Long-term debt	US\$ 37	2,675	2,221	6,446	11,379	13,303	
Capital lease obligations ¹	18	36	33	20	107	135	
Convertible notes ²	13	689	503	—	1,205	1,543	
Total debt and other financial obligations ³	68	3,400	2,757	6,466	12,691	14,981	
Operating leases ⁴	117	193	127	78	515	434	
Interest payments on debts	678	1,240	969	1,109	3,996	4,659	
Pension plans and other benefits ⁶	142	277	269	726	1,414	1,568	
Purchases of raw materials, fuel and energy ⁷	584	816	739	2,301	4,440	3,963	
Total contractual obligations	US\$ 1,589	5,926	4,861	10,680	23,056	25,605	
	Ps 32,934	122,787	100,720	221,290	477,720	441,174	

- 1 Represent nominal cash flows. As of December 31, 2016, the NPV of future payments under such leases was US\$76 (Ps1,576), of which, US\$24 (Ps497) refers to payments from 1 to 3 years, US\$23 (Ps477) refer to payments from 3 to 5 years, and US\$16 (Ps332) refer payments of more than 5 years.
- 2 Refers to the components of liability of the convertible notes described in note 16B 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 represent 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\$121 (Ps2,507) in 2016, US\$114 (Ps1,967) in 2015 and US\$112 (Ps1,657) in 2014.
- 5 Estimated cash flows on floating rate denominated debt were determined using the floating interest rates in effect as of December 31, 2016 and 2015.
- 6 Represents estimated annual payments under these benefits for the next 10 years (note 18), including the estimate of new retirees during such future years.
- 7 Future payments for the purchase of raw materials are presented on the basis of contractual nominal cash flows. Future nominal payments for energy were estimated for all contractual commitments on the basis of an aggregate average expected consumption of 3,124.1 GWh per year using the future prices of energy established in the contracts for each period. Future payments also include CEMEX's commitments for the purchase of fuel.

24) CONTINGENCIES

24A) 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 or losses have been recognized in the financial statements, representing the best estimate of the amounts payable or

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impaired assets. Therefore, CEMEX believes that it will not incur significant expenditure or losses in excess of the amounts recorded. As of December 31, 2016, the details of the most significant events giving effect to provisions or losses are as follows:

- Regarding the Maceo project in Colombia (note 14), on August 28, 2012, CEMEX Colombia signed a memorandum of understanding (“MOU”) with the representative of CI Calizas y Minerales S.A. (“CI Calizas”), which objective was the acquisition and transfer of assets comprising land, the mining concession and the environmental permit, the common shares of the entity Zona Franca Especial Cementera del Magdalena Medio S.A.S. (“Zomam”) (holder of the free trade zone concession), as well as the beneficial rights of a trust entered between Acción Sociedad Fiduciaria S.A., CI Calizas and Zomam, to execute the construction of the new cement plant. During 2016, CEMEX received reports through its anonymous reporting line, related to possible deficiencies in the purchase process of land where the cement plant is located. At this respect, CEMEX initiated an investigation and internal audit in accordance with its corporate governance policies and its code of ethics, confirming the irregularities in such process. As a result of this process, on September 23, 2016, CLH and CEMEX Colombia decided to terminate employment relationship with the Vice President of Planning of CLH and CEMEX Colombia, and with the Legal Counsel of CLH and CEMEX Colombia. In addition, effective the same date September 23, 2016, the Chief Executive Officer of CLH and President of CEMEX Colombia resigned to facilitate investigations. CEMEX and CLH have made these findings known to the appropriate authorities in Colombia. In order to strengthen the levels of leadership, management and best practices of corporate governance, on October 4, 2016, the Board of Directors of CLH decided to separate the roles of Chairman of the Board of Directors, Chief Executive Officer of CLH and President of CEMEX Colombia. Consequently, new appointments for Chairman of the Board of Directors of CLH, new Chief Executive Officer of CLH, new President of CEMEX Colombia and new Vice President of Planning of CLH, were effective immediately.

In addition, after signing the original MOU, a former shareholder of CI Calizas, who presumptively transferred its shares of CI Calizas two years before the signing of the MOU, was linked to a process of expiration of property initiated by Colombia’s Attorney General (the “Attorney General”). Amongst other measures, the Attorney General ordered the seizure and consequent suspension of the right to dispose the assets subject to the MOU. The shares of Zomam were fully acquired by CEMEX Colombia before the beginning of such process; nonetheless, the Attorney General decided to also include such shares in the action of expiration of property. To protect its interests and defend its rights as a third party acting in good faith and free of guilt, CEMEX Colombia joined the expiration of property process, attending promptly each procedural stages, under the policy of full cooperation with the Attorney General. Additionally, CEMEX Colombia requested the inadmissibility of the action of expiration of property against the assets subject to the MOU.

In July 2013, CEMEX Colombia signed with the provisional depository of the assets, designed by the Drugs National Department (*Dirección Nacional de Estupefacientes*, then depository of the affected assets), which functions after its liquidation were assumed by the Administrator of Special Assets (*Sociedad de Activos Especiales S.A.S.* or the “SAE”), a lease contract for a period of five years, which can be early terminated by the SAE, by means of which CEMEX Colombia was duly authorized to continue with the necessary works for the construction and operation of the plant (the “Lease Contract”). Likewise, the provisional depository granted a mandate to CEMEX Colombia for the same purpose.

On May 2, 2016, the Attorney General resolved to deny CEMEX’s Colombia inadmissibility request to the action for expiration of property mentioned above, considering that it should broaden the obtention of

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probatory elements and its analysis in order to take a resolution according to law. Given on the nature of the process, despite the Colombian law has defined terms for the several procedural stages, as of December 31, 2016, it is estimated that the issuance of a final resolution in respect to the applicability or not for the action of expiration of property over the aforementioned assets may take between five and ten years. As of December 31, 2016, the expiration of property process is in its investigation stage, awaiting the appointment of the guardians *ad litem* designated by the Attorney General. The appointment of the guardian *ad litem* would open the probatory stage, in which evidence will be tested.

The maturity of the Lease Contract is July 15, 2018, therefore, subject to the resolution of the ongoing legal process, CEMEX Colombia plans to negotiate and extension to such Lease Contract.

Moreover, in connection with Maceo's project, CEMEX Colombia also engaged the same representative of CI Calizas to also represent CEMEX Colombia in the acquisition of land adjacent to the plant, signing a new memorandum of understanding with this representative (the "MOU with the Representative"). CEMEX Colombia made cash advances to this representative for amounts in Colombian pesos equivalent to approximately US\$13.4 and has paid interest for approximately US\$1.2, in both cases considering the Colombian peso to U.S. dollar exchange rate as of December 31, 2016. These payments were deposited in the representative's personal bank account as advance payments for CI Calizas' assets and for the purchase in the name and on behalf of CEMEX Colombia under the MOU with the Representative of Maceo's project adjacent land, interest was paid by CEMEX Colombia according to the representative's instructions. Pursuant to the expiration of property process of the assets subject to the MOU and the failures to legally formalize the purchases under the MOU with the Representative, as of the reporting date, CEMEX Colombia is not the legitimate owner of the aforementioned assets. Moreover, considering that payments made by CEMEX Colombia for the purchase of property, shares and transfer of the mining contract and the environmental permit, as well as the land adjacent to the manufacturing plant, were made in violation of CEMEX's and CLH's internal policies, both CLH and CEMEX Colombia reported these facts to the Attorney General, providing the findings obtained during the investigations and internal audits, in order for the Attorney General to take any actions it may deemed relevant. On December 20, 2016, CEMEX Colombia filed an extension of the original complaint of September 23, 2016, with information and findings obtained to date.

Pursuant to a requirement of CEMEX, S.A.B. de C.V.'s Audit Committee and of CLH's Audit Commission, an audit firm, experts in forensic audits, was engaged in order to perform an independent investigation of Maceo's project. Additionally, CEMEX Colombia and CLH engaged an external lawyers firm with the aim of assisting CLH and CEMEX Colombia on the necessary collaboration with the Attorney General. Moreover, considering CLH's internal controls and usual best practices, management also engaged a team of external lawyers for its own legal advice. In relation to the irregularities detected in the purchase of CI Calizas' assets and the aforementioned additional land, which led to the execution of the internal audit, the termination of employment of certain executives and the report of these findings, there is an ongoing investigation by the Attorney General. As of the financial statements date, the investigation by the Attorney General is in its initial stage (inquiry), in which CEMEX is neither able to predict the actions that the Attorney General could implement, nor the possibility and degree in which any of these possible actions, including the termination of employment of the aforementioned executives, could have a material adverse effect on CEMEX's results of operation, liquidity or financial position. At this respect, under the presumption that CEMEX Colombia conducted itself in good faith, and considering that the rest of its investments made in the development of Maceo's project were made with the consent of the SAE and CI

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Calizas by virtue of the lease contract and the mandate, such investments are protected by Colombian law, under which, if a person builds on the property of a third party, with full knowledge of such third party, this third party may: a) take ownership of the plant, provided a corresponding indemnity to CEMEX Colombia, or otherwise, b) oblige CEMEX Colombia to purchase the land.

Considering this, CEMEX estimates that, during the term of the Lease Contract, it will be able to use and enjoy the land in order to operate the plant. Moreover, CEMEX considers that will be able to retain ownership of the plant and other refurbishments made. Nonetheless, had this not be the case, CEMEX Colombia would take all necessary actions to safeguard the project in Maceo. At this respect, there is the possibility that CEMEX considers remote, in which, in the event that the expiration of property over the assets subject to the MOU is ordered in favor of the State, the SAE may decide not to sell the assets to CEMEX Colombia, or, the SAE may elect to maintain ownership of the assets and not extend the Lease Contract. In both cases, under Colombian law, CEMEX Colombia would be entitled to an indemnity for the amount of its incurred investments. However, an adverse resolution at this respect could have a material adverse effect on the Company's results of operations, liquidity or financial condition.

In connection with the investigation and internal audit related to Maceo's project, and considering the findings and the legal opinions available, during the fourth quarter of 2016, CEMEX determined that: a) there is low probability of recover resources delivered under different memorandums of understanding for the purchase of the assets related to the project for an amount in Colombian pesos equivalent to approximately US\$14.3 (Ps295), which were recognized as part of investments in progress, have been considered as contingent assets and therefore were reduced to zero recognizing an impairment loss for such amount against other expenses, net (nonetheless, on December 19, 2016, CEMEX filed a claim in the civil courts aiming that all property rights related to the additional land, some of which were assigned to the representative, would be effectively transferred to CEMEX); b) certain purchases of equipment installed in the plant were considered exempt for VAT purposes under the benefits of the free trade zone, however, as those assets were actually installed outside of the free trade zone's area, they lack of such benefits, therefore, CEMEX increased investments in progress against VAT accounts payable for approximately US\$9.2 (Ps191); and c) the cancellation of the balance payable to CI Calizas under the MOU in connection with the acquisition of the assets for approximately US\$9.1 (Ps188) against a reduction in investments in progress, all these amounts considering the Colombian peso to U.S. dollar exchange rate as of December 31, 2016.

On October 27, 2016, CLH communicated its decision to postpone the start-up of Maceo plant, for the following reasons that emerged from the audits already in progress: (i) there are pending permits required to finalize the road access to the plant at Maceo. In the event that those permits are obtained, CLH estimates that road access could be concluded and be ready for use until July 2017. Using the only existing access to the plant instead of the one under construction, would risk the safety of the operation and would probably limit the capacity to transport products from the plant at Maceo; (ii) CEMEX Colombia has requested an expansion to the free trade zone; to commission the new clinker line at Maceo without such expansion would risk CEMEX's capability to consolidate the fiscal benefits that would otherwise be available for CEMEX Colombia. It is possible that a final decision cannot be taken, with respect to the expansion of the free trade zone, due to the process of domain extinction already on course. With the objective of protecting the benefits to be had with the free trade zone, CLH will not commission the clinker line until the free trade zone is expanded to cover the totality of the cement plant at Maceo; and (iii) a subsidiary of CEMEX Colombia holds the environmental permit for project Maceo, however, the transfer of the mining concession was revoked by the Antioquia Mining Government Ministry in December 2013, hence was reassigned to CI Calizas. As a result, the environmental permit and the mining concession are in custody of different entities, contrary to standar situation.

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In any case, CEMEX Colombia will continue using the assets under the Lease Contract and the mandate with the SAE.

CLH has also determined that the mining permit of the new plant partially overlaps with and integrally managed district. CEMEX Colombia has also confirmed that the environmental permit needs modifications in order to allow incrementing production up to 950 thousand tons per year. It is possible that this process could be affected by the process of expiration of property currently on course. CEMEX Colombia will continue to work to address these matters as soon as possible. At this respect, on December 13, 2016, Corantioquia, the regional environmental agency, communicated its negative resolution to CEMEX Colombia's request to increase the mining concession for up to 950 thousand tons per year. This resolution was appealed within the following ten days.

- In December 2016, CEMEX, S.A.B. de C.V. received subpoenas from the United States Securities and Exchange Commission (“SEC”) seeking information that may allow determining whether there are violations of the U.S. Foreign Corrupt Practices Act in connection with Maceo's project. These subpoenas do not mean that the SEC has concluded that CEMEX has broken the law. CEMEX's and CLH's internal audits and investigations question certain payments made in connection with Maceo's project under the MOU and the MOU with the Representative described above. These payments were made to non-governmental individuals in connection with the purchase of the factory land, adjacent land, mining rights and the benefits of the free trade zone of Maceo's project, were made in breach of CEMEX and CLH established protocols. CEMEX has been cooperating with the SEC and the Attorney General and intends to continue cooperating fully with the SEC and the Attorney General. It is possible that the United States Department of Justice or investigatory entities in other jurisdictions may also open investigations into this matter. To the extent they do so, CEMEX intends to cooperate fully with those inquiries, as well. As of December 31, 2016, CEMEX is neither able to predict the duration, scope, or outcome of the SEC investigation or any other investigation that may arise, nor has elements to determine the probability that the SEC's investigation results may or may not have a material adverse impact on its consolidated results of operations, liquidity or financial position.
- In January 2007, the Polish Competition and Consumers Protection Office (the “Protection Office”) notified CEMEX Polska Sp. Z.o.o. (“CEMEX Polska”), a subsidiary of CEMEX in Poland, about the initiation of an antitrust proceeding against all cement 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; and that the producers exchanged information, all of which limited competition in the Polish cement market. CEMEX Polska denied that it had committed the practices listed by the Protection Office, and submitted formal comments and objections gathered during the proceeding 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 for the period of 1998 to 2006. The fine imposed on CEMEX Polska amounted to the equivalent of approximately US\$27 (Ps559). In December 2009, CEMEX Polska filed an appeal before the Polish Court of Competition and Consumer Protection in Warsaw (the “First Instance Court”). In December 2013, the First Instance Court reduced the penalty imposed on CEMEX Polska to the equivalent of approximately US\$24 (Ps497). In May 2014, CEMEX Polska filed an appeal against the First Instance Court judgment before the Appeals Court in Warsaw. After several hearings, on March 11, 2016, the Appeals Court reopened the hearing phase which had been closed in February 2016. The Appeals Court will ask certain questions to the Polish Constitutional

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Tribunal regarding the conformity with the Polish Constitution of the calculation of the reduced penalty imposed on CEMEX Polska. The above-mentioned penalty is not enforceable until the Appeals Court issues its final judgment and if the penalty is maintained in the final resolution, then it will be payable within 14 calendar days of the announcement. As of December 31, 2016, CEMEX had accrued a provision equivalent to approximately US\$24 (Ps497), representing the best estimate in connection with this resolution. CEMEX Polska estimates that the final judgment will be issued during the second half of 2018. As of December 31, 2016, CEMEX does not expect this matter would have a material adverse impact on its results of operations, liquidity or financial condition.

- In August 2005, Cartel Damages Claims, S.A. (“CDC”), a Belgian company established in the aftermath of the German cement cartel investigation that took place from July 2002 to April 2003 with the purpose of purchasing potential damage claims from consumers and pursuing those claims against the cartel participants, filed a lawsuit in the District Court in Düsseldorf, Germany, against CEMEX Deutschland AG, a subsidiary of CEMEX in Germany, and other German cement companies in respect of damage claims relating to alleged price and quota fixing by German cement companies between 1993 and 2002. CDC has brought claims for an amount equivalent of approximately US\$142. After several resolutions by the District Court in Düsseldorf over the years, court hearings and appeals from the defendants, in December 2013 the District Court in Düsseldorf issued a resolution by means of which all claims brought to court by CDC were dismissed on the grounds that the way CDC obtained the claims was illegal given the limited risk it faced for covering the litigation costs and that the acquisition of the claims also breached rules that make the provision of legal advice subject to public authorization. In January 2014, CDC filed an appeal to the Higher Regional Court in Düsseldorf. On February 18, 2015, the Court of Appeals in Düsseldorf fully rejected CDC’s appeal and maintained the first instance decision. The Court of Appeals in Düsseldorf expressly did not admit a second appeal against this decision. The Court of Appeals decision is final and binding. Therefore, in 2015, CEMEX canceled the provision accrued until December 31, 2014 of approximately US\$36.
- As of December 31, 2016, CEMEX had accrued environmental remediation liabilities in the United Kingdom pertaining to closed and current landfill sites for the confinement of waste, representing the NPV of such obligations for an amount in British pounds sterling equivalent to approximately US\$161 (Ps3,345). 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.
- As of December 31, 2016, CEMEX had accrued environmental remediation liabilities in the United States for an amount of approximately US\$34 (Ps704), related 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 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. Based on the information developed to date, CEMEX’s does not believe that it 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.

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24B) OTHER CONTINGENCIES FROM LEGAL PROCEEDINGS

CEMEX is involved in various legal proceedings, which have not required the recognition of accruals, considering that the probability of loss is less than probable or remote. In certain cases, a negative resolution may represent the revocation of an operating license, in which case, CEMEX may experience a decrease in future revenues, an increase in operating costs or a loss. Nonetheless, until all stages in the procedures are exhausted in each proceeding, CEMEX cannot assure the obtention of a final favorable resolution. As of December 31, 2016, the most significant events with a quantification of the potential loss, when it is determinable and would not impair the outcome of the relevant proceeding, were as follows:

- In September 2014, the National Markets and Competition Commission (*Comisión Nacional de los Mercados y la Competencia* or the “CNMC”), in the context of an investigation of the Spanish cement, ready-mix concrete and related products industry regarding alleged anticompetitive practices, inspected one of CEMEX’s facilities in Spain. In January 2015, CEMEX España Operaciones, S.L.U., was notified of the initiation by the CNMC of a disciplinary proceeding for alleged prohibited conducts, and in November 2015, such entity was notified of alleged anticompetitive practices in 2009 for the cement market and the years 2008, 2009, 2012, 2013 and 2014 for the ready-mix market. CEMEX España Operaciones, S.L.U. believes that it has not breached any applicable laws. On September 8, 2016, CEMEX España Operaciones, S.L.U. was notified of a decision issued by the CNMC pursuant to which CEMEX España Operaciones, S.L.U. has been required to pay a fine of approximately €6 (US\$7 or Ps145). CEMEX España Operaciones, S.L.U. filed an appeal against the CNMC resolution and requested the suspension of payment of the fine. As of December 31, 2016 the resolution is still pending.
- On February 9, 2014, the Egyptian Ministry of Finance’s Appeals Committee (the “Appeals Committee”) notified a resolution to Assiut Cement Company (“ACC”), a subsidiary of CEMEX in Egypt, by means of which the Egyptian Tax Authority is requiring the payment of a development levy on clay applied to the Egyptian cement industry in amounts equivalent as of December 31, 2016 of approximately US\$17 (Ps352) for the period from May 5, 2008 to November 30, 2011. On March 10, 2014, ACC filed a claim before the North Cairo Court requesting the nullification of the Appeals Committee decision. In parallel, ACC filed a request before the Ministerial Committee for Resolution of Investment Disputes (the “Ministerial Committee”) claiming non-entitlement of the Egyptian Tax Authority to the levy on clay during the reference period, and from cement produced using imported clinker. On September 28, 2015, ACC was notified of a resolution by the Ministerial Committee pursuant to which the Egyptian Tax Authority would be instructed to cease claiming ACC the aforementioned payment of the levy on clay. It was further decided that the levy on clay should not be imposed on imported clinker. The Ministerial Committee’s resolution strongly supports ACC position in this case, given the fact that it is legally binding on the Egyptian Tax Authority. During 2016 the Ministerial Committee’s resolution was submitted to the Egyptian Tax Authority, which in turn issued a settlement memorandum whereby it confirmed and recognized the Ministerial Committee’s resolution. Nonetheless, on May 28, 2016, the Egyptian Tax Authority challenged before the North Cairo Court ACC’s right to cancel the levy on clay. ACC expects that the document to be submitted by the attorney for the State at the upcoming North Cairo Court’s session scheduled for October 10, 2016 and December 27, 2016, shall request that the jointly reviewed cases to be struck off the court’s roll, but no session has yet been scheduled before the Cairo Administrative Judiciary Court in order to review the two referred cases. At this stage, as of December 31, 2016, CEMEX does not expect a material adverse impact due to this matter in its results of operations, liquidity or financial position.
- On September 5, 2013, the Colombian Superintendencia of Industry and Commerce (*Superintendencia de Industria y Comercio* the “SIC”) opened an investigation against five cement companies and 14 directors of those companies, including CEMEX Colombia, its former legal representative and the current President of

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CEMEX Colombia, for allegedly breaching rules which prohibit: a) to limit free competition and/or determining or maintaining unfair prices; b) direct or indirect price fixing agreements; and c) any market sharing agreements between producers or distributors. In connection with the 14 executives under investigation, the SIC may sanction any individual who collaborated, facilitated, authorized, executed or tolerated behavior that violates free competition rules. On October 7, 2013, CEMEX Colombia responded the resolution and submitted evidence in its relief. If the alleged infringements are substantiated, penalties may be imposed by the SIC against each company being declared in breach of the competition rules for an equivalent of up to US\$19 (Ps394) for each violation, and an equivalent of up to US\$1 (Ps21) against those individuals found responsible. CEMEX cannot determine when a final decision by the SIC would be issued. As of December 31, 2016, CEMEX is not able to assess the likelihood of the SIC imposing any measures and/or penalties against CEMEX Colombia, but if any penalties are imposed, would not have a material adverse effect on CEMEX's results of operations, liquidity or financial condition.

- On September 13, 2012, in connection with a lawsuit submitted to a first instance court in Assiut, Egypt and notified on May 23, 2011 to ACC, the first instance court of Assiut issued a resolution in order to nullify the Share Purchase Agreement (the "SPA") pursuant to which CEMEX acquired a controlling interest in ACC. In addition, on April 7, 2011 and March 6, 2012, lawsuits seeking, among other things, the annulment of the SPA were filed by different plaintiffs, including 25 former employees of ACC, before Cairo's State Council. On January 20, 2014, the Appeals Court in Assiut, Egypt, issued a judgment revoking the court's resolution and referring the matter to an administrative court in Assiut (the "Assiut Administrative Court"). Moreover, on February 23, 2014, in connection with the above, three plaintiffs filed a lawsuit before the Assiut Administrative Judiciary Court requesting the cancellation of the resolutions taken by the shareholders of Metallurgical Industries Company ("MIC") in connection with the sale of ACC's shares and negotiation of the SPA. In a related matter, on April 22, 2014, the Presidential Decree on Law No. 32 of 2014 ("Law 32/2014"), which regulates legal actions to challenge agreements entered into by the Egyptian State and third parties, become effective, but still subject to approval by the House of Representatives. On October 15, 2014, the Assiut Administrative Court referred the case to the Administrative Judiciary Court of Assiut. During March 2015, the Court's State Commissioner Authority ("SCA") recommended the 7th and 8th Circuits of Cairo's State Council Administrative Judiciary Court to suspend the proceedings until the High Constitutional Court pronounces itself with regards to the challenges against the constitutionality of the Law 32/2014. At a session held on September 3, 2015, the 7th Circuit of Cairo's State Council Administrative Judiciary Court accepted the SCA's report recommendation and ruled for staying the proceedings until the High Constitutional Court pronounces itself with regards to the challenges against the constitutionality of Law No. 32/2014.
- In connection with the preceding paragraph, on January 26, 2016, the 8th Circuit of Cairo's State Council Administrative Judiciary Court ruled for the dismissal of this case considering the plaintiff's lack of standing. This ruling was not appealed by the plaintiff accordingly; such ruling is final and definitive. In October 2015, the SCA, recommended that due to the absence of geographical jurisdiction to review the case, it should be referred to the 7th Circuit of "Economic and Investment Disputes" of Cairo's State Council Administrative Judiciary Court. On February 24, 2016, the Assiut Administrative Judiciary Court decided to refer the case to the First Circuit of "Economic and Investment Disputes" of Cairo's State Council Administrative Judiciary Court, which as of the reporting date, has not notified ACC of any session to review the case. During October and November 2015, parliamentary elections to the House of Representatives took place and the elected House of Representatives started to hold its sessions on January 10, 2016, as expected, and Law 32/2014 was discussed and ratified on January 20, 2016, as legally

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required. As of December 31, 2016, several constitutional challenges have been filed against Law 32/2014 before the High Constitutional Court. In consideration of the aforementioned, after several resolutions, hearings and appeals in these cases over the years, as of December 31, 2016, CEMEX is not able to assess the likelihood of an adverse resolution regarding these lawsuits nor is able to assess if the Constitutional Court will dismiss Law 32/2014, but, regarding the lawsuits, if adversely resolved, CEMEX does not believe the resolutions in the first instance would have an immediate material adverse impact on CEMEX's operations, liquidity and financial condition. However, if CEMEX exhausts all legal recourses available, a final adverse resolution of these lawsuits, or if the Constitutional Court dismisses Law 32/2014, this could adversely impact the ongoing matters regarding the SPA, which could have a material adverse impact on CEMEX's operations, liquidity and financial condition.

- In 2012, in connection with a contract (the "Quarry Contract") entered into in 1990 by CEMEX Granulats Rhône Méditerranée ("CEMEX GRM"), one of CEMEX's subsidiaries in France, with SCI La Quinoniere ("SCI") pursuant to which CEMEX GRM has drilling rights in order to extract reserves and do quarry remediation at a quarry in the Rhône region of France, SCI filed a claim against CEMEX GRM for breach of the Quarry Contract, requesting the rescission of the Quarry Contract and damages plus interest for an amount in euros equivalent to approximately US\$58 (Ps1,202), resulting from CEMEX GRM having partially filled the quarry allegedly in breach of the terms of the Quarry Contract. After many hearings, on May 18, 2016, CEMEX GRM was notified about an adverse judgment in this matter by the corresponding court in Lyon, France, primarily ordering the rescission of the Quarry Contract and the aforementioned payment for damages plus interest. On June 6, 2016, CEMEX GRM filed an appeal with the appeals court in Lyon, France and on September 5, 2016, CEMEX GRM filed the first submission of the full appeal together with its arguments and evidence. Proceedings on any additional hearings regarding this appeal or any other actions CEMEX GRM may initiate in this matter could take approximately 18 months to be finalized. As of December 31, 2016, CEMEX considers that an adverse resolution on this matter would have a material adverse impact on CEMEX's results of operations, liquidity and financial condition.
- On June 21, 2012, one of CEMEX's subsidiaries in Israel was notified about a class action suit against it and other three companies filed by a homeowner who built his house with concrete supplied by CEMEX in October of 2010. The class action argues that the concrete supplied to him did not meet with the Israeli ready-mix strength standard requirements and that as a result CEMEX acted unlawfully toward all of its customers who received concrete that did not comply with such standard requirements. As per the application, the plaintiff claims that the supply of the alleged non-conforming concrete has caused financial and non-financial damages to those customers, including the plaintiff. CEMEX presumes that the class action would represent the claim of all the clients who purchased the alleged non-conforming concrete from its subsidiary in Israel during the past 7 years, the limitation period according to applicable laws in Israel. The damages that could be sought an equivalent approximately US\$71 (Ps1,471). CEMEX's subsidiary submitted a formal response to the corresponding court. The applicant requested the court to join all claims brought by him. In a hearing held on December 20, 2015, the preliminary proceeding was completed and the court set dates for hearing evidence on May 8, 10 and 16, 2016. Moreover, the court decided to join together all claims against all four companies, including CEMEX's subsidiary in Israel, in order to simplify and shorten court proceedings, however, the court has not formally decided to join together all claims. As of December 31, 2016, CEMEX's subsidiary in Israel is not able to assess the likelihood of the class action application being approved or, if approved, of an adverse result, such as an award for damages in the full amount that could be sought, but if adversely resolved CEMEX does not believe that the final resolutions would have a material adverse impact on its results of operations, liquidity or financial condition.

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- On June 5, 2010, the District of Bogota's Environmental Secretary (the "Environmental Secretary"), ordered the suspension of CEMEX Colombia's mining activities at El Tunjuelo quarry, located in Bogota, as well as those of other aggregates producers in the same area. The Environmental Secretary alleged 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 injunction, on June 5, 2010, CEMEX Colombia received a 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 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 Ministry of Environment and Sustainable Development. On June 11, 2010, the local authorities in Bogota, in compliance with the Environmental Secretary's decision, sealed off the mine to machinery and prohibited the removal of CEMEX's aggregates inventory. Although there is not an official quantification of the possible fine, the Environmental Secretary has publicly declared that the fine could be up to the equivalent of approximately US\$95 (Ps1,968). The temporary injunction does not currently compromise the production and supply of ready-mix concrete to CEMEX's clients in Colombia. 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. An adverse resolution on this case could have a material adverse impact on CEMEX's results of operations, liquidity or financial condition.
- In January 2009, in connection with federal quarry permits granted to CEMEX Construction Materials Florida, LLC ("CEMEX Florida"), one of CEMEX's subsidiaries in the United States, a judge from the U.S. District Court for the Southern District of Florida ordered the withdrawal of the federal quarry permits of CEMEX Florida's SCL, FEC and Kendall Krome quarries, in the Lake Belt area in South Florida. The judge ruled that there were deficiencies in the procedures and analysis undertaken by the Army Corps of Engineers (the "Engineers") in connection with the issuance of the permits. In January 2010, the Engineers concluded a review and issued a decision supporting the issuance of new federal quarry permits for the SCL and FEC quarries. In February 2010, new quarry permits were granted to the SCL and FEC quarries. 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 is 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 impact on CEMEX's results of operations, liquidity or financial condition.
- In connection with an action brought against CEMEX Colombia in 2005, on July 28, 2015, the Superior Court of Bogota upheld its resolution in respect that CEMEX Colombia was not responsible for the premature distress of the concrete slabs of the *Autopista Norte* line of *Transmilenio* system and as such finalized such action. In addition, six actions related to the premature distress were brought against CEMEX Colombia, of which, the Cundinamarca Administrative Court nullified five of these actions and currently, only one remains outstanding. In addition, the Urban Development Institute ("UDI") filed another action alleging that CEMEX Colombia made deceiving advertisements on the characteristics of the flowable fill used in the construction of the line. CEMEX Colombia participated in this project solely and exclusively as supplier of the ready-mix concrete and flowable fill, which were delivered and received to the satisfaction of the contractor, fulfilling all the required technical specifications, and did not participate or had any

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responsibility on the design or technical specifications of construction. On May 31, 2016, the Civil Court of Bogota settled the action filed by the UDI ruling that the flowable fill was not what caused the damage to the slabs but by design changes when executing the road without consulting the original designer and to the lack of drains. The UDI filed an appeal against the court's ruling. On December 7, 2016, the Superior Court of Bogota upheld the Civil Court of Bogota's decision. As of December 31, 2016, CEMEX is not able to accurately assess the likelihood of an adverse result in these proceedings, but if adversely resolved, they could have a material adverse impact on CEMEX's results of operations, liquidity or financial condition.

In connection with the legal proceedings presented in notes 24A and 24B, the exchange rates as of December 31, 2016 used by CEMEX to convert the amounts in local currency to their equivalents in dollars were the official closing exchange rates of approximately 4.21 Polish zloty per dollar, 0.95 euro per dollar, 0.81 British pound sterling per dollar, 3,000.72 Colombian pesos per dollar and 3.85 Israelite shekel per dollar.

In addition to the legal proceedings described above in notes 24A and 24B, as of December 31, 2016, 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 or divestitures; 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 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.

25) 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 are conducted on arm's length terms based on market prices and conditions. When market prices and/or market conditions are not readily available, CEMEX conducts transfer pricing studies in the countries in which it operates to assure compliance with regulations applicable to transactions between related parties. 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.

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As of December 31, 2016, except for the top management executives, CEMEX has not identified other transactions between related parties:

- For the years ended December 31, 2016, 2015 and 2014, the aggregate amount of compensation of CEMEX board of directors, including alternate directors, and top management executives, was approximately US\$43 (Ps802), US\$36 (Ps579) and US\$68 (Ps909), respectively. Of these amounts, approximately US\$32 (Ps595) in 2016, US\$25 (Ps402) in 2015 and US\$35 (Ps464) in 2014, was paid as base compensation plus performance bonuses, including pension and post-employment benefits. In addition, approximately US\$11 (Ps207) in 2016, US\$11 (Ps177) in 2015, and US\$33 (Ps444) in 2014 of the aggregate amount in each year, corresponded to allocations of CPOs under CEMEX's executive share-based compensation programs. In 2014, the amount of CPOs allocated included approximately US\$4 (Ps52), of compensation earned under the program that is linked to the fulfillment of certain performance conditions and that was payable through March 2015 to then still active members of CEMEX, S.A.B. de C.V.'s board of directors and top management executives (note 21).

26) SUBSEQUENT EVENTS

- In connection with the Offer to purchase TCL's shares (note 13A), on January 9, 2017, Sierra presented a change and variation notice making an amended offer (the "Amended Offer") to the Offer to acquire up to 132,616,942 ordinary shares in TCL. Pursuant to the Amended Offer, Sierra offered TTPs5.07 in cash per TCL share (the "Revised Offer Price") and, except for shareholders of TCL in Barbados, shareholders of TCL will have the option to be paid for their TCL shares in TTPs or in dollars. Full acceptance of the Offer, as amended by the Amended Offer, in TTPs would result in a cash payment by Sierra of approximately TTPs672 million (US\$101 or Ps2,093). The Revised Offer Price represents a premium of 50% over the December 1, 2016 closing price of TCL's shares in the Trinidad and Tobago Stock Exchange. Among other conditions, the Amended Offer was still conditional on Sierra acquiring at least an amount of TCL shares that would allow CEMEX to consolidate TCL for financial reporting purposes. Unless extended, the Amended Offer period is expected to close on January 24, 2017. Sierra does not currently expect to extend the Offer period after January 24, 2017. All other terms and conditions of the Offer not modified by the Amended Offer remained unchanged.

Moreover, on January 24, 2017, Sierra communicated that having received the Foreign Investment License from the Trinidad and Tobago Ministry of Finance, all terms and conditions have been complied with or waived and the Offer has accordingly been declared unconditional. In addition, the Offer closed in Jamaica on February 7, 2017. Sierra acquired all TCL shares deposited pursuant to the Offer up to the maximum number of the Offered Shares. TCL shares deposited in response to the Offer together with Sierra's existing shareholding in TCL represented approximately 69.83% of the outstanding TCL shares. The total consideration paid by Sierra for the TCL shares was approximately US\$86. After conclusion of the Offer, CEMEX consolidates TCL for financial reporting purposes beginning February 1, 2017.

- On January 25, 2017, in connection with CEMEX's investment in GCC shares (notes 12A and 13A), the Parent Company and GCC announced that they will commence offerings that are expected to include an aggregate of up to 76,483,332 shares of the common stock (the "Shares") of GCC currently owned by CEMEX at a price range of between 95.00 to 115.00 pesos per share, which includes 9,976,087 shares available to the underwriters of the offerings pursuant to a 30-day option to purchase such shares expected to be granted to them by CEMEX. Such offerings are expected to be comprised of Shares to be offered: (a) in a public offering to investors in Mexico conducted through the MSE; and (b) in a concurrent private placement to eligible investors outside of Mexico. The size and timing of the offerings will depend on market and other conditions.

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- In connection with the sale of the Concrete Pipe Business in the United States to Quikrete described in note 4A, on January 31, 2017, after the satisfaction of certain conditions precedent including approval from regulators. CEMEX announced the closing of the transaction according to the agreed upon price conditions.
- On February 10, 2017, CEMEX and GCC announced that they priced their previously announced secondary offerings of 51,750,000 shares of the Shares, owned by CEMEX, at a price of Mexican pesos 95 per share. Such offerings were comprised of Shares offered (a) in a public offering to investors in Mexico authorized by the Mexican National Banking and Securities Commission conducted through the MSE; and (b), in a concurrent private placement, to eligible investors outside of Mexico. CEMEX sold 13.53% of its 23% direct ownership interest in GCC. After the offerings, CEMEX owns a 9.47% direct interest in GCC and also have a minority interest in CAMCEM, an entity which owns a majority interest in GCC.
- On February 10, 2017, CEMEX finalize the divestment of its Fairborn, Ohio cement plant and cement terminal in Columbus, Ohio to a subsidiary of Eagle Materials, Inc. for approximately US\$400.
- On February 13, 2017, CEMEX announced that commenced a tender offer (the “Tender Offer”) to purchase up to US\$475 (the “Aggregate Maximum Tender Amount”) of the outstanding 7.25% Notes due 2021, 6.50% Notes due 2019 and 9.375% Notes due 2022 (note 16A).
- On February 28, 2017, CEMEX accepted for purchase US\$475 aggregate principal amount of the tendered Notes, including all US\$385 aggregate principal amount of the 7.25% Notes due 2021 and US\$90 aggregate principal amount of the 6.50% Notes due 2019 (note 16A). CEMEX paid a premium of approximately US\$37 in connection with such Tender offer.
- On March 28, 2017, in connection with the Maceo project described in note 24A, Central de Mezclas, S.A. (“Central de Mezclas”), an indirect subsidiary of CEMEX, was notified of Corantioquia’s decision regarding the appeal for reversal against the decision of the authority that denied the request to modify the environmental license of the Maceo project to 950,000 tons per year, due to the overlap of the project with an Integrally Managed District. Corantioquia’s decision was to confirm the previous decision, and consequently to deny the appeal for reversal despite the appeal filed by Central de Mezclas. As a result of this decision, CEMEX is currently working on the zoning and compatibilization of the Maceo project with the integrally managed district, as well as analyzing alternatives for partial subtraction of the Integrally Managed District in order to avoid future discussions regarding of the feasibility of achieving the expansion of the proposed activity in the project, above 950,000 tons of production. Once these alternatives are implemented, CEMEX will reconsider submitting a new request for modification of the environmental license to expand its production to the initially planned 950,000 tons. In the meantime, CEMEX will limit its activities to those that are currently authorized by the current environmental license and mining title. During the first quarter of 2017, investigations and legal proceedings are ongoing and as of March 31, 2017, no further adjustments have been made (note 24A).
- On March 30, 2017, stockholders at the annual ordinary shareholders’ meeting approved, among other resolutions, a capitalization of retained earnings consisting in the issuance of 1,124,863,326 Series A shares and 562,431,663 Series B shares, equivalent to approximately 562.4 million CPOs, to be allocated to shareholders on a pro rata basis pursuant to such approval. These shares will become part of CEMEX, S.A.B. de C.V.’s outstanding capital stock on May 8, 2017.
- On April 5, 2017, in connection with the previously announced sale of our operations in Croatia, including assets in Bosnia and Herzegovina, Montenegro and Serbia, agreed with Duna-Dráva Cement Kft. in August 2015 (note 4A), CEMEX announced that the European Commission (the “EC”) issued a decision that

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ultimately does not allow Duna-Dráva Cement Kft to purchase the aforementioned operations. As one of the closing conditions under the corresponding sale purchase agreement was to receive the necessary clearance from the EC and said clearance was received, the transaction will not close and CEMEX will maintain its operations in Croatia, including assets in Bosnia and Herzegovina, Montenegro and Serbia, and continue to operate them, which mainly consist of three cement plants with aggregate annual production capacity of approximately 2.4 million tons of cement, two aggregates quarries and seven ready-mix plants. For the years ended December 31, 2016, 2015 and 2014, the operations in Croatia, including assets in Bosnia and Herzegovina, Montenegro and Serbia, included in CEMEX's statements of operations are presented in the single line item "Discontinued Operations." Considering the recent developments related to this transaction mentioned above and for purposes of the consolidated income statements, beginning in the second quarter of 2017, CEMEX will reclassify the income statements of its operations in Croatia, including assets in Bosnia and Herzegovina, Montenegro and Serbia, from the single line item "Discontinued Operations" to each specific line item.

- On April 17, 2017, CEMEX announced that one of its subsidiaries in the United States signed a definitive agreement for the sale of its Pacific Northwest Materials Business consisting of aggregate, asphalt and ready-mix concrete operations in Oregon and Washington to Cadman Materials, Inc., a LehighHanson company and U.S. subsidiary of HeidelbergCement Group, for approximately US\$150. The closing of this transaction is subject to the satisfaction of certain conditions, including approval from regulators. CEMEX currently expects to finalize this divestiture during the second quarter of 2017 or soon thereafter.
- In connection with the securitization programs for the sale of accounts receivable (note 9) in the United States, France and the United Kingdom, CEMEX extended such plans in March 2017 and now they mature in March 2018. The securitization program in Mexico was settled and paid in March 2017.

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As of December 31, 2016, 2015 and 2014
(Millions of Mexican pesos)

Subsequent events — continued

- In connection with earnings (loss) per share (note 22) and the capitalization of retained earnings mentioned above, on a pro forma basis giving effect to the issuance of new shares, CEMEX's earnings (loss) per share in 2016, 2015 and 2014 would have been as follows:

	2016	2015	2014
Denominator (thousands of shares)			
Weighted average number of shares outstanding	42,211,409	41,491,672	40,093,504
Capitalization of retained earnings	1,687,295	1,687,295	1,687,295
Effect of dilutive instruments — mandatorily convertible securities (note 16B)	708,153	708,153	708,153
Weighted average number of shares — basic	44,606,857	43,887,120	42,488,952
Effect of dilutive instruments — stock-based compensation (note 21)	226,972	171,747	293,657
Effect of potentially dilutive instruments — optionally convertible securities (note 16B)	3,834,458	5,065,605	6,449,741
Weighted average number of shares — diluted	48,668,287	49,124,472	49,232,350
Numerator			
Net income (loss) from continuing operations	Ps 14,183	854	(5,770)
Less: non-controlling interest net income	1,174	932	1,103
Controlling interest net income (loss) from continuing operations	13,009	(78)	(6,873)
Plus: after tax interest expense on mandatorily convertible securities	119	144	164
Controlling interest net income (loss) from continuing operations — for basic earnings per share calculations	13,128	66	(6,709)
Plus: after tax interest expense on optionally convertible securities	1,079	1,288	1,424
Controlling interest net income (loss) from continuing operations — for diluted earnings per share calculations	Ps 14,207	1,354	(5,285)
Income from discontinued operations	Ps 1,024	1,279	90
Basic Earnings (Loss) Per Share			
Controlling Interest Basic Earnings (Loss) Per Share	Ps 0.32	0.03	(0.16)
Controlling Interest Basic Earnings (Loss) Per Share from continuing operations	0.29	—	(0.16)
Controlling Interest Basic Earnings (Loss) Per Share from discontinued operations	0.03	0.03	—
Controlling Interest Diluted Earnings (Loss) Per Share			
Controlling Interest Diluted Earnings (Loss) Per Share	Ps 0.32	0.03	(0.16)
Controlling Interest Diluted Earnings (Loss) Per Share from continuing operations	0.29	—	(0.16)
Controlling Interest Diluted Earnings (Loss) Per Share from discontinued operations	0.03	0.03	—

CEMEX, S.A.B. DE C.V. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
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27) MAIN SUBSIDIARIES

The main subsidiaries as of December 31, 2016 and 2015 were as follows:

Subsidiary	Country	% Interest	
		2016	2015
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 of America	100.0	100.0
CEMEX Latam Holdings, S.A. ³	Spain	74.3	74.4
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. ⁴	Colombia	99.9	99.7
Cemento Bayano, S.A. ⁵	Panama	100.0	99.9
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
CEMEX Holdings Philippines ⁶	Philippines	55.0	—
Solid Cement Corporation ⁶	Philippines	100.0	100.0
APO Cement Corporation ⁶	Philippines	100.0	100.0
CEMEX Holdings (Malaysia) Sdn Bhd	Malaysia	100.0	100.0
CEMEX U.K.	United Kingdom	100.0	100.0
CEMEX Deutschland, AG.	Germany	100.0	100.0
CEMEX Czech Republic, s.r.o.	Czech Republic	100.0	100.0
CEMEX Polska sp. Z.o.o.	Poland	100.0	100.0
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 ⁷	United Arab Emirates	100.0	100.0
CEMEX AS	Norway	100.0	100.0
Cimentos Vencemos do Amazonas, Ltda.	Brazil	100.0	100.0
Readymix Argentina, S.A.	Argentina	100.0	100.0
CEMEX Jamaica	Jamaica	100.0	100.0
Neoris N.V. ⁸	The Netherlands	99.8	99.8
CEMEX International Trading, LLC ⁹	United States of America	100.0	100.0
Transenergy, Inc. ¹⁰	United States of America	100.0	100.0

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 most of CEMEX's international operations.

³ The interest reported includes own shares held at CLH's treasury.

⁴ Represents our 99.7% and 98.9% interest in ordinary and preferred shares, respectively.

⁵ Includes a 0.515% interest held on Cemento Bayano's treasury.

⁶ Represents CEMEX Holdings Philippines Inc. direct and indirect interest.

⁷ CEMEX owns a 49% equity interest in each of these entities and holds the remaining 51% of the economic benefits, through agreements with other shareholders.

⁸ Neoris N.V. is the holding company of the entities involved in the sale of information technology solutions and services.

CEMEX, S.A.B. DE C.V. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
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(Millions of Mexican pesos)

Main subsidiaries — continued

- 9** CEMEX International Trading, LLC is involved in the international trading of CEMEX's products.
- 10** Formerly named Gulf Coast Portland Cement Co., it is engaged in the procurement and trading of fuels, such as coal and petroleum coke, used in certain operations of CEMEX's.

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, 2016 and 2015, and the related consolidated statements of operations, comprehensive income (loss), changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2016. 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, 2016 and 2015, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2016, in conformity with International 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, 2016, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated April 28, 2017 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

KPMG Cardenas Dosal, S.C.

/s/ Luis Gabriel Ortiz Esqueda
Monterrey, N.L. Mexico
April 28, 2017

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, 2016, based on criteria established in Internal Control Integrated Framework (2013) 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 Group'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.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. A material weakness related to the Company's risk assessment and monitoring of significant unusual transactions has been identified and included in Management's Annual Report on Internal Control Over Financial Reporting as of December 31, 2016. We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income (loss), changes in stockholders' equity, and cash flows for each of the years in the three year period ended December 31, 2016. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2016 consolidated financial statements, and this report does not affect our report dated April 28, 2017, which expressed an unqualified opinion on those consolidated financial statements.

In our opinion, because of the effect of the aforementioned material weakness on the achievement of the objectives of the control criteria, CEMEX S.A.B. de C.V. and subsidiaries has not maintained effective internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)".

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We do not express an opinion or any other form of assurance on management's statements referring to corrective actions taken after December 31, 2016, relative to the aforementioned material weakness in internal control over financial reporting.

KPMG Cardenas Dosal, S.C.

/s/ Luis Gabriel Ortiz Esqueda
Monterrey, N.L. Mexico
April 28, 2017

**BANCO NACIONAL DE MÉXICO, S.A.,
A MEMBER OF THE BANAMEX FINANCIAL GROUP**

**NON-REDEEMABLE ORDINARY PARTICIPATION CERTIFICATE
“CEMEX.CPO”**

TITLE NUMBER [...]

ISSUE DATE: [.....]

REPRESENTING [.....]
Non-Redeemable Ordinary Participation Certificates

TOTAL NUMBER OF CERTIFICATES ISSUED

[.....] [.....] NON-REDEEMABLE ORDINARY PARTICIPATION CERTIFICATES

VALUE OF THIS CERTIFICATE

\$[.....] [.....] PESOS [...] /100 M.N.]

NOMINAL VALUE OF THE CERTIFICATES

\$[.....] [.....] PESOS [...] /100 M.N.] per Certificate.

This security is being issued to be deposited in S.D. INDEVAL INSTITUCIÓN PARA EL DEPÓSITO DE VALORES, S.A. DE C.V., pursuant to and in accordance with the terms of article 282 of the *Ley del Mercado de Valores*, and represents [.....]
[.....] Non-Redeemable Ordinary Participation Certificates “CEMEX.CPO” with a nominal value of \$[.....]
[.....] PESOS [...] /100 N.M.] each.

This security is being issued pursuant to the Trust Agreement number 111033-9 entered into by Banco Nacional de México, S.A., a member of the Banamex Financial Group, Trust Division, and CEMEX, Publicly Traded Stock Corporation with Variable Capital, dated as of September 6, 1999; pursuant to which the issuance of Ordinary Participation Certificates is authorized, with due authorization by the Comisión Nacional Bancaria y de Valores.

These Certificates are being issued in the proportion of one Ordinary Participation Certificate per three (3) ordinary common shares representative of the capital stock of CEMEX, Publicly Traded Stock Corporation with Variable Capital, two (2) of which shall be Series “A” Shares and one (1) of which, shall be Series “B” Shares, which are held and form part of the Trust Agreement.

Holders Rights: The Certificates grant to its holders the right to a proportional share of the earnings which shall always be equal to the net dividend to be paid over the shares held in the Trust, and a proportional share of the net earnings of the sale of such shares at the moment of the Trust’s termination as described herein below.

Place and method of payment: All payments to the holders of the Certificates being issued will be made in S.D. Indeval, Institución para el Depósito de Valores, S.A. de C.V. (“Indeval”), in Paseo de la Reforma 255 (two hundred fifty five), Colonia Cuauhtémoc, Ciudad de México, Distrito Federal, as long as such Institution remains the Certificates’ depository. Payment will be made through transfer to the account indicated by Indeval, so that Indeval proceeds with its distribution to holders of the Certificates, pursuant to the resolutions of the Company’s shareholders meeting or the body or person delegated to such effect.

Terms of the Trust: The term of the Trust shall be thirty (30) years from September 6, 1999, its date of its execution. During the effectiveness of the Trust and the trust to be established pursuant to the terms set forth herein, the Trust's Assets shall remain affected by its original purposes; both Trusts are irrevocable. Simultaneously to the date of termination of the Trust and with the participation of the Common Representative of the Ordinary Participation Certificate Holders, an Irrevocable Trust shall be established with a financial institution duly authorized in accordance with applicable legislation and subject to the terms and conditions that in due course shall be determined by the technical committee, the Trustee shall deliver to the Irrevocable Trust the shares that will form the assets of said trust, in the understanding that the new Trust to be incorporated, shall contemplate the purposes, term, rights and obligations that as of such dates are provided for in the original Trust. Accordingly, the Trustee of the new trust shall proceed in accordance with the instructions of its Technical Committee to replace the outstanding Ordinary Participation Certificates for the new Ordinary Participation Certificates to be issued by the institution acting as Trustee in the new Trust to be incorporated.

Termination of the Trust: The Trust may be terminated pursuant to any of the causes provided in Article 392 (three hundred ninety two) of the *Ley General de Títulos y Operaciones de Crédito* and that it is in accordance with the terms set forth in the Trust, in such case the Trustee, together with the Common Representative of the Ordinary Participation Certificates, shall proceed in accordance with the terms set forth in Clause Fifth, J) and Eleventh of the Trust. The termination of the Trust is subject, in all cases, to Article 228t (two hundred twenty eight letter t) of the *Ley General de Títulos y Operaciones de Crédito* which literally states as follows: **ARTICLE 228t: "The trust pursuant to which an issuance is made, shall not be terminated as long as there are outstanding balances due to credits against the assets of the Trust, from certificates or from participation of investments or returns."**

At the termination of the Trust the Trustee shall proceed as follows: (1) In respect of the beneficiaries of Mexican nationality, as defined in the Trust, the Trustee shall remove from circulation and cancel the Ordinary Participation Certificates, transferring in favor of such beneficiaries the proportionate share of the Trust assets attributable to them on a pro rata basis; (2) in respect of the beneficiaries of foreign nationality and the beneficiaries of legal entities of Mexican nationality in whose capital stocks governments, persons or entities of foreign nationality can and do directly or indirectly participate, the Trustee shall remove from circulation and cancel the Ordinary Participation Certificates, (i) transferring in favor of such beneficiaries only the Series "B" shares (those with free circulation) that conform the assets of the Trust in proportion to the number of the Ordinary Participation Certificates held by them and (ii) in respect to the Series "A" Shares (those limited to Mexicans) which conform the assets of the Trust and proportionally to the number of the Ordinary Participation Certificates held by them, the Trustee shall deposit such shares in the Trust No. 771-7 referred to as "Neutral Investment Master Trust," entered by Nacional Financiera, S.N.C. as Trustee, pursuant to the then given authorizations by the competent authorities, and it shall proceed to exchange the Ordinary Participation Certificates to be issued pursuant to such trust to the respective beneficiaries, through S.D. Ineval Institución para el Depósito de Valores, S.A. de C.V., pursuant to the terms of Clause Eleventh of the Trust; (3) The foregoing Sections (1) and (2) shall not be applicable to those cases in which such transfers involve the acquisition by a person (physical or legal entity) or a group of persons (physical or legal entities) related among themselves or jointly organized, of more than 2% (two percent) or more of the voting shares issued by CEMEX, S.A.B. de C.V., for purposes of the above, it shall be considered the already owned share participation of each group or group of persons, in which case, the Trustee shall be subject to the provisions of Article 7 (seven) and 10 (ten) of CEMEX, S.A.B. de C.V.'s bylaws.

This issuance was duly authorized by the *Comisión Nacional Bancaria y de Valores*, pursuant to Article 228-O of the *Ley General de Títulos y Operaciones de Crédito*.

THIS ISSUANCE'S AGGREGATE VALUE AND THE NOMINAL VALUE OF THE CERTIFICATES ARE HEREBY ESTABLISHED EXCLUSIVELY FOR PURPOSES OF ARTICLES

228-L and 228-N OF THE *LEY GENERAL DE TITULOS Y OPERACIONES DE CREDITO*. THE ISSUER IS NOT OBLIGATED TO PAY TO THE HOLDERS THE NOMINAL VALUE OF THE CERTIFICATES, PURSUANT TO ARTICLE 228-K OF THE *LEY GENERAL DE TITULOS Y OPERACIONES DE CREDITO*.

The original issuance was made by the unilateral declaration of Banco Nacional de México, S.A., Trust Division, by the Indenture dated September 7, 1999 duly formalized in Public Deed number 26,322 given and witnessed by Attorney-at-Law Erick S. Pulliam Aburto, Public Notary No. 196 of the Mexican Federal District, of which a testimony was registered in the Public Registry of Commerce of Mexico City, Mexico, D.F. under mercantile number 65126 on September 9, 1999.

The Certificate holders' rights are set forth in the Trust, upon which the issuance took place, the Indenture and in the present Certificate.

The present Certificate was issued on September 7, 1999 and the last exchange was on [.....], pursuant to the resolutions adopted at the Ordinary General Shareholders Meeting of CEMEX, S.A.B. de C.V. held on [.....], for its deposit in S.D. Ineval Institución para el Depósito de Valores, S.A. de C.V., pursuant to the terms of Articles 280, 283, 282 and those applicable of the *Ley del Mercado de Valores* and such Certificate will not be withdrawn from such institution. The holders of the Certificates shall demonstrate title of such Certificates and legitimize themselves with the corresponding records delivered pursuant to Article 290 of such *Ley del Mercado de Valores*.

[...Date...]

TRUSTEE

**COMMON REPRESENTATIVE OF
CERTIFICATE HOLDERS**

Banco Nacional de México, S.A., Institución de Banca Múltiple, Grupo Financiero Banamex Accival, División Fiduciaria

Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte, División Fiduciaria

C L I F F O R D
C H A N C E

NEW SUNWARD HOLDING B.V.

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

como Pignorantes / as Pledgors

CEMEX ESPAÑA, S.A.

como Sociedad / as Company

WILMINGTON TRUST (LONDON) LIMITED

como Agente de Garantías / as Security Agent

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

como Depositario /as Custodian

y / and

las Partes Garantizadas / the Secured Parties

CONTRATO DE EXTENSIÓN DE PRENDAS DE ACCIONES
(Share Pledges Extension Agreement)

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En Madrid, a 28 de julio de 2016.

Con la intervención del notario de Madrid D. Antonio Pérez-Coca Crespo.

INTERVIENEN

DE UNA PARTE.

A.1.- NEW SUNWARD HOLDING B.V., sociedad de nacionalidad holandesa, con domicilio social en Claude Debussylaan 30, 13th Floor. 1082 MD Amsterdam, Países Bajos, inscrita en la Cámara de Comercio e Industria de Ámsterdam (*Kamer van Koophandel en Fabrieken voor Amsterdam*) con número 34133556 y con número de identificación fiscal N-0032922-G (“ **Holding**”).

A.2.- CEMEX, S.A.B. DE C.V., entidad de nacionalidad mexicana, con domicilio social en Ciudad de Monterrey, N.L. (México), en la Avenida Constitución, número 444, Poniente, Zona Centro, inscrita en Registro Federal de Contribuyente con número CEM-880726-UZA y con número de identificación fiscal N-4121454-E (“ **Parent**”).

En lo sucesivo, Holding y Parent, conjuntamente, los “ **Pignorantes**”, y cada uno de ellos, indistintamente, el o un “ **Pignorante**”.

DE OTRA PARTE.

A.3.- CEMEX ESPAÑA, S.A., entidad de nacionalidad española, con domicilio social en Hernández de Tejada 1, 28027, Madrid, con número de identificación fiscal A-46004214 e inscrita en Registro Mercantil de Madrid al Tomo 9.743 y 9.744, página 1 y 166, sección 8, hoja M-156542 (“ **Cemex España**” o la “ **Sociedad**”).

La Sociedad comparece en este acto a los efectos de darse por notificada de las Prendas constituidas en virtud del presente Contrato.

Y DE OTRA PARTE.

B.1.- Las entidades referidas en el **Anexo 1** del presente Contrato (los “ **Nuevos Acreedores Acordeón**”).

In Madrid, on 28 July 2016.

Attested to by Mr. Antonio Pérez-Coca Crespo, Notary Public of Madrid.

APPEAR

ON THE ONE HAND.

A.1.- NEW SUNWARD HOLDING B.V., a company duly incorporated under the laws of The Netherlands, with registered offices at Claude Debussylaan 30, 13th Floor. 1082 MD Amsterdam, The Netherlands, registered with the Chamber of Commerce and Industries for Amsterdam (*Kamer van Koophandel en Fabrieken voor Amsterdam*) under the number 34133556 and with tax identification number N-0032922-G (“ **Holding**”).

A.2.- CEMEX, S.A.B. DE C.V., an entity duly incorporated under the laws of Mexico with registered offices at Ciudad de Monterrey, N.L. (México), Avenida Constitución, 444, Poniente, Zona Centro, registered with the Federal Registry under the number CEM-880726-UZA and with tax identification number N-4121454-E (“ **Parent**”).

Hereinafter, Holding and Parent shall be jointly referred to as the “ **Pledgors**”, and each of them, individually, as a “ **Pledgor**”.

ON THE OTHER HAND.

A.3.- CEMEX ESPAÑA, S.A., a company incorporated under the laws of Spain, with registered office at Hernández de Tejada 1, 28027, Madrid (Spain), with Tax Identification Number A-46004214 and registered with the Commercial Registry of Madrid, in volume 9,743 and 9,744, sheet 1 and 166, section 8, page no. M-156542 (“ **Cemex España**” or the “ **Company**”).

The Company appears in this act for the purposes of acknowledging the granting of the Pledges created by virtue of this Agreement.

AND ON THE OTHER HAND.

B.1.- The entities referred to in **Annex 1** hereto (the “ **New Accordion Lenders**”).

B.2.- WILMINGTON TRUST (LONDON) LIMITED, entidad constituida de conformidad con las leyes de Inglaterra y Gales, con domicilio social en Third Floor, 1 King's Arms Yard, Londres EC2R 7AF, inscrita en el Registro de Sociedades con número 05650152 (el "**Agente de Garantías**").

El Agente de Garantías actúa en el presente Contrato en su propio nombre y derecho y, asimismo por cuenta y en beneficio de los Nuevos Acreedores Acordeón y de las restantes Partes Garantizadas (tal y como se definen más adelante) en virtud del Contrato de Relación entre Acreedores (tal y como éste se define a continuación).

B.3.- BANCO BILBAO VIZCAYA ARGENTARIA, S.A., entidad de crédito con domicilio en Bilbao, Plaza de San Nicolás número 4, y número de identificación fiscal A-48265169 (el "**Depositario**").

El Depositario comparece a los solos efectos del desplazamiento posesorio de conformidad con lo dispuesto en la cláusula 4.

Las entidades enumeradas anteriormente serán denominadas, conjuntamente, como las "**Partes**".

EXPONEN

- I. Que la Sociedad y los Pignorantes forman parte del Grupo CEMEX (el "**Grupo**"), cuya matriz es Parent.
- II. Que los Pignorantes son legítimos propietarios de las acciones de Cemex España que se detallan a continuación:
 - Holding es titular de 1.320.213.703 acciones de 1,17 euros de valor nominal cada una (las "**Acciones Holding**"), representativas del 99,4847% del capital social de la Sociedad. Las Acciones Holding están libres de cargas y gravámenes de cualquier tipo (salvo por las Prendas (tal y como se define a continuación)), conforme se acredita en el certificado de legitimación (el

B.2.- WILMINGTON TRUST (LONDON) LIMITED, an entity duly incorporated under the laws of England and Wales with registered offices at Third Floor, 1 King's Arms Yard, London EC2R 7AF, registered with the Companies Home under the number 05650152 (the "**Security Agent**").

The Security Agent acts in this Agreement in its own name and on its own behalf and, in addition for the New Accordion Lenders, and of the remaining Secured Parties (as defined below) by virtue of the Intercreditor Agreement (as this term is defined below).

B.3.- BANCO BILBAO VIZCAYA ARGENTARIA, S.A., a credit entity with registered offices at Bilbao, Plaza de San Nicolás, 4, Spain, registered with Tax Identification Number A-48265169 (the "**Custodian**").

The Custodian appears in this document for the only purposes of the delivery of the possession, as established in clause 4.

The entities listed above shall be jointly referred to as the "**Parties**".

WHEREAS

- I. The Company and the Pledgors are part of the CEMEX Group (the "**Group**"), the parent company of which is Parent.
- II. The Pledgors are the legitimate owners of the shares in Cemex España detailed below:
 - Holding owns 1,320,213,703 shares of 1.17 euro par value each (the "**Holding Shares**"), which represent 99.4847% of the share capital in the Company. The Shares are free and clear of any lien or encumbrance whatsoever (other than the Pledges (as defined below)), as evidenced by the ownership certificate (*certificado de legitimación*) (the "**Holding Shares Pledges Certificate**")

“**Certificado de Prendas Acciones Holding**”) expedido el 22 de julio de 2016 por el Depositario actualmente encargado del registro contable de las Acciones Holding (el “**Registro Acciones Holding**”).

- Parent es titular de 2.050.000 acciones de 1,17 euros de valor nominal cada una (las “**Acciones Parent**”), representativas del 0,1545% del capital social de la Sociedad. Las Acciones Parent están libres de cargas y gravámenes de cualquier tipo (salvo por las Prendas (tal y como se define a continuación)), conforme se acredita en el certificado de legitimación (el “**Certificado de Prendas Acciones Parent**”) expedido el 22 de julio de 2016 por el Depositario, entidad actualmente encargada del registro contable de las Acciones Parent (el “**Registro Acciones Parent**”).

En lo sucesivo, se hará referencia a las Acciones Holding y a las Acciones Parent, conjuntamente, como las “**Acciones**”.

En lo sucesivo, se hará referencia al Certificado de Prendas Acciones Holding y al Certificado de Prendas Acciones Parent, conjuntamente, como los “**Certificados de Prendas**”. Se adjunta a este Contrato como **Anexo 2** una copia de los Certificados de Prendas.

En lo sucesivo, se hará referencia al Registro de Acciones Holding y al Registro de Acciones Parent, conjuntamente, como los “**Registros**”.

III. Que en el año 2012, el Grupo llevó a cabo un proceso de reestructuración de su deuda financiera en el contexto del cual:

- (i) el 17 de septiembre de 2012 Parent y el Agente de Garantías, entre otros, suscribieron un contrato de financiación sometido a derecho inglés y denominado “*Facilities Agreement*” por un importe de USD 6.155.195.056,33, el cual fue elevado a público el 8 de noviembre 2012 en virtud de escritura otorgada ante el Notario de Madrid, D. Rafael Monjo Carrió con número 2.049 de su protocolo (el “**Contrato de Financiación 2012**”).

issued on 22 July 2016 by the Custodian, managing company of the registry where the Shares are recorded (the “**Holding Shares Registry**”).

- Parent owns 2,050,000 shares of 1.17 euro par value each (the “**Parent Shares**”), which represent 0.1545% of the share capital in the Company. The Parent Shares are free and clear of any lien or encumbrance whatsoever (other than the Pledges (as defined below)), as evidenced by the ownership certificate (*certificado de legitimación*) (the “**Parent Shares Pledges Certificate**”) issued on 22 July 2016 by the Custodian, managing company of the registry where the Parent Shares are recorded (the “**Parent Shares Registry**”).

Hereinafter, the Holding Shares and the Parent Shares shall be jointly referred to as the “**Shares**”.

Hereinafter, the Holding Shares Pledges Certificate and the Parent Shares Pledges Certificate shall be jointly referred to as the “**Pledges Certificates**”. A copy of the Pledges Certificates is attached as **Annex 2** hereto.

Hereinafter, the Holding Shares Registry and the Parent Shares Registry shall be jointly referred to as the “**Registries**”.

III. In 2012 the Group entered into a refinancing process of its financial indebtedness, in the context of which:

- (i) on 17 September 2012, Parent and the Security Agent, amongst others, entered into a USD 6,155,195,056.33 English law governed facilities agreement, which was raised to public document status before the Notary of Madrid Mr. Rafael Monjo Carrió under number 2,049 of his official record (the “**2012 Facility Agreement**”).

(ii) el 17 de septiembre de 2012, Parent, el Agente de Garantías y ciertas sociedades del Grupo, entre otros, suscribieron un contrato de relación entre acreedores denominado "*Intercreditor Agreement*", el cual fue elevado a público el 8 de noviembre de 2012 ante el Notario de Madrid, D. Rafael Monjo Carrió (el "**Contrato de Relación entre Acreedores Original**").

(iii) el 8 de noviembre de 2012 los Pignorantes (entre otros) suscribieron un contrato de constitución de prendas de acciones con la intervención del Notario de Madrid, D. Rafael Monjo Carrió, con el número 3.530 de su Libro Registro (el "**Contrato de Prendas**").

En virtud del Contrato de Prendas, los Pignorantes constituyeron a favor de las Partes Garantizadas (tal y como este término se define en el Contrato de Relación entre Acreedores) derechos reales de prenda sobre sus respectivas Acciones (las "**Prendas**").

Los Pignorantes constituyeron tantas Prendas como obligaciones se derivan a favor de las Partes Garantizadas en virtud de cada uno de los Documentos de Deuda (*Debt Documents*) (tal y como este término se define en el Contrato de Relación entre Acreedores).

IV. Que en el año 2014, el Grupo llevó a cabo un nuevo proceso de reestructuración de su deuda financiera en el contexto del cual:

(i) el 29 de septiembre de 2014, Parent suscribió con un grupo de entidades acreedoras (los "**Acreedores Club Loan Originales**") un contrato de financiación sometido a Derecho inglés denominado "*Facilities Agreement*", el cual fue elevado a público el 30 de septiembre de 2014 ante el Notario de Madrid, D. Rafael

(ii) on 17 September 2012, Parent, the Security Agent and certain companies of the Group (amongst others) entered into an intercreditor agreement, which was raised to the status of Spanish public document on 8 November 2012 before the Notary of Madrid, Mr. Rafael Monjo Carrió (the "**Original Intercreditor Agreement**").

(iii) on 8 November 2012, the Pledgors (amongst others) entered into a shares pledge agreement with the intervention of the Notary of Madrid Mr. Rafael Monjo Carrió with number 3,530 of his records (the "**Shares Pledge Agreement**").

By virtue of the Shares Pledge Agreement, the Pledgors granted in favour of the Secured Parties (as defined in the Intercreditor Agreement) several first ranking concurrent pledges over their respective Shares (the "**Pledges**").

The Pledgors granted as many Pledges as obligations arise from each of the Debt Documents (as defined in the Intercreditor Agreement) in favour of the Secured Parties.

IV. In 2014 the Group entered into a new refinancing process of its financial indebtedness, in the context of which:

(i) on 29 September 2014, Parent and a group of lenders (the "**Original Club Loan Lenders**") entered into an English law governed facilities agreement, which was raised to the status of Spanish public document on 30 September 2014 before the Notary of Madrid, Mr. Rafael Monjo Carrió under number 1,687 of his

Monjo Carrió con número 1.687 de su protocolo (el “**Contrato Club Loan Original**”).

- (ii) el 29 de septiembre de 2014, los Acreedores Club Loan Originales suscribieron sus respectivas “*Creditor Accession Undertakings*” en virtud de las cuales se adhirieron al Contrato de Relación entre Acreedores Original como “Acreedores de Refinanciación” (o *Refinancing Creditors*).

Los “*Creditor Accession Undertakings*” fueron elevados a público el 30 de septiembre de 2014 ante el Notario de Madrid, D. Rafael Monjo Carrió.

- (iii) el 30 de septiembre de 2014, los Pignorantes, Cemex España, los Acreedores Club Loan Originales, el Agente de Garantías y el Depositario suscribieron un contrato denominado “contrato de extensión de prendas de acciones”, en virtud del cual las obligaciones derivadas del Contrato Club Loan Original (las cuales cualifican como Obligaciones Garantizadas de conformidad con el Contrato de Prendas) quedaron garantizadas por las Prendas.

Dicho contrato fue elevado a público en esa misma fecha ante el Notario de Madrid, D. Rafael Monjo Carrió con número 1.688 de su protocolo.

- (iv) el 19 de noviembre de 2014, y de conformidad con lo previsto en el Contrato Club Loan Original, ciertos acreedores (los “**Acreedores Acordeón 2014**”) suscribieron documentos acordeón (o “*Accordion Confirmation*”) (los “**Documentos Acordeón 2014**”), en virtud de los cuales (1) se incrementó el Importe Total (“*Total Commitment*”) del Contrato Club Loan Original y (2) los Acreedores Acordeón 2014 se adhirieron al Contrato de Relación entre Acreedores Original.

official record (the “**Original Club Loan Agreement**”).

- (ii) on 29 September 2014, the Original Club Loan Lenders entered into the relevant “*Creditor Accession Undertakings*” by virtue of which they acceded to the Original Intercreditor Agreement as “*Refinancing Creditors*”.

The Creditor Accession Undertakings were raised to public document status on 30 September 2014 before the Notary of Madrid, Mr. Rafael Monjo Carrió.

- (iii) on 30 September 2014, the Pledgors, Cemex España, the Original Club Loan Lenders, the Security Agent and the Custodian entered into a “share pledges extension agreement”, by virtue of which the obligations arising from the Original Club Loan Agreement (which qualify as Secured Obligations in accordance with the Shares Pledge Agreement) were secured by the Pledges.

The agreement was raised to public document status on the same date before the Notary of Madrid, Mr. Rafael Monjo Carrió, under number 1,688 of his official record.

- (iv) on 19 November 2014, and in accordance with the Original Club Loan Agreement, certain lenders (the “**2014 Accordion Lenders**”) entered into various accordion confirmations (the “**2014 Accordion Confirmations**”), pursuant to which (1) the Total Commitment under the Original Club Loan Agreement was increased and (2) the 2014 Accordion Lenders acceded to the Original Intercreditor Agreement.

Los Documentos Acordeón 2014 fueron elevados a público en el mismo día ante el Notario de Madrid, D. Rafael Monjo Carrió con los números 2.022, 2.023, 2.024, 2.025, 2.026 de su protocolo.

- (v) el 19 de noviembre de 2014, los Pignorantes, Cemex España, los Acreedores Acordeón 2014, el Agente de Garantías y el Depositario suscribieron un contrato denominado “contrato de extensión de prendas de acciones”, en virtud del cual las obligaciones derivadas de los Documentos Acordeón 2014 (las cuales cualifican como Obligaciones Garantizadas de conformidad con el Contrato de Prendas) quedaron garantizadas por las Prendas.

Dicho contrato fue elevado a público en esa misma fecha ante el Notario de Madrid, D. Rafael Monjo Carrió con número 2.027 de su protocolo.

V. Que en el año 2015, el Grupo llevó a cabo un nuevo proceso de reestructuración de su deuda financiera en el contexto del cual:

- (i) el 23 de julio de 2015 Parent suscribió con, entre otros, el Agente de Garantías y ciertos acreedores (los “**Acreedores Acordeón 2015**”) un contrato de novación modificativa no extintiva del Contrato Club Loan Original (el “**Primer Contrato de Novación**”), en virtud del cual (1) se novó el Contrato Club Loan Original y (2) se documentaron diversos incrementos del Importe Total (“*Total Commitment*”) del Contrato Club Loan Original por medio del sistema de “*Accordion Confirmations*”.

El Contrato de Novación fue elevado a público el 29 de julio de 2015 ante el Notario de Madrid, D. Antonio Pérez-Coca Crespo con el número 3.792 de su protocolo.

The 2014 Accordion Confirmations were raised to public document status on the same date before the Notary of Madrid, Mr. Rafael Monjo Carrió, under number 2,022, 2,023, 2,024, 2,025 and 2,026 of his official records.

- (v) on 19 November 2014, the Pledgors, Cemex España, the 2014 Accordion Lenders, the Security Agent and the Custodian entered into a “share pledges extension agreement”, by virtue of which the obligations arising from the 2014 Accordion Confirmations (which qualify as Secured Obligations in accordance with the Shares Pledge Agreement) were secured by the Pledges.

The agreement was raised to public document status on the same date before the Notary of Madrid, Mr. Rafael Monjo Carrió, under number 2,027 of his official record.

V. In 2015 the Group entered into a new refinancing process of its financial indebtedness, in the context of which:

- (i) on 23 July 2015 Parent entered into with, amongst others, the Security Agent and certain parties (the “**2015 Accordion Lenders**”) an amendment agreement in relation to the Original Club Loan Agreement (the “**First Amendment Agreement**”), by virtue of which (1) the Original Club Loan Agreement was amended and (2) the Total Commitment under the Original Club Loan Agreement was increased through the “*Accordion Confirmations*” mechanism.

The Amendment Agreement was raised to the status of Spanish public document on 29 July 2015 before the Notary of Madrid, Mr. Antonio Pérez-Coca Crespo under number 3,792 of his official records.

- (ii) el 23 de julio de 2015, Parent, el Agente de Garantías y ciertas sociedades del Grupo, entre otros, suscribieron un contrato de novación y reformulación del Contrato de Relación entre Acreedores Original (el “**Contrato de Novación del Contrato entre Acreedores**”), el cual fue elevado a público el 29 de julio de 2015 ante el Notario de Madrid, D. Antonio Pérez-Coca Crespo con el número 3.793 de su protocolo.

En adelante, se hará referencia al Contrato de Relación entre Acreedores Original tal y como el mismo resultó novado en virtud del Contrato de Novación del Contrato entre Acreedores como el “**Contrato de Relación entre Acreedores**”.

- (iii) el 29 de julio de 2015, los Pignorantes, Cemex España, los Acreedores Acordeón 2015, el Agente de Garantías y el Depositario suscribieron un contrato denominado “contrato de extensión de prendas de acciones”, en virtud del cual las obligaciones derivadas del Contrato Club Loan tal y como resultó novado e incrementado en virtud del Contrato de Novación (las cuales cualifican como Obligaciones Garantizadas de conformidad con el Contrato de Prendas) quedaron garantizadas por las Prendas.

Dicho contrato fue elevado a público en esa misma fecha ante el Notario de Madrid, D. Antonio Pérez-Coca Crespo con el número 3.794 de su protocolo.

- (iv) Que el 21 de septiembre de 2015, y de conformidad con lo previsto en el Contrato Club Loan, Banco Nacional de Comercio Exterior, S.N.C., Sabcapital, S.A. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad no Regulada (anteriormente Sabadell Capital S.A. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad Regulada (“**Sabadell**”)) y Banco Popular Español, S.A. (los “**Acreedores Acordeón 2015**”) suscribieron

- (ii) on 23 July 2015, the Parent and the Security Agent, amongst others, entered into an amendment and restatement agreement of the Original Intercreditor Agreement (the “**Intercreditor Amendment Agreement**”), which was raised to public document status on 29 July 2015 before the Notary of Madrid Mr. Antonio Pérez-Coca Crespo under number 3,793 of his official records.

Reference will be made to the Original Intercreditor Agreement as amended by virtue of the Intercreditor Amendment Agreement as the “**Intercreditor Agreement**”.

- (iii) On 29 July 2015, the Pledgors, Cemex España, the 2015 Accordion Lenders, the Security Agent and the Custodian entered into a “share pledges extension agreement” by virtue of which the obligations arising from the Club Loan Agreement as amended and increased by virtue of the Amendment Agreement (which qualify as Secured Obligations in accordance with the Shares Pledge Agreement) were secured by the Pledges.

The agreement was raised to public document status on the same date before the Notary of Madrid, Mr. Antonio Pérez-Coca Crespo under number 3,794 of his official records.

- (iv) On 21 September 2015, and in accordance with the Club Loan Agreement, Banco Nacional de Comercio Exterior, S.N.C., Sabcapital, S.A. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad no Regulada (formerly Sabadell Capital S.A. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad Regulada (“**Sabadell**”)) and Banco Popular Español, S.A. (the “**2015 Accordion Lenders**”) entered into accordion

sendos documentos acordeón (o “*Accordion Confirmation*”) (los “**Documentos Acordeón 2015**”), en virtud de los cuales (1) incrementaron el Importe Total (“*Total Commitment*”) del Contrato Club Loan y (2) uno de los Nuevos Acreedores Acordeón que no era parte del Contrato de Relación entre Acreedores (Banco Popular Español, S.A.) se adhirió al mismo.

Dichos contratos fueron elevados a público el 24 de septiembre de 2016 ante el Notario de Madrid, D. Antonio Pérez-Coca Crespo.

- (v) el 24 de septiembre de 2015, los Pignorantes, Cemex España, los Acreedores Acordeón 2015, el Agente de Garantías y el Depositario suscribieron un contrato denominado “contrato de extensión de prendas de acciones” documentado mediante póliza intervenida por el Notario de Madrid, D. Antonio Pérez-Coca Crespo, en virtud del cual las obligaciones derivadas de los Documentos Acordeón 2015 (las cuales cualifican como Obligaciones Garantizadas de conformidad con el Contrato de Prendas) quedaron garantizadas por las Prendas.

VI. Que en el año 2016, el Grupo ha llevado a cabo diversas operaciones relacionadas con su deuda financiera en el contexto del cual:

- (i) el 17 de marzo de 2016 Parent suscribió con, entre otros, el Agente de Garantías y el Agente un contrato de novación modificativa no extintiva del Contrato Club Loan Original tal y como había sido novado a dicha fecha (el “**Segundo Contrato de Novación**”).

El Segundo Contrato de Novación fue elevado a público el 30 de marzo de 2016 ante el Notario de Madrid, D. Antonio Pérez-Coca Crespo.

confirmations (the “**2015 Accordion Confirmations**”), pursuant to which (1) the Total Commitment under the Club Loan Agreement was increased and (2) one of the New Accordion Lenders who was not party to the Intercreditor Agreement (Banco Popular Español, S.A.) acceded to it.

These agreements were raised to public document status on 24 September 2016 before the Notary of Madrid, Mr. Antonio Pérez-Coca Crespo.

- (v) On 24 September 2015, the Pledgors, Cemex España, the 2015 Accordion Lenders, the Security Agent and the Custodian entered into a “share pledges extension agreement” by means of a public deed (“*póliza*”) attested by the Notary of Madrid Mr. Antonio Pérez-Coca Crespo, by virtue of which the obligations arising from the 2015 Accordion Confirmations (which qualify as Secured Obligations in accordance with the Shares Pledge Agreement) were secured by the Pledges.

VI. In 2016 the Group has entered into several transactions related to its financial indebtedness, in the context of which:

- (i) on 17 March 2016 Parent entered into with, amongst others, the Security Agent an amendment agreement in relation to the Original Club Loan Agreement as amended as of such date (the “**Second Amendment Agreement**”).

The Second Amendment Agreement was raised to public document status on 30 March 2016 before the Notary of Madrid, Mr. Antonio Pérez-Coca Crespo.

- (ii) el 22 de abril de 2016 y de conformidad con lo previsto en el Contrato Club Loan, JPMorgan Chase Bank, National Association (“**JP Morgan**”). suscribió un documento acordeón o (“*Accordion Confirmation*”) (el “**Accordion JP**”) en virtud del cual se incrementó el Importe Total (“*Total Commitment*”) del Contrato Club Loan.

El Accordion JP fue elevado a público el 26 de abril de 2016 ante el Notario de Madrid, D. Antonio Pérez-Coca Crespo.

- (iii) el 23 de junio de 2016, con el fin de adherirse al Contrato Club Loan, como nuevo Acreedor, según lo previsto en la cláusula 2.2 de dicho contrato, International Finance Corporation (“**IFC**”) suscribió un Accordion Confirmation al objeto de formalizar dicha adhesión y de este modo ampliar el principal Importe Total (“*Total Commitment*”) del Contrato Club Loan (el “**Accordion IFC**”).

El Accordion IFC fue elevado a público el 13 de julio de 2016 ante el Notario de Madrid, D. Antonio Pérez-Coca Crespo.

- (iv) el 23 de junio de 2016 Parent suscribió con, entre otros, el Agente de Garantías, el Agente e IFC un contrato de novación modificativa no extintiva del Contrato Club Loan Original tal y como había sido novado a dicha fecha (el “**Tercer Contrato de Novación**”).
- (v) el 11 de julio de 2016 Parent suscribió con, entre otros, el Agente y el Agente de de Garantías un contrato de novación modificativa no extintiva del Contrato Club Loan Original tal y como había sido novado a dicha fecha (el “**Cuarto Contrato de Novación**”).

En adelante, se hará referencia al Contrato Club Loan Original tal y como el mismo resultó novado en virtud del Primer Contrato de

- (ii) on 22 April 2016, and in accordance with the Club Loan Agreement, JPMorgan Chase Bank, National Association (“**JP Morgan**”) entered into an accordion confirmation (the “**JP Accordion**”) pursuant to which the Total Commitment under the Club Loan Agreement was increased.

The JP Accordion was raised to public document status on 26 April 2016 before the Notary of Madrid, Mr. Antonio Pérez-Coca Crespo.

- (iii) on 23 June 2016, in order to become party to the Club Loan Agreement as new Lender in accordance with the provisions of clause 2.2. of such agreement, International Finance Corporation (“**IFC**”) executed an Accordion Confirmation in order to document such accession and increase the Total Commitment of the Club Loan Agreement (the “**IFC Accordion**”).

The IFC Accordion was raised to public document status on 13 July 2016 before the Notary of Madrid, Mr. Antonio Pérez-Coca Crespo.

- (iv) on 23 June 2016 Parent entered into with, amongst others, the Agent, the Security Agent and IFC an amendment agreement in relation to the Original Club Loan Agreement as amended as of such date (the “**Third Amendment Agreement**”).
- (v) on 11 July 2016, Parent entered into with, amongst others, the Agent, and the Security Agent an amendment agreement in relation to the Original Club Loan Agreement as amended as of such date (the “**Fourth Amendment Agreement**”).

Reference will be made to the Original Club Loan Agreement as amended by virtue of the First Amendment Agreement, the Second Amendment Agreement, the Third

Novación, el Segundo Contrato de Novación, el Tercer Contrato de Novación y el Cuarto Contrato de Novación como el “**Contrato Club Loan**”.

El Tercer Contrato de Novación y el Cuarto Contrato de Novación fueron elevados a público el 13 de julio de 2016 ante el Notario de Madrid, D. Antonio Pérez-Coca Crespo.

- (vi) el 26 de julio de 2016 y de conformidad con lo previsto en el Contrato Club Loan Sabadell, suscribió un documento acordeón o (“*Accordion Confirmation*”) (el “**Accordion Sabadell**”) en virtud del cual se incrementó el Importe Total (“*Total Commitment*”) del Contrato Club Loan.

Dicho contrato ha sido elevado a público en el día de hoy ante el Notario de Madrid, D. Antonio Pérez-Coca Crespo.

En adelante, el Accordion JP, el Accordion IFC y el Accordion Sabadell serán denominados conjuntamente como los “**Nuevos Documentos Acordeón**”.

Asimismo, JP Morgan, IFC y Sabadell serán denominados conjuntamente como los “**Nuevos Acreedores Acordeón**”.

VII. Que tal y como se prevé en el Contrato de Prendas y en el Contrato de Relación entre Acreedores:

- (i) las “**Obligaciones Garantizadas**” bajo las Prendas incluyen todas las obligaciones presentes y futuras debidas por cualquier miembro del Grupo a cualquier Parte Garantizada (o *Secured Party*) bajo cada uno de los Documentos de Deuda (o *Debt Documents*);
- (ii) las “**Partes Garantizadas**” beneficiarias de las Prendas como acreedores pignoratícios incluyen, entre otros, a los acreedores bajo el Contrato Club Loan (parte de los cuales son los Nuevos Acreedores Acordeón) como “Acreedores de la Refinanciación” (o *Refinancing Creditors*); y

Amendment Agreement and the Fourth Amendment Agreement as the “**Club Loan Agreement**”.

The Third Loan Agreement and the Fourth Amendment Agreement were raised to public document status on 13 July 2016 before the Notary of Madrid, Mr. Antonio Pérez-Coca Crespo.

- (vi) on 26 July 2016 and in accordance with the Club Loan Agreement Sabadell entered into an accordion confirmation (the “**Sabadell Accordion**”) pursuant to which the Total Commitment under the Club Loan Agreement was increased.

The agreement was raised to public document status on the date hereof before the Notary of Madrid, Mr. Antonio Pérez-Coca Crespo.

Hereinafter, the JP Accordion, the IFC Accordion and the Sabadell Accordion will be jointly referred to as the “**New Accordion Confirmations**”.

Likewise, JP Morgan, IFC and Sabadell will be jointly referred to as the “**New Accordion Lenders**”.

VII. In accordance with the Shares Pledges Agreement and the Intercreditor Agreement:

- (i) the “**Secured Obligations**” under the Pledges includes all the present and future obligations that may be due at any time by any member of the Group to any Secured Party under any Debt Documents;
- (ii) the “**Secured Parties**” beneficiaries of the Pledges as pledgees include, amongst others, the lenders under the Club Loan Agreement (part of which are the New Accordion Lenders) as “Refinancing Creditors”; and

(iii) los “**Documentos de Deuda**” (*Debt Documents*) garantizados en virtud de las Prendas incluyen, entre otros, el Contrato Club Loan (junto con los Documentos Acordeón) como “Documento de Refinanciación” (o *Refinancing Document*).

(iii) the “**Debt Documents**” secured under the Pledges include the Club Loan Agreement (together with the Accordion Confirmations) as “Refinancing Document”.

VIII. Que, de conformidad con lo previsto en las Cláusulas 2.2(h) y 2.2(j) del Contrato Club Loan, los incrementos del Importe Total (“*Total Commitment*”) del Contrato Club Loan documentados en virtud de los Nuevos Documentos Acordeón, deben garantizarse en virtud de las Prendas, por lo que las Partes han acordado otorgar el presente contrato (el “**Contrato**”) que se registrará por las siguientes

VIII. In accordance with Clause 2.2(h) and 2.2(j) of the Club Loan Agreement, the increases of the Total Commitment under the Club Loan Agreement resulting from the New Accordion Confirmations, shall be secured by the Pledges, and therefore the Parties have agreed to enter into this agreement (the “**Agreement**”) in accordance with the following

ESTIPULACIONES

CLAUSES

1. INTERPRETACIÓN Y DEFINICIONES

1.1 Salvo que en este documento se establezca lo contrario, los términos en mayúsculas que se incluyen en este Contrato tendrán el significado que a los mismos se atribuye en el Contrato de Prendas.

Las Partes acuerdan y hacen constar que este Contrato no modifica los términos y condiciones de los Nuevos Documentos Acordeón, del Contrato Club Loan o del Contrato de Relación entre Acreedores. Además, este Contrato quedará sujeto a los términos del Contrato de Relación entre Acreedores y, en caso de cualquier inconsistencia, el Contrato de Relación entre Acreedores prevalecerá entre las partes de este Contrato y del Contrato de Relación entre Acreedores y siempre que lo permita la ley aplicable.

1.2 Adicionalmente, expresamente se hace constar que:

“**Obligaciones Garantizadas**” incluye todas las Obligaciones (o *Liabilities*) y todas las obligaciones presentes y futuras pendientes en cualquier momento, debidas o incurridas por cualquier miembro del Grupo a cualquier Nuevo Acreedor Acordeón (en su condición de Parte Garantizada (o *Secured Party*)) bajo el

1. INTERPRETATION AND DEFINITIONS

1.1. Unless a contrary indication appears, capitalised terms included in this Agreement shall have the same meanings given to them in the Shares Pledges Agreement.

The Parties hereby agree that this Agreement shall not in any way prejudice or affect the terms and conditions contained in the New Accordion Confirmations, the Club Loan Agreement or the Intercreditor Agreement. Further, this Agreement shall be subject to the terms of the Intercreditor Agreement and in the event of any inconsistencies, the Intercreditor Agreement shall prevail amongst the parties hereto and thereto and as permitted by applicable law.

1.2. In addition, it is expressly stated that:

“**Secured Obligations**” means all the Liabilities and all other present and future obligations at any time due, owing or incurred by any member of the Group to any New Accordion Lender (as Secured Party) under the Club Loan Agreement (as Debt Document), expressly including the increase of the Total Commitment under

Contrato de Club Loan (como Documento de Deuda (*Debt Document*)), incluyendo expresamente el incremento del Importe Total ("*Total Commitment*") del Contrato Club Loan documentado en virtud de los Nuevos Documentos Acordeón, tanto actuales como contingentes, incurridas de manera individual o conjunta, como obligación principal o accesoria de garantía o de cualquier otra forma.

"Partes Garantizadas" incluye expresamente, pero sin limitación, a los Nuevos Acreedores Acordeón.

the Club Loan Agreement granted by virtue of the New Accordion Confirmations, both actual and contingent and whether incurred solely or jointly and as principal or surety or in any other capacity.

"Secured Parties" includes, without limitation, the New Accordion Lenders.

2. EXTENSIÓN FORMAL DE OBLIGACIONES GARANTIZADAS

- 2.1 De conformidad con el Contrato de Prendas, las Prendas garantizaban desde su otorgamiento todos los Documentos de Deuda (o *Debt Documents*), incluyendo los "Documentos de Refinanciación" (o *Refinancing Documents*).
- 2.2 Como consecuencia del otorgamiento del Contrato Club Loan y de los Nuevos Documentos Acordeón, y de la adhesión de los Nuevos Acreedores Acordeón al Contrato de Relación entre Acreedores, en virtud del presente Contrato:
 - 2.2.1 expresamente se documenta la extensión de las Prendas a las Obligaciones Garantizadas derivadas de los Nuevos Documentos Acordeón (las cuales quedan expresamente garantizadas en virtud de las Prendas en los términos previstos en el Contrato de Prendas);
 - 2.2.2 los Nuevos Acreedores Acordeón acceden y ratifican formalmente el Contrato de Prendas; y
 - 2.2.3 los Nuevos Acreedores Acordeón aceptan formalmente las Prendas otorgadas a su favor.

3. REGULACIÓN DE LAS PRENDAS

- 3.1 Expresamente se da por reproducido en este Contrato el clausulado y la regulación prevista en el Contrato de Prendas, el cual aplicará *mutatis mutandi* a las Prendas constituidas en garantía de las Obligaciones Garantizadas derivadas de los Nuevos Documentos Acordeón.

2. FORMAL EXTENSION OF SECURED OBLIGATIONS

- 2.1 In accordance with the Shares Pledges Agreement, the Pledges secured (as from the moment in time when they were granted) all the Debt Documents, including the Refinancing Documents.
- 2.2 Further to the granting of the Club Loan Agreement and the New Accordion Confirmations, and the accession of the New Accordion Lenders to the Intercreditor Agreement, by virtue of this Agreement:
 - 2.2.1 it is expressly documented the extension of the Pledges to the Secured Obligations arising under the New Accordion Confirmations (which are expressly secured under the Pledges in accordance with the Pledges Agreement);
 - 2.2.2 the New Accordion Lenders formally accede and ratify the Pledges Agreement; and
 - 2.2.3 the New Accordion Lenders expressly accept the Pledges granted in their favour.

3. REGULATION OF THE PLEDGES

- 3.1 The regulation of the Shares Pledges Agreement shall be applicable (*mutatis mutandi*) to the Pledges securing the Secured Obligations under the New Accordion Confirmations.

-
- 3.2 Cada una de las Prendas es independiente de las restantes y se registrará separadamente por las normas contenidas en las Estipulaciones 2 a 18 del Contrato de Prendas.
- 3.3 El Presente Contrato no modifica el Contrato de Prendas, sino que lo complementa en cuanto que regula las Prendas otorgadas en garantía de las Obligaciones Garantizadas derivadas de los Nuevos Documentos Acordeón.
- 4. DESPLAZAMIENTO POSESORIO**
- 4.1 El Depositario, mediante su comparecencia en el presente Contrato, se da por notificado del otorgamiento del presente Contrato y se compromete a:
- 4.1.1 inscribir en el día de hoy la constitución de cada una de las Prendas en los correspondientes Registros de anotaciones en cuenta y proceder al desglose de las Acciones, inscripción que equivaldrá al desplazamiento posesorio de las Acciones de conformidad con lo previsto en el artículo 10 de la Ley 24/1988, de 28 de julio, del Mercado de Valores y en el artículo 13 del RD 116/1992; y
- 4.1.2 contra entrega por el Agente de Garantías al Depositario de los Certificados de Prendas (cosa que tiene lugar en este acto ante el Notario que interviene el presente Contrato) y una vez efectuada la inscripción prevista en el párrafo 4.1.1 anterior, emitir nuevos certificados de prendas reflejando la constitución de todas las Prendas (incluyendo expresamente las Prendas en relación con los Nuevos Documentos Acordeón) (los “**Nuevos Certificados de Prendas**”). Los Nuevos Certificados de Prendas serán remitidos por el Depositario al Agente de Garantías a la mayor brevedad posible.
- 3.2 Each of the Pledges is independent in its own right and shall each be governed separately by Clauses 2 to 18 of the Shares Pledges Agreement.
- 3.3 This Agreement does not modify the Shares Pledges Agreement, but just complement it in respect of the Pledges securing the Secured Obligations under the New Accordion Confirmations.
- 4. DELIVERY OF THE POSSESSION**
- 4.1 The Custodian, by means of its appearance as a party to this Agreement, acknowledges the execution of this Agreement and hereby undertakes to:
- 4.1.1 record as at the date hereof the creation of each of the Pledges in the relevant book entries Registries. This recording shall be equivalent to the delivery of possession of the Shares pursuant to Article 10 of the Law 24/1988, dated 28 July, on the Securities Market and Article 13 of RD 116/1992; and
- 4.1.2 once the Security Agent has delivered to the Custodian the Pledges Certificates (which are delivered at this moment before the Notary Public before whom this Agreement will be raised to public document status) and once the recording foreseeing in paragraph 4.1.1 above has taken place, issue new pledges certificates evidencing the creation of all the Pledges (expressly including the Pledges in respect of the New Accordion Confirmations) (the “**New Pledges Certificates**”). The New Pledges Certificates will be delivered by the Custodian to the Security Agent as soon as practicable.

5. DECLARACIONES DE LOS PIGNORANTES

- 5.1 Los Pignorantes declaran y manifiestan a favor de las Partes Garantizadas:
- 5.1.1 Que la Sociedad es una sociedad existente y válidamente constituida en España y está inscrita en el Registro Mercantil de Madrid.
 - 5.1.2 Que el Depositario es la entidad encargada de los Registros de las Acciones.
 - 5.1.3 Que tienen capacidad para suscribir y cumplir el presente Contrato y han realizado todas las actuaciones necesarias para autorizar el otorgamiento y cumplimiento del mismo.
 - 5.1.4 Que los derechos reales de prenda constituyen obligaciones válidas de los Pignorantes, exigibles frente a los mismos con arreglo a lo dispuesto en este Contrato y leyes aplicables.
 - 5.1.5 Que la aceptación y cumplimiento por los Pignorantes de las obligaciones contempladas en este Contrato: (a) no contraviene ningún mandato o decisión judicial o administrativa; (b) no entra en conflicto con sus escrituras de constitución o sus estatutos o los de la Sociedad; (c) no se opone a ningún documento, acuerdo o contrato que sea vinculante para los Pignorantes ni para la Sociedad ni (d) requiere autorización, consentimiento, licencia o permiso (a salvo de las correspondientes autorizaciones adoptadas por sus respectivos órganos de administración).
 - 5.1.6 Los Pignorantes ostentan legítimamente la plena propiedad de las Acciones y tienen pleno poder de disposición sobre las mismas (a salvo de las

5. REPRESENTATIONS OF THE PLEDGORS

- 5.1 The Pledgors represent in favour of the Secured Parties:
- 5.1.1 That the Company exists and is validly incorporated under the laws of Spain and is registered with the Mercantile Registry of Madrid.
 - 5.1.2 That the Custodian is the managing company of the Registries where the Shares are recorded.
 - 5.1.3 That they have the capacity to execute this Agreement and all necessary actions to authorise the execution and performance of this Agreement have been obtained.
 - 5.1.4 That the rights *in rem* of pledges constitute valid and binding obligations to the Pledgors, in accordance with the terms of this Agreement and applicable laws.
 - 5.1.5 That the acceptance and performance by the Pledgors of the obligations set out hereunder: (a) does not contravene any judicial or administrative order or decision; (b) does not contravene their constitutional documents or the Company's in any respect; (c) does not oppose to any document, agreement or contract binding for the Pledgors or the Company; and (d) does not require any authorisation, consent, licence or permit (save for the relevant corporate authorizations adopted by the respective Boards of Directors).
 - 5.1.6 The Pledgors are the owners of the Shares and have the full title to dispose of their respective Shares (save for the limitations set forth in clause 6 of the Shares Pledge Agreement).

limitaciones establecidas en la cláusula 6 del Contrato de Prendas).

- 5.1.7 Que las Acciones: (a) no están sometidas a ninguna carga, gravamen o derecho de opción de compra o de venta o restricción estatutaria o contractual a su libre transmisibilidad (otros que las Prendas); (b) han sido válidamente emitidas por la Sociedad; y (c) están plenamente suscritas y completamente desembolsadas.
- 5.1.8 Sujeto a la aceptación por parte de las Partes Garantizadas, mediante este Contrato se otorgan derechos reales de prenda de primer rango sobre las Acciones a favor de las Partes Garantizadas, en garantía de las Obligaciones Garantizadas, en los mismos términos que los derechos reales de prenda sobre las Acciones constituidos en garantía de las obligaciones derivadas de otros Documentos de Deuda.
- 5.1.9 Que las Acciones pignoradas representan el 99,6392% del capital social de la Sociedad.

- 5.1.7 That the Shares: (a) are free from any lien, encumbrance, option right or statutory or contractual restriction to their transmission (other than the Pledges); (b) have been validly issued by the Company; and (c) are fully subscribed and paid up.
- 5.1.8 Subject to acceptance by the Secured Parties, first ranking pledges over the Shares are created in favour of the Secured Parties as security for the performance of the Secured Obligations, with the same terms of the pledges over the Shares created as security of the obligations arising of other Debt Documents.
- 5.1.9 That the pledged Shares represent the 99.6392% of the share capital of the Company.

6. TRIBUTOS Y GASTOS

Serán de cuenta de los Pignorantes cuantos tributos, tasas, gravámenes, aranceles, timbres, corretajes y gastos, de la naturaleza que sean (incluidos los honorarios del Notario que interviene en el otorgamiento del presente Contrato y los del mantenimiento de los Registros contable de las Acciones) se originen, ahora o en el futuro, por causa del otorgamiento, de la extensión, conservación, modificaciones, cancelación y ejecución de las Prendas de acuerdo con los términos de este Contrato y cualesquiera otros gastos u honorarios de abogados y procuradores y tasas y/o costas judiciales que puedan originarse a las Partes Garantizadas por causa del incumplimiento por los Pignorantes de sus obligaciones bajoeste Contrato.

6. TAXES AND EXPENSES

All present and future taxes, fees and expenses of any nature whatsoever (including the fees of the Notary attesting and before whom this Agreement is granted and those connected with the maintenance of the Registries of book entries where the Shares are recorded) arising out of the execution, extension, maintenance, amendments, cancellation and enforcement of the Pledges in accordance with this Agreement as well as any other fees or expenses of legal advisors and *procuradores* and the judicial costs in which the Secured Parties may incur as a consequence of the breach by the Pledgors of any of its obligations hereunder, shall be borne by the Pledgors.

7. NOTIFICACIONES

Las Partes efectuarán todas las notificaciones relativas a este Contrato de conformidad con el Contrato de Prendas.

8. SUBSANACIÓN O COMPLEMENTO DEL CONTRATO

Los Pignorantes deberán, dentro de los diez (10) Días Hábiles siguientes a la recepción de una notificación por escrito del Agente de Garantías, otorgar cuantos documentos públicos o privados sean necesarios a los efectos de subsanar o aclarar este Contrato, o a los efectos de perfeccionar las Prendas.

9. LEY Y JURISDICCIÓN

- 9.1 Este Contrato se registrará e interpretará de conformidad con la legislación española.
- 9.2 Las Partes, con renuncia expresa a cualquier otro fuero, se someten expresa e irrevocablemente al de los Juzgados y Tribunales de la ciudad de Madrid, para cualesquiera desavenencias que pudieran derivarse de este Contrato.

10. IDIOMA

El presente Contrato se redacta en idioma inglés y en idioma español. En caso de discrepancia o incongruencia entre la versión redactada en inglés y la redactada en español, prevalecerá la versión española. La versión inglesa tiene carácter meramente informativo.

7. NOTICES

All notices to be delivered between the parties in connection with this Agreement shall be made in accordance with the Shares Pledges Agreement.

8. FURTHER ASSURANCES

The Pledgors shall, within ten (10) Business Days of receipt of a written request from the Security Agent, grant all such documents (private or public) as may be necessary to clarify any term of this Agreement or perfect the Pledges.

9. LAW AND JURISDICTION

- 9.1 This Agreement will be governed by and construed in accordance with Spanish law.
- 9.2 Each of the parties to this Agreement irrevocably submits themselves, with express waiver to any other forum, to the jurisdiction of the Courts and Tribunals of the city of Madrid for the resolution of any claim which may arise out of in connection with this Agreement.

10. LANGUAGE

This Agreement is executed in both the Spanish and the English language. In the event of any discrepancy or inconsistency between the Spanish and the English versions, the Spanish version shall prevail. The English version is intended for information purposes only.

La presente póliza se formaliza con la intervención del Notario que figura en el encabezamiento, a los efectos de lo previsto en el Artículo 1.216 del Código Civil, el Artículo 517 de la Ley de Enjuiciamiento Civil, y demás legislación concordante.

Los otorgantes de la presente póliza manifiestan su conformidad y aprobación al contenido de la misma tal y como aparece redactado, a doble columna, en idioma español e inglés, idioma que yo conozco extendida en diecisiete hojas, la otorgan y firman, con mi intervención.

Y yo el Notario, habiendo hecho las oportunas advertencias legales, DOY FE de la identidad de los otorgantes, de la legitimidad de sus firmas, de que a mi juicio tienen la capacidad y legitimación

necesarios para el otorgamiento de la presente póliza, de que el consentimiento ha sido libremente prestado, y de que el otorgamiento se adecua a la legalidad y a la voluntad debidamente informada de los otorgantes o intervinientes.

/s/ D. Juan Pelegrí y Girón

CEMEX, S.A.B. DE C.V.
NEW SUNWARD HOLDING B.V.
CEMEX ESPAÑA, S.A.
D. Juan Pelegrí y Girón

/s/ Dña. Paola Jessica Cutillas López

BANCO BILBAO VIZCAYA
ARGENTARIA, S.A.
Dña. Paola Jessica Cutillas López

/s/ D. Bosco Eguilior Monfort

BANCO BILBAO VIZCAYA
ARGENTARIA, S.A.
D. Bosco Eguilior Monfort

/s/ Dña. María Covadonga Perlado Diez

JP MORGAN CHASE NATIONAL ASSOCIATION
WILMINGTON TRUST (LONDON) LIMITED
Dña. María Covadonga Perlado Diez

/s/ Dña. Estrella Monjas González

SABCAPITAL, S.A. DE C.V., SOCIEDAD FINANCIERA DE OBJETO
MÚLTIPLE,
ENTIDAD REGULADA
Dña. Estrella Monjas González

/s/ D. Enrique Sánchez-Armass

INTERNATIONAL FINANCE CORPORATION

D. Enrique Sánchez-Armass

ANEXO 1

NUEVOS ACREEDORES ACORDEÓN / NEW ACCORDION LENDERS

JPMorgan Chase Bank, National Association.
International Finance Corporation
Sabcapital S.A. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad Regulada

ANEXO 2

COPIA DE LOS CERTIFICADOS DE PRENDA / COPY OF THE PLEDGE CERTIFICATES

DATED 21 November 2016

CEMEX, S.A.B. de C.V.
as Borrower and acting as Obligors' Agent

with

CITIBANK EUROPE PLC, UK BRANCH
acting as Agent

Amendment and Restatement Agreement in relation to the
Facilities Agreement dated 29 September 2014, as
amended and restated on 23 July 2015, 17 March 2016,
23 June 2016 and 11 July 2016

Slaughter and May
One Bunhill Row
London EC1Y 8YY
(RWB/CD/CXYP)

539584676

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THIS AGREEMENT is dated 21 November 2016 and made between:

- (1) **CEMEX, S.A.B. de C.V. (the “Borrower”);**
- (2) **CEMEX, S.A.B. de C.V.** as obligors’ agent pursuant to Clause 35.8 (*Obligor Agent*) of the Facilities Agreement in respect of each Obligor (the “**Obligors’ Agent**”); and
- (3) **CITIBANK EUROPE PLC, UK BRANCH** as agent of the Finance Parties (other than itself) (the “**Agent**”).

RECITALS:

- (A) The Borrower has requested the consent of the Lenders to amend the terms of the Facilities Agreement in order to implement an exchange and discharge as set out in the invitation memorandum from the Borrower dated 30 September 2016 combining a Consent Request and Exchange and Discharge Offer (the “**Invitation Memorandum**”).
- (B) The Parties have agreed to amend the terms of the Facilities Agreement as set out in Clause 3 (*Amendment of the Facilities Agreement*) of this Agreement (such amended agreement, the “**Amended Facilities Agreement**”). These amendments have been agreed by the Majority Lenders and the Borrower in accordance with paragraph (a) of Clause 39.1 (*Required consents*) of the Facilities Agreement.
- (C) The Obligors’ Agent executes this Agreement pursuant to Clause 35.8 (*Obligor Agent*) of the Facilities Agreement, for itself and on behalf of each other Obligor (being, as at the date of this Agreement, those listed in Schedule 1 (*Parties*)).
- (D) The Agent executes this Agreement pursuant to paragraph (b) of Clause 39.1 (*Required consents*) as agent on behalf of the Finance Parties (other than itself).
- (E) Effective on and from 3 October 2016, each of CEMEX Egyptian Investments II B.V. and CEMEX Shipping B.V. were merged into CEMEX Espana, S.A. and this is reflected in Schedule 1 (*Parties*).
- (F) Effective on and from 1 November 2016, Imprá Café, S.A. de C.V. was merged into CEMEX Central, S.A. de C.V. and this is reflected in Schedule 1 (*Parties*).

IT IS AGREED as follows:

1. Definitions and Interpretation

1.1 Definitions

In this Agreement:

“**Amended Facilities Agreement**” means the Facilities Agreement, as amended and restated by this Agreement.

“**Amendment Date**” means the date on which the Agent confirms to the Lenders and the Borrower that it has received each of the documents and other evidence listed in Schedule 2 (*Conditions Precedent*) in a form and substance satisfactory to the Agent (acting reasonably).

“**Facilities Agreement**” means the facilities agreement dated 29 September 2014, as amended and restated on 23 July 2015, 17 March 2016, 23 June 2016 and 11 July 2016 between the Borrower, the Original Guarantors, the Original Security Providers, the Arranger, the Original Lenders, the Agent and the Security Agent.

“**Guarantee Obligations**” means all the guarantee and indemnity obligations of a Guarantor contained in the Facilities Agreement.

1.2 Incorporation of defined terms

(A) Unless a contrary intention is stated, a term defined in the Facilities Agreement has the same meaning in this Agreement.

(B) The principles of construction set out in the Facilities Agreement shall have effect as if set out in this Agreement.

1.3 Scope

This Agreement is supplemental to and amends the Facilities Agreement.

1.4 Clauses

In this Agreement any reference to a “Clause” or a “Schedule” is, unless the context otherwise requires, a reference to a clause in or a schedule to this Agreement.

1.5 Designation

This Agreement is designated as a Finance Document in accordance with the Facilities Agreement by each of the Borrower and the Agent.

2. Conditions precedent

2.1 Conditions precedent to the Amendment Date

The Borrower shall deliver to the Agent, in form and substance satisfactory to the Agent (acting reasonably), all of the documents and other evidence listed in Schedule 2 (*Conditions Precedent*).

2.2 Confirmation of conditions precedent

(A) The Agent shall notify the Borrower and the Lenders promptly upon being so satisfied in respect of Clause 2.1 (*Conditions precedent to the Amendment Date*).

-
- (B) The Lenders authorise (but do not require) the Agent to give notifications pursuant to paragraph (A) above. The Agent shall not be liable for any damages, costs or losses whatsoever as a result of giving any such notifications.

3. Amendment of the Facilities Agreement

With effect from the Amendment Date, the Facilities Agreement shall be amended so that it shall be read and construed for all purposes as set out in Schedule 3 (*Amended and Restated Facilities Agreement*), which accordingly restates the Facilities Agreement as amended by this Agreement.

4. Representations

- (A) The Repeating Representations are deemed to be made by each Obligor to the Finance Parties (by reference to the facts and circumstances then existing) on:
- (i) the date of this Agreement; and
 - (ii) the Amendment Date,
- and references to “this Agreement” in the Repeating Representations should be construed, on the date of this Agreement, as references to this Agreement and to the Facilities Agreement and, on the Amendment Date, as references to the Amended Facilities Agreement.
- (B) The Borrower represents and warrants that pursuant to Clause 35.8 (*Obligor Agent*) of the Facilities Agreement, it is agent of each Obligor in relation to the Finance Documents and authorised, inter alia, to execute this Agreement on behalf of each Obligor and each such Obligor shall be bound thereby as though such Obligor itself had executed this Agreement.

5. Continuity and further assurance

5.1 Continuing obligations

The provisions of the Facilities Agreement and the other Finance Documents shall, save as amended by this Agreement, continue in full force and effect.

5.2 Confirmation of Guarantee Obligations

For the avoidance of doubt, the Borrower as Obligors’ Agent on behalf of each other Guarantor, confirms for the benefit of the Finance Parties that the Guarantee Obligations of each Guarantor owed by it under the Amended Facilities Agreement shall:

- (A) remain in full force and effect notwithstanding the amendments referred to in Clause 3 (*Amendment of the Facilities Agreement*); and

(B) extend to any new obligations assumed by any Obligor under the Finance Documents as a result of this Agreement (including, but not limited to, under the Amended Facilities Agreement).

5.3 Further assurance

The Borrower shall procure that each Obligor shall, at the request of the Agent and at such Obligor's own expense, do all such acts and things necessary or desirable to give effect to the amendments effected or to be effected pursuant to this Agreement.

5.4 Notarisation in Spain

The Borrower shall, no sooner (unless otherwise agreed between the Borrower and the Agent) than the date falling 30 days after the date of a notice from the Agent specifying a time during normal business hours, appear (and ensure that each member of the Group party to this Agreement appears) before a notary in Madrid to raise this Agreement and any Transaction Security Document governed by Spanish law to the status of a Spanish Public Document. For the avoidance of doubt, only one such notice may be given by the Agent and nothing in this Clause 5.4 shall imply any obligation on the Borrower to ensure any Lender or the Agent or the Security Agent appear before such notary.

6. Costs and expenses

The Borrower shall, within three Business Days of demand, reimburse (or procure the reimbursement of) the Agent for the amount of all costs and expenses (including legal fees) reasonably incurred by the Agent in connection with the negotiation, preparation, printing and execution of this Agreement and any other documents referred to in this Agreement.

7. Miscellaneous

7.1 Incorporation of terms

The provisions of Clause 35 (*Notices*), Clause 37 (*Partial invalidity*), Clause 38 (*Remedies and waivers*) and Clause 43 (*Enforcement*) of the Facilities Agreement shall be incorporated into this Agreement as if set out in full in this Agreement and as if references in those clauses to "this Agreement" or "the Finance Documents" are references to this Agreement.

7.2 Counterparts

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

8. Governing Law

This Agreement, and any non-contractual obligations arising out of or in connection with it, are governed by English law.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

**Schedule 1
Parties**

**Part I
Guarantors**

<u>Guarantor</u>	<u>Registration Number</u>	<u>Jurisdiction</u>
CEMEX España, S.A.	A-46004214	Spain
CEMEX México, S.A. de C.V.	CME-820101-LJ4	Mexico
CEMEX Concretos, S.A. de C.V.	CCO-740918-9M1	Mexico
Empresas Tolteca de México, S.A. de C.V.	ETM-890720-DJ2	Mexico
New Sunward Holding B.V.	34133556	The Netherlands
CEMEX Corp.	File #: 2162255	Delaware, USA
CEMEX Finance LLC	File #: 3654572	Delaware, USA
Cemex Research Group AG	CHE-113.951.069	Switzerland
CEMEX Asia B.V.	34228466	The Netherlands
CEMEX France Gestion (S.A.S.)	334 533 288 R.C.S.	Créteil France
CEMEX UK	05196131	England and Wales
CEMEX Egyptian Investments B.V.	34108365	The Netherlands

Part II
Security Providers

<u>Security Provider</u>	<u>Registration Number</u>	<u>Jurisdiction</u>
CEMEX, S.A.B. de C.V.	CEM-880726-UZA	Mexico
CEMEX México, S.A. de C.V.	CME-820101-LJ4	Mexico
CEMEX Operaciones México, S.A. de C.V.	CDC-960913-SK6	Mexico
Empresas Tolteca de México, S.A. de C.V.	ETM-890720-DJ2	Mexico
Interamerican Investments, Inc.	File #: 2252951	Delaware, USA
New Sunward Holding B.V.	34133556	The Netherlands
CEMEX TRADEMARKS HOLDING Ltd.	CHE-109.294.363	Switzerland
CEMEX Central, S.A. de C.V. ¹	CCE-951110-JE1	Mexico

¹ On and from 1 November 2016, as a result of the merger of Impra Café, S.A. de C.V. into CEMEX Central, S.A. de C.V., Impra ceased to be a Security Provider and CEMEX Central became the new Security Provider.

Schedule 2
Conditions Precedent

1. Obligors

- (a) A certificate of an authorised signatory of the Borrower certifying (by a notary public or otherwise authenticated) that the constitutional documents previously delivered to the Agent on 11 July 2016 for the purposes of the Facilities Agreement have not been amended and remain in full force and effect or a copy of its constitutional documents.
- (b) A copy of a power of attorney (duly notarised before a Mexican notary public) containing authority for acts of administration of the Borrower, approving the terms of, and the transactions contemplated by, this Agreement and resolving that the Borrower (for itself and as Obligors' Agent) execute this Agreement and authorising a specified person or persons to execute this Agreement on its behalf, **provided that** a certificate of an authorised signatory of the Borrower confirming that the relevant power of attorney a copy of which was delivered to the Agent for the purposes of the Facilities Agreement has not been amended and remains in full force and effect may be provided instead of the power of attorney described in this paragraph.
- (c) If not previously delivered to the Agent for the purposes of the Facilities Agreement, a specimen of the signature of each person authorised by the document referred to in paragraph (b) above.
- (d) A certificate of an authorised signatory of the Borrower:
 - (i) confirming that the power of attorney in favour of the Process Agent and any appointment and acceptance letter previously delivered to the Agent for the purposes of the Facilities Agreement have not been amended and remain in full force and effect or attaching a power of attorney (duly notarised before a Mexican notary public) in favour of the Process Agent, together with any necessary appointment and acceptance letter; and
 - (ii) certifying that each copy document relating to it specified in this Schedule 2 is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

2. Legal Opinions

- (a) An incorporation and authority legal opinion of the in-house counsel of the Parent as to Mexican law, substantially in the form distributed to the Agent, Security Agent and Lenders prior to signing this Agreement.
- (b) A legal opinion of Clifford Chance, S.L., legal advisers to the Lenders as to English law, substantially in the form distributed to the Agent, Security Agent and Lenders prior to signing this Agreement.

Schedule 3
Amended and Restated Facilities Agreement

29 SEPTEMBER 2014
AS AMENDED 23 JULY 2015, 17 MARCH 2016, 23 JUNE 2016, 11 JULY 2016,
AND 21 NOVEMBER 2016
CEMEX, S.A.B. DE C.V.
AS BORROWER

BANCO SANTANDER (MÉXICO), S.A., INSTITUCIÓN DE BANCA MÚLTIPLE, GRUPO FINANCIERO SANTANDER
MÉXICO, BBVA SECURITIES INC., BNP PARIBAS SECURITIES CORP., CITIGROUP GLOBAL MARKETS INC.,
CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK, HSBC MEXICO, S.A., INSTITUCIÓN DE BANCA
MÚLTIPLE, GRUPO FINANCIERO HSBC, ING CAPITAL LLC, J.P. MORGAN SECURITIES LLC AND MERRILL
LYNCH, PIERCE, FENNER & SMITH INCORPORATED

AS JOINT MANDATED LEAD ARRANGERS AND JOINT BOOKRUNNERS

THE FINANCIAL INSTITUTIONS NAMED HEREIN
AS ORIGINAL LENDERS

AND

CITIBANK EUROPE PLC, UK BRANCH
ACTING AS AGENT

AND

WILMINGTON TRUST (LONDON) LIMITED
ACTING AS SECURITY AGENT

FACILITIES AGREEMENT

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THIS AGREEMENT is dated 29 September 2014 (the “**date of this Agreement**”), amended on 23 July 2015, 17 March 2016, 23 June 2016, 11 July 2016 and 21 November 2016, and made between:

- (1) **CEMEX, S.A.B. de C.V. (the “Borrower”)**;
- (2) **THE SUBSIDIARIES** of the Borrower listed in Part I of Schedule 1 (*The Original Parties*) as guarantors (the “**Original Guarantors**”);
- (3) **THE SUBSIDIARIES** of the Borrower listed in Part I of Schedule 1 (*The Original Parties*) as security providers (together with the Borrower, the “**Original Security Providers**”);
- (4) **BANCO SANTANDER (MÉXICO), S.A., INSTITUCIÓN DE BANCA MÚLTIPLE, GRUPO FINANCIERO SANTANDER MÉXICO, BBVA SECURITIES INC., BNP PARIBAS SECURITIES CORP., CITIGROUP GLOBAL MARKETS INC., CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK, HSBC MEXICO, S.A., INSTITUCIÓN DE BANCA MÚLTIPLE, GRUPO FINANCIERO HSBC, ING CAPITAL LLC, J.P. MORGAN SECURITIES LLC AND MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED** as joint mandated lead arrangers and joint bookrunners (whether acting individually or together, the “**Arranger**”);
- (5) **THE FINANCIAL INSTITUTIONS** listed in Part II-A and Part II-B (*The Original Lenders*) of Schedule 1 (*The Original Parties*) as original lenders (the “**Original Lenders**”);
- (6) **CITIBANK EUROPE PLC, UK BRANCH** (previously Citibank International plc) as agent of the Finance Parties (other than itself) (the “**Agent**”); and
- (7) **WILMINGTON TRUST (LONDON) LIMITED** as security agent of the Secured Parties (the “**Security Agent**”).

IT IS AGREED as follows:

SECTION 1 INTERPRETATION

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

“**2012 Facilities Agreement**” means the facilities agreement dated 17 September 2012 (as amended pursuant to an amendment agreement dated 16 October 2013 and a consent request dated 7 February 2014) and made between, among others, the Borrower and certain of its Subsidiaries as original obligors, certain financial institutions, noteholders and other entities as original creditors, Citibank International plc as agent and Wilmington Trust (London) Limited as security agent.

“2015 Amendment Agreement” means the amendment and restatement agreement in relation to this Agreement dated on or about 23 July 2015 between, amongst others, the Borrower and the Agent.

“2015 Amendment Accordion Increase Effective Date” means the Effective Date as defined in the 2015 Amendment Agreement.¹

“2015 Amendment Intercreditor Effective Date” means immediately prior to the Final Discharge Date (as defined in the intercreditor agreement described at paragraph (a) of the definition of Intercreditor Agreement).²

“2015 Amendment Revolving Facility Effective Date” means the later of:

- (a) the date on which the Agent notifies the Borrower that it has received the required consent of the Lenders (requested by the Borrower pursuant to the consent request dated 15 June 2015) (A Party that becomes a Lender on or after the date of the 2015 Amendment Agreement consents by its accession.); and
 - (b) the date on which the Borrower notifies the Agent that it intends to proceed,
- in each case in respect of the change of:
- (i) Facility B from a revolving facility to a term facility; and
 - (ii) Facility D from a term facility to a revolving facility,

provided that if such dates (described at (a) and (b) above) have not occurred on or before the date falling three months after the date of the 2015 Amendment Agreement then the 2015 Amendment Revolving Facility Effective Date shall not occur.³

“2015 Floating Rate Notes” means the \$800,000,000 floating rate senior secured notes maturing on 30 September 2015 issued by the Borrower.

“2016 AB1/AB2 Amendment Agreement” means the amendment and restatement agreement in relation to this Agreement dated on or about 21 November 2016 between, amongst others, the Borrower and the Agent.

“2016 AB1/AB2 Amendment Effective Date” means the Amendment Date as defined in the 2016 AB1/AB2 Amendment Agreement.⁴

“2016 IFC Amendment Agreement” means the amendment and restatement agreement in relation to this Agreement dated on or about 23 June 2016 between, amongst others, the Borrower and the Agent.

¹ The 2015 Amendment Accordion Increase Effective Date occurred on 23 July 2015.

² The 2015 Amendment Intercreditor Effective Date occurred on 30 July 2015.

³ The 2015 Amendment Revolving Facility Effective Date occurred on 23 July 2015.

⁴ The 2016 AB1/AB2 Amendment Effective Date occurred on or about 21 November 2016.

“**2016 Subordinated Convertible Notes**” means the \$371,500,000 3.25% subordinated optional convertible securities maturing on 15 March 2016 issued by the Borrower.

“**2017 Amortisation Amount**” means the amount equal to the aggregate of the Facility A Repayment Instalment and the Facility B Repayment Instalment, in each case due on 29 September 2017, being the date falling 36 Months after the date of this Agreement.

“**2018 9.50% Senior Notes**” means the \$500,000,000 9.500% senior secured notes maturing on 15 June 2018 and issued by the Borrower.

“**2018 Floating Rate Notes**” means the \$500,000,000 floating rate senior secured notes maturing on 15 October 2018 issued by the Borrower.

“**2018 Senior Notes**” means the 2018 9.50% Senior Notes and the 2018 Floating Rate Notes.

“**2018 Subordinated Convertible Notes**” means the \$690,000,000 3.75% subordinated optional convertible securities maturing on 15 March 2018 issued by the Borrower.

“**2019 5.875% Senior Notes**” means the \$600,000,000 5.875% senior secured notes maturing on 25 March 2019 and issued by the Borrower.

“**2019 6.50% Senior Notes**” means the \$1,000,000,000 6.500% senior secured notes maturing on 10 December 2019 and issued by the Borrower.

“**2019 CEMEX España EUR Senior Notes**” means the €179,219,000 9.875% senior secured notes maturing on 30 April 2019 and issued by CEMEX España.

“**2019 CEMEX España USD Senior Notes**” means the \$703,861,000 9.875% senior secured notes maturing on 30 April 2019 and issued by CEMEX España.

“**2019 Senior Notes**” means the 2019 5.875% Senior Notes, 2019 6.50% Senior Notes, 2019 CEMEX España EUR Senior Notes and the 2019 CEMEX España USD Senior Notes.

“**2020 Subordinated Convertible Notes**” means:

- (a) the \$200,000,000 3.72% subordinated optional convertible securities issued by the Borrower on 13 March 2015 maturing on 15 March 2020; and
- (b) the \$321,114,000 3.72% subordinated optional convertible securities issued by the Borrower on 28 May 2015 maturing on 15 March 2020.

“**2021 EUR Senior Notes**” means the €400,000,000 5.250% senior secured notes maturing on 1 April 2021 and issued by CEMEX Finance.

“**2021 USD Senior Notes**” means the \$1,000,000,000 7.250% senior secured notes maturing on 15 January 2021 and issued by the Borrower.

“**2021 Senior Notes**” means the 2021 EUR Senior Notes and the 2021 USD Senior Notes.

“**2022 EUR Senior Notes**” means the €400,000,000 4.750% senior secured notes maturing on 11 January 2022 and issued by the Borrower.

“**2022 USD Senior Notes**” means the \$1,500,000,000 9.375% senior secured notes maturing on 12 October 2022 and issued by CEMEX Finance.

“**2022 Senior Notes**” means the 2022 EUR Senior Notes and the 2022 USD Senior Notes.

“**2023 Senior Notes**” means the €550,000,000 4.375% senior secured notes maturing on 5 March 2023 and issued by the Borrower.

“**2024 Senior Notes**” means the \$1,000,000,000 6.000% senior secured notes maturing on 1 April 2024 and issued by CEMEX Finance.

“**2025 5.700% Senior Notes**” means the \$1,100,000,000 5.700% senior secured notes maturing on 11 January 2025 and issued by the Borrower.

“**2025 6.125% Senior Notes**” means the \$750,000,000 6.125% senior secured notes maturing on 5 May 2025 and issued by the Borrower.

“**2025 Senior Notes**” means the 2025 5.700% Senior Notes and the 2025 6.125% Senior Notes.

“**AB1/AB2 Commitments Effective Date**” means the date occurring no later than 31 March 2017 on which the 2017 Amortisation Amount has been prepaid in full, provided that no Event of Default is continuing and the Repeating Representations are true.

“**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 BBB or higher by S&P, BBB or higher by Fitch or Baa2 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 Agent.

“**Accession Letter**” means a document substantially in the form set out in Schedule 7 (*Form of Accession Letter*).

“**Accordion Confirmation**” means a confirmation substantially in the form set out in Schedule 19 (*Form of Accordion Confirmation*).

“**Accordion Facility B Utilisation Amount**” means the amount calculated in accordance with paragraph (g)(ii) of Clause 2.2 (*Accordion*).

“**Accordion Lender**” has the meaning given to that term in Clause 2.2 (*Accordion*).

“**Accordion Lender’s Facility A Commitment**” means, for any Accordion Lender, the amount listed in the table in the Schedule (*Relevant Commitment/rights and obligations to be assumed by the Accordion Lender*) to the Accordion Confirmation of that Accordion Lender under that heading.

“**Accordion Lender’s Facility AB1 Commitment**” means, for any Accordion Lender, the amount listed in the table in the Schedule (*Relevant Commitment/rights and obligations to be assumed by the Accordion Lender*) to the Accordion Confirmation of that Accordion Lender under that heading.

“**Accordion Lender’s Facility AB2 Commitment**” means, for any Accordion Lender, the amount listed in the table in the Schedule (*Relevant Commitment/rights and obligations to be assumed by the Accordion Lender*) to the Accordion Confirmation of that Accordion Lender under that heading.

“**Accordion Lender’s Facility B Commitment**” means, for any Accordion Lender, the amount listed in the table in the Schedule (*Relevant Commitment/rights and obligations to be assumed by the Accordion Lender*) to the Accordion Confirmation of that Accordion Lender under that heading.

“**Accordion Lender’s Facility C1 Commitment**” means, for any Accordion Lender, the amount listed in the table in the Schedule (*Relevant Commitment/rights and obligations to be assumed by the Accordion Lender*) to the Accordion Confirmation of that Accordion Lender under that heading.

“**Accordion Lender’s Facility C2 Commitment**” means, for any Accordion Lender, the amount listed in the table in the Schedule (*Relevant Commitment/rights and obligations to be assumed by the Accordion Lender*) to the Accordion Confirmation of that Accordion Lender under that heading.

“**Accordion Lender’s Facility D Commitment**” means, for any Accordion Lender, the amount listed in the table in the Schedule (*Relevant Commitment/rights and obligations to be assumed by the Accordion Lender*) to the Accordion Confirmation of that Accordion Lender under that heading.

“**Accordion Lender’s Facility E Commitment**” means, for any Accordion Lender, the amount listed in the table in the Schedule (*Relevant Commitment/rights and obligations to be assumed by the Accordion Lender*) to the Accordion Confirmation of that Accordion Lender under that heading.

“**Additional Guarantor**” means a company that becomes an Additional Guarantor in accordance with Clause 29 (*Changes to the Obligors*).

“**Additional Obligor**” means an Additional Guarantor or an Additional Security Provider.

“**Additional Security Provider**” means a company that becomes an Additional Security Provider in accordance with Clause 29 (*Changes to the Obligors*).

“**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.

“**Agent’s Spot Rate of Exchange**” means the Agent’s spot rate of exchange for the purchase of the relevant currency with the Base Currency in the London foreign exchange market at or about 11:00 a.m. on a particular day.

“**Applicable GAAP**” means:

- (a) in the case of the Borrower, IFRS;
- (b) in the case of CEMEX España, Spanish GAAP or, if adopted by CEMEX España in accordance with Clause 21.3 (*Requirements as to financial statements*), 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 Agent or, if adopted by the relevant Obligor, IFRS.

“**Asset Swap**” has the meaning given to such term in paragraph (g) of the definition of Permitted Acquisition.

“**Assignment Agreement**” means an agreement substantially in the form set out in Schedule 6 (*Form of Assignment Agreement*) or any other form agreed between the relevant assignor and assignee **provided that** if that other form does not contain the undertaking in the form set out in Schedule 6 (*Form of Assignment Agreement*) in respect of clause 14.6 of the Intercreditor Agreement, it shall not be a Creditor/Agent/Security Agent Accession Undertaking as defined in, and for the purposes of, the Intercreditor Agreement.

“**Authorisation**” means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

“**Authorised Signatory**” means, in relation to any Obligor, any person who is duly authorised and in respect of whom the 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.

“**Availability Period**” means:

- (a) in relation to Facility A:
 - (i) in relation to the first Utilisation of Facility A, the period from and including the date of this Agreement to and including the date falling 30 Business Days after the date of this Agreement; and
 - (ii) in respect of an increase in the Facility A Commitments pursuant to Clause 2.2 (*Accordion*), in relation to the Utilisation in respect of the increased Facility A Commitment(s) of the Accordion Lender(s), the

period from and including the Increase Date on which that increase becomes effective to and including the date falling 15 Business Days after such Increase Date;

- (b) in relation to Facility B:
 - (i) in relation to the first Utilisation of Facility B, the period from and including the date of this Agreement to and including the date falling 30 Business Days after the date of this Agreement;
 - (ii) in respect of an increase in the Facility B Commitments pursuant to Clause 2.2 (*Accordion*), in relation to the first Utilisation of Facility B following that increase, the period from and including the Increase Date on which that increase becomes effective to and including the date falling 15 Business Days after such Increase Date; and
 - (iii) in relation to any other Utilisation of Facility B, the period from and including the date of this Agreement to and including the earlier of:
 - (A) the 2015 Amendment Revolving Facility Effective Date; and
 - (B) the date falling one Month prior to the Termination Date;
- (c) in relation to Facility C:
 - (i) in relation to the first Utilisation of Facility C; and
 - (ii) in respect of the first Utilisation of Facility C following an increase in the Facility C Commitments pursuant to Clause 2.2 (*Accordion*), the period from and including the Increase Date on which Facility C or that increase (as appropriate) becomes effective to and including the date falling 15 Business Days after such Increase Date;
- (d) in relation to Facility D:
 - (i) in relation to the first Utilisation of Facility D; and
 - (ii) in respect of the first Utilisation of Facility D following an increase in the Facility D Commitments pursuant to Clause 2.2 (*Accordion*), the period from and including the Increase Date on which Facility D or that increase (as appropriate) becomes effective to and including the date falling 15 Business Days after such date; and
 - (iii) if the 2015 Amendment Revolving Facility Effective Date has occurred, the period from and including the date of the 2015 Amendment Revolving Facility Effective Date to and including the date falling one Month prior to the Termination Date;

-
- (e) in relation to Facility E:
- (i) in relation to the first Utilisation of Facility E; and
 - (ii) in respect of the first Utilisation of Facility E following an increase in the Facility E Commitments pursuant to Clause 2.2 (*Accordion*), the period from and including the Increase Date on which Facility E or that increase (as appropriate) becomes effective to and including the date falling 30 Business Days after such Increase Date;
- (f) in relation to Facility AB1:
- (i) in relation to the first Utilisation of Facility AB1, the AB1/AB2 Commitments Effective Date⁵;
 - (ii) in respect of an increase in the Facility AB1 Commitments pursuant to Clause 2.2 (*Accordion*), in relation to the Utilisation in respect of the increased Facility AB1 Commitment(s) of the Accordion Lender(s), the period from and including the Increase Date on which that increase becomes effective to and including the date falling 15 Business Days after such Increase Date; and
 - (iii) in relation to any other Utilisation of Facility AB1, from the first Utilisation of Facility AB1 to and including the date falling one Month prior to the Termination Date; and
- (g) in relation to Facility AB2:
- (i) in relation to the first Utilisation of Facility AB2, the AB1/AB2 Commitments Effective Date⁶; and
 - (ii) in respect of an increase in the Facility AB2 Commitments pursuant to Clause 2.2 (*Accordion*), in relation to the Utilisation in respect of the increased Facility AB2 Commitment(s) of the Accordion Lender(s), the period from and including the Increase Date on which that increase becomes effective to and including the date falling 15 Business Days after such Increase Date.

“**Available Commitment**” means, in relation to a Facility, a Lender’s Commitment under that Facility minus:

- (a) the Base Currency Amount of its participation in any outstanding Loans under that Facility; and
- (b) in relation to any proposed Utilisation, the Base Currency Amount of its participation in any Loans that are due to be made under that Facility on or before the proposed Utilisation Date,

⁵ As of the AB1/AB2 Commitments Effective Date, Facility AB1 will be deemed to be fully drawn.

⁶ As of the AB1/AB2 Commitments Effective Date, Facility AB2 will be deemed to be fully drawn.

but without subtracting:

- (i) before the 2015 Amendment Revolving Facility Effective Date, in relation to any proposed Utilisation under Facility B only, that Lender's participation in any Facility B Loans that are due to be repaid or prepaid on or before the proposed Utilisation Date;
- (ii) on or after the 2015 Amendment Revolving Facility Effective Date, in relation to any proposed Utilisation under Facility D only, that Lender's participation in any Facility D Loans that are due to be repaid or prepaid on or before the proposed Utilisation Date; or
- (iii) in relation to any proposed Utilisation under Facility AB1 only, that Lender's participation in any Facility AB1 Loans that are due to be repaid or prepaid on or before the proposed Utilisation Date.

"Available Facility" means, in relation to a Facility, the aggregate for the time being of each Lender's Available Commitment in respect of that Facility.

"Average Life" means, when applied to any Term Facility as of any date, the number of years obtained by dividing:

- (a) the sum of the products of:
 - (i) each required payment of principal in respect of the Term Facility; and
 - (ii) the number of years (calculated to the nearest 1/12th) that will elapse between that date and the date on which that payment is required to be made; by
- (b) the outstanding principal amount of that Term Facility as at that date.

"Bancomext" means Banco Nacional de Comercio Exterior, Sociedad Nacional de Crédito, Institución de Banca de Desarrollo.

"Bancomext Facility" means a facility agreement between the Borrower and Bancomext, with the appearance of Centro Distribuidor de Cemento S.A. de C.V., Empresas Tolteca de México, S.A. de C.V., Petrocemex S.A. de C.V. and Cemex México, dated as of 14 October 2008 (as amended from time to time).

"Base Currency" means dollars.

"Base Currency Amount" means, in relation to a Loan, the amount specified in the Utilisation Request delivered by the Borrower for that Loan (or, in relation to several Loans, in relation to any of those Loans not denominated in the Base Currency, that amount converted into the Base Currency at the Agent's Spot Rate of Exchange on the date which is three Business Days before the conversion is applied for the purposes of this Agreement or, if later, on the date the Agent receives the request requiring the conversion for the purpose of this Agreement) and as adjusted in all cases to reflect any repayment (other than, in relation to the Term Facilities, a repayment arising from a change of currency), prepayment, consolidation or division of a Loan.

“**Break Costs**” means the amount (if any) by which:

- (a) the interest (excluding any Margin) which a Lender should have received for the period from the date of receipt of all or any part of its participation in a Loan or Unpaid Sum to the last day of the current Interest Period in respect of that Loan or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period;

exceeds:

- (b) the amount of interest which that Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the Relevant Interbank Market for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period.

“**Business Day**” means a day (other than a Saturday or Sunday) on which banks are open for general business in London, New York City and Mexico City (in the case of Mexico City, if applicable, as specified by a Governmental Authority) and, in relation to any date for payment or purchase of euro, which is a TARGET Day.

“**Caliza**” means CEMEX LATAM Holdings, S.A.

“**Caliza Capital Expenditure**” means Capital Expenditure permitted by paragraph (d) of Clause 22.2 (*Financial condition*) to be invested in the Caliza Group.

“**Caliza Expansion Capital**” means (without double counting) any:

- (a) Caliza Capital Expenditure;
- (b) Caliza Joint Venture Investment; and
- (c) amount of the consideration for an acquisition made under paragraph (k) of the definition of Permitted Acquisition.

“**Caliza Expansion Capital Permitted Limit**” means \$500,000,000 (or its equivalent).

“**Caliza Gross Proceeds**” means the cash proceeds of a Caliza Transaction falling within paragraph (b) of the definition thereof.

“**Caliza Group**” means Caliza and its Subsidiaries for the time being.

“**Caliza Joint Venture**” has the meaning given to such term in paragraph (b) of the definition of Permitted Joint Venture.

“**Caliza Joint Venture Investment**” has the meaning given to such term in paragraph (b) of the definition of Permitted Joint Venture.

“**Caliza Offering Option**” has the meaning given to such term in paragraph (b) of the definition of Caliza Transaction.

“**Caliza Offering Option Amount**” means the amount that would be required in the event that a Caliza Offering Option is exercised in whole or in part, **provided that** such amount shall not exceed an amount equal to 13.1 per cent. of the relevant Caliza Gross Proceeds.

“**Caliza Offering Option Exercise Period**” has the meaning given to such term in paragraph (b) of the definition of Caliza Transaction.

“**Caliza Proceeds**” has the meaning given to such term in Clause 8.1 (*Definitions*).

“**Caliza Transaction**” means:

- (a) a Disposal (including by way of a Permitted Treasury Transaction within the scope of paragraph 1(e) of Schedule 16 (*Hedging Parameters*)) by a member of the Group of any shares in Caliza to a person who is not a member of the Group; or
- (b) an offering of shares in Caliza and including any put or other option entered into with one or more financial institutions in respect of any share lending, over-allotment or other similar arrangement in connection with an offering of shares in Caliza **provided that** the exercise period for such put or other option shall be no longer than 30 days from the settlement date of the offering of shares in Caliza (a “**Caliza Offering Option**” and such exercise period, the “**Caliza Offering Option Exercise Period**”),

(in either case) whether by way of a single transaction or a series of transactions and which does not breach Clause 23.20 (*Disposals*) or Clause 23.34 (*Caliza and Centurion*).

“**Capital Lease**” has the meaning given to such term in Clause 22.1 (*Financial definitions*).

“**Cash Collateral Release Amount**” means the amount of any cash collateral or margin posted by the Borrower or any member of the Group as at the date of this Agreement in respect of an Excluded Position set forth in Annex 1 (*Excluded Positions*) to Schedule 16 (*Hedging Parameters*) which has been released to the Borrower or any member of the Group upon the replacement of Permitted Security by a Permitted Put/Call Transaction in accordance with paragraph 3 of Schedule 16 (*Hedging Parameters*) or any cash amounts transferred to any member of the Group in conjunction with the entry into a Permitted Put/Call Transaction.

“**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 into or exchangeable for 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 Públicos, S.N.C. or any other development bank controlled by the Mexican government;
- (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

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- (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 Lenders,

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).

“**CEMEX Concretos**” means CEMEX Concretos, S.A. de C.V.

“**CEMEX España**” means CEMEX España, S.A.

“**CEMEX España Operaciones**” means CEMEX España Operaciones S.L.U.

“**CEMEX Finance**” means CEMEX Finance LLC (formerly known as CEMEX España Finance LLC).

“**CEMEX México**” means CEMEX México, S.A. de C.V.

“**Centurion**” means CEMEX Holdings Philippines, Inc., the company incorporated in the Philippines on 17th September, 2015, which holds the CEMEX Group’s current operations in the Philippines which are operated mainly through Solid Cement Corporation and APO Cement Corporation.

“**Centurion Capital Expenditure**” means Capital Expenditure permitted by paragraph (e) of Clause 22.2 (*Financial condition*) to be invested in the Centurion Group.

“**Centurion Expansion Capital**” means (without double counting) any:

- (a) Centurion Capital Expenditure;
- (b) Centurion Joint Venture Investment; and
- (c) amount of the consideration for an acquisition made under paragraph (p) of the definition of Permitted Acquisition.

“**Centurion Expansion Capital Permitted Limit**” means \$500,000,000 (or its equivalent).

“**Centurion Gross Proceeds**” means the cash proceeds of a Centurion Transaction falling within paragraph (b) of the definition thereof.

“**Centurion Group**” means Centurion and its Subsidiaries for the time being.

“**Centurion Joint Venture**” has the meaning given to such term in paragraph (c) of the definition of Permitted Joint Venture.

“**Centurion Joint Venture Investment**” has the meaning given to such term in paragraph (c) of the definition of Permitted Joint Venture.

“**Centurion Offering Option**” has the meaning given to such term in paragraph (b) of the definition of Centurion Transaction.

“**Centurion Offering Option Amount**” means the amount that would be required in the event that a Centurion Offering Option is exercised in whole or in part, provided that such amount shall not exceed an amount equal to 15 per cent. of the relevant Centurion Gross Proceeds.

“**Centurion Offering Option Exercise Period**” has the meaning given to such term in paragraph (b) of the definition of Centurion Transaction.

“**Centurion Proceeds**” has the meaning given to such term in Clause 8.1 (*Definitions*).

“**Centurion Transaction**” means:

- (a) a Disposal (including by way of a Permitted Treasury Transaction within the scope of paragraph 1(e) of Schedule 16 (*Hedging Parameters*)) by a member of the Group of any shares in Centurion to a person who is not a member of the Group; or
- (b) an offering of shares in Centurion and including any put or other option entered into by any member of the Group with one or more financial institutions in respect of any share lending, over- allotment or other similar arrangement in connection with an offering of shares in Centurion provided that the exercise period for such put or other option shall be no longer than 60 days from the settlement date of the offering of shares in Centurion (a “**Centurion Offering Option**” and such exercise period, the “**Centurion Offering Option Exercise Period**”),

(in either case) whether by way of a single transaction or a series of transactions and which does not breach Clause 23.20 (*Disposals*) or Clause 23.34 (*Caliza and Centurion*).”

“**Certificados Bursatiles**” means any securities issued by the Borrower 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.).

“**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 Borrower is acquired by any person.

“**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.

“**Code**” means the Internal Revenue Code of 1986.

“**Commitment**” means a Facility A Commitment, Facility B Commitment, Facility C Commitment, Facility D Commitment, Facility E Commitment, Facility AB1 Commitment or Facility AB2 Commitment.

“Compliance Certificate” means a certificate substantially in the form set out in Schedule 9 (*Form of Compliance Certificate*).

“Confidential Information” means all information relating to the Borrower, any Obligor, the Group, the Finance Documents or a Facility of which a Finance Party becomes aware in its capacity as, or for the purpose of becoming, a Finance Party or which is received by a Finance Party in relation to, or for the purpose of becoming a Finance Party under, the Finance Documents or a Facility from either:

- (a) any member of the Group or any of its advisers; or
- (b) another Finance Party, if the information was obtained by that Finance Party directly or indirectly from any member of the Group or any of its advisers,

in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes information that:

- (i) is or becomes public information other than as a direct or indirect result of any breach by that Finance Party of Clause 40 (*Confidentiality*); or
- (ii) is identified in writing at the time of delivery as non-confidential by any member of the Group or any of its advisers; or
- (iii) is known by that Finance Party before the date the information is disclosed to it in accordance with paragraph (a) or (b) above or is lawfully obtained by that Finance Party after that date, from a source which is, as far as that Finance Party is aware, unconnected with the Group and which, in either case, as far as that Finance Party is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality.

“Confidentiality Undertaking” means a confidentiality undertaking substantially in the form set out in Schedule 18 (*Form of Confidentiality Undertaking*) or in any other form agreed between the Borrower and the Agent.

“Consent Deadline” has the meaning given to such term in Clause 23.35 (*Alternative Club Loan*).

“Consent Request” has the meaning given to such term in Clause 23.35 (*Alternative Club Loan*).

“Consolidated Leverage Ratio” has the meaning given to such term in Clause 22.1 (*Financial definitions*).

“Contingent Instrument” means any documentary credit (including all forms of letter of credit) or performance bond, advance payment, bank guarantee or similar instrument.

“**Covenant Reset Date**” means the first date falling after the date of this Agreement on which both of the following conditions are met:

- (a) the Consolidated Leverage Ratio for the two most recently completed Reference Periods in respect of which Compliance Certificates have been (or are required to have been) delivered under this Agreement was below 4.00:1; and
- (b) no Default is continuing.

“**Custodian**” means any custodian of the Promissory Notes acting on behalf of the Lenders for the time being appointed by the Agent in consultation with the Borrower **provided that** such Custodian must maintain an office in the City of Monterrey, Nuevo Leon, Mexico.

“**Czech Acquisition**” means the acquisition of any asset, undertaking or business located in the Czech Republic by a member (or members) of the Group from a member (or members) of the Holcim Group.

“**Default**” means an Event of Default or any event or circumstance specified in Clause 26 (*Events of Default*) which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default.

“**Defaulting Lender**” means any Lender:

- (a) which has rescinded or repudiated a Finance Document; or
- (b) with respect to which an Insolvency Event has occurred and is continuing.

“**Delegate**” means any delegate, agent, attorney-in-fact, representative or co-trustee appointed by the Security Agent.

“**Disposal**” has the meaning given to that term in Clause 8.1 (*Definitions*).

“**Disposal Proceeds**” has the meaning given to that term in Clause 8.1 (*Definitions*).

“**Disruption Event**” means either or both of:

- (a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facilities (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or
- (b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other Party:
 - (i) from performing its payment obligations under the Finance Documents; or

(ii) from communicating with other Parties in accordance with the terms of the Finance Documents, and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

“**Dutch Civil Code**” means the Dutch civil code (*Burgerlijk Wetboek*).

“**Dutch FSA**” means the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and the rules and regulations promulgated thereunder.

“**Dutch Obligor**” means an Obligor incorporated in The Netherlands.

“**Empresas Tolteca**” means Empresas Tolteca de México, S.A. de C.V.

“**English Obligor**” means an Obligor incorporated in England and Wales.

“**Environmental Claim**” means any claim, proceeding or investigation by any person in respect of any Environmental Law or use of Hazardous Materials.

“**Environmental Law**” means any applicable law or regulation in any jurisdiction in which any member of the Group conducts business which relates to the pollution or protection of the environment or harm to or the protection of human health or the health of animals or plants.

“**Environmental Permits**” means any permit, licence, consent, approval and other authorisation and the filing of any notification, report or assessment required under any Environmental Law for the operation of the business of any member of the Group conducted on or from the properties owned or used by the relevant member of the Group.

“**Equally Secured Debt Proceeds**” has the meaning given to that term in Clause 8.1 (*Definitions*).

“**ERISA**” means the U.S. Employee Retirement Income Security Act of 1974, as amended, and any successor statute thereto, as interpreted by the rules and regulations thereunder, all as the same may be in effect from time to time. References to sections of ERISA shall be construed also to refer to any successor sections.

“**ERISA Affiliate**” means an entity, whether or not incorporated, that is under common control with any Obligor within the meaning of Section 4001(a) (14) of ERISA, or is a member of a group that includes any Obligor and that is treated as a single employer under section 414(b) or (c) of the Code.

“**España Subsidiary Guarantor**” means Cemex Research Group AG, CEMEX Shipping B.V., CEMEX Asia B.V., CEMEX France Gestion (S.A.S.), CEMEX UK, CEMEX Egyptian Investments B.V. and CEMEX Egyptian Investments II B.V.

“**EURIBOR**” means, in relation to any Loan in euro:

(a) the applicable Screen Rate;

(b) (if no Screen Rate is available for the Interest Period of that Loan) the Interpolated Screen Rate for that Loan; or

(c) if:

(i) no Screen Rate is available for euro; or

(ii) no Screen Rate is available for the Interest Period of that Loan and it is not possible to calculate an Interpolated Screen Rate for that Loan,

the Reference Bank Rate,

as of, in the case of paragraphs (a) and (c) above, the Specified Time on the Quotation Day for euro and for a period equal in length to the Interest Period of that Loan and, if that rate is less than zero, EURIBOR shall be deemed to be zero.

“European Transaction” means the Czech Acquisition, the West German Disposal and the Spanish Combination.

“Event of Default” means any event or circumstance specified as such in Clause 26 (*Events of Default*).

“Exchange and Discharge Offer” means the exchange and discharge offer made by the Borrower pursuant to and in accordance with the Invitation Memorandum.

“Exchange Notice” has the meaning given to that term in Clause 2.4 (*Election to exchange and discharge Facility A Commitments and/or Facility B Commitments*).

“Exchange Response” has the meaning given to that term in the Invitation Memorandum.

“Excluded Positions” shall have the meaning ascribed thereto in Schedule 16 (*Hedging Parameters*).

“Executive Compensation Plan” means any stock option plan, restricted stock plan or retirement plan which the Borrower or any of its Subsidiaries, any other Obligor or, as the case may be, Caliza or Centurion, or any of its Subsidiaries, as the case may be, customarily provides to its employees, consultants and directors.

“Existing Financial Indebtedness” means the Financial Indebtedness described in Schedule 10 (*Existing Financial Indebtedness*) **provided that** the principal amount of such Financial Indebtedness does not increase above the principal amount outstanding as at the date of this 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 this Agreement) less the amount of any repayments and prepayments made in respect of such Financial Indebtedness.

“Existing High Yield Notes” means the 2015 Floating Rate Notes, the 2018 Senior Notes, the 2019 Senior Notes, the 2021 Senior Notes, the 2022 Senior Notes, the 2023 Senior Notes, the 2024 Senior Notes and the 2025 Senior Notes.

“**Existing Subordinated Convertible Notes**” means the 2016 Subordinated Convertible Notes, the 2018 Subordinated Convertible Notes, the 2020 Subordinated Convertible Notes and the Subordinated Convertible Notes described at paragraph (b)(i) of the definition of Subordinated Optional Convertible Securities.

“**Facility**” means Facility A, Facility B, Facility C, Facility D, Facility E, Facility AB1 or Facility AB2.

“**Facility A**” means the term loan facility made available under this Agreement as described in paragraph (a) of Clause 2.1 (*The Facilities*).

“**Facility AB1**” means the revolving loan facility made available under this Agreement as described in paragraph (g) of Clause 2.1 (*The Facilities*).

“**Facility AB1 Commitment**” means:

- (a) in relation to an Original Lender, the amount in the Base Currency set opposite its name under the heading “Facility AB1 Commitment” in (i) Part II-A of Schedule 1 (*The Original Parties*), in relation to Total Facility AB1 Commitments, as at the 2016 AB1/AB2 Amendment Effective Date, and (ii) in Part II-B of Schedule 1 (*The Original Parties*), in relation to Total Facility AB1 Commitments as at the AB1/AB2 Commitments Effective Date, and on or after the AB1/AB2 Commitments Effective Date the amount of any other Facility AB1 Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (*Accordion*);
- (b) in relation to an Accordion Lender, the amount in the Base Currency set opposite its name under the heading “Facility AB1 Commitment” in (i) Part III-A of Schedule 1 (*The Accordion Lenders*), in relation to Total Facility AB1 Commitments as at the 2016 AB1/AB2 Amendment Effective Date, and (ii) in Part III-B of Schedule 1 (*The Accordion Lenders*), in relation to Total Facility AB1 Commitments as at the AB1/AB2 Commitments Effective Date, and the amount of any other Facility AB1 Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (*Accordion*); and
- (c) in relation to any other Lender, the amount in the Base Currency of any Facility AB1 Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (*Accordion*),

to the extent not cancelled, reduced or transferred by it under this Agreement.

“**Facility AB1 Loan**” means a loan made, deemed made or to be made under Facility AB1 or the principal amount outstanding for the time being of that loan.

“**Facility AB1 Reduction Date**” means each of the dates specified in paragraph (a) of Clause 6.10 (*Reduction of Facility AB1*) as Facility AB1 Reduction Dates.

“**Facility AB1 Reduction Instalments**” means each instalment for reduction of the Facility AB1 Commitments referred to in Clause 6.10 (*Reduction of Facility AB1*).

“**Facility AB2**” means the term loan facility made available under this Agreement as described in paragraph (h) of Clause 2.1 (*The Facilities*).

“Facility AB2 Commitment” means:

- (a) in relation to an Original Lender, the amount in the Base Currency set opposite its name under the heading “Facility AB2 Commitment” in (i) Part II-A of Schedule 1 (*The Original Parties*), in relation to Total Facility AB2 Commitments as at the 2016 AB1/AB2 Amendment Effective Date, and (ii) in Part II-B of Schedule 1 (*The Original Parties*), in relation to Total Facility AB2 Commitments as at the AB1/AB2 Commitments Effective Date, and on or after the AB1/AB2 Commitments Effective Date the amount of any other Facility AB2 Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (*Accordion*);
- (b) in relation to an Accordion Lender, the amount in the Base Currency set opposite its name under the heading “Facility AB2 Commitment” in (i) Part III-A of Schedule 1 (*The Accordion Lenders*), in relation to Total Facility AB2 Commitments as at the 2016 AB1/AB2 Amendment Effective Date, and (ii) in Part III-B of Schedule 1 (*The Accordion Lenders*), in relation to Total Facility AB2 Commitments as at the AB1/AB2 Commitments Effective Date, and the amount of any other Facility AB2 Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (*Accordion*); and
- (c) in relation to any other Lender, the amount in the Base Currency of any Facility AB2 Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (*Accordion*),

to the extent not cancelled, reduced or transferred by it under this Agreement.

“Facility AB2 Loan” means a loan made, deemed made or to be made under Facility AB2 or the principal amount outstanding for the time being of that loan.

“Facility AB2 Repayment Date” means each of the dates specified in paragraph (a) of Clause 6.11 (*Repayment of Facility AB2 Loans*) as Facility AB2 Repayment Dates.

“Facility AB2 Repayment Instalment” means each instalment for repayment of the Facility AB2 Loans referred to in paragraph (a) of Clause 6.11 (*Repayment of Facility AB2 Loans*).

“Facility A Commitment” means:

- (a) in relation to an Original Lender, the amount in the Base Currency set opposite its name under the heading “Facility A Commitment” in (i) Part II-A of Schedule 1 (*The Original Parties*), in relation to Total Facility A Commitments as at the 2016 AB1/AB2 Amendment Effective Date, and (ii) in Part II-B of Schedule 1 (*The Original Parties*), in relation to Total Facility A Commitments as at the AB1/AB2 Commitments Effective Date, and the amount of any other Facility A Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (*Accordion*);
- (b) in relation to an Accordion Lender, the amount in the Base Currency set opposite its name under the heading “Facility A Commitment” in (i) Part III-A of Schedule 1 (*The Accordion Lenders*), in relation to Total Facility A

Commitments as at the 2016 AB1/AB2 Amendment Effective Date, and (ii) in Part III-B of Schedule 1 (*The Accordion Lenders*), in relation to Total Facility A Commitments as at the AB1/AB2 Commitments Effective Date, and the amount of any other Facility A Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (*Accordion*); and

- (c) in relation to any other Lender, the amount in the Base Currency of any Facility A Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (*Accordion*),

to the extent not cancelled, reduced or transferred by it under this Agreement.

“**Facility A Loan**” means a loan made or to be made under Facility A or the principal amount outstanding for the time being of that loan.

“**Facility A Repayment Date**” means each of the dates specified in paragraph (a) of Clause 6.1 (*Repayment of Facility A Loans*) as Facility A Repayment Dates.

“**Facility A Repayment Instalment**” means each instalment for repayment of the Facility A Loans referred to in paragraph (a) of Clause 6.1 (*Repayment of Facility A Loans*).

“**Facility B**” means the:

- (a) (before the 2015 Amendment Revolving Facility Effective Date) revolving (subject to Clause 5.9 (*Mandatory Rollover Utilisation*)); or
(b) (on and after the 2015 Amendment Revolving Facility Effective Date) term,

loan facility made available under this Agreement as described in paragraph (b) of Clause 2.1 (*The Facilities*).

“**Facility B Commitment**” means:

- (a) in relation to an Original Lender, the amount in the Base Currency set opposite its name under the heading “Facility B Commitment” in (i) Part II-A of Schedule 1 (*The Original Parties*), in relation to Total Facility B Commitments as at the 2016 AB1/AB2 Amendment Effective Date, and (ii) in Part II-B of Schedule 1 (*The Original Parties*), in relation to Total Facility B Commitments as at the AB1/AB2 Commitments Effective Date, and the amount of any other Facility B Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (*Accordion*);
- (b) in relation to an Accordion Lender, the amount in the Base Currency set opposite its name under the heading “Facility B Commitment” in (i) Part III-A of Schedule 1 (*The Accordion Lenders*), in relation to Total Facility B Commitments as at the 2016 AB1/AB2 Amendment Effective Date, and (ii) in Part III-B of Schedule 1 (*The Accordion Lenders*), in relation to Total Facility B Commitments as at the AB1/AB2 Commitments Effective Date, and the amount of any other Facility B Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (*Accordion*); and

(c) in relation to any other Lender, the amount in the Base Currency of any Facility B Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (*Accordion*),

to the extent not cancelled, reduced or transferred by it under this Agreement.

“**Facility B Loan**” means a loan made or to be made under Facility B or the principal amount outstanding for the time being of that loan.

“**Facility B Reduction Date**” means each of the dates specified in Clause 6.3 (*Reduction of Facility B*) as Facility B Reduction Dates.

“**Facility B Reduction Instalment**” means each instalment for reduction of the Facility B Commitments referred to in Clause 6.3 (*Reduction of Facility B*).

“**Facility B Repayment Date**” means each of the dates specified in paragraph (b) of Clause 6.2 (*Repayment of Facility B Loans*) as Facility B Repayment Dates.

“**Facility B Repayment Instalment**” means each instalment for repayment of the Facility B Loans referred to in paragraph (b) of Clause 6.2 (*Repayment of Facility B Loans*).

“**Facility C**” means Facility C1 or Facility C2.

“**Facility C Commitment**” means Facility C1 Commitment or Facility C2 Commitment.

“**Facility C Loan**” means Facility C1 Loan or Facility C2 Loan.

“**Facility C1**” means the term loan facility made available under this Agreement as described in paragraph (c) of Clause 2.1 (*The Facilities*).

“**Facility C1 Commitment**” means the amount in the Base Currency of any Facility C1 Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (*Accordion*) to the extent not cancelled, reduced or transferred by it under this Agreement.

“**Facility C1 Loan**” means a loan made or to be made under Facility C1 or the principal amount outstanding for the time being of that loan.

“**Facility C1 Repayment Date**” means each of the dates specified in Clause 6.4 (*Repayment of Facility C1 Loans*) as Facility C1 Repayment Dates.

“**Facility C1 Repayment Instalment**” means each instalment for repayment of the Facility C1 Loans referred to in Clause 6.4 (*Repayment of Facility C1 Loans*).

“**Facility C2**” means the term loan facility made available under this Agreement as described in paragraph (d) of Clause 2.1 (*The Facilities*).

“**Facility C2 Commitment**” means the amount in euro of any Facility C2 Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (*Accordion*) to the extent not cancelled, reduced or transferred by it under this Agreement.

“Facility C2 Loan” means a loan made or to be made under Facility C2 or the principal amount outstanding for the time being of that loan.

“Facility C2 Repayment Date” means each of the dates specified in Clause 6.5 (*Repayment of Facility C2 Loans*) as Facility C2 Repayment Dates.

“Facility C2 Repayment Instalment” means each instalment for repayment of the Facility C2 Loans referred to in Clause 6.5 (*Repayment of Facility C2 Loans*).

“Facility D” means the:

(a) (before the 2015 Amendment Revolving Facility Effective Date) term; or

(b) (on and after the 2015 Amendment Revolving Facility Effective Date) revolving (subject to Clause 5.9 (*Mandatory Rollover Utilisation*)), loan facility made available under this Agreement as described in paragraph (e) of Clause 2.1 (*The Facilities*).

“Facility D Commitment” means the amount in the Base Currency of any Facility D Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (*Accordion*) to the extent not cancelled, reduced or transferred by it under this Agreement.

“Facility D Loan” means a loan made or to be made under Facility D or the principal amount outstanding for the time being of that loan.

“Facility D Reduction Date” means each of the dates specified in Clause 6.7 (*Reduction of Facility D*) as Facility D Reduction Dates.

“Facility D Reduction Instalment” means each instalment for reduction of the Facility D Commitments referred to in Clause 6.7 (*Reduction of Facility D*).

“Facility D Repayment Date” means each of the dates specified in paragraph (a) of Clause 6.6 (*Repayment of Facility D Loans*) as Facility D Repayment Dates.

“Facility D Repayment Instalment” means each instalment for repayment of the Facility D Loans referred to in paragraph (a) of Clause 6.6 (*Repayment of Facility D Loans*).

“Facility E” means the term loan facility made available under this Agreement as described in paragraph (f) of Clause 2.1 (*The Facilities*).

“Facility E Commitment” means the amount in euro of any Facility E Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (*Accordion*) to the extent not cancelled, reduced or transferred by it under this Agreement.

“Facility E Loan” means a loan made or to be made under Facility E or the principal amount outstanding for the time being of that loan.

“Facility E Repayment Date” means each of the dates specified in paragraph (a) of Clause 6.8 (*Repayment of Facility E Loans*) as Facility E Repayment Dates.

“Facility E Repayment Instalment” means each instalment for repayment of the Facility E Loans referred to in paragraph (a) of Clause 6.8 (*Repayment of Facility E Loans*).

“Facility Office” means:

- (a) in respect of a Lender, the office or offices notified by that Lender to the Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than five Business Days’ written notice) as the office or offices through which it will perform its obligations under this Agreement; or
- (b) in respect of any other Finance Party, the office in the jurisdiction in which it is resident for tax purposes.

“FATCA” means:

- (a) sections 1471 to 1474 of the Code or any associated regulations;
- (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or
- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraph (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

“FATCA Application Date” means:

- (a) in relation to a “withholdable payment” described in section 1473(1)(A)(i) of the Code (which relates to payments of interest and certain other payments from sources within the US), 1 July 2014;
- (b) in relation to a “withholdable payment” described in section 1473(1)(A)(ii) of the Code (which relates to “gross proceeds” from the disposition of property of a type that can produce interest from sources within the US), 1 January 2017; or
- (c) in relation to a “passthru payment” described in section 1471(d)(7) of the Code not falling within paragraph (a) or (b) above, 1 January 2017, or, in each case, such other date from which such payment may become subject to a deduction or withholding required by FATCA as a result of any change in FATCA after the date of this Agreement.

“**FATCA Deduction**” means a deduction or withholding from a payment under a Finance Document required by FATCA.

“**FATCA Exempt Party**” means a Party that is entitled to receive payments free from any FATCA Deduction.

“**Fee Letter**” means any letter or letters dated on or before the date of this Agreement between the Arranger (or any of them) and the Borrower, the Agent and the Borrower or the Security Agent and the Borrower setting out any of the fees payable by the Borrower to those Finance Parties in connection with this Agreement, and any fee letter between an Accordion Lender and the Borrower entered into in accordance with paragraph (f) of Clause 2.2 (*Accordion*).

“**Finance Document**” means this Agreement, any Accession Letter, any Accordion Confirmation, any Compliance Certificate, any Fee Letter, the Intercreditor Agreement, any Promissory Note, any Resignation Letter, any Selection Notice, any Transaction Security Document, any Utilisation Request and any other document designated as a “Finance Document” by the Agent and the Borrower.

“**Finance Party**” means the Agent, the Arranger, the Security Agent or a Lender.

“**Financial Indebtedness**” means any indebtedness for or in respect of:

- (a) monies 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 Borrower) 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 Borrower);
- (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 last Termination Date or are otherwise classified as borrowings under Applicable GAAP of the Borrower;

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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 Borrower; 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,

and **provided that** the Spanish Combination Termination Mechanism is not Financial Indebtedness.

“**Financial Quarter**” has the meaning given to such term in Clause 22.1 (*Financial definitions*).

“**Financial Year**” has the meaning given to such term in Clause 22.1 (*Financial definitions*).

“**Fitch**” means Fitch Ratings Limited or any successor thereto from time to time.

“**French Guarantor**” or “**French Obligor**” means a Guarantor or other Obligor incorporated in France.

“**Governmental Authority**” means the government of any jurisdiction, or any political subdivision thereof, whether provincial, state or local, and any department, ministry, agency, instrumentality, authority, body, court, central bank or other entity lawfully exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“**Group**” means the Borrower and each of its Subsidiaries for the time being.

“**Group Structure Chart**” means the structure chart delivered to the Agent under paragraph 5 (*Other documents and evidence*) of Part I of Schedule 2 (*Conditions Precedent*).

“**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 29.3 (*Resignation of a Guarantor*) and/or sub-paragraph (ii) of paragraph (c) of Clause 39.2 (*Exceptions*) and has not subsequently become an Additional Guarantor pursuant to Clause 29.2 (*Additional Guarantors and Additional Security Providers*) and

“**Guarantor**” means any of them.

“**Hazardous Materials**” means (a) radioactive materials, asbestos-containing materials, polychlorinated biphenyls, radon gas and (b) any other chemicals, materials or substances designated, classified or regulated as hazardous or toxic or as a pollutant or contaminant under any applicable Environmental Law.

“**Holcim**” means Holcim Ltd.

“**Holcim Group**” means Holcim and each of its Subsidiaries for the time being.

“**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.

“**Impaired Agent**” means the Agent at any time when:

- (a) it has failed to make (or has notified a Party that it will not make) a payment required to be made by it under the Finance Documents by the due date for payment;
- (b) the Agent otherwise rescinds or repudiates a Finance Document;
- (c) (if the Agent is also a Lender) it is a Defaulting Lender under paragraph (a) of the definition of “Defaulting Lender”; or
- (d) an Insolvency Event has occurred and is continuing with respect to the Agent,

unless, in the case of paragraph (a) above:

- (i) its failure to pay is caused by:
 - (A) administrative or technical error; or
 - (B) a Disruption Event; andpayment is made within three Business Days of its due date; or
- (ii) the Agent is disputing in good faith whether it is contractually obliged to make the payment in question.

“**IMSS**” means the Mexican Social Security Institute (*Instituto Mexicano del Seguro Social*).

“**Increase Date**” has the meaning given to it in paragraph (b) of Clause 2.2 (*Accordion*).

“**INFONAVIT**” means the Mexican Workers’ Housing Fund Institute (*Instituto del Fondo Nacional de la Vivienda para los Trabajadores*).

“**Insolvency Event**” in relation to a Finance Party means that the Finance Party:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);

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- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;
 - (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
 - (d) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law (including *concurso mercantil*) or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official;
 - (e) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy (including *concurso mercantil*) or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition is instituted or presented by a person or entity not described in paragraph (d) above and:
 - (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or
 - (ii) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof;
 - (f) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
 - (g) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
 - (h) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter;
 - (i) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraph (a) to (h) above; or
 - (j) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

“Insolvency Proceedings” means any of the matters described in Clause 26.7 (*Insolvency proceedings*).

“Intellectual Property” means:

- (a) any patents, trademarks, service marks, designs, business names, copyrights, design rights, database 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:

- (a) before the 2015 Amendment Intercreditor Effective Date, the intercreditor agreement dated 17 September 2012 and made between, among others, the Borrower, Wilmington Trust (London) Limited as Security Agent, Citibank International plc as agent under the 2012 Facilities Agreement, the creditors under the 2012 Facilities Agreement and any other creditors of the Group that may accede to it from time to time in accordance with its terms; and
- (b) on and from the 2015 Amendment Intercreditor Effective Date, the intercreditor agreement described at paragraph (a) above as amended and restated pursuant to a deed of amendment dated on or about the date of the 2015 Amendment Agreement.

“Interest Period” means, in relation to a Utilisation, each period determined in accordance with Clause 11 (*Interest Periods*) and, in relation to an Unpaid Sum, each period determined in accordance with Clause 10.3 (*Default interest*).

“Interpolated Screen Rate” means, in relation to any Loan, the rate which results from interpolating on a linear basis between:

- (a) the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than the Interest Period of that Loan; and
- (b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the Interest Period of that Loan,

each as of the Specified Time on the Quotation Day for the currency of that Loan.

“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.

“Invitation Memorandum” means the Invitation Memorandum from the Borrower dated 30 September 2016 combining an Exchange and Discharge Offer and a Consent Request.

“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 (c)(ii) of the definition of Permitted Joint Venture.

“**Legal Opinions**” means the legal opinions delivered to the Agent pursuant to paragraph 4 (*Legal opinions*) of Part I of Schedule 2 (*Conditions Precedent*) or paragraph 4 (*Legal opinions*) of Part II of Schedule 2 (*Conditions Precedent*).

“**Legal Reservations**” means:

- (a) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors;
- (b) the time barring of claims under the Limitation Act 1980 and the Foreign Limitation Periods Act 1984, the possibility that an undertaking to assume liability for or indemnify a person against non-payment of UK stamp duty may be void and defences of set-off or counterclaim;
- (c) similar principles, rights and defences under the laws of any Relevant Jurisdiction; and
- (d) any other matters which are set out as qualifications or reservations as to matters of law in the Legal Opinions.

“**Lender**” means:

- (a) any Original Lender; and
- (b) any bank, financial institution, trust, fund or other entity which has become a Party in accordance with Clause 2.2 (*Accordion*) (including those listed at Part III-A (*The Accordion Lenders as at the 2016 AB1/AB2 Amendment Effective Date*) and III-B (*The Accordion Lenders as at the AB1/AB2 Commitments Effective Date*) of Schedule 1 (*The Original Parties*), Part IV (*New Accordion Lenders as from 23 July 2015*) of Schedule 1 (*The Original Parties*), Part V (*New Accordion Lenders as from 21 September 2015*) of Schedule 1 (*The Original Parties*), Part VI (*New Accordion Lenders as at 22 April 2016*) of Schedule 1 (*The Original Parties*), Part VII (*New Accordion Lender as at 23 June 2016*) and Part VIII (*New Accordion Lender as at 26 July 2016*) of Schedule 1 (*The Original Parties*) or Clause 27 (*Changes to the Lenders*),

which in each case has not ceased to be a Party in that capacity in accordance with the terms of this Agreement.

“**LIBOR**” means, in relation to any Loan:

- (a) the applicable Screen Rate;
- (b) (if no Screen Rate is available for the Interest Period of that Loan) the Interpolated Screen Rate for that Loan; or

- (c) if:
- (i) no Screen Rate is available for dollars; or
 - (ii) no Screen Rate is available for the Interest Period of that Loan and it is not possible to calculate an Interpolated Screen Rate for that Loan,

the Reference Bank Rate,

as of, in the case of paragraphs (a) and (c) above, the Specified Time on the Quotation Day for dollars and for a period equal in length to the Interest Period of that Loan and, if that rate is less than zero, LIBOR shall be deemed to be zero.

“**Loan**” means a Facility A Loan, Facility B Loan, Facility C Loan, Facility D Loan, Facility E Loan, Facility AB1 Loan or Facility AB2 Loan.

“**London Business Day**” means a day (other than a Saturday or Sunday) on which banks are open for general business in London.

“**Majority Lenders**” means a Lender or Lenders whose Commitments aggregate 66 2/3% or more of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated 66 2/3% or more of the Total Commitments immediately prior to the reduction).

“**Margin**” means, in relation to any Loan or Unpaid Sum, 4.00 per cent. per annum, but if:

- (a) no Event of Default has occurred and is continuing; and
- (b) the Consolidated Leverage Ratio in respect of the most recently completed Reference Period is within a range set out below, then the Margin for each Loan will be the percentage per annum set out below opposite that range:

Consolidated Leverage Ratio	Margin (per cent. per annum)
In respect of a Reference Period ending on 31 December 2016, 31 March 2017, 30 June 2017 or 30 September 2017, greater than 5.50:1	4.25
Greater than or equal to 5.50:1	4.00
Less than 5.50:1 but greater than or equal to 5.00:1	3.50
Less than 5.00:1 but greater than or equal to 4.50:1	3.25
Less than 4.50:1 but greater than or equal to 4.00:1	3.00
Less than 4.00:1 but greater than or equal to 3.50:1	2.75
Less than 3.50:1	2.50

However:

- (i) any increase or decrease in the Margin for a Loan shall take effect on the date (the “**reset date**”) which is the first day of the next Interest Period for that Loan following receipt by the Agent of the Compliance Certificate for that Reference Period pursuant to Clause 21.2 (*Compliance Certificate*);
- (ii) if, following receipt by the Agent of the Compliance Certificate related to the relevant annual financial statements, that Compliance Certificate does not confirm the basis for either a reduced or an increased Margin which applied during that annual period, then the relevant provisions of paragraph (b) of Clause 10.2 (*Payment of interest*) shall apply from the reset date and the Margin for that Loan shall be the percentage per annum determined using the table above and the revised Consolidated Leverage Ratio calculated using the figures in that Compliance Certificate;
- (iii) while an Event of Default is continuing:
 - (A) during the period beginning on the reset date relating to a Compliance Certificate in respect of the Reference Period ending on 31 December 2016 and ending on the reset date relating to a Compliance Certificate in respect of the Reference Period ending on 30 September 2017, the Margin for each Loan shall be 4.25 per cent. per annum; and
 - (B) at any other time (unless that Event of Default occurred in the period referred to in paragraph (A) above and is still continuing), the Margin for each Loan shall be 4.00 per cent. per annum; and
- (iv) for the purpose of determining the Margin, Consolidated Leverage Ratio and Reference Period shall be determined in accordance with Clause 22.1 (*Financial definitions*).

“**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 (other than shares in Caliza or shares in Centurion held other than by a member of the Group) and (b) any shares in Axtel, S.A.B. de C.V.

“**Material Adverse Effect**” means a material adverse effect on:

- (a) the business, property, assets, condition (financial or otherwise) or operations of the Group, taken as a whole; or
- (b) the rights or remedies of any Finance Party under the Finance Documents; or
- (c) the ability of any Obligor to perform its obligations under the Finance Documents or the validity or enforceability, effectiveness or ranking of any of the Transaction Security granted or purported to be granted under or pursuant to any of the Finance Documents.

“**Material Operating Subsidiary**” means a Material Subsidiary other than a member of the Group that is a Material Subsidiary solely by virtue of its being a Holding Company of a Material Subsidiary or Obligor.

“**Material Subsidiary**” means, from the date of this Agreement up to (and excluding) the date on which the first Compliance Certificate to be delivered under Clause 21.2 (*Compliance Certificate*) is delivered in accordance with that Clause, those companies set out in Schedule 15 (*Material Subsidiaries*) and, thereafter, means any Subsidiary of the Borrower which:

- (a) has total gross assets representing 5 per cent. or more of the total consolidated assets of the Group;
- (b) has revenues representing 5 per cent. or more of the consolidated turnover of the Group; and/or
- (c) has earnings before interest, tax, depreciation and amortisation calculated on the same basis as EBITDA, representing 5 per cent. or more of the consolidated EBITDA of the Group,

in each case calculated on a consolidated basis (without duplication) and any Holding Company of any such Subsidiary or of an Obligor.

Compliance with the conditions set out in paragraphs (a) to (c) shall be determined by reference to the most recent Compliance Certificate supplied by the Borrower and/or the latest audited financial statements of that Subsidiary (if available) and the latest audited consolidated financial statements of the Group, but if a Subsidiary has been acquired since the date as at which the latest audited consolidated financial statements of the Group were prepared, the financial statements shall be adjusted to take into account the acquisition of that Subsidiary (that adjustment being certified by the Group’s auditors as representing an accurate reflection of each of the respective revised total assets and turnover of the Group).

A report by the auditors of the Borrower (or, as the case may be, any other internationally recognised accounting firm that is approved by the Agent) that a Subsidiary is a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all Parties.

“**Mexican Integration Initiative**” means the initiative under which the businesses of the Group in Mexico, previously undertaken by CEMEX Concretos, CEMEX México and CEMEX Agregados S.A. de C.V., may be integrated such that they are all undertaken by the Borrower, with the Borrower (itself, through a Subsidiary or via an appropriate trust arrangement) leasing from those three companies the assets required for such businesses.

“**Mexico**” means the United Mexican States.

“**Month**” means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

- (a) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one or, if there is not, on the immediately preceding Business Day; and
- (b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month.

The above rules will only apply to the last Month of any period. “**Monthly**” shall be construed accordingly.

“**Moody’s**” means Moody’s Investors Services Limited or any successor to its ratings business.

“**Multiemployer Plan**” means a “multiemployer plan” as defined in Section 4001(a)(3) of ERISA that is subject to Title IV of ERISA to which any Obligor or any ERISA Affiliate is making contributions or has an obligation to make contributions.

“**New Lender**” has the meaning given to that term in Clause 27 (*Changes to the Lenders*).

“**Non-Consenting Lender**” has the meaning given to that term in Clause 39.4 (*Replacement of Lender*).

“**Non-US Pension Plan**” means any defined benefit plan, fund (including, without limitation, any superannuation fund) or other similar program established or maintained outside the United States by any Obligor or any of its Subsidiaries, primarily for the benefit of employees of such Obligor or any such Subsidiary residing outside the United States, which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement, and which plan, fund or program is not a Pension Plan or Multiemployer Plan and is not otherwise subject to ERISA or the Code.

“**Obligors**” means the Borrower, the Guarantors and the Security Providers and “**Obligor**” means any of them.

“**Original Financial Statements**” means:

- (a) in relation to the Borrower, its audited unconsolidated and consolidated financial statements for its Financial Year ended 31 December 2013 accompanied by an audit opinion of KPMG Cárdenas Dosal, S.C.;
- (b) in relation to CEMEX España, its audited consolidated financial statements for its financial year ended 31 December 2013; and
- (c) in relation to any other Guarantor, its most recent annual financial statements (audited, if available).

“**Original Obligor**” means the Borrower, an Original Guarantor or an Original Security Provider.

“**Outlook**” means a rating outlook of the Borrower with regard to the Borrower’s economic and/or fundamental business condition, as assigned by a Rating Agency.

“**Participating Member State**” means any member state of the European Union that has 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 this Agreement.

“**Pension Plan**” means a “pension plan” as such term is defined in Section 3(2) of ERISA, which is subject to Title IV of ERISA (other than a multiemployer plan as defined in Section 4001(a)(3) of ERISA), and with respect to which any Obligor or any ERISA Affiliate is an “employer” as defined in Section 3(5) of ERISA.

“**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) 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;
- (e) an acquisition that constitutes a Permitted Joint Venture;
- (f) an acquisition that constitutes a Permitted PPP Investment;
- (g) an acquisition of assets and, if applicable, cash, in exchange for other assets and, if applicable, cash, of equal or higher value (an “**Asset Swap**”);
- (h) any acquisition of shares of the Borrower, any acquisition of shares of Caliza or any acquisition of shares of Centurion pursuant to (i) an obligation in respect of any Executive Compensation Plan of the Borrower or any of its Subsidiaries or, as the case may be, of Caliza or Centurion or any of its Subsidiaries, as the case may be, or (ii) a Permitted Treasury Transaction within the scope of paragraph 1(e) of Schedule 16 (*Hedging Parameters*);
- (i) any other acquisition consented to by the Agent acting on the instructions of the Majority Lenders;
- (j) an acquisition of shares in the Borrower or any other member of the Group to the extent that a member of the Group has an obligation to deliver such shares to any holder(s) of convertible securities constituting Existing Financial Indebtedness or falling within paragraph (f)(i) of the definition of Permitted Financial Indebtedness pursuant to the terms of such convertible securities;

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- (k) any acquisition by a member of the Caliza Group of assets or of a company, of shares, securities or a business or undertaking (or, in each case, any interest in any of them) including, without limitation, in circumstances constituting a Permitted Disposal under paragraph (j)(i) of the definition of Permitted Disposal **provided that** (except where the assets, company, shares, securities, business or undertaking (or, in each case, any interest in any of them) acquired was disposed of by a member of the Group which is not a member of the Caliza Group in circumstances constituting a Permitted Disposal under paragraph (j)(i) of the definition of Permitted Disposal or where such acquisition constitutes a Permitted Acquisition under paragraph (o)(i) below) the aggregate amount of the consideration for such acquisitions does not at any time (when aggregated with all other amounts of Caliza Expansion Capital then incurred) exceed the Caliza Expansion Capital Permitted Limit;
 - (l) any acquisition constituting a Reconstruction permitted pursuant to Clause 23.7 (*Merger*);
 - (m) 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 (excluding any such amount that is funded from Reinvestment Proceeds Sources) for such acquisitions (when aggregated with the aggregate amount of Joint Venture Investment falling within paragraph (c)(ii) of the definition of Permitted Joint Venture (excluding any such amount that is funded from Reinvestment Proceeds Sources in that Financial Year) does not exceed \$400,000,000 (or its equivalent in any other currencies) in any Financial Year, and **provided further that:**
 - (i) if an asset is acquired by a member of the Group pursuant to this paragraph (m); and
 - (ii) such asset is the subject of a Disposal by the Group within 12 Months of the date of completion of its acquisition,
the unutilised portion of the amount referred to above in respect of that Financial Year shall be increased by an amount equal to the lower of (A) the amount of the consideration originally paid by the relevant member of the Group which acquired such asset and (B) the amount of the Disposal Proceeds received for such Disposal **provided that** such Disposal Proceeds are (to the extent required) applied in accordance with Clause 8 (*Mandatory Prepayment*);
 - (n) an acquisition pursuant to the European Transaction;
 - (o) any acquisition of any assets, a company, of shares, securities or a business or undertaking (or, in each case, any interest in any of them) funded from Reinvestment Proceeds Sources, **provided that** where such proceeds are:

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- (i) from a primary offering of shares in Caliza or shares of any Caliza Group company, the acquired assets must be acquired into the Caliza Group; or
 - (ii) from a primary offering of shares in Centurion or shares of any Centurion Group company, the acquired assets must be acquired into the Centurion Group;
- (p) any acquisition by a member of the Centurion Group of assets or of a company, of shares, securities or a business or undertaking (or, in each case, any interest in any of them) including, without limitation, in circumstances constituting a Permitted Disposal under paragraph (j)(ii) of the definition of Permitted Disposal provided that (except where the assets, company, shares, securities, business or undertaking (or, in each case, any interest in any of them) acquired was disposed of by a member of the Group which is not a member of the Centurion Group in circumstances constituting a Permitted Disposal under paragraph (j)(ii) of the definition of Permitted Disposal or where such acquisition constitutes a Permitted Acquisition under paragraph (o)(ii) above) the aggregate amount of the consideration for such acquisitions does not at any time (when aggregated with all other amounts of Centurion Expansion Capital then incurred) exceed the Centurion Expansion Capital Permitted Limit; and
- (q) the repurchase of any shares in Centurion which were the subject of the Centurion Offering Option but were not taken up in full as part of such option and, for the avoidance of doubt any repurchase under this paragraph (q) shall be a separate and independent right and shall not impact or utilise any other elements permitted under this Agreement including, without limitation, paragraph (m) of the definition of Permitted Acquisition, Clause 22.2(c) and the Centurion Expansion Capital Permitted Limit.

“**Permitted Debt Fundraising Proceeds**” has the meaning given to that term in Clause 8.1 (*Definitions*).

“**Permitted Debt Purchase Transaction**” means, in relation to a person, a transaction where such person purchases by way of assignment or transfer any Commitment or amount outstanding under this Agreement.

“**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) (other than a Disposal by a member of the Group which is (i) not a member of the Caliza Group to a member of the Caliza Group, which shall be subject to paragraph (j)(i) below or (ii) not a member of the Centurion Group to a member of the Centurion Group which shall be subject to paragraph (j)(ii) below) 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 had given Transaction Security over the asset, the Acquiring Company must give equivalent Transaction Security over that asset (and, if the Acquiring Company is not already a Security Provider, it must accede to this Agreement as an Additional Security Provider); and
- (ii) 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 (subject to any applicable guarantee limitations),

provided that the conditions set out in paragraphs (i) and (ii) above shall only apply (A) to a Disposal of shares if such Disposal would result in the Acquiring Company becoming a Material Subsidiary, or (B) to a Disposal of other assets 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;
- (f) to a Joint Venture, to the extent permitted by Clause 23.19 (*Joint ventures*);
- (g) arising as a result of any Permitted Security;
- (h) which is a Permitted PPP Investment;
- (i) of shares in Caliza or Centurion or any put or other option entered into with one or more financial institutions in respect of any share lending, over-allotment or other similar arrangement in connection with an offering of shares in Caliza pursuant to a Caliza Transaction, shares in Centurion pursuant to a Centurion Transaction or a Permitted Treasury Transaction within the scope of paragraph 1(e) of Schedule 16 (*Hedging Parameters*);

(j)

- (i) by a member of the Group which is not a member of the Caliza Group to a member of the Caliza Group (other than a Disposal of shares which are subject to the Transaction Security, unless the acquiring member of the Caliza Group grants equivalent Transaction Security

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- over such shares) **provided that** the aggregate fair market value of all assets disposed of pursuant to this paragraph (j)(i) after the date of this Agreement does not exceed \$750,000,000 (or its equivalent in other currencies) (when aggregated with the aggregate fair market value of all share issuances falling within paragraph (g)(i) of the definition of Permitted Share Issue); or
- (ii) by a member of the Group which is not a member of the Centurion Group to a member of the Centurion Group (other than a Disposal of shares which are subject to the Transaction Security, unless the acquiring member of the Centurion Group grants equivalent Transaction Security over such shares) provided that the aggregate fair market value of all assets disposed of pursuant to this paragraph (j)(ii) after the date of this Agreement does not exceed \$750,000,000 (or its equivalent in other currencies) (when aggregated with the aggregate fair market value of all share issuances falling within paragraph (g)(ii) of the definition of Permitted Share Issue); or
- (k) 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 80 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 80 per cent. comprises Marketable Securities, those Marketable Securities must be disposed of for cash to a person that is not a member of the Group within 180 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 Borrower has delivered to the 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 (to the extent required) been applied in accordance with Clause 8 (*Mandatory Prepayment*) and for such purpose(s) as such proceeds are intended by the Group to be applied, 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 this Agreement, the Borrower would have been in compliance with the financial covenants in paragraphs (a) and (b) of Clause 22.2 (*Financial condition*) 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 this Agreement; and
 - (iii) the Disposal Proceeds received by members of the Group are applied (to the extent required) in accordance with Clause 8 (*Mandatory Prepayment*);

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- (l) 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 8 (*Mandatory Prepayment*);
 - (m) of any receivables disposed of pursuant to a factoring or similar receivables financing arrangement that is otherwise permitted under this Agreement;
 - (n) of any inventory disposed of pursuant to an Inventory Financing or similar arrangement that is otherwise permitted under this Agreement;
 - (o) of any plant or equipment disposed of pursuant to a sale and lease-back arrangement that is otherwise permitted under this Agreement;
 - (p) of receivables disposed of pursuant to a Permitted Securitisation;
 - (q) of land or buildings arising as a result of lease or licence in the ordinary course of its trading;
 - (r) of any shares of the Borrower or, as the case may be, subject to Clause 23.34 (*Caliza and Centurion*), Caliza or Centurion, pursuant to an obligation in respect of any Executive Compensation Plan;
 - (s) of shares, common equity securities in the Borrower 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 comprising Existing Financial Indebtedness or 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;
 - (t) which is, or constitutes, an Asset Swap;
 - (u) forming part of a Reconstruction permitted pursuant to Clause 23.7 (*Merger*);
 - (v) otherwise approved by the Agent acting on the instructions of the Majority Lenders; or
 - (w) pursuant to the West German Disposal.

“Permitted Distribution” means the declaration, making or payment of a dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution):

- (a) on or in respect of share capital to the Borrower or any of its Subsidiaries; or
- (b) that is:
 - (i) a recapitalisation of earnings on or in respect of the share capital of the Borrower (or any class of its share capital) pursuant to which additional share capital of the Borrower or the right to subscribe for

additional share capital is issued to the existing shareholders of the Borrower on a *pro rata* basis;

- (ii) by way of the issuance of common equity securities of the Borrower or the right to subscribe for such common equity securities to the existing shareholders of the Borrower on a *pro rata* basis; or
- (iii) by way of the issuance of common equity securities of Caliza or the right to subscribe for such common equity securities to the existing shareholders of Caliza on a *pro rata* basis,
- (iv) by way of the issuance of common equity securities of Centurion or the right to subscribe for such common equity securities to the existing shareholders of Centurion on a *pro rata* basis,

provided that, for the avoidance of doubt, no cash or other asset (other than the common equity securities referred to above) of any member of the Group (or any interest in any such cash or asset) is paid or otherwise transferred or assigned to any person that is not a member of the Group in connection with such distribution or interest; or

- (c) that is a payment of interest (at a time at which no Default is continuing) on any perpetual debt securities issued by the Borrower or New Sunward Holding Financial Ventures B.V. or otherwise permitted by this Agreement; or
- (d) to any minority shareholders of any Subsidiary of the Borrower; (i) *pro rata* to its holding in such Subsidiary and **provided that** all other shareholders of the relevant Subsidiary receive their equivalent *pro rata* share in any such dividend, charge, fee, distribution or interest payment at the same time; or (ii) in the case of minority shareholders of Assiut Cement Company on any basis (whether *pro rata* to its holding in such Subsidiary or otherwise), **provided that** the maximum aggregate amount distributed under this sub-paragraph (ii) must not exceed \$25,000,000 (or its equivalent) from the date of this Agreement to the last Termination Date.

“**Permitted Equity Fundraising Proceeds**” has the meaning given to that term in Clause 8.1 (*Definitions*).

“**Permitted Exchange**” means any exchange or conversion of any Existing Financial Indebtedness or Financial Indebtedness described in paragraph (f) of the definition of Permitted Financial Indebtedness for either (a) or (b) or a combination of (a) and (b):

- (a) any Financial Indebtedness described at paragraph (f) of the definition of Permitted Financial Indebtedness; and/or
- (b) an issuance of shares, equity securities or equity-linked securities by the Borrower **provided that** the principal amount of such shares, equity securities or equity-linked securities are not redeemable (other than for other shares, equity securities or equity-linked securities) prior to the last Termination Date.

“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 or any similar arrangements 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**:
 - (i) no amount of Financial Indebtedness of members of the Group under such transactions in place as at the date of this Agreement may be reborrowed once repaid;
 - (ii) the maximum aggregate Financial Indebtedness of members of the Group under such transactions (excluding any amounts under any transactions referred to in sub-paragraph (i) above) does not exceed \$500,000,000 at any time (and any amount of Financial Indebtedness permitted under this sub-paragraph (ii) which has been repaid may be reborrowed or replaced whether pursuant to the terms of the arrangement constituting such Financial Indebtedness when originally advanced or otherwise); and
 - (iii) the maximum aggregate Financial Indebtedness of members of the Group under any transactions referred to in sub-paragraphs (i) and (ii) above taken together does not exceed \$700,000,000 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 (or other equity-like instruments which are treated as Financial Indebtedness) issued to refinance or replace Existing Financial Indebtedness or to refinance or replace Permitted Refinancing Indebtedness falling within paragraph (a) or (c) of the definition thereof, one or more Obligors and/or the same member of the Group 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);

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- (B) in the case of bonds, notes or other debt securities or convertible or exchangeable securities (or other equity-like instruments which are treated as Financial Indebtedness) issued so as to be applied in repayment or prepayment of the Facilities or in repayment or prepayment of Permitted Refinancing Indebtedness falling within paragraph (b) or (c) of the definition thereof, one or more Obligors whether acting as co-issuers or otherwise; or
 - (C) in the case of any issuance of Subordinated Optional Convertible Securities issued so as to be applied in accordance with Clause 8.5 (*Application of Permitted Equity Fundraising Proceeds, Caliza Proceeds and Centurion Proceeds*), the Borrower or any other members of the Group 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) **provided that** (other than (w) pursuant to paragraph (b)(i)(A) of the definition of Subordinated Optional Convertible Securities, (x) any conversion into common equity securities of the Borrower or other equity-like instruments issued by the Borrower or a member of the Group, (y) in the case of a refinancing by Bancomext of the Bancomext Facility other than under the Facilities or (z) one or more issuances of Certificados Bursatiles in an aggregate outstanding principal amount of not more than \$300,000,000 at any time (the “**\$300,000,000 Certificados Bursatiles**”)) no principal repayments are scheduled in respect thereof until after 23 July 2020;

- (ii) under a loan facility (whether term or revolving and including, without limitation, a ‘term loan B’ or other tranching) in respect of which the only borrowers are:
 - (A) in the case of loan facilities entered into to refinance or replace Existing Financial Indebtedness or to refinance or replace Permitted Refinancing Indebtedness falling within paragraph (a) or (c) of the definition thereof, one or more Obligors and/or the same member of the Group that borrowed the relevant 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 Facilities or Permitted Refinancing Indebtedness falling within paragraph (b) or (c) of the definition thereof, one or more Obligors whether acting as joint or multiple borrowers,

and further **provided that**:

- (1) subject to paragraph (2) below, 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, any of the Existing High Yield Notes and any of the Existing Subordinated Convertible Notes, whichever is the more restrictive or onerous with respect to the terms taken as a whole 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 taken as a whole than the terms applicable to the Facilities, any of the Existing High Yield Notes or any of the Existing Subordinated Convertible Notes, whichever is the more restrictive or onerous taken as a whole;
- (2) the terms relating to mandatory prepayments that are applicable to any \$300,000,000 Certificados Bursatiles under paragraph (f)(i) or any incurrence under (f)(ii) may not be more onerous or restrictive taken as a whole than the terms relating to mandatory prepayments applicable to the Facilities;
- (3) the proceeds of such issuance or incurrence are applied (to the extent required) in accordance with Clause 8 (*Mandatory Prepayment*);
- (4) (i) if proceeds of such issuance or incurrence are, to the extent required under this Agreement, being used to replace or refinance: (aa) the Facilities; (bb) (in whole or part) Existing High Yield Notes which share in the Transaction Security; (cc) any other Existing Financial Indebtedness (other than the Existing Subordinated Convertible Notes or the Bancomext Facility (other than where the Bancomext Facility is being replaced or refinanced with the Facilities)); (dd) any Permitted Refinancing Indebtedness applied to replace or refinance any of the Financial Indebtedness falling within (aa) to (cc) above or any refinancing or replacement thereof; or (ii) if the proceeds of such issuance or incurrence are either (xx) Financial Indebtedness falling within paragraph (p) of this definition of Permitted Financial Indebtedness; or (yy) an issuance (whether a refinancing or otherwise) providing Equally Secured Debt Proceeds which are dealt with in accordance with Clause 8 (*Mandatory*

Prepayment), then in the case of both (i) and (ii) above 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;

- (5) any issuance under paragraph (f)(i) or (f)(ii) above which refinances or replaces any Permitted Refinancing Indebtedness which is subordinated to the Facilities must be so subordinated; and
- (6) any issuance under paragraph (f)(i) above which refinances or replaces Subordinated Optional Convertible Securities or other equity-like instruments must constitute an issuance of Subordinated Optional Convertible Securities or such other equity-like instruments;
- (g) that becomes Financial Indebtedness solely as a result of any change in Applicable GAAP of the Borrower after the date of this Agreement and that existed prior to the date of such change in Applicable GAAP of the Borrower (or that replaces, and is on substantially the same terms as, such Financial Indebtedness);
- (h) of any person acquired by a member of the Group pursuant to an acquisition falling within paragraph (k), (m) or (p) 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 \$200,000,000 at any time;
- (i) under Treasury Transactions entered into in accordance with Clause 23.28 (*Treasury Transactions*);
- (j) 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 Borrower or its Subsidiaries pursuant to such cash pooling or other cash management arrangement;
- (k) 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;
- (l) that constitutes a Permitted Joint Venture;
- (m) that constitutes Financial Indebtedness permitted to be incurred pursuant to a Permitted PPP Investment;
- (n) that constitutes a Permitted Working Capital Facility;

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- (o) incurred by a member of the Caliza Group for the purposes of financing Caliza Expansion Capital in the amount of the Caliza Expansion Capital to be incurred (**provided that** the aggregate of all such Caliza Expansion Capital (other than any such amount that is funded from Reinvestment Proceeds Sources) may not exceed the Caliza Expansion Capital Permitted Limit at any time);
 - (p) incurred by a member of the Centurion Group for the purposes of financing Centurion Expansion Capital in the amount of the Centurion Expansion Capital to be incurred (**provided that** the aggregate of all such Centurion Expansion Capital (other than any such amount that is funded from Reinvestment Proceeds Sources) may not exceed the Centurion Expansion Capital Permitted Limit at any time);
 - (q) not permitted by the preceding paragraphs or as a Permitted Transaction and the outstanding principal amount of which does not exceed \$500,000,000 (or its equivalent) in aggregate for the Group at any time, **provided that** such Financial Indebtedness may, if CEMEX so determines, benefit from the Transaction Security; and
 - (r) approved by the Agent acting on the instructions of the Majority Lenders.

“Permitted Fundraising” means:

- (a) any issuance of equity securities by the Borrower 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 Borrower 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 Guarantee” means:

- (a) any guarantee existing on the date of this Agreement with those guaranteeing Financial Indebtedness above an amount of \$10,000,000 (or its equivalent) (other than Financial Indebtedness described in paragraphs (i) and (j) of the definition thereof) being listed in Schedule 12 (*Existing Guarantees*);

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- (b) any guarantee forming part of the obligations comprised in the Finance Documents;
 - (c) the endorsement of negotiable instruments in the ordinary course of trade but excluding an *aval*;
 - (d) any performance guarantee or Contingent Instrument guaranteeing performance by a member of the Group under any contract entered into in the ordinary course of trade;
 - (e) any guarantee of a Joint Venture to the extent permitted by Clause 23.19 (*Joint ventures*);
 - (f) any guarantee (including an *aval*) of Financial Indebtedness falling within the following paragraphs of the definition of Permitted Financial Indebtedness:
 - (i) paragraph (a);
 - (ii) paragraph (b) (other than Existing Financial Indebtedness under the Bancomext Facility or under the Existing Subordinated Convertible Notes);
 - (iii) paragraph (c) or (e);
 - (iv) paragraph (f) (so long as: (A) the Financial Indebtedness refinanced from the proceeds of such Permitted Financial Indebtedness was Existing Financial Indebtedness (other than Existing Financial Indebtedness under the Bancomext Facility (save where such Permitted Financial Indebtedness is a refinancing or replacement of the Bancomext Facility under the Facilities) or under the Existing Subordinated Convertible Notes); (B) the Financial Indebtedness refinanced from the proceeds of such Permitted Financial Indebtedness was issued, borrowed or guaranteed by the relevant guarantor; or (C) such Permitted Financial Indebtedness that is guaranteed is applied, to the extent required, in accordance with Clause 8 (*Mandatory Prepayment*) to repay Lenders; or
 - (v) any of paragraphs (i) to (l) or (q);
 - (g) any guarantee given in respect of the netting or set-off arrangements permitted pursuant to paragraph (B) of the definition of Permitted Security;
 - (h) any indemnity given to professional advisers on customary terms as part of the terms of their engagement;
 - (i) any indemnity given on customary terms in connection with a Permitted Disposal or a Permitted Acquisition (but not, for the avoidance of doubt, a guarantee of Financial Indebtedness), in each case in a maximum amount not exceeding the cash consideration received by members of the Group for that Disposal or, as the case may be, paid by members of the Group for that acquisition (except in the case of environmental, employment or tax

indemnities given in connection with a Permitted Acquisition or Permitted Disposal);

- (j) any guarantee consented to by the Agent acting on behalf of the Majority Lenders;
- (k) any guarantee given by a member of the Group in favour of another member of the Group (including a guarantee given by a member of the Caliza Group in favour of another member of the Caliza Group or a guarantee given by a member of the Centurion Group in favour of another member of the Centurion Group but excluding (save for any such guarantees which exist as at the date of this Agreement) a guarantee given by a member of the Group which is not a member of the Caliza Group in favour of a member of the Caliza Group or a guarantee given by a member of the Group which is not a member of the Centurion Group in favour of a member of the Centurion Group) other than:
 - (i) a guarantee given by a member of the Group in favour of another member of the Group that is an issuer, borrower or guarantor of:
 - (A) any Financial Indebtedness falling within the definition of Existing Financial Indebtedness; or
 - (B) any Financial Indebtedness falling within paragraph (f) of the definition of Permitted Financial Indebtedness that is not used to repay or prepay the Facilities,where such guarantee provides direct or indirect support for such person's obligations in respect of such Financial Indebtedness (**provided that**, for the avoidance of doubt, other guarantees given by a member of the Group in favour of the relevant issuer, borrower or guarantor will not be restricted under this paragraph (i));
 - (ii) a guarantee given by a member of the Group in favour of another member of the Group that provides direct or indirect support for Financial Indebtedness falling within paragraphs (g) (other than where such guarantee was granted prior to the date of the relevant change in Applicable GAAP of the Borrower) or (h) of the definition of Permitted Financial Indebtedness;
 - (iii) a guarantee given by a member of the Group in favour of another member of the Group that is the issuer (or equivalent) under any Permitted Securitisation, other than any indemnities that are customary in the context of such a transaction carried out on a non-recourse basis or on a basis where recovery is limited solely to the collection of the relevant receivables (**provided that**, for the avoidance of doubt, other guarantees given by a member of the Group in favour of the relevant issuer (or equivalent) will not be restricted under this sub-paragraph (iii));
- (l) any guarantee given by a member of the Group in respect of obligations of a member of the Caliza Group or of the Centurion Group under Financial

Indebtedness permitted to be incurred under paragraph (o) or (p), as applicable of the definition of Permitted Financial Indebtedness;

- (m) any other guarantee given by a member of the Group (i) in respect of a Permitted Working Capital Facility or (ii) in favour of a bank or financial institution in respect of obligations of that bank or financial institution to a third party that does not fall within paragraph (d) above **provided that** at any time the aggregate principal amount guaranteed by all such guarantees then outstanding under (i) and (ii) above does not exceed \$900,000,000 (and **provided further that** any performance bonds, banker's acceptances or guarantee, bonding, documentary or stand-by letter of credit facilities shall only be counted towards such limit to the extent that such performance bond, banker's acceptance, guarantee, bonding, documentary or stand-by letter of credit facility constitutes Debt);
- (n) any guarantee granted in respect of obligations of a Group member under the European Transaction; and
- (o) any guarantee granted in respect of obligations of a Group member under Financial Indebtedness providing Equally Secured Debt Proceeds.

"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 this 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 Borrower) is detailed in Schedule 13 (*Permitted Joint Ventures*); or
- (b) such investment is made by a member of the Caliza Group to finance a Joint Venture entered into by a member of the Caliza Group (a "**Caliza Joint Venture**") and:
 - (i) either the investment has been consented to by the Agent acting on the instructions of the Majority Lenders or the Caliza Joint Venture is engaged in a business substantially the same as that carried on by any member of the Caliza Group; and
 - (ii) the aggregate (excluding any such amount that is funded from Reinvestment Proceeds Sources) of:
 - (A) all amounts subscribed for shares in, lent to, or invested in all such Caliza Joint Ventures by any member of the Group;
 - (B) the contingent liabilities of any member of the Group under any guarantee given in respect of the liabilities of any such Caliza Joint Venture; and
 - (C) the market value of any assets transferred by any member of the Group to any such Caliza Joint Venture;

minus

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- (D) an amount up to, but not exceeding, the Caliza Expansion Capital Permitted Limit (or its equivalent) that represents all cash amounts received by any member of the Caliza Group (i) relating to dividends, repayment of loans or distributions of any other nature in respect of any such Joint Ventures 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 (**provided that** such cash amounts may only be deducted under this sub-paragraph (ii)(D) to the extent not already deducted under sub-paragraph (ii)(D) of paragraph (d) below),

(such amount being the “**Caliza Joint Venture Investment**”) does not at any time (when aggregated with all other amounts of Caliza Expansion Capital then incurred) exceed the Caliza Expansion Capital Permitted Limit;

- (c) such investment is made by a member of the Centurion Group to finance a Joint Venture entered into by a member of the Centurion Group (a “**Centurion Joint Venture**”) and:
 - (i) either the investment has been consented to by the Agent acting on the instructions of the Majority Lenders or the Centurion Joint Venture is engaged in a business substantially the same as that carried on by any member of the Centurion Group; and
 - (ii) the aggregate (excluding any such amount that is funded from Reinvestment Proceeds Sources) of:
 - (A) all amounts subscribed for shares in, lent to, or invested in all such Centurion Joint Ventures by any member of the Group;
 - (B) the contingent liabilities of any member of the Group under any guarantee given in respect of the liabilities of any such Centurion Joint Venture; and
 - (C) the market value of any assets transferred by any member of the Group to any such Centurion Joint Venture;
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- (D) an amount up to, but not exceeding, the Centurion Expansion Capital Permitted Limit (or its equivalent) that represents all cash amounts received by any member of the Centurion Group (i) relating to dividends, repayment of loans or distributions of any other nature in respect of any such Joint Ventures 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 (**provided that** such cash amounts may only be deducted under this sub-paragraph (ii)(D) to the extent not already deducted under sub-paragraph (ii)(D) of paragraph (d) below),

(such amount being the “**Centurion Joint Venture Investment**”) does not at any time (when aggregated with all other amounts of Centurion Expansion Capital then incurred) exceed the Centurion Expansion Capital Permitted Limit;

- (d) such investment is made after the date of this Agreement and:
- (i) either the investment has been consented to by the Agent acting on the instructions of the Majority Lenders 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 Borrower, the aggregate (excluding any such amount that is funded from Reinvestment Proceeds Sources) of:
 - (A) all amounts subscribed for shares in, lent to, or invested in all such Joint Ventures by any member of the Group;
 - (B) the contingent liabilities of any member of the Group under any guarantee given in respect of the liabilities of any such Joint Venture; and
 - (C) the market value of any assets transferred by any member of the Group to any such Joint Venture;minus
 - (D) an amount up to, but not exceeding, \$400,000,000 (or its equivalent) in any Financial Year that represents all cash amounts received by any member of the Group (aa) relating to dividends, repayment of loans or distributions of any other nature in respect of any such Joint Ventures in that Financial Year and (bb) 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 (when aggregated with the aggregate amount of the consideration for acquisitions falling within paragraph (m) of the definition of Permitted Acquisition (excluding any such amount that is funded from Reinvestment Proceeds Sources) in that Financial Year) exceed \$400,000,000 (or its equivalent in other currencies) or such greater amount as the Agent (acting on the instructions of the Majority Lenders) may agree (such amount being the “**Joint Venture Investment**”);
- (e) such investment is made under or in connection with the Spanish Combination; or

(f) in addition to the above, such investment is made by a member of the Group and is funded by Reinvestment Proceeds Sources.

“Permitted Loan” means:

- (a) any trade credit extended by any member of the Group to its customers on normal commercial terms and in the ordinary course of its trading activities;
- (b) Financial Indebtedness which is referred to in the definition of, or otherwise constitutes, Permitted Financial Indebtedness (except under paragraph (d) of that definition);
- (c) a loan made to a Joint Venture to the extent permitted under Clause 23.19 (*Joint ventures*);
- (d) a loan which constitutes a Permitted PPP Investment;
- (e) a loan made by a member of the Group to another member of the Group;
- (f) deferred consideration in relation to Disposals falling within paragraph (k) of the definition of Permitted Disposal;
- (g) a loan made by a member of the Group to an employee or director of any member of the Group if the amount of that loan when aggregated with the amount of all loans to employees and directors by members of the Group does not exceed \$15,000,000 (or its equivalent) at any time;
- (h) any loan consented to by the Agent acting on the instructions of the Majority Lenders;
- (i) a loan arising as a result of an advance payment of Capital Expenditure made in the ordinary course of trading where such Capital Expenditure is permitted under this Agreement;
- (j) any credit extended by way of receipt by a member of the Group of promissory notes in exchange for supplying materials or services for use in Mexican public works projects as long as the aggregate principal amount of the Financial Indebtedness under such loan(s) does not exceed \$100,000,000 (or its equivalent) at any time; and
- (k) any other loan(s) as long as the aggregate principal amount of the Financial Indebtedness under any such loan(s) does not exceed \$250,000,000 (or its equivalent) at any time.

“Permitted Payment” means:

- (a) a scheduled principal repayment or redemption of any Financial Indebtedness (but not, for the avoidance of doubt, any prepayment or early redemption of any such Financial Indebtedness save as described in paragraphs (b) to (i) below);

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- (b) subject, to the extent applicable, to compliance with Clause 8 (*Mandatory Prepayment*), a principal prepayment or early redemption (including, for the avoidance of doubt, any break costs, make whole amount or other prepayment penalty (howsoever described)) in respect of Financial Indebtedness falling within (i) the definition of Existing Financial Indebtedness from the proceeds of a Permitted Fundraising falling within paragraph (f)(i) of the definition of Permitted Financial Indebtedness, or (ii) paragraph (b) of the definition of Permitted Financial Indebtedness to the extent it relates to Certificados Bursatiles or (iii) paragraph (q) of the definition of Permitted Financial Indebtedness;
 - (c) subject, to the extent applicable, to compliance with Clause 8 (*Mandatory Prepayment*), a principal prepayment or early redemption (including, for the avoidance of doubt, any break costs, make whole amount or other prepayment penalty (howsoever described)) in respect of (i) Financial Indebtedness falling within the definition of Existing Financial Indebtedness from the proceeds of a Permitted Fundraising falling within paragraph (f)(ii) of the definition of Permitted Financial Indebtedness or (ii) the Bancomext Facility (or any refinancings thereof);
 - (d) a principal repayment or redemption required under the terms of the Bancomext Facility or, as the case may be, any refinancings of the Bancomext Facility;
 - (e) a principal prepayment or early redemption (including, for the avoidance of doubt, any break costs, make whole amount or other prepayment penalty (howsoever described)) in respect of Financial Indebtedness falling within paragraph (e) of the definition of Permitted Financial Indebtedness from the proceeds of a refinancing or replacement facility or facilities falling within that paragraph (e);
 - (f) any prepayment (including, for the avoidance of doubt, any break costs, make whole amount or other prepayment penalty (howsoever described)) of Existing Financial Indebtedness or Permitted Financial Indebtedness arising under paragraph (f)(i) or (f)(ii) of the definition thereof as a result of (x) a change of control or (y) unlawfulness affecting a Lender, in each case in respect of such Existing Financial Indebtedness or such Permitted Financial Indebtedness;
 - (g) a cash payment made using proceeds of Permitted Refinancing Indebtedness or otherwise in accordance with Clause 8 (*Mandatory Prepayment*) by a member of the Group to a creditor in respect of Existing Financial Indebtedness pursuant to a cash tender offer for the purchase or repurchase thereof;
 - (h) any payment (including, for the avoidance of doubt, any break costs, make whole amount or other prepayment penalty (howsoever described)) of Financial Indebtedness of the Group using the cash reserves of the Group or permitted to be made pursuant to Clause 8 (*Mandatory Prepayment*);
 - (i) any payment of fees and expenses incurred in connection with Permitted Financial Indebtedness,

including, in each case, any payment, prepayment or redemption pursuant to a Permitted Guarantee given in respect of such Financial Indebtedness.

“Permitted PPP Investment” means any subscription for shares in, loan or transfer of assets to or other investment in, a PPP Vehicle participating in a PPP Project where:

- (a) the aggregate of (without double counting):
 - (i) all amounts subscribed for shares in, lent to, or otherwise invested in all such PPP Vehicles by any member of the Group (whether, in the case of subscription for shares, as a majority or a minority shareholder);
 - (ii) the market value of any assets transferred by any member of the Group to any such PPP Vehicle;
 - (iii) (if a member of the Group owns, directly or indirectly, 50 per cent. or more of the share capital of a PPP Vehicle) the amount of Financial Indebtedness incurred by that PPP Vehicle from sources outside the Group,(such aggregate amount being the **“PPP Investment”**) does not at the time of any such PPP Investment exceed:
 - (A) \$300,000,000 (or its equivalent); or
 - (B) such greater amount as the Agent (acting on the instructions of the Majority Lenders) may agree;
- (b) the PPP Investment (including any transfer of assets by a member of the Group to the relevant PPP Vehicle) and any related transactions are made in accordance with Clause 23.14 (*Transactions with Affiliates*) (and, if any PPP Vehicle is not an Affiliate of a member of the Group, it shall be deemed to be an Affiliate for the purposes of this paragraph (b) and paragraph (d) below);
- (c) no asset of any member of the Group will be the subject of Security or Quasi-Security to secure the obligations of a PPP Vehicle, other than (i) assets of the relevant PPP Vehicle (including, without limitation, receivables of that PPP Vehicle) and (ii) the share capital (or other interest) owned by any member of the Group in that PPP Vehicle (the **“Permitted PPP Security”**); and
- (d) no member of the Group will have any liability to any PPP Vehicle or to third parties in connection with the PPP Investment or the PPP Vehicle except for (i) any Permitted PPP Security; and (ii) transactions for the supply of goods and services between a member of the Group and the PPP Vehicle made in compliance with Clause 23.14 (*Transactions with Affiliates*).

“Permitted PPP Security” has the meaning given to it in paragraph (c) of the definition of Permitted PPP Investment.

“**Permitted Put/Call Proceeds**” means 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, close-out or other termination of such Permitted Put/Call Transaction.

“**Permitted Put/Call Transaction**” has the meaning given to it in paragraph (d) of paragraph 1 of Schedule 16 (*Hedging Parameters*).

“**Permitted Refinancing Indebtedness**” means Financial Indebtedness which is Permitted Financial Indebtedness falling within paragraph (f) of the definition thereof issued or incurred to:

- (a) refinance or replace Existing Financial Indebtedness;
- (b) repay, prepay, refinance or replace the Facilities or provide Equally Secured Debt Proceeds; or
- (c) refinance or replace Permitted Financial Indebtedness falling within paragraph (f) of the definition thereof which has been applied towards the purposes described in paragraphs (a) and (b) above or to refinance or replace any such subsequently issued or incurred Financial Indebtedness or any further refinancings or replacements.

“**Permitted Reorganisation**” means, any intra-Group reorganisation involving an Obligor consented to by the Agent (acting on the instructions of the Majority Lenders), **provided that** upon completion of each step in the Permitted Reorganisation the requirements of Clause 23.29 (*Transaction Security*) are satisfied.

“**Permitted Securitisations**” means a transaction or series of related transactions providing for the securitisation of receivables and related assets by the Borrower 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 (other than where such recourse or recovery is required pursuant to Article 122a of the Capital Requirements Directive of the European Parliament and of the Council of the European Union (as introduced by Directive 2009/111/EC of 16 September 2009, amending Directives 2006/48/EC, 2006/49/EC and 2007/64/EC) (as further amended or replaced from time to time, including, without limitation, by virtue of Articles 404 to 410 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms) and any relevant implementing legislation or pursuant to any analogous laws or regulations in any jurisdiction (the “**Relevant Legislation**”).

“**Permitted Security**” has the meaning given to such term in Clause 23.5 (*Negative pledge*).

“Permitted Share Issue” means:

- (a) a Permitted Fundraising falling within paragraph (a) or (b) of the definition thereof;
 - (b) (other than an issue of shares by a member of the Group that is (i) not a member of the Caliza Group to a member of the Caliza Group; or (ii) not a member of the Centurion Group to a member of the Centurion Group) an issue of shares by a member of the Group which is a Subsidiary of the Borrower to another member of the Group (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 Borrower to comply with an obligation in respect of any Executive Compensation Plan of the Borrower;
 - (d) an issue of common equity securities of the Borrower or other equity-like instruments of the Borrower or any other member of the Group either (i) by the Borrower or (ii) to any member of the Group where the Borrower or that member of the Group has an obligation to deliver such shares or other equity-like instruments to a counterparty pursuant to the terms of any Permitted Put/Call Transaction or an obligation to deliver such shares or other equity-like instruments to the holder(s) of convertible or exchangeable securities comprising Existing Financial Indebtedness or falling within paragraph (f)(i) of the definition of Permitted Financial Indebtedness pursuant to the terms and conditions of such convertible or exchangeable securities (as amended from time to time);
 - (e) an issue of shares by Caliza or by Centurion to comply with an obligation in respect of any Executive Compensation Plan of Caliza or Centurion, as applicable;
 - (f) an issue of shares by Caliza pursuant to a Caliza Transaction, an issue of shares by Centurion pursuant to a Centurion Transaction or a Permitted Treasury Transaction within the scope of paragraph 1(e) of Schedule 16 (*Hedging Parameters*);
- (g)
- (i) an issue of shares by a member of the Group (other than a member of the Group whose shares are subject to the Transaction Security, unless the newly-issued shares also become subject to the Transaction Security on the same terms) that is not a member of the Caliza Group to a member of the Caliza Group, **provided that** the aggregate fair market value of all shares issued pursuant to this paragraph (g) (i) after the date of this Agreement does not exceed \$750,000,000 (or its equivalent) (when aggregated with the aggregate fair market value of asset disposals falling within paragraph (j)(i) of the definition of Permitted Disposal);

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- (ii) an issue of shares by a member of the Group (other than a member of the Group whose shares are subject to the Transaction Security, unless the newly-issued shares also become subject to the Transaction Security on the same terms) that is not a member of the Centurion Group to a member of the Centurion Group, provided that the aggregate fair market value of all shares issued pursuant to this paragraph (g)(ii) after the date of this Agreement does not exceed \$750,000,000 (or its equivalent) (when aggregated with the aggregate fair market value of asset disposals falling within paragraph (j)(ii) of the definition of Permitted Disposal);
 - (h) any issue of shares by CEMEX España Operaciones pursuant to the Spanish Combination;
 - (i) any issue of shares by the Borrower, Caliza or Centurion which comprise the consideration for a Permitted Acquisition;
 - (j) an issue of shares which constitutes a Permitted Joint Venture; and
 - (k) any issue of shares consented to by the Agent acting on the instructions of the Majority Lenders.

“Permitted Transaction” means:

- (a) any disposal required, Financial Indebtedness incurred, guarantee, indemnity or Security given, or other transaction arising, under the Finance Documents;
- (b) the solvent liquidation or reorganisation of any member of the Group which is not an Obligor so long as any payments or assets distributed as a result of such liquidation or reorganisation are distributed to other members of the Group (and, where the member of the Group has a minority shareholder, to that minority shareholder on a *pro rata* basis);
- (c) any Permitted Reorganisation; and
- (d) transactions (other than (i) any sale, lease, license, transfer or other disposal and (ii) the granting or creation of Security or the incurring or permitting to subsist of Financial Indebtedness) conducted in the ordinary course of trading on arm’s length terms.

“Permitted Treasury Transaction” has the meaning given to that term in Schedule 16 (*Hedging Parameters*).

“Permitted Working Capital Facility” means Financial Indebtedness of one or more members of the Group under loan facilities, overdraft facilities, performance bonds, banker’s acceptances, guarantee, bonding, documentary or stand-by letter of credit facilities, commercial paper, insurance premium financing and, in each case, other similar facilities or accommodation (in any case) for the financing of working capital of the Group or such members of the Group in an aggregate amount of no more than \$900,000,000 (or its equivalent) (the **“Permitted Working Capital Basket”**) **provided that** the Permitted Working Capital Basket shall only limit any such performance bond, banker’s acceptance, guarantee, bonding, documentary or stand-by

letter of credit facility to the extent that such performance bond, banker's acceptance, guarantee, bonding, documentary or stand-by letter of credit facility constitutes Debt.

"Permitted Working Capital Basket" has the meaning given to that term in the definition of Permitted Working Capital Facility.

"PPP Investment" has the meaning given to that term in the definition of Permitted PPP Investment.

"PPP Project" means an infrastructure development project in Mexico under the terms of the Private/Public Partnership Law (*Ley de Asociaciones Público-Privadas*) at a federal or state level, or any similar project in another jurisdiction under the terms of equivalent legislation in that jurisdiction.

"PPP Vehicle" means a special purpose vehicle participating in PPP Projects.

"Process Agent" means CEMEX UK at its registered address being, as at the date of this Agreement, CEMEX House, Coldharbour Lane, Thorpe, Egham, Surrey TW20 8TD and with fax number (+44) 01932 568933, Attn: The Secretary.

"Promissory Note" means a dual column English and Spanish non-negotiable promissory note issued or to be issued by the Borrower and executed *por aval* by each of the Guarantors, substantially in the form set out in Schedule 4 (*Form of Promissory Note*).

"Protected Party" means a Finance Party which is or will be subject to any liability or required to make any payment for or on account of Tax in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under a Finance Document.

"Qualifying Lender" has the meaning given to that term in Clause 14 (*Tax Gross-Up and Indemnities*).

"Quasi-Security" has the meaning given to that term in Clause 23.5 (*Negative pledge*).

"Quotation Day" means, in relation to any period for which an interest rate is to be determined:

- (a) (if the currency is dollars) two London Business Days before the first day of that period; or
- (b) (if the currency is euro) two TARGET Days before the first day of that period,

unless market practice differs in the Relevant Interbank Market for that currency, in which case the Quotation Day for that currency will be determined by the Agent in accordance with market practice in the Relevant Interbank Market (and if quotations would normally be given by leading banks in the Relevant Interbank Market on more than one day, the Quotation Day will be the last of those days).

"Rating" means at any time the solicited long-term credit rating or the senior implied rating of the Borrower or an issue of securities of or guaranteed by the Borrower,

where the rating is based primarily on the senior unsecured credit risk of the Borrower and/or, in the case of the senior implied rating, on the characteristics of any particular issue, assigned by a Rating Agency.

“**Rating Agency**” means S&P, Moody’s or Fitch.

“**Receiver**” means a receiver or receiver and manager or administrative receiver of the whole or any part of the Charged Property.

“**Reference Bank Rate**” means the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent at its request by the Reference Banks:

- (a) (in relation to LIBOR) as the rate at which the relevant Reference Bank could borrow funds in the London interbank market in dollars and for the relevant period, were it to do so by asking for and then accepting interbank offers for deposits in reasonable market size in that currency and for that period; or
- (b) (in relation to EURIBOR) as the rate at which the relevant Reference Bank believes one prime bank is quoting to another prime bank for interbank term deposits in euro within the Participating Member States for the relevant period.

“**Reference Banks**” means the principal London offices of BNP Paribas, ING Bank NV and such other banks as may be appointed by the Agent in consultation with the Borrower.

“**Reference Period**” has the meaning given to that term in Clause 22.1 (*Financial definitions*).

“**Reinvestment Proceeds Sources**” means Caliza Proceeds, Centurion Proceeds, Disposal Proceeds, Permitted Equity Fundraising Proceeds or Permitted Put/Call Proceeds;

“**Related Fund**” in relation to a fund (the “**first fund**”), means a fund which is managed or advised by the same investment manager or investment adviser as the first fund or, if it is managed by a different investment manager or adviser, a fund whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the first fund.

“**Relevant Commitment**” has the meaning given to that term in a relevant Accordion Confirmation.

“**Relevant Convertible/Exchangeable Obligations**” has the meaning given to that term in Clause 22.1 (*Financial definitions*).

“**Relevant Interbank Market**” means, in relation to euro, the European interbank market and, in relation to any other currency, the London interbank market.

“**Relevant Jurisdiction**” means, in relation to an Obligor:

- (a) its jurisdiction of incorporation or formation;

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- (b) any jurisdiction where any asset subject to or intended to be subject to the Transaction Security to be created by it is situated;
 - (c) any jurisdiction where it conducts its business; and
 - (d) the jurisdiction whose laws govern the perfection of any of the Transaction Security Documents entered into by it.

“**Relevant Legislation**” has the meaning given to such term in the definition of Permitted Securitisations.

“**Relevant Proceeds**” has the meaning given to that term in Clause 8.1 (*Definitions*).

“**Relevant Reserve**” has the meaning given to that term in Clause 8.1 (*Definitions*).

“**Repeating Representations**” means each of the representations set out in Clause 20.1 (*Status*) to Clause 20.5 (*Validity and admissibility in evidence*) and paragraphs (a) and (b) of Clause 20.11 (*Financial statements*).

“**Representative**” means any delegate, agent, manager, administrator, nominee, Irish law examiner, attorney, trustee or custodian.

“**Reserve**” has the meaning given to that term in Clause 8.1 (*Definitions*).

“**Resignation Letter**” means a document substantially in the form set out in Schedule 8 (*Form of Resignation Letter*).

“**Responsible Officer**” means the Chief Financial Officer and/or Chief Controlling Officer of the Borrower or a person holding equivalent status (or higher).

“**Restricted Debt Purchase Transaction**” means, in relation to a person, a transaction where such person enters into any sub-participation in respect of, or enters into any other agreement or arrangement having an economic effect substantially similar to a sub-participation in respect of, any Commitment or amount outstanding under this Agreement.

“**S&P**” means Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc., or any successor thereto from time to time.

“**Sanctioned Country**” means a country or territory that is, or whose government is, the subject of Sanctions broadly prohibiting dealings with such government, country, or territory, including, without limitation, as of the date of this Agreement, Cuba, Iran, Burma, North Korea, Sudan and Syria.

“**Sanctions**” means:

- (a) United Nations sanctions imposed pursuant to any United Nations Security Council Resolution;
- (b) U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or any other U.S. Governmental Authority or department;

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- (c) EU restrictive measures implemented pursuant to any EU Council or Commission Regulation or Decision adopted pursuant to a Common Position in furtherance of the EU's Common Foreign and Security Policy;
 - (d) UK sanctions adopted by the Terrorist-Asset Freezing etc Act 2010 or other legislation and statutory instruments enacted pursuant to the United Nations Act 1946 or the European Communities Act 1972 or enacted by or pursuant to other laws and administered by Her Majesty's Treasury or any other Governmental Authority; and
 - (e) any other economic, trade sanctions or similar restrictive laws and regulations relating to economic or trade sanctions applicable to any Party or any of its Affiliates.

“**SAR**” means the Mexican Retirement Savings System (*Sistema de Ahorro para el Retiro*).

“**Screen Rate**” means:

- (a) in relation to LIBOR, the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for dollars for the relevant period displayed on pages LIBOR01 or LIBOR02 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate); and
- (b) in relation to EURIBOR, the euro interbank offered rate administered by the European Money Markets Institute (or any other person which takes over the administration of that rate) for the relevant period displayed on page EURIBOR01 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate),

or, in each case, on the appropriate page of such other information service which publishes that rate from time to time in place of Thomson Reuters. If such page or service ceases to be available, the Agent may specify another page or service displaying the relevant rate after consultation with the Borrower and the Lenders.

“**SEC**” means the U.S. Securities Exchange Commission and any successor thereto.

“**Secured Parties**” means each Finance Party from time to time party to this 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 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 29.4 (*Resignation of a Security Provider*) and has not subsequently become an Additional Security Provider pursuant to Clause 29.2 (*Additional Guarantors and Additional Security Providers*), and

“**Security Provider**” means any of them.

“**Selection Notice**” means a notice substantially in the form set out in Part II of Schedule 3 (*Requests and Notices*) given in accordance with Clause 11 (*Interest Periods*).

“**Spain**” means the Kingdom of Spain.

“**Spanish Combination**” means the contribution agreement, the shareholders agreement and other arrangements entered into or to be entered into between CEMEX España (and any other member of the Group) and a member (or members) of the Holcim Group in relation to CEMEX España Operaciones, pursuant to which a member (or members) of the Holcim Group will contribute assets to CEMEX España Operaciones or its subsidiaries in consideration for the issue to or acquisition by a member (or members) of the Holcim Group of shares in CEMEX España Operaciones.

“**Spanish Combination Termination Mechanism**” means the ability of a Group member on or after the fifth anniversary of completion of the Spanish Combination to acquire all of the shares in CEMEX España Operaciones held by any member of the Holcim Group at the relevant time (whether such shares were issued as part of completion of the Spanish Combination or were acquired or subscribed for as part of any capital contribution in CEMEX España Operaciones after completion of the Spanish Combination or otherwise).

“**Spanish GAAP**” means the Spanish General Accounting Plan (*Plan general de contabilidad*) 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 21.1 (*Financial statements*).

“**Spanish Public Document**” means any obligation in an *Escritura Pública* or *poliza intervenida*.

“**Specified Time**” means a time determined in accordance with Schedule 17 (*Timetables*).

“**Subordinated Optional Convertible Securities**” means:

- (a) the Existing Subordinated Convertible Notes; and
- (b) any Financial Indebtedness incurred by any member of the Group meeting the requirements of paragraph (f)(i) of the definition of Permitted Financial Indebtedness, which may, for the avoidance of doubt, include a fundraising the proceeds of which are (to the extent required) applied in accordance with Clause 8 (*Mandatory Prepayment*) the terms of which provide that such indebtedness is capable of optional conversion into equity securities or other equity-like instruments of the Borrower or any member of the Group 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 Borrower (including, but not limited to, the Facilities) except for: (A) 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 (B) indebtedness between or among members of the Group **provided that**:

- (i) if such Financial Indebtedness is being issued to refinance Existing Subordinated Convertible Notes (only) then:
 - (A) principal repayments in cash of such Financial Indebtedness shall:
 - (1) not exceed in aggregate the amount of the fees, costs and expenses related to the refinancing of the Existing Subordinated Convertible Notes being refinanced plus the higher of (x) the nominal value of such Existing Subordinated Convertible Notes and (y) the market value of such Existing Subordinated Convertible Notes; and
 - (2) if payable in cash in any instalments scheduled before (but excluding) the maturity date of the Existing Subordinated Convertible Notes being refinanced, such instalments are no greater in amount or sooner in time than provided for by the Existing Subordinated Convertible Notes being refinanced; or
 - (B) such Financial Indebtedness shall not have any scheduled principal repayments in cash until after the last Termination Date under this Agreement; and
- (ii) in all other circumstances, such Financial Indebtedness shall not have any scheduled principal repayments in cash until after the last Termination Date under this Agreement.

“Subsidiary” means in relation to any company, partnership or corporation, a company, partnership or corporation:

- (a) which is controlled, directly or indirectly, by the first mentioned company, partnership or corporation;
- (b) in the case of a company or corporation, more than half the issued share capital of which is beneficially owned, directly or indirectly, by the first mentioned company, partnership or corporation; or
- (c) which is a Subsidiary of another Subsidiary of the first mentioned company, partnership 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.

“Super Majority Lenders” means, at any time, a Lender or Lenders whose Commitments aggregate 85 per cent. or more of the Total Commitments (or, if the

Total Commitments have been reduced to zero, aggregated 85 per cent. or more of the Total Commitments immediately prior to that reduction).

“**Swiss Obligor**” means an Obligor incorporated in Switzerland.

“**TARGET2**” means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises 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).

“**Term Facility**” means:

- (a) Facility A;
- (b) (if the 2015 Amendment Revolving Facility Effective Date has occurred) Facility B;
- (c) Facility C;
- (d) (if the 2015 Amendment Revolving Facility Effective Date has not occurred) Facility D;
- (e) Facility E; or
- (f) Facility AB2.

“**Term Loan**” means:

- (a) a Facility A Loan;
- (b) (if the 2015 Amendment Revolving Facility Effective Date has occurred) a Facility B Loan;
- (c) a Facility C Loan;
- (d) (if the 2015 Amendment Revolving Facility Effective Date has not occurred) a Facility D Loan;
- (e) a Facility E Loan; or
- (f) a Facility AB2 Loan.

“**Termination Date**” means:

- (a) in respect of Facility A, Facility B and Facility AB2, the date falling 60 Months after the date of this Agreement;

(b) in respect of Facility C, Facility D and Facility E, the date falling 60 Months after the date of the 2015 Amendment Agreement; and

(c) in respect of Facility AB1, the date falling 48 Months after the date of this Agreement.

“**Third Party Disposal**” has the meaning given to such term in Clause 29 (*Changes to the Obligors*).

“**Total Commitments**” means the aggregate of the Total Facility A Commitments, Total Facility B Commitments, Total Facility C1 Commitments, Total Facility C2 Commitments, Total Facility D Commitments, Total Facility E Commitments, Total Facility AB1 Commitments and Total Facility AB2 Commitments, being \$3,199,252,625.23 plus €745,960,773.84 as at the 2016 AB1/AB2 Amendment Effective Date.

“**Total Facility A Commitments**” means the aggregate of the Facility A Commitments, being (i) \$1,119,000,000.00 as at the date of the 2015 Amendment Agreement, and (ii) subject to Clause 2.4 (*Election to exchange and discharge Facility A Commitments and/or Facility B Commitments*), \$108,000,000.00 as at the AB1/AB2 Commitments Effective Date.

“**Total Facility AB1 Commitments**” means the aggregate of the Facility AB1 Commitments, being (i) \$0 as at the date of the 2016 AB1/AB2 Amendment Effective Date, and (ii) subject to Clause 2.4 (*Election to exchange and discharge Facility A Commitments and/or Facility B Commitments*), \$664,000,000.00 as at the AB1/AB2 Commitments Effective Date.

“**Total Facility AB2 Commitments**” means the aggregate of the Facility AB2 Commitments, being (i) \$0 as at the date of the 2016 AB1/AB2 Amendment Effective Date, and (ii) subject to Clause 2.4 (*Election to exchange and discharge Facility A Commitments and/or Facility B Commitments*), \$664,000,000.00 as at the AB1/AB2 Commitments Effective Date.

“**Total Facility B Commitments**” means the aggregate of the Facility B Commitments, being (i) \$746,000,000.00 as at the date of the 2015 Amendment Agreement, and (ii) subject to Clause 2.4 (*Election to exchange and discharge Facility A Commitments and/or Facility B Commitments*), \$56,000,000.00 as at the AB1/AB2 Commitments Effective Date.

“**Total Facility C1 Commitments**” means the aggregate of the Facility C1 Commitments, being \$545,706,547.54 as at the date of the 2015 Amendment Agreement.⁷

“**Total Facility C2 Commitments**” means the aggregate of the Facility C2 Commitments, being €619,993,817.30 as at the date of the 2015 Amendment Agreement.⁸

⁷ The Total Facility C1 Commitments as at the date of the 2016 IFC Amendment Agreement are \$584,903,932.67 having been increased since the date of the 2015 Amendment Agreement by accordion amounts under Clause 2.2 (*Accordion*).

⁸ The Total Facility C2 Commitments as at the date of the 2016 AB1/AB2 Amendment Effective Date are €639,606,080.84 having been increased since the date of the 2015 Amendment Agreement by accordion amounts under Clause 2.2 (*Accordion*).

“**Total Facility D Commitments**” means the aggregate of the Facility D Commitments, being \$709,750,000.00 as at the date of the 2015 Amendment Agreement.⁹

“**Total Facility E Commitments**” means the aggregate of the Facility E Commitments, being €106,354,693 as at the date of the 2016 IFC Amendment Agreement.

“**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 3 (*Transaction Security Documents*) of Part I of Schedule 2 (*Conditions Precedent*) and any document required to be delivered to the Agent under paragraph 3 (*Transaction Security Documents*) of Part II of Schedule 2 (*Conditions Precedent*) 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” as defined in the Intercreditor Agreement).

“**Transfer Certificate**” means a certificate substantially in the form set out in Schedule 5 (*Form of Transfer Certificate*) or any other form agreed between the Agent and the Borrower.

“**Transfer Date**” means, in relation to an assignment or a transfer, the later of:

- (a) the proposed Transfer Date specified in the relevant Assignment Agreement or Transfer Certificate; and
- (b) the date on which the Agent executes the relevant Assignment Agreement or Transfer Certificate.

“**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

⁹ The Total Facility D Commitments as at the date of the 2016 IFC Amendment Agreement are \$749,348,692.56 having been increased since the date of the 2015 Amendment Agreement by accordion amounts under Clause 2.2 (*Accordion*).

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 this Agreement, any Caliza Offering Option and any Centurion Offering Option are not Treasury Transactions.

“**Unpaid Sum**” means any sum due and payable but unpaid by an Obligor under the Finance Documents.

“**U.S.**”, “**US**” or “**United States**” means the United States of America.

“**U.S. Obligor**” means a Guarantor whose jurisdiction of organisation is a state of the United States or the District of Columbia.

“**Utilisation**” means a Loan.

“**Utilisation Date**” means the date of a Utilisation, being the date on which the relevant Loan is to be made.

“**Utilisation Request**” means a notice substantially in the form set out in Part I (*Utilisation Request*) of Schedule 3 (*Requests and Notices*).

“**VAT**” means value added tax as provided for in the Value Added Tax Act 1994 and any other tax of a similar nature.

“**West German Disposal**” means the disposal of any asset, undertaking or business located in western Germany or in The Netherlands or France (to the extent any such asset, undertaking or business in The Netherlands or France is related to operations in western Germany) by a member (or members) of the Group to a member (or members) of the Holcim Group.

1.2 Construction

(a) Unless a contrary indication appears a reference in this Agreement to:

- (i) the “**Agent**”, any “**Secured Party**”, the “**Security Agent**”, any “**Finance Party**”, any “**Lender**”, any “**Obligor**” or any “**Party**” shall be construed so as to include its successors in title, permitted assigns and permitted transferees and, in the case of the Security Agent, any person for the time being appointed as Security Agent or Security Agents in accordance with the Finance Documents;
- (ii) a document in “**agreed form**” is a document which is previously agreed in writing by or on behalf of the Borrower and the Agent or, if not so agreed, is in the form specified by the Agent;

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- (iii) “**assets**” includes present and future properties, revenues and rights of every description;
 - (iv) “**cash**” for the purposes of paragraph (k) of the definition of Permitted Disposal shall include any Financial Indebtedness of the entity being disposed of which is assumed by the acquiror and shall include the release of any liability in respect of or related to such debt;
 - (v) a “**Finance Document**” or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended or novated;
 - (vi) “**indebtedness**” includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
 - (vii) a Lender’s “**participation**” in relation to a Loan means the amount of such Loan which such Lender has made or is to make available and thereafter that part of the Loan which is owed to such Lender;
 - (viii) a “**person**” includes any person, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality) of two or more of the foregoing;
 - (ix) a “**regulation**” includes any regulation, rule, official directive, request or guideline (whether or not having the force of law but, if not having the force of law, with which persons who are subject thereto are accustomed to comply) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
 - (x) the “**winding-up**”, “**dissolution**”, “**administration**” or “**reorganisation**” of a company or corporation shall be construed so as to include any equivalent or analogous proceedings (such as, in Mexico, a *concurso mercantil* or *quiebra* and in Spain, any *situación concursal*) under the laws and regulations of the jurisdiction in which such company or corporation is incorporated or any jurisdiction in which such company or corporation carries on business including the seeking of liquidation, winding-up, reorganisation, bankruptcy, dissolution, administration, examinership in Ireland, arrangement, adjustment, protection or relief of debtors;
 - (xi) a provision of law is a reference to that provision as amended or re-enacted without material modification;
 - (xii) a time of day is a reference to London time;
 - (xiii) a clause, paragraph or schedule, unless the context otherwise requires, is a reference to a clause, a paragraph of or a schedule to this Agreement;

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- (xiv) a “**guarantee**” (other than in Clause 19 (*Guarantee and Indemnity*) and unless otherwise stated) includes any guarantee, *aval*, *obligado solidario*, letter of credit, bond, indemnity, counter-indemnity or similar assurance against loss, or any obligation, direct or indirect, actual or contingent, to purchase or assume any indebtedness of any person or to make an investment in or loan to any person or to purchase assets of any person where, in each case, such obligation is assumed in order to maintain or assist the ability of such person to meet its indebtedness;
- (xv) where it relates to a Dutch entity:
- (A) necessary action to authorise, where applicable, includes without limitation:
 - (1) any action required to comply with the Dutch Works Council Act (*Wet op de ondernemingsraden*); and
 - (2) obtaining unconditional positive advice (*advies*) from each competent works council;
 - (B) a winding-up, administration or dissolution includes a Dutch entity being:
 - (1) declared bankrupt (*failliet verklaard*); and
 - (2) dissolved (*ontbonden*);
 - (C) a moratorium includes *surséance van betaling* and granted a moratorium includes *surséance verleend*;
 - (D) a trustee in bankruptcy includes a *curator*;
 - (E) an administrator includes a *bewindvoerder*;
 - (F) a receiver or an administrative receiver does not include a *curator* or *bewindvoerder*; and
 - (G) an attachment includes a *beslag*; and
- (xvi) where it relates to a French entity:
- (A) “**acting in concert**” has the meaning given in article L. 233-10 of the French Commercial Code;
 - (B) “**control**” has the meaning given in article L. 233-3 of the French Commercial Code;
 - (C) “**financial assistance**” has the meaning given in article L. 225-216 of the French Commercial Code;
 - (D) “**gross negligence**” means “*faute lourde*”;

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- (E) a “**guarantee**” includes any “*cautionnement*”, “*aval*” and any “*garantie*” which is independent from the debt to which it relates;
 - (F) a “**merger**” includes any “*fusion*” implemented in accordance with articles L. 236-1 to L. 236-24 of the French Commercial Code;
 - (G) a “**reconstruction**” includes, in relation to any company, any contribution of part of its business in consideration of shares (*apport partiel d'actifs*) and any demerger (*scission*) implemented in accordance with articles L. 236-1 to L. 236-24 of the French Commercial Code;
 - (H) a “**security interest**” includes any type of security (*sûreté réelle*), transfer or assignment by way of security and *fiducie-sûreté*; and
 - (I) “**wilful misconduct**” means “*dol*”.

- (b) Section, Clause and Schedule headings are for ease of reference only.
- (c) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.
- (d) Unless otherwise provided for in this Agreement, for the purposes of determining whether a material adverse change or material adverse effect has occurred, the date from which the change or effect is assessed will be the date of this Agreement.
- (e) A Default (including an Event of Default) is “**continuing**” if it has not been remedied or waived but, for the avoidance of doubt, no breach of any of the financial covenants set out in Clause 22 (*Financial Covenants*) shall be capable of being, or be deemed to be, remedied by virtue of the fact that upon any subsequent testing of such covenants pursuant to Clause 22 (*Financial Covenants*), there is no breach thereof.

1.3 Currency Symbols and Definitions

“**£**” and “**sterling**” denote the lawful currency of the United Kingdom, “**€**”, “**EUR**” and “**euro**” denote the single currency unit of the Participating Member States, “**US\$**”, “**\$**” and “**dollars**” denote the lawful currency of the United States of America, “**¥**”, “**JPY**” and “**yen**” denote the lawful currency of Japan, “**Mexican pesos**”, “**Mex\$**”, “**MXPS**” and “**pesos**” denote the lawful currency of Mexico and “**UDI**” denotes the Mexican *Unidad de Inversion*.

1.4 Third party rights

- (a) Unless expressly provided to the contrary in a Finance Document, a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 (the “**Third Parties Act**”) to enforce or enjoy the benefit of any term of any Finance Document.

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- (b) Notwithstanding any term of any Finance Document, the consent of any person who is not a Party is not required to rescind or vary any Finance Document at any time.

1.5 Intercreditor Agreement / this Agreement prevail

To the maximum extent permitted by law:

- (a) in the event of any inconsistency or conflict between the Intercreditor Agreement and any other Finance Document, the Intercreditor Agreement will prevail; and
- (b) in the event of any inconsistency or conflict between this Agreement and any other Finance Document (other than the Intercreditor Agreement) the terms of this Agreement will prevail.

SECTION 2
THE FACILITIES

2. THE FACILITIES

2.1 The Facilities

Subject to the terms of this Agreement, the Lenders make available to the Borrower:

- (a) a dollar term loan facility in an aggregate amount equal to the Total Facility A Commitments;
- (b) a dollar:
 - (i) (before the 2015 Amendment Revolving Facility Effective Date) revolving; or
 - (ii) (on and after the 2015 Amendment Revolving Facility Effective Date) term, loan facility in an aggregate amount equal to the Total Facility B Commitments;
- (c) a dollar term loan facility in an aggregate amount equal to the Total Facility C1 Commitments;
- (d) a euro term loan facility in an aggregate amount equal to the Total Facility C2 Commitments;
- (e) a dollar:
 - (i) (before the 2015 Amendment Revolving Facility Effective Date) term; or
 - (ii) (on and after the 2015 Amendment Revolving Facility Effective Date) revolving, loan facility in an aggregate amount equal to the Total Facility D Commitments;
- (f) a euro term loan facility in an aggregate amount equal to the Total Facility E Commitments;
- (g) a dollar revolving loan facility in an aggregate amount equal to the Total Facility AB1 Commitments; and
- (h) a dollar term loan facility in an aggregate amount equal to the Total Facility AB2 Commitments.

2.2 Accordion

- (a) The Borrower may by giving not less than 5 Business Days' prior notice to the Agent request that the Total Commitments be increased by (subject to

paragraph (g) of Clause 3.1 (*Purpose*)) an amount in the Base Currency (in relation to any increase denominated in euro, converted at the Agent's Spot Rate of Exchange) which does not exceed the aggregate of:

- (i) the aggregate amount then outstanding under the 2012 Facilities Agreement and Bancomext Facility (converted into US Dollars at the Agent's Spot Rate of Exchange); and
- (ii) if the 2015 Amendment Accordion Increase Effective Date has occurred, a Base Currency Amount of up to \$1,000,000,000, less \$220,371,471.82 being the aggregate amount in dollars having been made available to the Borrower as increased Commitments of Accordion Lenders on or prior to the 2016 AB1/AB2 Amendment Effective Date¹⁰, to the extent permitted to be secured by the Transaction Security in accordance with paragraph (f)(ii)(4) of the definition of Permitted Financial Indebtedness,

(and the Total Commitments shall be so increased) as follows:

- (A) the increased Commitments will be assumed by one or more Lenders or other banks, financial institutions, trusts, funds or other entities (each an "**Accordion Lender**") selected by the Borrower (each of which shall not be a member of the Group) and each of which confirms in writing (whether in the relevant Accordion Confirmation or otherwise) its willingness to assume and does assume all the obligations of a Lender corresponding to that part of the increased Commitments which it is to assume, as if it had been an Original Lender **provided that**:
 - (1) in relation to each Accordion Lender and each increase in the Total Facility A Commitments or Total Facility B Commitments, the ratio of the increased Facility A Commitments assumed by that Accordion Lender to the increased Facility B Commitments assumed by that Accordion Lender must be 6:4; or

¹⁰ As at the 2016 AB1/AB2 Amendment Effective Date, Accordion Lenders had provided Commitments in an aggregate Base Currency amount of \$220,371,471.82, as set out in Part V (*New Accordion Lenders (as at 21 September 2015)*) of Schedule 1 (*The Original Parties*), Part VI (*New Accordion Lenders (as at 22 April 2016)*), Part VII (*New Accordion Lender (as at 23 June 2016)*) and Part VIII (*New Accordion Lender (as at 26 July 2016)*) of Schedule 1 (*The Original Parties*), such that additional Commitments under this Clause 2.2 (*Accordion*) may not exceed an aggregate Base Currency amount of \$779,628,528.18. The Facility C2 Commitment provided on 21 September 2015 (and included in Part V (*New Accordion Lenders (as at 21 September 2015)*) of Schedule 1 (*The Original Parties*)) is, for these purposes, calculated to be equal to \$1,602,846.13 based on the euro/dollar exchange rate prevailing as at the date the entity providing the euro amount became an Accordion Lender. The Facility E Commitment provided on 23 June 2016 (and included in Part VII (*New Accordion Lender (as at 23 June 2016)*) of Schedule 1 (*The Original Parties*)) is, for these purposes, calculated to be equal to \$120,000,000.00 based on the euro/dollar exchange rate prevailing as at the date the entity providing the euro amount became an Accordion Lender. The Facility C2 Commitment provided on 26 July 2016 (and included in Part VIII (*New Accordion Lender (as at 26 July 2016)*) of Schedule 1 (*The Original Parties*)) is, for these purposes, calculated to be equal to \$19,972,548.00 based on the euro/dollar exchange rate prevailing as at the date the entity providing the euro amount became an Accordion Lender.

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- (2) in relation to any other increase, the increased Commitments shall be assumed under Facility C and/or Facility D and/or Facility E and/or Facility AB1 and/or Facility AB2 and/or a new facility (or facilities) **provided that** any new facility shall not be created while an Event of Default is continuing and shall:
- (I) have terms that are identical to those of one or more of the Facilities; or
 - (II) if the 2015 Amendment Accordion Increase Effective Date has occurred, have terms that are substantially the same as those of one or more of the Facilities and not have a Termination Date earlier than, nor an Average Life (calculated by the Agent in consultation with the Borrower) shorter than that of, any of the Facilities;
- (B) each of the Obligors and any Accordion Lender shall assume obligations towards one another and/or acquire rights against one another as the Obligors and the Accordion Lender would have assumed and/or acquired had the Accordion Lender been an Original Lender;
- (C) each Accordion Lender shall become a Party as a “Lender” and each Accordion Lender and each of the other Finance Parties shall assume obligations towards one another and acquire rights against one another as that Accordion Lender and those Finance Parties would have assumed and/or acquired had the Accordion Lender been an Original Lender;
- (D) the Commitments of the other Lenders shall continue in full force and effect; and
- (E) any increase in the Commitments shall take effect on the later of:
- (1) the date specified by the Borrower in the notice referred to above;
 - (2) the date on which the conditions set out in paragraph (b) below are satisfied; and
 - (3) the date on which any amendment agreement(s) required to create a new facility (or facilities) as contemplated by paragraph (a)(ii)(A)(2) above is executed by the Accordion Lenders, the Borrower (on behalf of each Obligor) and the Agent (and any such amendment shall be binding on all Parties),

provided that no increase in the Commitments may take effect after:

- (I) if the 2015 Amendment Accordion Increase Effective Date has not occurred, the date falling 18 Months after the date of this Agreement); and
- (II) if the 2015 Amendment Accordion Increase Effective Date has occurred, the date falling 18 Months after the 2015 Amendment Accordion Increase Effective Date.

(b) An increase in the Commitments will only be effective on the date (the “**Increase Date**”) on which:

- (i) the Agent and the Security Agent execute an Accordion Confirmation from the relevant Accordion Lender; and
- (ii) in relation to an Accordion Lender which is not a Lender immediately prior to the relevant increase:
 - (A) the Accordion Lender enters into the documentation required for it to accede to the Intercreditor Agreement as a Refinancing Creditor; and
 - (B) the Agent is satisfied that it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to the assumption of the increased Commitments by that Accordion Lender. The Agent shall promptly notify the Borrower and the Accordion Lender upon being so satisfied,

and the Agent shall promptly notify the Borrower and the Accordion Lender of the occurrence of the Increase Date.

- (c) Each Accordion Lender, by executing the Accordion Confirmation, confirms (for the avoidance of doubt) that the Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the increase becomes effective.
- (d) The Borrower shall, promptly on demand, pay the Agent and the Security Agent the amount of all costs and expenses (including legal fees) reasonably incurred by either of them and, in the case of the Security Agent, by any Receiver or Delegate) in connection with any increase in Commitments under this Clause 2.2.
- (e) The Accordion Lender shall, on the date upon which the increase takes effect, pay to the Agent (for its own account) a fee in an amount equal to the fee which would be payable under Clause 27.3 (*Assignment or transfer fee*) if the increase was a transfer pursuant to Clause 27.5 (*Procedure for transfer*) and if the Accordion Lender was a New Lender.

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- (f) The Borrower may pay to any Accordion Lender a participation fee in the amount and at the times agreed between the Borrower and that Accordion Lender in a letter between the Borrower and that Accordion Lender **provided that**, only if the Accordion Lender becomes a Party as a “Lender” prior to the date falling six months from the date of the 2015 Amendment Agreement, such fee may not exceed the amount equal to the percentage of the increased Commitments assumed by that Accordion Lender paid to (or agreed in writing between the Borrower and) the Lenders that became a Party or increased their Commitments as a result of the 2015 Amendment Agreement. No fee, other than the participation fee referred to in this paragraph (f) and the commitment fee referred to in Clause 13.1 (*Commitment fee*), shall be paid to an Accordion Lender. A reference in this Agreement to a Fee Letter shall include any letter referred to in this paragraph.

(g)

- (i) The Base Currency Amount of the Utilisation of an Accordion Lender’s Facility A Commitment shall be an amount equal to that Accordion Lender’s Facility A Commitment (to the extent that such Commitment has not been cancelled or reduced under this Agreement).
- (ii) The Base Currency Amount of the first Utilisation of an Accordion Lender’s Facility B Commitment:
- (A) in the event that the Total Facility B Commitments of all the Earlier Lenders are fully drawn, shall be an amount equal to such Accordion Lender’s Facility B Commitment;
- (B) in the event that the Total Facility B Commitments of all the Earlier Lenders are not fully drawn:
- (1) shall be an amount equal to such Accordion Lender’s Facility B Commitment multiplied by the Target Facility Utilisation Percentage for Facility B; and
- (2) each of the Earlier Drawn Lenders shall make available its participation in a Facility B Loan in an amount equal to that Lender’s Facility B Commitment multiplied by the percentage produced by deducting the Existing Facility Utilisation Percentage from the Target Facility Utilisation Percentage (in each case, for Facility B).
- (iii) The Base Currency Amount of the Utilisation of an Accordion Lender’s Facility C1 Commitment shall be an amount equal to that Accordion Lender’s Facility C1 Commitment (to the extent that such Commitment has not been cancelled or reduced under this Agreement).

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- (iv) The Base Currency Amount of the Utilisation of an Accordion Lender's Facility C2 Commitment shall be an amount equal to that Accordion Lender's Facility C2 Commitment (to the extent that such Commitment has not been cancelled or reduced under this Agreement).
 - (v) The Base Currency Amount of the first Utilisation of an Accordion Lender's Facility D Commitment:
 - (A) in the event that the Total Facility D Commitments of all the Earlier Lenders are fully drawn, shall be an amount equal to such Accordion Lender's Facility D Commitment;
 - (B) in the event that the Total Facility D Commitments of all the Earlier Lenders are not fully drawn:
 - (1) shall be an amount equal to such Accordion Lender's Facility D Commitment multiplied by the Target Facility Utilisation Percentage for Facility D; and
 - (2) each of the Earlier Drawn Lenders shall make available its participation in a Facility D Loan in an amount equal to that Lender's Facility D Commitment multiplied by the percentage produced by deducting the Existing Facility Utilisation Percentage from the Target Facility Utilisation Percentage (in each case, for Facility D).
 - (vi) The Base Currency Amount of the Utilisation of an Accordion Lender's Facility E Commitment shall be an amount equal to that Accordion Lender's Facility E Commitment (to the extent that such Commitment has not been cancelled or reduced under this Agreement).
 - (vii) The Base Currency Amount of the first Utilisation of an Accordion Lender's Facility AB1 Commitment on or after the AB1/AB2 Commitments Effective Date:
 - (A) in the event that the Total Facility AB1 Commitments of all the Earlier Lenders are fully drawn, shall be an amount equal to such Accordion Lender's Facility AB1 Commitment;
 - (B) in the event that the Total Facility AB1 Commitments of all the Earlier Lenders are not fully drawn:
 - (1) shall be an amount equal to such Accordion Lender's Facility AB1 Commitment multiplied by the Target Facility Utilisation Percentage for Facility AB1; and
 - (2) each of the Earlier Drawn Lenders shall make available its participation in a Facility AB1 Loan in an amount equal to that Lender's Facility AB1 Commitment multiplied by the percentage produced by deducting the Existing Facility Utilisation Percentage from the Target Facility Utilisation Percentage (in each case, for Facility AB1).

(viii) The Base Currency Amount of the Utilisation of an Accordion Lender's Facility AB2 Commitment on or after the AB1/AB2 Commitments Effective Date shall be an amount equal to that Accordion Lender's Facility AB2 Commitment (to the extent that such Commitment has not been cancelled or reduced under this Agreement).

(ix) In this Clause 2.2:

"Earlier Drawn Lenders" means Earlier Lenders for whom this Utilisation (of Facility B, Facility D or Facility AB1 as the case may be) is not the first Utilisation of their Facility B Commitment, Facility D Commitment or Facility AB1 Commitment (as appropriate);

"Earlier Lenders" means the Lenders immediately prior to the Increase Date preceding the proposed Utilisation Date; and the Agent shall, in consultation with the Borrower, calculate:

(A) the **"Existing Facility Utilisation Percentage"** as: $\frac{a}{b} \times 100$

(B) the **"Target Facility Utilisation Percentage"** as: $\frac{a+y}{a+y} \times 100$

where:

"a" is the aggregate amount of all Facility B Loans, Facility D Loans or Facility AB1 Loans (as appropriate) (excluding this proposed Utilisation) immediately prior to the proposed Utilisation Date;

"b" is the aggregate of the Facility B Commitments, Facility D Commitments or Facility AB1 Commitments (as appropriate) of the Earlier Drawn Lenders; and

"y" is the amount of the proposed Utilisation, being equal to the amount of the Facility B Commitment(s), Facility D Commitment(s) or Facility AB1 Commitment(s) (as appropriate) of one or more Accordion Lenders nominated by the Borrower (none of whom have previously been so nominated).

(h) An Accordion Confirmation shall be raised to the status of a Spanish Public Document and the powers of attorney and authorisations granted under the Finance Documents shall have been ratified under such Spanish public deed, in each case on a date falling less than 30 days after the date of the Increase Date.

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- (i) Clause 27.4 (*Limitation of responsibility of Existing Lenders*) shall apply *mutatis mutandis* in this Clause 2.2 in relation to an Accordion Lender as if references in that Clause to:
- (i) an “Existing Lender” were references to all the Lenders immediately prior to the relevant increase;
 - (ii) the “New Lender” were references to that “Accordion Lender”; and
 - (iii) a “re-transfer” and “re-assignment” were references to respectively a “transfer” and an “assignment”.
- (j) Each Obligor shall (and the Borrower shall procure that each member of the Group will) promptly do all such acts and execute all such documents as the Security Agent may reasonably specify (and in such form as the Security Agent may reasonably require in favour of the Security Agent or its nominee(s) or the Secured Parties) following an increase in the Commitments pursuant to this Clause 2.2 to preserve and perfect the Transaction Security created or evidenced or expressed to be created or evidenced pursuant to the Transaction Security Documents (and so that the Transaction Security extends to secure the Secured Obligations under this Agreement in respect of the increased Commitments).

2.3 Finance Parties’ rights and obligations

- (a) The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.
- (b) Except as otherwise stated in the Finance Documents, the rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents and owed to a Finance Party from an Obligor (other than a Security Provider which is not also the Borrower or a Guarantor) shall be a separate and independent debt.
- (c) A Finance Party may, except as otherwise stated in the Finance Documents, separately enforce its rights under the Finance Documents.

2.4 Election to exchange and discharge Facility A Commitments and/or Facility B Commitments

- (a) At any time on or after the 2016 AB1/AB2 Amendment Effective Date but prior to the AB1/AB2 Commitments Effective Date, a Lender under Facility A and/or Facility B may, if it has not already done so, by written notice to the Borrower (each such notice, an “**Exchange Notice**”), agree to exchange and discharge all (save as described in paragraph (b) below) of its Facility A Commitments and/or Facility B Commitments (as applicable) for Facility AB1 and Facility AB2 Commitments on the same terms as the Exchange and

Discharge Offer. An Exchange Notice shall be substantially in the form of the form of Exchange Response at Schedule 1 (*Form of Exchange Response*) of the Invitation Memorandum.

- (b) Where a Lender under Facility A and/or Facility B is legally restricted from transferring the whole of its Facility A Commitments or Facility B Commitments, respectively, pursuant to and in accordance with arrangements in the form in place on the date of the Invitation Memorandum, the discharge and assumption described in the paragraph above will not apply to any part of such Facility A Commitments or Facility B Commitments that is subject to such legal restrictions but will instead apply to the entirety (but not part only) of the remaining part of that Lender's Facility A Commitments and/or Facility B Commitments (as applicable).
- (c) Upon receipt of an Exchange Notice, the Borrower may determine in its absolute discretion whether to accept such Exchange Notice and if accepted, on and from the AB1/AB2 Commitments Effective Date:
 - (i) the relevant Lender shall be released from its obligations under this Agreement, the Intercreditor Agreement, and the other Financing Documents with respect to the Facility A Commitments and/or Facility B Commitments in respect of which it submitted an Exchange Notice and was allocated Facility AB1 Commitments and Facility AB2 Commitments;
 - (ii) the relevant Lender shall be deemed to continue to be a party to this Agreement as a Lender under Facility AB1 and Facility AB2 and shall continue to be party to the Intercreditor Agreement although in respect of Facility AB1 Commitments and Facility AB2 Commitments;
 - (iii) the relevant Lender's Facility A Commitments and/or Facility B Commitments being exchanged and discharged will constitute indebtedness under Facility AB1 and Facility AB2 provided by such Lender;
 - (iv) the relevant Lender will assume, on the terms of this Agreement, its Facility AB1 Commitments and Facility AB2 Commitments under Facility AB1 and Facility AB2, respectively (which shall be each deemed to be fully drawn);
 - (v) the relevant Lender will assume, on the terms of this Agreement, its rights and obligations under this Agreement in respect of its Facility AB1 Commitments and Facility AB2 Commitments; and
 - (vi) the definitions of "Total Facility A Commitments", "Total Facility B Commitments", "Total Facility AB1 Commitments" and "Total Facility AB2 Commitments" and the schedules in Part II-B and Part III-B of Schedule 1 (*The Original Parties*) will be amended to take into account the Facility A Commitments and/or Facility B Commitments being exchanged and discharged for Facility AB1 Commitments and Facility AB2 Commitments pursuant to and in accordance with the terms of the Exchange and Discharge Offer and this Agreement.

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- (d) In the event that a Lender assigns or transfers any Facility A Commitments and/or Existing Facility B Commitments (as applicable) to one or more assignees or, as applicable, transferees after the date of the Exchange Notice submitted by such Lender but prior to the AB1/AB2 Commitments Effective Date, such Lender shall ensure that: (i) the assignee(s) or, as applicable, transferee(s) is/are aware, or is/are made aware, of the Invitation Memorandum and its terms; (ii) the assignee(s) or, as applicable, transferee(s) is/are bound by the terms of such Lender's Exchange Notice and (iii) the assignee(s) or, as applicable, transferee(s) understand(s) and acknowledge(s) that on and from the AB1/AB2 Commitments Effective Date, such assignee(s) or, as applicable, transferee(s) will hold Facility AB1 Commitments and Facility AB2 Commitments.

3. **PURPOSE**

3.1 **Purpose**

- (a) The Borrower shall apply all amounts borrowed by it under the first Utilisation of Facility A and the first Utilisation of Facility B towards:
- (i) the payment, or effecting the payment, of amounts outstanding under the 2012 Facilities Agreement; and
 - (ii) the payment of costs and expenses in connection with this Agreement and the other Finance Documents.
- (b) Save as provided in paragraph (g) below, following an increase in the Commitments pursuant to Clause 2.2 (*Accordion*), the Borrower shall apply all amounts borrowed by it under the Utilisation of Facility A in respect of the increased Facility A Commitment(s) of the Accordion Lender(s) and the first Utilisation of Facility B following the increase in the Facility B Commitments towards:
- (i) the payment, or effecting the payment, of amounts outstanding under the 2012 Facilities Agreement; and
 - (ii) the payment of costs and expenses in connection with the increase in the Commitments.
- (c) Save as provided in paragraph (b) above and (g) below, following an increase in the Commitments pursuant to Clause 2.2 (*Accordion*), the Borrower shall apply all amounts borrowed by it in respect of the increased Commitment(s) of the Accordion Lender(s) towards:
- (i) subject to paragraph (ii) below, the repayment or prepayment of amounts outstanding under the 2012 Facilities Agreement and the payment of costs and expenses in connection with the increase in the Commitments; and

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- (ii) once all amounts outstanding under the 2012 Facilities Agreement are prepaid in full, towards its general corporate and working capital purposes (including the repayment or prepayment of other Permitted Financial Indebtedness of the Group).
 - (d) Save as described above and as provided in paragraph (g) below, the Borrower shall apply all amounts borrowed by it under any other Utilisation of Facility B towards its general corporate and working capital purposes (including the repayment or prepayment of other Permitted Financial Indebtedness of the Group).
 - (e) Save as provided in paragraph (g) below, the Borrower shall apply all amounts borrowed by it under (i) the first Utilisation of Facility AB1, to satisfy the implementation of the Exchange and Discharge Offer and (ii) any other Utilisation of Facility AB1, towards its general corporate and working capital purposes (including the repayment or prepayment of other Permitted Financial Indebtedness of the Group).
 - (f) The Borrower shall apply all amounts borrowed by it under the first Utilisation of Facility AB2 to satisfy the implementation of the Exchange and Discharge Offer.
 - (g) If and to the extent that Bancomext accedes pursuant to Clause 2.2 (*Accordion*) as an Accordion Lender, then amounts provided by Bancomext as an Accordion Lender shall:
 - (i) first, be used to repay or prepay, or effect the repayment or prepayment of, amounts of principal (and not, for the avoidance of doubt, interest) due under the Bancomext Facility (whether deemed or otherwise);
 - (ii) second, to the extent that any amounts have been prepaid pursuant to the terms of the Bancomext Facility to Bancomext by the Borrower or any member of the Group in the period beginning on 1 September 2014 and ending on the Increase Date in respect of Bancomext acceding as an Accordion Lender, an amount of the Bancomext Accordion Lender Commitment equal to the amount prepaid over such period shall be retained by the Borrower; and
 - (iii) third, only any amounts in excess of the amount of the Bancomext Facility and the amount described in (ii) above shall be used in accordance with paragraph (b) above.

3.2 **Monitoring**

No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4. CONDITIONS OF UTILISATION

4.1 Initial conditions precedent

- (a) The Borrower may not deliver a Utilisation Request unless the Agent has received all of the documents and other evidence listed in Part I of Schedule 2 (*Conditions Precedent*) in form and substance satisfactory to the Agent (acting reasonably). The Agent shall notify the Borrower and the Lenders promptly upon being so satisfied.
- (b) Other than to the extent that the Majority Lenders notify the Agent in writing to the contrary before the Agent gives the notification described in paragraph (a) above, the Lenders authorise (but do not require) the Agent to give that notification. The Agent shall not be liable for any damages, costs or losses whatsoever as a result of giving any such notification.

4.2 Further conditions precedent

- (a) The Lenders will only be obliged to comply with Clause 5.5 (*Lenders' participation*) if on the date of the Utilisation Request and on the proposed Utilisation Date:
 - (i) no Default is continuing or would result from the proposed Loan; and
 - (ii) the Repeating Representations to be made by each Obligor are true in all material respects.

4.3 Maximum number of Loans

- (a) The Borrower may not deliver a Utilisation Request if as a result of the proposed Utilisation:
 - (i) two or more Facility A Loans would be outstanding;
 - (ii) (before the 2015 Amendment Revolving Facility Effective Date) nine or more Facility B Loans would be outstanding;
 - (iii) (on and after the 2015 Amendment Revolving Facility Effective Date) two or more Facility B Loans would be outstanding;
 - (iv) two or more Facility C1 Loans would be outstanding;
 - (v) two or more Facility C2 Loans would be outstanding;
 - (vi) (before the 2015 Amendment Revolving Facility Effective Date) two or more Facility D Loans would be outstanding;
 - (vii) (on and after the 2015 Amendment Revolving Facility Effective Date) nine or more Facility D Loans would be outstanding;
 - (viii) two or more Facility E Loans would be outstanding;

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- (ix) nine or more Facility AB1 Loans would be outstanding; or
 - (x) one Facility AB2 Loan would be outstanding.
- (b) The Borrower may not request that a Loan be divided.
- (c) Following an increase in the Commitments pursuant to Clause 2.2 (*Accordion*):
- (i) the Facility A Loan made by the relevant Accordion Lender(s) in respect of the increased Facility A Commitment(s);
 - (ii) the first Facility B Loan made by the relevant Lender(s) following the increase in the Facility B Commitments;
 - (iii) the Facility C1 Loan made by the relevant Accordion Lender(s) in respect of the increased Facility C1 Commitment(s);
 - (iv) the Facility C2 Loan made by the relevant Accordion Lender(s) in respect of the increased Facility C2 Commitment(s);
 - (v) the first Facility D Loan made by the relevant Lender(s) following the increase in the Facility D Commitments;
 - (vi) the Facility E Loan made by the relevant Accordion Lender(s) in respect of the increased Facility E Commitment(s);
 - (vii) the first Facility AB1 Loan made by the relevant Accordion Lender(s) following the increase in the Facility AB1 Commitments; and
 - (viii) the Facility AB2 Loan made by the relevant Accordion Lender(s) in respect of the increased Facility AB2 Commitment,
- shall not be taken into account in this Clause 4.3.

**SECTION 3
UTILISATION**

5. UTILISATION

5.1 Delivery of a Utilisation Request

The Borrower may utilise a Facility by delivery to the Agent of a duly completed Utilisation Request not later than the Specified Time.

5.2 Completion of a Utilisation Request

- (a) Each Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:
 - (i) it identifies the Facility to be utilised;
 - (ii) the proposed Utilisation Date is a Business Day within the relevant Availability Period;
 - (iii) the currency and amount of the Utilisation comply with Clause 5.3 (*Currency and amount*); and
 - (iv) the proposed Interest Period complies with Clause 11 (*Interest Periods*).
- (b) Only one Loan may be requested in each Utilisation Request.

5.3 Currency and amount

- (a) The currency specified in a Utilisation Request must be:
 - (i) in relation to Facility C2 and Facility E, euro; and
 - (ii) otherwise, the Base Currency.
- (b) The amount of the proposed Loan must be:
 - (i) in relation to the first Utilisation of Facility A and the first Utilisation of Facility B, an amount equal to the Available Facility as at the date of such Utilisation;
 - (ii) following an increase in the Commitments pursuant to Clause 2.2 (*Accordion*), determined pursuant to paragraph (g) of Clause 2.2 (*Accordion*);
 - (iii) in relation to any other Utilisation of:
 - (A) (before the 2015 Amendment Revolving Facility Effective Date) Facility B;
 - (B) (on and after the 2015 Amendment Revolving Facility Effective Date) Facility D; and

(C) Facility AB1,

an amount which is not more than the Available Facility and which is a minimum of \$25,000,000 or, if less, the Available Facility; and

(iv) in any event such that its Base Currency Amount is less than or equal to the Available Facility.

5.4 Deemed Utilisations

(a) On the AB1/AB2 Commitments Effective Date:

(i) in relation to the first Utilisation of Facility AB1, Facility AB1 will be deemed to have been utilised in an amount equal to the Total Facility AB1 Commitments as at the AB1/AB2 Commitments Effective Date; and

(ii) in relation to the Utilisation of Facility AB2, Facility AB2 will be deemed to have been utilised in an amount equal to the Total Facility AB2 Commitments as at the AB1/AB2 Commitments Effective Date.

(b) For the avoidance of doubt, for purposes of implementing the Exchange and Discharge Offer on the AB1/AB2 Commitments Effective Date, the Borrower shall not be required to submit a Utilisation Request in relation to the first Utilisation of Facility AB1 and the Utilisation of Facility AB2, respectively.

5.5 Lenders' participation

(a) If the conditions set out in this Agreement have been met, and subject to Clause 6.2 (*Repayment of Facility B Loans*), each Lender shall make its participation in each Loan available by the Specified Time on the Utilisation Date through its Facility Office.

(b) Subject to paragraph (g) of Clause 2.2 (*Accordion*), the amount of each Lender's participation in each Loan will be equal to the proportion borne by its Available Commitment to the Available Facility immediately prior to making the Loan.

(c) The Agent shall notify each Lender (and, if applicable, any Accordion Lender which is anticipated to be a Lender on the proposed Utilisation Date pursuant to paragraph (b)(ii) of Clause 2.2 (*Accordion*)) of the amount and currency of each Loan, the amount of its participation in that Loan (and, in the case of a Loan under a revolving Facility, the amount of that participation to be made available in accordance with Clause 33.1 (*Payments to the Agent*)) in each case by the Specified Time.

5.6 Limitation on Utilisations

In respect of the first Utilisation of Facility B only, Facility B may not be utilised unless Facility A has been utilised or will be utilised on the same date.

5.7 Promissory Notes

- (a) The Borrower shall, on or before the Utilisation Date of any Facility A Loan, issue and deliver a Promissory Note to each Lender participating in that Facility A Loan, setting forth the amount of that Lender's participation in that Facility A Loan.
- (b) The Borrower shall, on or before the Utilisation Date of the first Facility B Loan, issue and deliver a Promissory Note to each Lender participating in that Facility B Loan, setting forth the amount of the Facility B Commitment of that Lender.
- (c) The Borrower shall, on or before the Utilisation Date of any Facility C1 Loan, issue and deliver a Promissory Note to each Lender participating in that Facility C1 Loan, setting forth the amount of that Lender's participation in that Facility C1 Loan.
- (d) The Borrower shall, on or before the Utilisation Date of the first Facility D Loan, issue and deliver a Promissory Note to each Lender participating in that Facility D Loan, setting forth the amount of the Facility D Commitment of that Lender.
- (e) The Borrower shall, within 10 Business Days of the AB1/AB2 Commitments Effective Date, issue and deliver (i) a Promissory Note to each Lender participating in that Facility AB1 Loan, setting forth the amount of that Lender's participation in that Facility AB1 Loan; and (ii) if such Lender holds any Facility A Commitments and/or Facility B Commitments as at the AB1/AB2 Commitments Effective Date, one or more Promissory Note(s) to such Lender, setting forth the amount of that Lender's participation in Facility A and/or Facility B (as applicable), in each case provided that the Borrower has received within 5 Business Days of the AB1/AB2 Commitments Effective Date either (x) the existing Promissory Note of each Lender reflecting that Lender's Commitments under Facility A and/or Facility B which are the subject of the Exchange and Discharge Offer or (y) an affidavit indicating the loss of the existing Promissory Note, as applicable.
- (f) The Borrower shall, within 10 Business Days of the AB1/AB2 Commitments Effective Date, issue and deliver (i) a Promissory Note to each Lender participating in that Facility AB2 Loan, setting forth the amount of that Lender's participation in that Facility AB2 Loan; and (ii) if such Lender holds any Facility A Commitments and/or Facility B Commitments as at the AB1/AB2 Commitments Effective Date, one or more Promissory Note(s) to such Lender, setting forth the amount of that Lender's participation in Facility A and/or Facility B (as applicable), in each case provided that the Borrower has received within 5 Business Days of the AB1/AB2 Commitments Effective Date either (x) the existing Promissory Note of each Lender reflecting that Lender's Commitments under Facility A and/or Facility B which are the subject of the Exchange and Discharge Offer or (y) an affidavit indicating the loss of the existing Promissory Note, as applicable.

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- (g) The Borrower shall, on or before the Utilisation Date of the first Facility B Loan to be made following any increase in the Facility B Commitments pursuant to Clause 2.2 (*Accordion*), issue and deliver a Promissory Note to each Accordion Lender in respect of that increase, setting forth the amount of the increase in the Facility B Commitment corresponding to that Lender.
- (h) The Borrower shall, on or before the Utilisation Date of the first Facility D Loan or Facility AB1 Loan (as applicable) to be made following any increase in the Facility D Commitments or Facility AB1 Commitments (as applicable) pursuant to Clause 2.2 (*Accordion*), issue and deliver a Promissory Note to each Accordion Lender in respect of that increase, setting forth the amount of the increase in the Facility D Commitment or Facility AB1 Commitment (as applicable) corresponding to that Lender.
- (i) On an assignment or transfer by an Existing Lender of all of its Facility C1 Commitment, Facility D Commitment, Facility AB1 Commitment or Facility AB2 Commitment (as applicable) to a New Lender, the Existing Lender shall, on or prior to the Transfer Date, endorse and deliver to the New Lender any Promissory Note(s) issued to the Existing Lender in respect of the transferred or assigned Facility C1 Commitment, Facility D Commitment, Facility AB1 Commitment or Facility AB2 Commitment (as applicable). The Borrower shall, promptly upon request by the New Lender and at the Borrower's cost, replace the endorsed Promissory Note(s) by issuing new Promissory Note(s), setting forth the amount of the Facility C1 Commitment, Facility D Commitment, Facility AB1 Commitment or Facility AB2 Commitment (as applicable) assigned or transferred to the New Lender, under the name of the New Lender, which shall be released (through the Custodian, if any), duly signed, to the New Lender, upon tendering of the endorsed Promissory Note(s) to the Borrower.
- (j) On an assignment or transfer by an Existing Lender of part of its Facility C1 Commitment, Facility D Commitment, Facility AB1 Commitment or Facility AB2 Commitment (as applicable) to a New Lender, such Existing Lender shall tender (or procure that the Custodian tenders) to the Borrower, on the Transfer Date, the Promissory Note(s) issued to such Existing Lender evidencing such Existing Lender's Facility C1 Commitment, Facility D Commitment, Facility AB1 Commitment or Facility AB2 Commitment (as applicable), and the Borrower shall promptly, at the cost of the Borrower, issue (i) to the Existing Lender, a Promissory Note setting forth the amount of the Facility C1 Commitment, Facility D Commitment, Facility AB1 Commitment or Facility AB2 Commitment (as applicable) of the Existing Lender not assigned or transferred to the New Lender and (ii) to the New Lender, a Promissory Note setting forth the amount of the Facility C1 Commitment, Facility D Commitment, Facility AB1 Commitment or Facility AB2 Commitment (as applicable) of the New Lender assigned or transferred to it by the Existing Lender. Any such new Promissory Notes shall be issued under the name of the Existing Lender or the New Lender (as applicable), and shall be released (through the Custodian, if any), duly signed, to the Existing Lender and the New Lender, upon tendering to the Borrower of the Promissory Notes previously issued to the Existing Lender in respect of the relevant Facility C1 Commitments, Facility D Commitments, Facility AB1 Commitments or Facility AB2 Commitments (as applicable).

(k) The Borrower:

- (i) shall, promptly but in any event within 5 Business Days following any notification pursuant to Clause 10.4 (*Notification of rates of interest*) arising as a result of an increase in the applicable Margin following any event described in paragraphs (b)(i) to (b)(iii) (inclusive) of the definition of Margin, execute, and cause the execution by each Guarantor as *avalista*, issue and deliver a Promissory Note to each Lender participating in a Loan or Facility to which the notification relates; and
- (ii) may, within 5 Business Days following (A) any notification pursuant to Clause 10.4 (*Notification of rates of interest*) arising as a result of a decrease in the applicable Margin following any event described in paragraphs (b)(i) or (b)(ii) of the definition of Margin or (B) any repayment of any Loan or decrease in the Total Commitments, execute, and cause the execution by each Guarantor as *avalista*, issue and deliver a Promissory Note to each Lender participating in a Loan or Facility to which the relevant notification, repayment or decrease (as the case may be) relates,

provided that any Promissory Note held by or on behalf of such Lender in respect of that Loan (the “**Old Promissory Note**”) is tendered or otherwise made available for exchange by the Custodian (or, if none, such Lender). Upon such exchange, the Old Promissory Note shall be cancelled and have no further effect. For the avoidance of doubt: (x) if the exchange does not take place the Old Promissory Note remains in full force and effect; and (y) notwithstanding any Promissory Note, this Agreement determines, *inter alia*, the rate of interest accruing on Loans and any amount payable by the Obligors.

- (l) Any obligation of the Borrower to deliver a Promissory Note to a Lender pursuant to this Agreement may be satisfied by delivery of such Promissory Note to the Custodian, if any.
- (m) Notwithstanding any amount set forth in any Promissory Note issued to a Lender in respect of any Commitment of that Lender, no such Lender shall be entitled, and each such Lender that holds any Promissory Note evidencing any Commitment in accordance with this Agreement hereby waives the right, to claim any amount of principal in excess of the amounts disbursed and not repaid to such Lender in respect of the relevant Loan(s) at that time. Each Lender that holds any Promissory Note evidencing any Commitment in accordance with this Agreement agrees that the Borrower may introduce this Agreement (and in particular, the provisions of this Clause 5.7) as a defence in connection with any such claim.
- (n) For the avoidance of doubt, no Lender may claim under a Promissory Note separately from under this Agreement, except for claims initiated before Mexican courts as permitted under Clause 43.1 (*Jurisdiction in relation to*

actions brought against parties organised or incorporated in Mexico) (and in such circumstances the Agent will provide to the Borrower such information as the Borrower may reasonably request in connection with the aggregate amounts disbursed to the Borrower).

5.8 Cancellation of Commitment

Any Commitment which, at that time, is unutilised shall be immediately cancelled at the end of the applicable Availability Period.

5.9 Mandatory Rollover Utilisation

- (a) Excluding any Loan under Facility AB1 and except to the extent that a Loan under a revolving Facility is required to be repaid under Clause 7 (*Illegality and Voluntary Prepayment*) or Clause 26 (*Events of Default*), where such Loan would, but for this Clause 5.9, fall due for repayment on the last day of an Interest Period prior to the earlier of (i) 14 February 2017 or (ii) such time as the 2012 Facilities Agreement permits scheduled repayments of Financial Indebtedness under (and as defined in) the 2012 Facilities Agreement to take place prior to 14 February 2017, such Loan shall not fall due for repayment on the last day of such Interest Period and shall instead mandatorily roll (without further action required from the Borrower) until the last day of the first subsequent Interest Period in which repayment of such Loan would be permitted under this Clause 5.9.
- (b) Unless the Borrower specifies otherwise in a Selection Notice, in relation to any Loan which mandatorily rolls pursuant to paragraph (a) above, the Interest Period for the relevant Loan commencing on the date on which the Loan mandatorily rolls pursuant to paragraph (a) above shall be of the same length as the Interest Period for that Loan ending on that date.

SECTION 4
REPAYMENT, PREPAYMENT AND CANCELLATION

6. REPAYMENT

6.1 Repayment of Facility A Loans

- (a) The Borrower shall repay the Facility A Loans in instalments by repaying on each Facility A Repayment Date an amount which reduces the aggregate Base Currency Amount of the outstanding Facility A Loans by an amount equal to the relevant percentage of all the Facility A Loans borrowed by the Borrower as at the close of business in London on the last day of the last Availability Period in relation to Facility A (after the application of Clause 5.8 (*Cancellation of Commitment*) at the end of that Availability Period) as set out in the table below:

Facility A Repayment Date	Facility A Repayment Instalment (percentage)
The date falling 36 Months after the date of this Agreement	20%
The date falling 42 Months after the date of this Agreement	20%
The date falling 48 Months after the date of this Agreement	20%
The date falling 54 Months after the date of this Agreement	20%
The Termination Date	20%

- (b) The Borrower may not reborrow any part of Facility A which is repaid.

6.2 Repayment of Facility B Loans

- (a) If the 2015 Amendment Revolving Facility Effective Date has not occurred:
- (i) the Borrower shall repay each Facility B Loan on the last day of its Interest Period; and
 - (ii) without prejudice to the Borrower's obligation under paragraph (i) above, if:
 - (A) one or more Facility B Loans are to be made available:
 - (1) on the same day that a maturing Facility B Loan is due to be repaid; and

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- (2) in whole or in part for the purpose of refinancing the maturing Facility B Loan; and
- (B) the proportion borne by each Lender's participation in the maturing Facility B Loan to the amount of that maturing Facility B Loan is the same as the proportion borne by that Lender's participation in the new Facility B Loans to the aggregate amount of those new Facility B Loans,
- the aggregate amount of the new Facility B Loans shall, unless the Borrower notifies the Agent to the contrary in the relevant Utilisation Request, be treated as if applied in or towards repayment of the maturing Facility B Loan so that:
- (C) if the amount of the maturing Facility B Loan exceeds the aggregate amount of the new Facility B Loans:
- (1) the Borrower will only be required to make a payment under Clause 33.1 (*Payments to the Agent*) in an amount in the relevant currency equal to that excess; and
 - (2) each Lender's participation in the new Facility B Loans shall be treated as having been made available and applied by the Borrower in or towards repayment of that Lender's participation in the maturing Facility B Loan and that Lender will not be required to make a payment under Clause 33.1 (*Payments to the Agent*) in respect of its participation in the new Facility B Loans; and
- (D) if the amount of the maturing Facility B Loan is equal to or less than the aggregate amount of the new Facility B Loans:
- (1) the Borrower will not be required to make a payment under Clause 33.1 (*Payments to the Agent*); and
 - (2) each Lender will be required to make a payment under Clause 33.1 (*Payments to the Agent*) in respect of its participation in the new Facility B Loans only to the extent that its participation in the new Facility B Loans exceeds that Lender's participation in the maturing Facility B Loan and the remainder of that Lender's participation in the new Facility B Loans shall be treated as having been made available and applied by the Borrower in or towards repayment of that Lender's participation in the maturing Facility B Loan.
- (b) If the 2015 Amendment Revolving Facility Effective Date has occurred, the Borrower shall repay the Facility B Loans in instalments by repaying on each Facility B Repayment Date an amount which reduces the aggregate Base Currency Amount of the outstanding Facility B Loans by an amount equal to the relevant percentage of all the Facility B Loans borrowed by the Borrower

as at the close of business in London on the last day of the last Availability Period in relation to Facility B (being the 2015 Amendment Revolving Facility Effective Date) as set out in the table below:

Facility B Repayment Date	Facility B Repayment Instalment
The date falling 36 Months after the date of this Agreement	20%
The date falling 42 Months after the date of this Agreement	20%
The date falling 48 Months after the date of this Agreement	20%
The date falling 54 Months after the date of this Agreement	20%
The Termination Date	20%

- (c) If the 2015 Amendment Revolving Facility Effective Date has occurred, the Borrower may not reborrow any part of Facility B which is repaid.

6.3 Reduction of Facility B

- (a) If the 2015 Amendment Revolving Facility Effective Date has not occurred, the Total Facility B Commitments shall be reduced in instalments on each Facility B Reduction Date by an amount equal to the percentage of the Total Facility B Commitments as at the close of business in London on the last day of the last Availability Period under paragraph (b)(ii) of the definition of Availability Period in relation to Facility B as set out in the table below:

Facility B Reduction Date	Facility B Reduction Instalment
The date falling 36 Months after the date of this Agreement	20%
The date falling 42 Months after the date of this Agreement	20%
The date falling 48 Months after the date of this Agreement	20%
The date falling 54 Months after the date of this Agreement	20%
The Termination Date	20%

- (b) If the 2015 Amendment Revolving Facility Effective Date has not occurred, the Borrower shall ensure that sufficient Facility B Loans are repaid or prepaid

on a Facility B Reduction Date to the extent necessary so that the aggregate of the outstanding Facility B Loans (after that repayment) is equal to or less than the reduced amount of the Total Facility B Commitments.

- (c) Any reduction of the Total Facility B Commitments shall reduce rateably the Commitment of each Lender.

6.4 Repayment of Facility C1 Loans

- (a) The Borrower shall repay the Facility C1 Loans in instalments by repaying on each Facility C1 Repayment Date an amount which reduces the aggregate Base Currency Amount of the outstanding Facility C1 Loans by an amount equal to the relevant percentage of all the Facility C1 Loans borrowed by the Borrower as at the close of business in London on the last day of the last Availability Period in relation to Facility C1 as set out in the table below:

<u>Facility C1 Repayment Date</u>	<u>Facility C1 Repayment Instalment</u>
The date falling 36 Months after the date of the 2015 Amendment Agreement	10%
The date falling 48 Months after the date of the 2015 Amendment Agreement	10%
The Termination Date	80%

- (b) The Borrower may not reborrow any part of Facility C1 which is repaid.

6.5 Repayment of Facility C2 Loans

- (a) The Borrower shall repay the Facility C2 Loans in instalments by repaying on each Facility C2 Repayment Date an amount in euro which reduces the aggregate amount in euro of the outstanding Facility C2 Loans by an amount equal to the relevant percentage of all the Facility C2 Loans borrowed by the Borrower as at the close of business in London on the last day of the last Availability Period in relation to Facility C2 as set out in the table below:

<u>Facility C2 Repayment Date</u>	<u>Facility C2 Repayment Instalment</u>
The date falling 36 Months after the date of the 2015 Amendment Agreement	10%
The date falling 48 Months after the date of the 2015 Amendment Agreement	10%
The Termination Date	80%

- (b) The Borrower may not reborrow any part of Facility C2 which is repaid.

6.6 Repayment of Facility D Loans

- (a) If the 2015 Amendment Revolving Facility Effective Date has not occurred, the Borrower shall repay the Facility D Loans in instalments by repaying on each Facility D Repayment Date an amount which reduces the aggregate Base Currency Amount of the outstanding Facility D Loans by an amount equal to the relevant percentage of all the Facility D Loans borrowed by the Borrower as at the close of business in London on the last day of the last Availability Period in relation to Facility D as set out in the table below:

Facility D Repayment Date	Facility D Repayment Instalment
The date falling 36 Months after the date of the 2015 Amendment Agreement	10%
The date falling 48 Months after the date of the 2015 Amendment Agreement	10%
The Termination Date	80%

- (b) If the 2015 Amendment Revolving Facility Effective Date has occurred:
- (i) the Borrower shall repay each Facility D Loan on the last day of its Interest Period; and
 - (ii) without prejudice to the Borrower's obligation under paragraph (i) above, if:
 - (A) one or more Facility D Loans are to be made available:
 - (1) on the same day that a maturing Facility D Loan is due to be repaid; and
 - (2) in whole or in part for the purpose of refinancing the maturing Facility D Loan; and
 - (B) the proportion borne by each Lender's participation in the maturing Facility D Loan to the amount of that maturing Facility D Loan is the same as the proportion borne by that Lender's participation in the new Facility D Loans to the aggregate amount of those new Facility D Loans,
the aggregate amount of the new Facility D Loans shall, unless the Borrower notifies the Agent to the contrary in the relevant Utilisation Request, be treated as if applied in or towards repayment of the maturing Facility D Loan so that:
 - (C) if the amount of the maturing Facility D Loan exceeds the aggregate amount of the new Facility D Loans:
 - (1) the Borrower will only be required to make a payment under Clause 33.1 (*Payments to the Agent*) in an amount in the relevant currency equal to that excess; and

- (2) each Lender's participation in the new Facility D Loans shall be treated as having been made available and applied by the Borrower in or towards repayment of that Lender's participation in the maturing Facility D Loan and that Lender will not be required to make a payment under Clause 33.1 (*Payments to the Agent*) in respect of its participation in the new Facility D Loans; and

(D) if the amount of the maturing Facility D Loan is equal to or less than the aggregate amount of the new Facility D Loans:

- (1) the Borrower will not be required to make a payment under Clause 33.1 (*Payments to the Agent*); and
- (2) each Lender will be required to make a payment under Clause 33.1 (*Payments to the Agent*) in respect of its participation in the new Facility D Loans only to the extent that its participation in the new Facility D Loans exceeds that Lender's participation in the maturing Facility D Loan and the remainder of that Lender's participation in the new Facility D Loans shall be treated as having been made available and applied by the Borrower in or towards repayment of that Lender's participation in the maturing Facility D Loan.

(c) The Borrower may not reborrow any part of Facility D which is repaid other than pursuant to paragraph (b) above.

6.7 Reduction of Facility D

- (a) If the 2015 Amendment Revolving Facility Effective Date has occurred, the Total Facility D Commitments shall be reduced in instalments on each Facility D Reduction Date by an amount equal to the percentage of the Total Facility D Commitments as at the close of business in London on the date falling 15 Business Days after the most recent Increase Date on which Facility D Commitments were committed as set out in the table below:

Facility D Reduction Date	Facility D Reduction Instalment
The date falling 36 Months after the date of the 2015 Amendment Agreement	10%
The date falling 48 Months after the date of the 2015 Amendment Agreement	10%
The Termination Date	80%

- (b) If the 2015 Amendment Revolving Facility Effective Date has occurred, the Borrower shall ensure that sufficient Facility D Loans are repaid or prepaid on a Facility D Reduction Date to the extent necessary so that the aggregate of the outstanding Facility D Loans (after that repayment) is equal to or less than the reduced amount of the Total Facility D Commitments.
- (c) Any reduction of the Total Facility D Commitments shall reduce rateably the Commitment of each Lender.

6.8 Repayment of Facility E Loans

- (a) The Borrower shall repay the Facility E Loans in instalments by repaying on each Facility E Repayment Date an amount in euro which reduces the aggregate amount in euro of the outstanding Facility E Loans by an amount equal to the relevant percentage of all the Facility E Loans borrowed by the Borrower as at the close of business in London on the last day of the last Availability Period in relation to Facility E as set out in the table below:

Facility E Repayment Date	Facility E Repayment Instalment
The date falling 36 Months after the date of the 2015 Amendment Agreement	10%
The date falling 48 Months after the date of the 2015 Amendment Agreement	10%
The Termination Date	80%

- (b) The Borrower may not reborrow any part of Facility E which is repaid.

6.9 Repayment of Facility AB1

- (a) The Borrower shall repay each Facility AB1 Loan on the last day of its Interest Period.
- (b) Without prejudice to the Borrower's obligation under paragraph (a) above, if:
- (i) one or more Facility AB1 Loans are to be made available:
 - (A) on the same day that a maturing Facility AB1 Loan is due to be repaid; and
 - (B) in whole or in part for the purpose of refinancing the maturing Facility AB1 Loan; and
 - (ii) the proportion borne by each Lender's participation in the maturing Facility AB1 Loan to the amount of that maturing Facility AB1 Loan is the same as the proportion borne by that Lender's participation in the new Facility AB1 Loans to the aggregate amount of those new Facility AB1 Loans,

the aggregate amount of the new Facility AB1 Loans shall, unless the Borrower notifies the Agent to the contrary in the relevant Utilisation Request, be treated as if applied in or towards repayment of the maturing Facility AB1 Loan so that:

- (iii) if the amount of the maturing Facility AB1 Loan exceeds the aggregate amount of the new Facility AB1 Loans:
 - (A) the Borrower will only be required to make a payment under Clause 33.1 (*Payments to the Agent*) in an amount in the relevant currency equal to that excess; and
 - (B) each Lender's participation in the new Facility AB1 Loans shall be treated as having been made available and applied by the Borrower in or towards repayment of that Lender's participation in the maturing Facility AB1 Loan and that Lender will not be required to make a payment under Clause 33.1 (*Payments to the Agent*) in respect of its participation in the new Facility AB1 Loans; and
- (iv) if the amount of the maturing Facility AB1 Loan is equal to or less than the aggregate amount of the new Facility AB1 Loans:
 - (A) the Borrower will not be required to make a payment under Clause 33.1 (*Payments to the Agent*); and
 - (B) each Lender will be required to make a payment under Clause 33.1 (*Payments to the Agent*) in respect of its participation in the new Facility AB1 Loans only to the extent that its participation in the new Facility AB1 Loans exceeds that Lender's participation in the maturing Facility AB1 Loan and the remainder of that Lender's participation in the new Facility AB1 Loans shall be treated as having been made available and applied by the Borrower in or towards repayment of that Lender's participation in the maturing Facility AB1 Loan.

6.10 Reduction of Facility AB1

- (a) The Total Facility AB1 Commitments shall be reduced in instalments on each Facility AB1 Reduction Date by an amount equal to the percentage of the Total Facility AB1 Commitments as at the close of business in London on the last day of the last Availability Period in relation to Facility AB1:

Facility AB1 Reduction Date	Facility AB1 Reduction Instalment
The date falling 42 Months after the date of this Agreement	50%
The Termination Date	50%

- (b) The Borrower shall ensure that sufficient Facility AB1 Loans are repaid or prepaid on a Facility AB1 Reduction Date to the extent necessary so that the aggregate of the outstanding Facility AB1 Loans (after that repayment) is equal to or less than the reduced amount of the Total Facility AB1 Commitments.
- (c) Any reduction of the Total Facility AB1 Commitments shall reduce rateably the Commitment of each Lender.

6.11 Repayment of Facility AB2 Loans

- (a) The Borrower shall repay the Facility AB2 Loans in instalments by repaying on each Facility AB2 Repayment Date an amount which reduces the aggregate Base Currency Amount of the outstanding Facility AB2 Loans by an amount equal to the relevant percentage of all the Facility AB2 Loans borrowed by the Borrower as at the close of business in London on the last day of the last Availability Period in relation to Facility AB2 (after the application of Clause 5.8 (*Cancellation of Commitment*)) as set out in the table below:

<u>Facility AB2 Repayment Date</u>	<u>Facility AB2 Repayment Instalment</u>
The date falling 54 Months after the date of this Agreement	50%
The Termination Date	50%

- (b) The Borrower may not reborrow any part of Facility AB2 which is repaid.

6.12 Application of repayments

Any repayment of a Utilisation under this Clause 6 shall be applied *pro rata* to each Lender's participation in that Utilisation.

6.13 Effect of cancellation and prepayment on scheduled repayments and reductions

- (a) If the Borrower cancels the whole or any part of any Available Commitment in accordance with Clause 7.4 (*Right of replacement or cancellation and repayment in relation to a single Lender*) or if the Available Commitment of any Lender is cancelled under Clause 7.1 (*Illegality*) then:
 - (i) in the case of the Facility A Commitments, the amount of the Facility A Repayment Instalment for each Facility A Repayment Date falling after that cancellation will reduce *pro rata* by the amount cancelled;
 - (ii) in the case of the Facility B Commitments:
 - (A) if the 2015 Amendment Revolving Facility Effective Date has not occurred, the amount of the Facility B Reduction Instalment for each Facility B Reduction Date falling after that cancellation will reduce *pro rata* by the amount cancelled; and

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- (B) if the 2015 Amendment Revolving Facility Effective Date has occurred, the amount of the Facility B Repayment Instalment for each Facility B Repayment Date falling after that cancellation will reduce *pro rata* by the amount cancelled;
 - (iii) in the case of the Facility C1 Commitments, the amount of the Facility C1 Repayment Instalment for each Facility C1 Repayment Date falling after that cancellation will reduce *pro rata* by the amount cancelled;
 - (iv) in the case of the Facility C2 Commitments, the amount of the Facility C2 Repayment Instalment for each Facility C2 Repayment Date falling after that cancellation will reduce *pro rata* by the amount cancelled;
 - (v) in the case of the Facility D Commitments:
 - (A) if the 2015 Amendment Revolving Facility Effective Date has not occurred, the amount of the Facility D Repayment Instalment for each Facility D Repayment Date falling after that cancellation will reduce *pro rata* by the amount cancelled; and
 - (B) if the 2015 Amendment Revolving Facility Effective Date has occurred, the amount of the Facility D Reduction Instalment for each Facility D Reduction Date falling after that cancellation will reduce *pro rata* by the amount cancelled;
 - (vi) in the case of the Facility E Commitments, the amount of the Facility E Repayment Instalment for each Facility E Repayment Date falling after that cancellation will reduce *pro rata* by the amount cancelled;
 - (vii) in the case of the Facility AB1 Commitments, the amount of the Facility AB1 Reduction Instalment for each Facility AB1 Reduction Date falling after that cancellation will reduce *pro rata* by the amount cancelled; and
 - (viii) in the case of the Facility AB2 Commitments, the amount of the Facility AB2 Repayment Instalment for each Facility AB2 Repayment Date falling after that cancellation will reduce *pro rata* by the amount cancelled.
- (b) If the Borrower cancels the whole or any part of any Available Commitment in accordance with Clause 7.2 (*Voluntary cancellation*) then:
- (i) in the case of the Facility A Commitments, the Facility A Repayment Instalment for each Facility A Repayment Date falling after that cancellation will reduce in the order selected by the Borrower by the amount cancelled;
 - (ii) in the case of the Facility B Commitments:
 - (A) if the 2015 Amendment Revolving Facility Effective Date has not occurred, the amount of the Facility B Reduction Instalment

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- for each Facility B Reduction Date falling after that cancellation will reduce in the order selected by the Borrower by the amount cancelled; and
- (B) if the 2015 Amendment Revolving Facility Effective Date has occurred, the Facility B Repayment Instalment for each Facility B Repayment Date falling after that cancellation will reduce in the order selected by the Borrower by the amount cancelled;
- (iii) in the case of the Facility C1 Commitments, the Facility C1 Repayment Instalment for each Facility C1 Repayment Date falling after that cancellation will reduce in the order selected by the Borrower by the amount cancelled;
 - (iv) in the case of the Facility C2 Commitments, the Facility C2 Repayment Instalment for each Facility C2 Repayment Date falling after that cancellation will reduce in the order selected by the Borrower by the amount cancelled;
 - (v) in the case of the Facility D Commitments:
 - (A) if the 2015 Amendment Revolving Facility Effective Date has not occurred, the amount of the Facility D Repayment Instalment for each Facility D Repayment Date falling after that cancellation will reduce in the order selected by the Borrower by the amount cancelled; and
 - (B) if the 2015 Amendment Revolving Facility Effective Date has occurred, the Facility D Reduction Instalment for each Facility D Reduction Date falling after that cancellation will reduce in the order selected by the Borrower by the amount cancelled;
 - (vi) in the case of the Facility E Commitments, the Facility E Repayment Instalment for each Facility E Repayment Date falling after that cancellation will reduce in the order selected by the Borrower by the amount cancelled;
 - (vii) in the case of the Facility AB1 Commitments, the Facility AB1 Reduction Instalment for each Facility AB1 Reduction Date falling after that cancellation will reduce in the order selected by the Borrower by the amount cancelled; and
 - (viii) in the case of the Facility AB2 Commitments, the Facility AB2 Repayment Instalment for each Facility AB2 Repayment Date falling after that cancellation will reduce in the order selected by the Borrower by the amount cancelled.

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- (c) If any Loan is prepaid in accordance with Clause 7.4 (*Right of replacement or cancellation and repayment in relation to a single Lender*) or Clause 7.1 (*Illegality*), then:
- (i) in the case of a Facility A Loan, the amount of the Facility A Repayment Instalments for each Facility A Repayment Date falling after that repayment or prepayment will reduce *pro rata* by the amount of the Facility A Loan prepaid;
 - (ii) in the case of a Facility B Loan:
 - (A) if the 2015 Amendment Revolving Facility Effective Date has not occurred, the amount of the Facility B Reduction Instalment for each Facility B Reduction Date falling after that repayment or prepayment will reduce *pro rata* by the amount of the Facility B Loan prepaid; and
 - (B) if the 2015 Amendment Revolving Facility Effective Date has occurred, the amount of the Facility B Repayment Instalment for each Facility B Repayment Date falling after that repayment or prepayment will reduce *pro rata* by the amount of the Facility B Loan prepaid;
 - (iii) in the case of a Facility C1 Loan, the amount of the Facility C1 Repayment Instalments for each Facility C1 Repayment Date falling after that repayment or prepayment will reduce *pro rata* by the amount of the Facility C1 Loan prepaid;
 - (iv) in the case of a Facility C2 Loan, the amount of the Facility C2 Repayment Instalments for each Facility C2 Repayment Date falling after that repayment or prepayment will reduce *pro rata* by the amount of the Facility C2 Loan prepaid;
 - (v) in the case of a Facility D Loan:
 - (A) if the 2015 Amendment Revolving Facility Effective Date has not occurred, the amount of the Facility D Repayment Instalment for each Facility D Repayment Date falling after that repayment or prepayment will reduce *pro rata* by the amount of the Facility D Loan prepaid; and
 - (B) if the 2015 Amendment Revolving Facility Effective Date has occurred, the amount of the Facility D Reduction Instalment for each Facility D Reduction Date falling after that repayment or prepayment will reduce *pro rata* by the amount of the Facility D Loan prepaid;
 - (vi) in the case of a Facility E Loan, the amount of the Facility E Repayment Instalments for each Facility E Repayment Date falling after that repayment or prepayment will reduce *pro rata* by the amount of the Facility E Loan prepaid;

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- (vii) in the case of a Facility AB1 Loan, the amount of the Facility AB1 Reduction Instalment for each Facility AB1 Reduction Date falling after that repayment or prepayment will reduce *pro rata* by the amount of the Facility AB1 Loan prepaid; and
 - (viii) in the case of a Facility AB2 Loan, the amount of the Facility AB2 Repayment Instalments for each Facility AB2 Repayment Date falling after that repayment or prepayment will reduce *pro rata* by the amount of the Facility AB2 Loan prepaid.
- (d) If any Loan is prepaid in accordance with Clause 7.3 (*Voluntary prepayment*) then:
- (i) in the case of a Facility A Loan, the amount of the Facility A Repayment Instalments for each Facility A Repayment Date falling after that repayment or prepayment will reduce in the order selected by the Borrower by the amount of the Facility A Loan prepaid;
 - (ii) in the case of a Facility B Loan:
 - (A) if the 2015 Amendment Revolving Facility Effective Date has not occurred, the amount of the Facility B Reduction Instalment for each Facility B Reduction Date falling after that repayment or prepayment will reduce *pro rata* by the amount of the Facility B Loan prepaid; and
 - (B) if the 2015 Amendment Revolving Facility Effective Date has occurred, the amount of the Facility B Repayment Instalment for each Facility B Repayment Date falling after that repayment or prepayment will reduce *pro rata* by the amount of the Facility B Loan prepaid;
 - (iii) in the case of a Facility C1 Loan, the amount of the Facility C1 Repayment Instalments for each Facility C1 Repayment Date falling after that repayment or prepayment will reduce in the order selected by the Borrower by the amount of the Facility C1 Loan prepaid;
 - (iv) in the case of a Facility C2 Loan, the amount of the Facility C2 Repayment Instalments for each Facility C2 Repayment Date falling after that repayment or prepayment will reduce in the order selected by the Borrower by the amount of the Facility C2 Loan prepaid; and
 - (v) in the case of a Facility D Loan:
 - (A) if the 2015 Amendment Revolving Facility Effective Date has not occurred, the amount of the Facility D Repayment Instalment for each Facility D Repayment Date falling after that repayment or prepayment will reduce *pro rata* by the amount of the Facility D Loan prepaid; and
 - (B) if the 2015 Amendment Revolving Facility Effective Date has occurred, the amount of the Facility D Reduction Instalment for

each Facility D Reduction Date falling after that repayment or prepayment will reduce *pro rata* by the amount of the Facility D Loan prepaid;

- (vi) in the case of a Facility E Loan, the amount of the Facility E Repayment Instalments for each Facility E Repayment Date falling after that repayment or prepayment will reduce in the order selected by the Borrower by the amount of the Facility E Loan prepaid;
- (vii) in the case of a Facility AB1 Loan, the amount of the Facility AB1 Reduction Instalment for each Facility AB1 Reduction Date falling after that repayment or prepayment will reduce *pro rata* by the amount of the Facility AB1 Loan prepaid; and
- (viii) in the case of a Facility AB2 Loan, the amount of the Facility AB2 Repayment Instalments for each Facility AB2 Repayment Date falling after that repayment or prepayment will reduce in the order selected by the Borrower by the amount of the Facility AB2 Loan prepaid.

7. **Illegality and Voluntary Prepayment**

7.1 **Illegality**

If, at any time, it is or will become unlawful in any applicable jurisdiction for a Lender to perform any of its obligations as contemplated by the Finance Documents or to fund, issue or maintain its participation in any Utilisation:

- (a) that Lender shall promptly notify the Agent upon becoming aware of that event;
- (b) upon the Agent notifying the Borrower, each Available Commitment of that Lender will be immediately cancelled; and
- (c) to the extent that the Lender's participation has not been transferred pursuant to Clause 39.4 (*Replacement of Lender*), the Borrower shall repay that Lender's participation in the Utilisations on the last day of the Interest Period for each Utilisation occurring after the Agent has notified the Borrower or, if earlier, the date specified by the Lender in the notice delivered to the Agent (being no earlier than the last day of any applicable grace period permitted by law) and that Lender's corresponding Commitment(s) shall be cancelled in the amount of the participations repaid.

7.2 **Voluntary cancellation**

Subject to Clause 9.8 (*Application of prepayments and cancellations*), the Borrower may, if it gives the Agent not less than three Business Days' (or such shorter period as the Majority Lenders and the Agent may agree) prior notice, cancel the whole or any part (but, if in part, in a minimum amount of \$20,000,000 or €20,000,000 (as appropriate)) of an Available Facility.

7.3 Voluntary prepayment

Subject to Clause 9.8 (*Application of prepayments and cancellations*), the Borrower may, if it gives the Agent not less than five Business Days' (or such shorter period as the Majority Lenders and the Agent may agree) prior notice, prepay the whole or any part of a Loan (but, if in part, being an amount that reduces the aggregate Base Currency Amount of the Loans by a minimum amount of \$20,000,000 or €20,000,000 (as appropriate)).

7.4 Right of replacement or cancellation and repayment in relation to a single Lender

- (a) If:
- (i) any sum payable to any Lender by an Obligor is required to be increased under paragraph (c) of Clause 14.2 (*Tax gross-up*); or
 - (ii) any Lender claims, or gives notice that it intends to claim, indemnification from the Borrower or an Obligor under Clause 14.3 (*Tax indemnity*) or Clause 15 (*Increased Costs*),

the Borrower may (**provided that**, no Default has occurred and is continuing), while the circumstance giving rise to the requirement for that increase or indemnification continues, give the Agent notice of cancellation of the Commitment(s) of that Lender and its intention to procure the repayment of that Lender's participation in the Utilisations.

- (b) On receipt of a notice referred to in paragraph (a) above in relation to a Lender, the Commitment(s) of that Lender shall immediately be reduced to zero.
- (c) On the last day of each Interest Period which ends after the Borrower has given notice under paragraph (a) above in relation to a Lender (or, if earlier, the date specified by the Borrower in that notice), each Borrower to which a Utilisation is outstanding shall repay that Lender's participation in that Utilisation together with all interest and other amounts accrued under the Finance Documents (including any amount payable to the Lender under paragraph (c) of Clause 14.2 (*Tax gross-up*)).
- (d) The Borrower may, in the circumstances set out in paragraph (a) above, on three Business Days' prior notice to the Agent and that Lender, replace that Lender by requiring that Lender to (and, to the extent permitted by law, that Lender shall) transfer pursuant to Clause 27 (*Changes to the Lenders*) all (and not part only) of its rights and obligations under this Agreement to a Lender or other bank, financial institution, trust, fund or other entity selected by the Company which confirms its willingness to assume and does assume all the obligations of the transferring Lender in accordance with Clause 27 (*Changes to the Lenders*) (i) for a purchase price in cash payable at the time of the transfer in an amount equal to the outstanding principal amount of such Lender's participation in the outstanding Loans and all accrued interest (to the extent that the Agent has not given a notification under Clause 27.9 (*Pro rata*)).

interest settlement), Break Costs and other amounts payable in relation thereto under the Finance Documents or (ii) for such purchase price as the transferring Lender may in its absolute discretion agree.

- (e) The replacement of a Lender pursuant to paragraph (d) above shall be subject to the following conditions:
 - (i) the Borrower shall have no right to replace the Agent;
 - (ii) neither the Agent nor any Lender shall have any obligation to find a replacement Lender;
 - (iii) in no event shall the Lender replaced under paragraph (d) above be required to pay or surrender any of the fees received by such Lender pursuant to the Finance Documents; and
 - (iv) the Lender shall only be obliged to transfer its rights and obligations pursuant to paragraph (d) above once it is satisfied that it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to that transfer.
- (f) A Lender shall perform the checks described in paragraph (e)(iv) above as soon as reasonably practicable following delivery of a notice referred to in paragraph (d) above and shall notify the Agent and the Company when it is satisfied that it has complied with those checks.

8. MANDATORY PREPAYMENT

8.1 Definitions

For the purposes of this Clause 8:

“**Caliza Proceeds**” means the cash proceeds (subject to the proviso below, excluding the Caliza Offering Option Amount) received by any member of the Group from a Caliza Transaction, after deducting:

- (a) any reasonable fees and expenses which are incurred by any member(s) of the Group with respect to the Caliza Transaction to persons who are not members of the Group; and
- (b) any Tax incurred and required to be paid by any member of the Group in connection with the Caliza Transaction (as reasonably determined by the relevant member(s) of the Group on the basis of rates existing at the time of the Caliza Transaction and taking account of any available credit, deduction or allowance),

provided that at the end of the Caliza Offering Option Exercise Period, any Caliza Offering Option Amount previously excluded from Caliza Proceeds and not utilised pursuant to any exercise of a Caliza Offering Option shall constitute Caliza Proceeds.

“**Centurion Proceeds**” means the cash proceeds (subject to the proviso below, excluding the Centurion Offering Option Amount) received by any member of the Group from a Centurion Transaction, after deducting:

- (a) any reasonable fees and expenses which are incurred by any member(s) of the Group with respect to the Centurion Transaction to persons who are not members of the Group; and
- (b) any Tax incurred and required to be paid by any member of the Group in connection with the Centurion Transaction (as reasonably determined by the relevant member(s) of the Group on the basis of rates existing at the time of the Centurion Transaction and taking account of any available credit, deduction or allowance),

provided that at the end of the Centurion Offering Option Exercise Period, any Centurion Offering Option Amount previously excluded from Centurion Proceeds and not utilised pursuant to any exercise of a Centurion Offering Option shall constitute Centurion Proceeds.

“**Debt Funded Reserve**” means any reserve created by the Borrower or any of its Subsidiaries (and placed in an account held with a Lender or an Affiliate of a Lender) for the purpose of holding any amount of any Permitted Debt Fundraising Proceeds pending their application in accordance with Clause 8.6 (*Application of Permitted Debt Fundraising Proceeds*).

“**Disposal**” means a sale, lease, licence, 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 Funded Reserve**” means any reserve created by the Borrower or any of its Subsidiaries (and placed in an account held with a Lender or an Affiliate of a Lender) for the purpose of holding any amount of any Disposal Proceeds and (if the Borrower so elects in relation to any Caliza Proceeds or any Centurion Proceeds) any Caliza Proceeds or Centurion Proceeds, in each case pending their application in accordance with Clause 8.4 (*Application of Disposal Proceeds, Caliza Proceeds and Centurion Proceeds*).

“**Disposal Proceeds**” means:

- (a) the cash consideration received by any member of the 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;
- (b) 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 (k) of the definition of Permitted Disposal; and

(c) any proceeds of any Disposal received in any other form to the extent disposed of or otherwise converted into cash within 180 days of receipt, but excluding any Excluded Disposal Proceeds and, in every case, after deducting:

- (i) any reasonable fees and 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; and
- (ii) 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),

and further excluding an aggregate amount of up to \$50,000,000 of any Disposal Proceeds (whether from a single Disposal or a series of Disposals) received (after deducting amounts under paragraphs (i) and (ii)).

“Equally Secured Debt Proceeds” means any Permitted Debt Fundraising Proceeds arising from Financial Indebtedness which is secured by the Transaction Security (such Financial Indebtedness, **“Equally Secured Debt”**).

“Equity Funded Reserve” means any reserve created by the Borrower or any of its Subsidiaries (and placed in an account held with a Lender or an Affiliate of a Lender) for the purpose of holding any amount of any Permitted Equity Fundraising Proceeds and (if the Borrower so elects in relation to any Caliza Proceeds or Centurion Proceeds) any Caliza Proceeds or Centurion Proceeds, in each case pending their application in accordance with Clause 8.5 (*Application of Permitted Equity Fundraising Proceeds, Caliza Proceeds and Centurion Proceeds*).

“Excluded Debt Fundraising Proceeds” means the proceeds of:

- (a) a Permitted Fundraising falling within paragraph (c) of the definition of Permitted Fundraising entered into for the purpose of refinancing or extending the maturity of Existing Financial Indebtedness or any Permitted Refinancing Indebtedness (and, in the case of a refinancing, where the proceeds (less any reasonable fees and expenses incurred by the Group with respect to that refinancing) that would, but for this paragraph (a), constitute “Permitted Fundraising Proceeds”, are actually applied for such purpose as soon as reasonably practicable (and in any event within 120 days) following receipt of those proceeds by any member of the Group and, until the date of such application, are held in a Refinancing Reserve for such purposes);
- (b) any transaction between members of the Group;
- (c) a Permitted Fundraising falling within paragraph (b) of that definition;
- (d) any Relevant Convertible/Exchangeable Obligations Proceeds to the extent applied in payment of any premiums arising under or related to any Permitted Put/Call Transaction; and

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- (e) 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.

“Excluded Disposal Proceeds” means the proceeds of any Disposal of:

- (a) inventory or trade receivables in the ordinary course of trading of the disposing entity;
- (b) assets pursuant to a Permitted Securitisation programme existing as at the date of this Agreement (or any rollover or extension of such a Permitted Securitisation);
- (c) 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;
- (d) any assets the consideration for which (when aggregated with the consideration for any related Disposals) is less than \$10,000,000 (or its equivalent in any other currency);
- (e) 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;
- (f) Marketable Securities (other than Marketable Securities received as consideration for a Disposal as envisaged in paragraphs (b) and (c) of the definition of Disposal Proceeds);
- (g) Permitted Put/Call Proceeds;
- (h) shares in Caliza pursuant to the Caliza Transaction;
- (i) any Caliza Proceeds to the extent applied in payment of any premiums arising under or related to any Permitted Treasury Transaction within the scope of paragraph 1(e) of Schedule 16 (*Hedging Parameters*);
- (j) cash or Cash Equivalent Investments;
- (k) shares in Centurion pursuant to the Centurion Transaction; and
- (l) any Centurion Proceeds to the extent applied in payment of any premiums arising under or related to any Permitted Treasury Transaction within the scope of paragraph 1(e) of Schedule 16 (*Hedging Parameters*).

“Excluded Equity Fundraising Proceeds” means:

- (a) any Caliza Proceeds;
- (b) any Centurion Proceeds;

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- (c) the proceeds received by a member of the Group from a member of the Group in respect of any transaction between members of the Group;
 - (d) a Permitted Fundraising for the purposes of issuing shares as required on any settlement, disposal, transfer, assignment, close-out or other termination of a Permitted Put/Call Transaction;
 - (e) for the avoidance of doubt, any Relevant Convertible/Exchangeable Obligations Proceeds; and
 - (f) for the avoidance of doubt, any issuance of shares by a member of the Group in order to redeem or retire any equity-like instruments issued by a member of the Group (to the extent permitted under this Agreement).

“Permitted Debt Fundraising” means a Permitted Fundraising falling within paragraph (c) of the definition of Permitted Fundraising (other than any Financial Indebtedness falling within paragraph (f)(i)(C) of the definition of Permitted Financial Indebtedness).

“Permitted Debt Fundraising Proceeds” means the cash proceeds received by any member of the Group from a Permitted Debt Fundraising other than Excluded Debt Fundraising Proceeds after deducting:

- (a) any reasonable fees and expenses which are incurred by the relevant member(s) of the Group with respect to that Permitted Debt Fundraising owing to persons who are not members of the Group; and
- (b) any Tax incurred and required to be paid by the relevant member(s) of the Group with respect to that Permitted Debt 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 Equity Fundraising” means a Permitted Fundraising falling within paragraph (a), paragraph (b) or (only in relation to any Financial Indebtedness falling within paragraph (f)(i)(C) of the definition of Permitted Financial Indebtedness) paragraph (c) of the definition of Permitted Fundraising.

“Permitted Equity Fundraising Proceeds” means the cash proceeds received by any member of the Group from a Permitted Equity Fundraising other than Excluded Equity Fundraising Proceeds and after deducting:

- (a) any reasonable fees and expenses which are incurred by the relevant member(s) of the Group with respect to that Permitted Equity Fundraising owing to persons who are not members of the Group; and
- (b) any Tax incurred and required to be paid by the relevant member(s) of the Group with respect to that Permitted Equity 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).

“Refinancing Reserve” means any reserve created by the Borrower or any of its Subsidiaries (and placed in an account held with a Lender or an Affiliate of a Lender) for the purpose of holding any amount of any Excluded Debt Fundraising Proceeds referred to in paragraph (a) of the definition of Excluded Debt Fundraising Proceeds pending their application in accordance with those paragraphs.

“Relevant Convertible/Exchangeable Obligations Proceeds” means the cash proceeds received by any member of the Group from an issuance of Relevant Convertible/Exchangeable Obligations after deducting:

- (a) any reasonable fees and expenses which are incurred by the relevant member(s) of the Group with respect to that issuance of Relevant Convertible/Exchangeable Obligations (including with respect to any related Permitted Put/Call Transaction) owing to persons who are not members of the Group; and
- (b) any Tax incurred and required to be paid by the relevant member(s) of the Group with respect to that issuance of Relevant Convertible/Exchangeable Obligations or with respect to any related Permitted Put/Call Transaction (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).

“Relevant Proceeds” means any Caliza Proceeds, Centurion Proceeds, Disposal Proceeds, Permitted Debt Fundraising Proceeds or Permitted Equity Fundraising Proceeds.

“Relevant Reserve” means a Debt Funded Reserve, a Disposal Funded Reserve, an Equity Funded Reserve or a Refinancing Reserve.

“Reserve” means the Refinancing Reserve or a Relevant Reserve.

8.2 Notices in relation to Relevant Proceeds

- (a) The Borrower shall, promptly following:
 - (i) receipt of any Relevant Proceeds; and
 - (ii) transfer of any amount of any Relevant Proceeds into a Relevant Reserve, notify the Agent of such receipt or transfer.
- (b) If any amount of any Relevant Proceeds will be applied by any member of the Group in prepayment of any Financial Indebtedness, the Borrower shall notify the Agent accordingly at the time when those proceeds have been designated by the relevant member of the Group as to be so applied.

8.3 **Transfer into Reserves**

The Borrower shall (and shall ensure that each relevant member of the Group will) transfer:

- (a) any Disposal Proceeds into a Disposal Funded Reserve;
- (b) any Permitted Equity Fundraising Proceeds into an Equity Funded Reserve;
- (c) any Caliza Proceeds into a Disposal Funded Reserve or (at the Borrower's option) an Equity Funded Reserve;
- (d) any Permitted Debt Fundraising Proceeds into a Debt Funded Reserve; and
- (e) any Centurion Proceeds into a Disposal Funded Reserve or (at the Borrower's option) an Equity Funded Reserve.

in each case within 30 days of receipt of those proceeds, other than to the extent that those proceeds have, on or prior to that date, been (to the extent required) applied in accordance with (as applicable) Clause 8.4 (*Application of Disposal Proceeds, Caliza Proceeds and Centurion Proceeds*), Clause 8.5 (*Application of Permitted Equity Fundraising Proceeds, Caliza Proceeds and Centurion Proceeds*) or Clause 8.6 (*Application of Permitted Debt Fundraising Proceeds*). For the avoidance of doubt, the Disposal Funded Reserve, Equity Funded Reserve and Debt Funded Reserve are not required to be separate bank accounts and may be documented by ledger entries only.

8.4 **Application of Disposal Proceeds, Caliza Proceeds and Centurion Proceeds**

Subject to Clause 8.7 (*Application of mandatory prepayments*), the Borrower shall (and shall ensure that each relevant member of the Group will) apply any Disposal Proceeds and (if it so elects) any Caliza Proceeds or any Centurion Proceeds (whether by way of withdrawal from the Disposal Funded Reserve or otherwise):

- (a) in reinvestment in the business of the Group (including, but not limited to, towards any Capital Expenditure, Caliza Expansion Capital, Centurion Expansion Capital, Permitted Acquisition or Permitted Joint Venture); and/or
- (b) to repay, prepay, redeem, refinance, purchase, repurchase, defease or discharge any unsubordinated secured Financial Indebtedness of the Group (or, if no unsubordinated secured Financial Indebtedness is outstanding, any unsubordinated unsecured Financial Indebtedness of the Group, or, if no unsubordinated unsecured Financial Indebtedness is outstanding, subordinated Financial Indebtedness of the Group),

at the Borrower's option and in each case within 12 months of receipt of those proceeds.

8.5 Application of Permitted Equity Fundraising Proceeds, Caliza Proceeds and Centurion Proceeds

Subject to Clause 8.7 (*Application of mandatory prepayments*), the Borrower shall (and shall ensure that each relevant member of the Group will) apply any Permitted Equity Fundraising Proceeds and (if it so elects) any Caliza Proceeds or any Centurion Proceeds (whether by way of withdrawal from the Equity Funded Reserve or otherwise):

- (a) in reinvestment in the business of the Group (including, but not limited to, towards any Capital Expenditure, Caliza Expansion Capital, Centurion Expansion Capital, Permitted Acquisition or Permitted Joint Venture); and/or
- (b) to repay, prepay, redeem, refinance, purchase, repurchase, defease or discharge any Financial Indebtedness of the Group (including Subordinated Optional Convertible Securities),

at the Borrower's option and in each case within 18 months of receipt of those proceeds.

8.6 Application of Permitted Debt Fundraising Proceeds

Subject to Clause 8.7 (*Application of mandatory prepayments*), the Borrower shall (and shall ensure that each relevant member of the Group will) apply any Permitted Debt Fundraising Proceeds (whether by way of withdrawal from the Debt Funded Reserve or otherwise) to replenish cash of the Borrower as provided for in Clause 8.8 (*Replenishment*) below and/or to repay, prepay, redeem, refinance, purchase, repurchase, defease or discharge any Financial Indebtedness of the Group, **provided that**:

- (a) any such Financial Indebtedness which is subordinated to the Facilities may only be repaid, prepaid, redeemed, refinanced, purchased, repurchased, defeased or discharged with Permitted Debt Fundraising Proceeds from a Permitted Debt Fundraising which is itself subordinated to the Facilities; and
- (b) any such Financial Indebtedness which is unsecured may only be repaid, prepaid, redeemed, refinanced, purchased, repurchased, defeased or discharged with Permitted Debt Fundraising Proceeds from a Permitted Debt Fundraising which is itself unsecured,

in each case at the Borrower's option and within 12 months of receipt of those proceeds.

8.7 Application of mandatory prepayments

Any mandatory prepayment made at the Borrower's election of the Facilities pursuant to 8.4 (*Application of Disposal Proceeds, Caliza Proceeds and Centurion Proceeds*), 8.5 (*Application of Permitted Equity Fundraising Proceeds, Caliza Proceeds and Centurion Proceeds*) and 8.6 (*Application of Permitted Debt Fundraising Proceeds*) shall be applied as the Borrower may in its discretion determine as between the Total Facility A Commitments, Total Facility B Commitments, Total Facility C1 Commitments, Total Facility C2 Commitments, Total Facility D Commitments, Total

Facility E Commitments, Total Facility AB1 Commitments and Total Facility AB2 Commitments, but in relation to each Facility *pro rata* between the Lenders' Commitments under that Facility.

8.8 Replenishment

The Borrower shall be entitled, from any Permitted Debt Fundraising Proceeds, to replenish its cash reserves at its discretion, **provided that** where the proceeds constitute Equally Secured Debt Proceeds the aggregate amount of Equally Secured Debt Proceeds used for such purpose shall not, at any time, exceed \$1,000,000,000 (the "**Subsequent Cash Replenishment from Equally Secured Debt Proceeds Basket**") and subject to the fact that where the Subsequent Cash Replenishment from Equally Secured Debt Proceeds Basket has been utilised in accordance with the above, such utilisation shall be deemed reduced (and the Subsequent Cash Replenishment from Equally Secured Debt Proceeds Basket may be reutilised) by a maximum amount equal to the aggregate amount of any Caliza Proceeds, Centurion Proceeds, Permitted Equity Fundraising Proceeds, Permitted Put/Call Proceeds, Disposal Proceeds and the proceeds from Permitted Financial Indebtedness which does not share in the Transaction Security (but not, for the avoidance of doubt, with other Equally Secured Debt Proceeds) which have been applied to reduce Equally Secured Debt.

9. RESTRICTIONS

9.1 Notices of Prepayment

Any notice of prepayment, authorisation or other election given by any Party under Clause 7 (*Illegality and Voluntary Prepayment*) (subject to the terms of that Clause) or paragraph (b) of Clause 8.2 (*Notices in relation to Relevant Proceeds*) shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.

9.2 Interest and other amounts

Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to any Break Costs, without premium or penalty.

9.3 Prepayment and cancellation in accordance with Agreement

No Borrower shall repay or prepay all or any part of the Loans or cancel any Commitments except at the times and in the manner expressly provided for in this Agreement.

9.4 Reborrowing of Facilities

(a) The Borrower may not reborrow any part of Facility A, Facility C, Facility E or Facility AB2 which is prepaid.

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- (b) If the 2015 Amendment Revolving Facility Effective Date has occurred:
 - (i) the Borrower may not reborrow any part of Facility B which is prepaid; and
 - (ii) unless a contrary indication appears in this Agreement, a part of Facility D repaid pursuant to paragraph (b) of Clause 6.6 (*Repayment of Facility D Loans*) may be reborrowed in accordance with this Agreement.
 - (c) If the 2015 Amendment Revolving Facility Effective Date has not occurred:
 - (i) unless a contrary indication appears in this Agreement, any part of Facility B which is repaid or prepaid may be reborrowed in accordance with this Agreement; and
 - (ii) the Borrower may not reborrow any part of Facility D which is repaid or prepaid.
 - (d) Unless a contrary indication appears in this Agreement, any part of Facility AB1 which is repaid or prepaid may be reborrowed in accordance with this Agreement.

9.5 No reinstatement of Commitments

Subject to Clause 2.2 (*Accordion*), no amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.

9.6 Agent's receipt of Notices

If the Agent receives a notice or election under Clause 7 (*Illegality and Voluntary Prepayment*) or Clause 8 (*Mandatory Prepayment*), it shall promptly forward a copy of that notice or election to either the Borrower or the affected Lender, as appropriate.

9.7 Effect of Repayment and Prepayment

- (a) If all or part of a Utilisation under Facility A is repaid or prepaid, an amount of the Facility A Commitments (equal to the Base Currency Amount of the Utilisation which is repaid or prepaid) will be deemed to be cancelled on the date of repayment or prepayment.
- (b) If the 2015 Amendment Revolving Facility Effective Date has occurred and all or part of a Utilisation under Facility B is repaid or prepaid, an amount of the Facility B Commitments (equal to the Base Currency Amount of the Utilisation which is repaid or prepaid) will be deemed to be cancelled on the date of repayment or prepayment.
- (c) If all or part of a Utilisation under Facility C is repaid or prepaid, an amount of the Facility C Commitments (equal to the Base Currency Amount of the Utilisation which is repaid or prepaid) will be deemed to be cancelled on the date of repayment or prepayment.

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- (d) If the 2015 Amendment Revolving Facility Effective Date has not occurred and all or part of a Utilisation under Facility D is repaid or prepaid, an amount of the Facility D Commitments (equal to the Base Currency Amount of the Utilisation which is repaid or prepaid) will be deemed to be cancelled on the date of repayment or prepayment.
 - (e) If all or part of a Utilisation under Facility E is repaid or prepaid, an amount of the Facility E Commitments (equal to the Base Currency Amount of the Utilisation which is repaid or prepaid) will be deemed to be cancelled on the date of repayment or prepayment.
 - (f) If all or part of a Utilisation under Facility AB2 is repaid or prepaid, an amount of the Facility AB2 Commitments (equal to the Base Currency Amount of the Utilisation which is repaid or prepaid) will be deemed to be cancelled on the date of repayment or prepayment.
 - (g) Any cancellation under this Clause 9.7 shall, except in the case of a repayment made pursuant to Clause 7.1 (*Illegality*) or Clause 7.4 (*Right of replacement or cancellation and repayment in relation to a single Lender*), reduce the Commitments of the Lenders under the relevant Facility rateably.

9.8 Application of prepayments and cancellations

Any prepayment of a Utilisation or cancellation of any Commitments pursuant to Clause 7 (*Illegality and Voluntary Prepayment*) (other than pursuant to Clause 7.1 (*Illegality*) or Clause 7.4 (*Right of replacement or cancellation and repayment in relation to a single Lender*)) shall be applied:

- (a) in the case of a prepayment of a Utilisation, *pro rata* to each Lender's participation in that Utilisation;
- (b) in the case of a cancellation of any Commitments under a Facility, so that it reduces the Commitments of the Lenders rateably under that Facility;
- (c) in any case, as the Borrower may in its discretion determine as between the Total Facility A Commitments, Total Facility B Commitments, Total Facility C1 Commitments, Total Facility C2 Commitments, Total Facility D Commitments, Total Facility E Commitments, Total Facility AB1 Commitments and Total Facility AB2 Commitments but in relation to each Facility *pro rata* between the Lenders' Commitments under that Facility; and
- (d) in each case so that any applicable Facility A Repayment Instalments, Facility B Reduction Instalments, Facility B Repayment Instalments, Facility C1 Repayment Instalments, Facility C2 Repayment Instalments, Facility D Repayment Instalments, Facility D Reduction Instalments, Facility E Repayment Instalments, Facility AB1 Reduction Instalments and Facility AB2 Repayment Instalments are reduced in the manner contemplated by Clause 6.13 (*Effect of cancellation and prepayment on scheduled repayments and reductions*).

**SECTION 5
COSTS OF UTILISATION**

10. INTEREST

10.1 Calculation and payment of interest

The rate of interest on each Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable:

- (a) Margin; and
- (b) LIBOR or, in relation to any Loan in euro, EURIBOR.

10.2 Payment of interest

- (a) The Borrower shall pay accrued interest on that Loan on the last day of each Interest Period (and, if the Interest Period is longer than six Months, on the dates falling at six Monthly intervals after the first day of the Interest Period).
- (b) If the Compliance Certificate received by the Agent which relates to the Borrower's annual consolidated financial statements delivered pursuant to Clause 21.1 (*Financial statements*) shows that:
 - (i) a higher Margin should have applied to an Interest Period at any point during the period since the Compliance Certificate was received by the Agent which related to the Borrower's previous set of annual consolidated financial statements, then the Borrower shall promptly pay to the Agent any amounts necessary to put the Agent and the Lenders in the position they would have been in had the appropriate rate of the Margin applied during such period; or
 - (ii) a lower Margin should have applied to an Interest Period at any point during the period since the Compliance Certificate was received by the Agent which related to the Borrower's previous set of annual consolidated financial statements, then the amount of interest due in relation to a Loan on the next interest payment date of that specific Loan shall be reduced by the amount necessary to put the Borrower in the position they would have been in had the appropriate rate of Margin applied during such period,

provided that (i) any such increase or reduction shall only apply to the extent that any Lender which received the underpayment or overpayment of interest remains a Lender at the date of such adjustment and no claim shall be made against the Borrower to the extent that any Lender has not remained a Lender under this Agreement and (ii) any amounts calculated under paragraphs (i) and (ii) above shall be netted.

10.3 Default interest

- (a) If an Obligor fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the overdue amount from the due date

up to the date of actual payment (both before and after judgment) at a rate which, subject to paragraph (b) below, is 2.00 per cent. higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a Loan or other amount outstanding in the currency of the overdue amount under the relevant Facility for successive Interest Periods, each of a duration selected by the Agent (acting reasonably). Any interest accruing under this Clause 10.3 shall be immediately payable by the Obligor on demand by the Agent.

- (b) If any overdue amount consists of all or part of a Loan or other amount outstanding which became due on a day which was not the last day of an Interest Period relating to that Loan or other amount outstanding:
 - (i) the first Interest Period for that overdue amount shall have a duration equal to the unexpired portion of the current Interest Period relating to that Loan or other amount outstanding; and
 - (ii) the rate of interest applying to the overdue amount during that first Interest Period shall be 2.00 per cent. higher than the rate which would have applied if the overdue amount had not become due.
- (c) Default interest (if unpaid) arising on an overdue amount will be compounded with the overdue amount at the end of each Interest Period applicable to that overdue amount but will remain immediately due and payable.

10.4 Notification of rates of interest

The Agent shall promptly notify the Lenders and the Borrower of the determination of a rate of interest under this Agreement.

11. INTEREST PERIODS

11.1 Selection of Interest Periods

- (a) The Borrower may select an Interest Period for a Loan in the Utilisation Request for that Loan or (in relation to (i) a Term Loan that has already been borrowed or (ii) in the event that the AB1/AB2 Commitments Effective Date occurs on a date that is the last day of the then applicable Interest Period in respect of the Facility A Loans and/or Facility B Loans exchanged and discharged on such date, the first Utilisation of each of Facility AB1 and Facility AB2) in a Selection Notice, which may be a single Selection Notice in the case of (a)(ii).
- (b) Each Selection Notice for a Term Loan is irrevocable and must be delivered to the Agent by the Borrower not later than the Specified Time.
- (c) If the Borrower fails to deliver a Selection Notice to the Agent in accordance with paragraph (b) above, the relevant Interest Period will be one Month.
- (d) Subject to this Clause 11, the Borrower may select an Interest Period of one, three or six Months or any other period agreed between the Borrower and the Agent (acting on the instructions of all the Lenders in relation to the relevant

Loan and **provided that** no period shall be longer than six Months). In addition the Borrower may select an Interest Period of:

- (i) (in relation to Facility A) a period of less than one Month, if necessary to ensure that there are Facility A Loans (with an aggregate Base Currency Amount equal to or greater than the Facility A Repayment Instalment) which have an Interest Period ending on a Facility A Repayment Date for the Borrower to make the Facility A Repayment Instalment due on that date;
- (ii) (in relation to Facility B) a period of less than one Month, if necessary to ensure that (when aggregated with the Available Facility for Facility B):
 - (A) if the 2015 Amendment Revolving Facility Effective Date has not occurred, there are Facility B Loans (with an aggregate Base Currency Amount equal to or greater than the Facility B Reduction Instalment) which have an Interest Period ending on a Facility B Reduction Date for the scheduled reduction to occur; and
 - (B) if the 2015 Amendment Revolving Facility Effective Date has occurred, there are Facility B Loans (with an aggregate Base Currency Amount equal to or greater than the Facility B Repayment Instalment) which have an Interest Period ending on a Facility B Repayment Date for the Borrower to make the Facility B Repayment Instalment due on that date;
- (iii) (in relation to Facility C1) a period of less than one Month, if necessary to ensure that there are Facility C1 Loans (with an aggregate Base Currency Amount equal to or greater than the Facility C1 Repayment Instalment) which have an Interest Period ending on a Facility C1 Repayment Date for the Borrower to make the Facility C1 Repayment Instalment due on that date;
- (iv) (in relation to Facility C2) a period of less than one Month, if necessary to ensure that there are Facility C2 Loans (with an aggregate Base Currency Amount equal to or greater than the Facility C2 Repayment Instalment) which have an Interest Period ending on a Facility C2 Repayment Date for the Borrower to make the Facility C2 Repayment Instalment due on that date;
- (v) (in relation to Facility D) a period of less than one Month, if necessary to ensure that (when aggregated with the Available Facility for Facility D):
 - (A) if the 2015 Amendment Revolving Facility Effective Date has not occurred, there are Facility D Loans (with an aggregate Base Currency Amount equal to or greater than the Facility D Repayment Instalment) which have an Interest Period ending on a Facility D Repayment Date for the Borrower to make the Facility D Repayment Instalment due on that date; and

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- (B) if the 2015 Amendment Revolving Facility Effective Date has occurred, there are Facility D Loans (with an aggregate Base Currency Amount equal to or greater than the Facility D Reduction Instalment) which have an Interest Period ending on a Facility D Reduction Date for the scheduled reduction to occur;
- (vi) (in relation to Facility E) a period of less than one Month, if necessary to ensure that there are Facility E Loans (with an aggregate Base Currency Amount equal to or greater than the Facility E Repayment Instalment) which have an Interest Period ending on a Facility E Repayment Date for the Borrower to make the Facility E Repayment Instalment due on that date;
- (vii) (in relation to Facility AB1) a period of less than one Month, if necessary to ensure that (when aggregated with the Available Facility for Facility AB1), there are Facility AB1 Loans (with an aggregate Base Currency Amount equal to or greater than the Facility AB1 Reduction Instalment) which have an Interest Period ending on a Facility AB1 Reduction Date for the scheduled reduction to occur; and
- (viii) (in relation to Facility AB2) a period of less than one Month, if necessary to ensure that there are Facility AB2 Loans (with an aggregate Base Currency Amount equal to or greater than the Facility AB2 Repayment Instalment) which have an Interest Period ending on a Facility AB2 Repayment Date for the Borrower to make the Facility AB2 Repayment Instalment due on that date.
- (e) Following an increase in the Commitments pursuant to Clause 2.2 (*Accordion*), in relation to a Loan in respect of the increased Commitments, the first Interest Period following such increase shall end on the same date as an Interest Period for an outstanding Loan under the same Facility.
- (f) An Interest Period for a Loan shall not extend beyond the Termination Date.
- (g) Each Interest Period for a Loan shall start on the Utilisation Date or (if already made) on the last day of its preceding Interest Period.
- (h) In the event that the AB1/AB2 Commitments Effective Date does not occur on a date that is the last day of the then applicable Interest Period in respect of the Facility A Loans and/or Facility B Loans exchanged and discharged on such date, the first Interest Period in relation to Facility AB1 Loan(s) and Facility AB2 Loan(s) the subject of the first Utilisation of Facility AB1 and Facility AB2, respectively, shall be deemed to be the remainder of the Interest Period applicable immediately prior to the AB1/AB2 Commitments Effective Date in relation to the Facility A Loans and/or Facility B Loans exchanged and discharged.

11.2 Non-Business Days

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

11.3 Consolidation of Term Loans

If two or more Interest Periods:

- (a) relate to Term Loans in the same currency; and
- (b) end on the same date,

those Term Loans will, unless the Borrower specifies to the contrary in the Selection Notice for the next Interest Period, be consolidated into, and treated as, a single Term Loan under the relevant Facility on the last day of the Interest Period.

11.4 Consolidation of Facility B Loans and Facility D Loans

If two or more Interest Periods:

- (a) relate to Facility B Loans or Facility D Loans which mandatorily roll pursuant to Clause 5.9 (*Mandatory Rollover Utilisation*); and
- (b) end on the same date,

those Facility B Loans or Facility D Loans, as the case may be, will be consolidated into, and treated as, a single Facility B Loan or Facility D Loan, as the case may be, under the relevant Facility on the last day of the Interest Period.

12. CHANGES TO THE CALCULATION OF INTEREST

12.1 Absence of quotations

Subject to Clause 12.2 (*Market disruption*) if LIBOR or EURIBOR is to be determined by reference to the Reference Banks but a Reference Bank does not supply a quotation by the Specified Time on the Quotation Day, the applicable LIBOR or EURIBOR shall be determined on the basis of the quotations of the remaining Reference Banks.

12.2 Market disruption

- (a) If a Market Disruption Event occurs in relation to a Loan for any Interest Period, then the rate of interest on each Lender's participation in that Loan for the Interest Period shall be the percentage rate per annum which is the sum of:
 - (i) the Margin; and
 - (ii) the rate notified to the Agent by that Lender as soon as practicable and in any event by close of business on the date falling five Business Days after the Quotation Day (or, if earlier, on the date falling five Business

Days prior to the date on which interest is due to be paid in respect of that Interest Period), to be that which expresses as a percentage rate per annum the cost to that Lender of funding its participation in that Loan from whatever source it may reasonably select.

- (b) If:
- (i) the percentage rate per annum notified by a Lender pursuant to paragraph (a)(ii) above is less than LIBOR or, in relation to any Loan in euro, EURIBOR; or
 - (ii) a Lender has not notified the Agent of a percentage rate per annum pursuant to paragraph (a)(ii) above,
- the cost to that Lender of funding its participation in that Loan for that Interest Period shall be deemed, for the purposes of paragraph (a) above, to be LIBOR or, in relation to any Loan in euro, EURIBOR.
- (c) In this Agreement:
- “**Market Disruption Event**” means:
- (i) at or about noon on the Quotation Day for the relevant Interest Period the Screen Rate is not available (or, where applicable, it is not possible to calculate the Interpolated Screen Rate) and none or only one of the Reference Banks supplies a rate to the Agent to determine LIBOR for dollars or EURIBOR for euro and the relevant Interest Period; or
 - (ii) before close of business in London on the Quotation Day for the relevant Interest Period, the Agent receives notifications from a Lender or Lenders (whose participations in a Loan exceed 35 per cent. of that Loan) that the cost to it of funding its participation in that Loan from whatever source it may reasonably select would be in excess of LIBOR or, as applicable, EURIBOR.

12.3 Alternative basis of interest or funding

- (a) If a Market Disruption Event occurs and the Agent or the Borrower so requires, the Agent and the Borrower shall enter into negotiations (for a period of not more than 30 days) with a view to agreeing a substitute basis for determining the rate of interest.
- (b) Any alternative basis agreed pursuant to paragraph (a) above shall, with the prior consent of all the Lenders and the Borrower, be binding on all Parties.

12.4 Break Costs

- (a) The Borrower shall, within three Business Days of demand by a Lender, pay to that Lender its Break Costs attributable to all or any part of a Loan or Unpaid Sum being paid by that Borrower on a day other than the last day of an Interest Period for that Loan or Unpaid Sum.

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- (b) Each Lender to whom paragraph (a) above applies shall, as soon as reasonably practicable after a demand by the Agent, provide a certificate confirming the amount of its Break Costs for any Interest Period in which they accrue.

13. **FEES**

13.1 **Commitment fee**

- (a) Subject to paragraph (c) below, the Borrower shall pay to the Agent (for the account of each Lender) a fee in dollars computed at a rate equal to, at any time, 35 per cent. of the then applicable Margin per annum on that Lender's Available Commitment under a Facility for the Availability Period applicable to that Facility.
- (b) The accrued commitment fee is calculated on a daily basis and payable on the last day of each successive period of three Months which ends during the relevant Availability Period, on the last day of the Availability Period and, if cancelled in full, on the cancelled amount of the relevant Lender's Commitment at the time the cancellation is effective.
- (c) No commitment fee is payable to the Agent (for the account of a Lender) on any Available Commitment of that Lender for any day on which that Lender is a Defaulting Lender.

13.2 **Structuring fee**

The Borrower shall pay to the Agent (for the account of each Arranger) a structuring fee in the amount and at the times agreed in a Fee Letter.

13.3 **Participation fee**

The Borrower shall pay to the Agent (for the account of each Original Lender) a participation fee in the amount and at the times agreed in a Fee Letter.

13.4 **Agency fee**

The Borrower shall pay to the Agent (for its own account) an agency fee in the amount and at the times agreed in a Fee Letter.

13.5 **Security Agent fee**

The Borrower shall pay to the Security Agent (for its own account) the Security Agent fee in the amount and at the times agreed in a Fee Letter.

SECTION 6
ADDITIONAL PAYMENT OBLIGATIONS

14. **TAX GROSS-UP AND INDEMNITIES**

14.1 **Definitions**

In this Agreement:

“**Qualifying Lender**” means:

- (a) any *institución de banca múltiple* established under the laws of Mexico and authorised to engage in the business of banking in Mexico by any of the Ministry of Finance and Public Credit (*Secretaría de Hacienda y Crédito Público*) or the National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*); or
- (b) a Treaty Lender.

“**Treaty Lender**” means any person, of any nature, that:

- (a) qualifies as a resident, for tax purposes, of any jurisdiction with which Mexico has entered into a treaty for the avoidance of double taxation, which is in effect; and
- (b) has provided any information required by the Servicio de Administración Tributaria of Mexico (either directly or through the Borrower) pursuant to the terms of the general rules issued by the Ministry of Finance and Public Credit (*Secretaría de Hacienda y Crédito Público*) from time to time.

“**Tax Credit**” means a credit against, relief or remission for, or repayment of, any Tax.

“**Tax Deduction**” means a deduction or withholding for or on account of Tax from a payment under a Finance Document, other than a FATCA Deduction.

“**Tax Payment**” means either the increase in a payment made by an Obligor to a Finance Party under Clause 14.2 (*Tax gross-up*) or a payment, arising from such increase, under Clause 14.3 (*Tax indemnity*).

Unless a contrary indication appears, in this Clause 14 a reference to “**determines**” or “**determined**” means a determination made in the absolute discretion of the person making the determination.

14.2 **Tax gross-up**

- (a) Each Obligor shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.
- (b) The Borrower shall promptly upon becoming aware that an Obligor must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction, if a Tax Deduction was applicable on the date of this

Agreement or would have been notified to the Agent following the date of this Agreement as contemplated by this Clause 14.2) under the Finance Documents notify the Agent accordingly. Similarly, a Finance Party or a New Lender shall notify the Agent on becoming so aware in respect of a Tax Deduction being applicable, other than Tax Deductions being applicable on the date of this Agreement or on the date of an assignment to a New Lender in accordance with this Agreement. If the Agent receives such notification from a Finance Party it shall notify the Borrower and that Obligor.

- (c) Subject to paragraph (d), if a Tax Deduction is required by law to be made by an Obligor under the Finance Documents, the amount of the payment due from that Obligor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required and will provide to the Agent, upon request, evidence of the payment of the applicable Taxes.
- (d) A payment shall not be increased under paragraph (c) above by reason of a Tax Deduction on account of Tax imposed by Mexico if, on the date on which the payment falls due, the payment could have been made to the relevant Finance Party without a Tax Deduction, or subject to a Tax Deduction at a reduced rate, if the Finance Party had been a Qualifying Lender or a Treaty Lender, but on that date that Finance Party is not or has ceased to be a Qualifying Lender or a Treaty Lender, other than as a result of any change after the date it became a Finance Party under this Agreement in (or in the interpretation, administration, or application of) any law, regulation or treaty, or any published practice of any relevant taxing authority or for any other reason not attributable to the applicable Lender **provided that:**
 - (i) in respect of a Lender which is an assignee or transferee of an Original Lender, payments under paragraph (c) above shall not exceed the amounts payable under such paragraph (c) to that Original Lender; and
 - (ii) in respect of a Lender that satisfies the definition of Treaty Lender, the maximum percentage in respect of which amounts under paragraph (c) shall be paid is 4.9 per cent. (or any other substitute percentage specified as a result of a change in applicable law) (as may be increased to permit payment in full after paragraph (c) has been applied).
- (e) If an Obligor is required to make a Tax Deduction, that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.
- (f) Within 30 days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor making that Tax Deduction shall deliver to the Agent for the Finance Party entitled to the payment an original receipt (or certified copy thereof) or if unavailable such other evidence as is reasonably satisfactory to that Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

14.3 Tax indemnity

- (a) The Borrower shall (within three Business Days of demand by the Agent) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Protected Party in respect of a Finance Document.
- (b) Paragraph (a) above shall not apply:
 - (i) with respect to any Tax assessed on a Finance Party:
 - (A) under the law of the jurisdiction in which that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes; or
 - (B) under the law of the jurisdiction in which that Finance Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction,

if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that Finance Party; or
 - (ii) to the extent a loss, liability or cost:
 - (A) is compensated for by an increased payment under Clause 14.2 (*Tax gross-up*);
 - (B) would have been compensated for by an increased payment under Clause 14.2 (*Tax gross-up*) but was not so compensated solely because the exclusion in paragraph (d) of Clause 14.2 (*Tax gross-up*) applied; or
 - (C) relates to a FATCA Deduction required to be made by a Party.
- (c) A Protected Party making, or intending to make, a claim under paragraph (a) above shall promptly notify the Agent of the event which will give, or has given, rise to the claim, following which the Agent shall notify the Borrower.
- (d) A Protected Party shall, on receiving a payment from an Obligor under this Clause 14.3, notify the Agent.

14.4 Tax Credit

If an Obligor makes a Tax Payment and the relevant Finance Party determines that:

- (a) a Tax Credit is attributable either to an increased payment of which that Tax Payment forms part or to that Tax Payment; and
- (b) that Finance Party has obtained, utilised and retained that Tax Credit,

the Finance Party shall pay an amount to the Obligor which that Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Obligor.

14.5 Lender Status Confirmation

- (a) Each Original Lender confirms that it is a Qualifying Lender.
- (b) Each Lender which becomes a Party to this Agreement after the date of this Agreement shall indicate, in the Transfer Certificate, Assignment Agreement or Accordion Confirmation which it executes on becoming a Party, and for the benefit of the Agent and without liability to any Obligor, which of the following categories it falls in:
 - (i) a Qualifying Lender (other than a Treaty Lender);
 - (ii) a Treaty Lender; or
 - (iii) not a Qualifying Lender.
- (c) If a New Lender fails to indicate its status in accordance with this Clause 14.5 then such New Lender shall be treated for the purposes of this Agreement (including by each Obligor) as if it is not a Qualifying Lender until such time as it notifies the Agent which category applies (and the Agent, upon receipt of such notification, shall inform the Borrower). For the avoidance of doubt, a Transfer Certificate, Assignment Agreement or Accordion Confirmation shall not be invalidated by any failure of a Finance Party to comply with this Clause 14.5.

14.6 FATCA Deduction

- (a) Each Party may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.
- (b) Each Party shall promptly, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction), notify the Party to whom it is making the payment and, in addition, shall notify the Borrower and the Agent and the Agent shall notify the other Finance Parties.

14.7 Stamp taxes

The Borrower shall pay and, within five Business Days of demand, indemnify each Secured Party against any cost, loss or liability that Secured Party incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

14.8 **Value added tax**

- (a) All consideration expressed to be payable under a Finance Document by any Party to a Finance Party shall be deemed to be exclusive of any VAT. If VAT is chargeable on any supply made by any Finance Party to any party in connection with a Finance Document, that Party shall pay to the Finance Party (in addition to and at the same time as paying the consideration) an amount equal to the amount of the VAT and such Finance Party shall promptly provide an appropriate VAT invoice to such Party.
- (b) Where a Finance Document requires any Party to reimburse a Finance Party for any costs or expenses, that Party shall also at the same time pay and indemnify that Finance Party against all VAT incurred by the Finance Party in respect of the costs or expenses to the extent that the Finance party reasonably determines that it is not entitled to credit or repayment of the VAT.

14.9 **No double-recovery**

No Finance Party may recover more than once under the Finance Documents for any cost, loss or liability in respect of which it has a claim under this Clause 14, Clause 15 (*Increased Costs*) or Clause 16 (*Other Indemnities*).

14.10 **French Obligors**

All payments to be made under this Agreement by an Obligor resident or established in France shall be made to an account opened in a financial institution situated in a State or territory other than a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French tax code (*code général des impôts*).

15. **Increased Costs**

15.1 **Increased costs**

- (a) Subject to Clause 15.3 (*Exceptions*) the Borrower shall, within three Business Days of a demand by the Agent, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of:
 - (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation after the date of this Agreement; or
 - (ii) compliance with any law or regulation made after the date of this Agreement; or
 - (iii) the implementation or application of, or compliance with, (A) the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111-203 (signed into law July 21, 2010)) and all requests, rules, guidelines or directives thereunder or issued in connection therewith or (B) Basel III or CRD IV or any law or regulation that implements or applies Basel III or CRD IV.

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- (b) In this Agreement:
- (i) **“Increased Costs”** means:
 - (A) a reduction in the rate of return from a Facility or on a Finance Party’s (or its Affiliate’s) overall capital;
 - (B) an additional or increased cost; or
 - (C) a reduction of any amount due and payable under any Finance Document,which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to that Finance Party having entered into its Commitment or funding or performing its obligations under any Finance Document; and
 - (ii) **“Basel III”** means:
 - (A) the agreements on capital requirements, a leverage ratio and liquidity standards contained in “Basel III: A global regulatory framework for more resilient banks and banking systems”, “Basel III: International framework for liquidity risk measurement, standards and monitoring” and “Guidance for national authorities operating the countercyclical capital buffer” published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated; and
 - (B) any further guidance or standards published by the Basel Committee on Banking Supervision relating to “Basel III”.
 - (iii) **“CRD IV”** means:
 - (A) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms; and
 - (B) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

15.2 Increased cost claims

- (a) A Finance Party intending to make a claim pursuant to Clause 15.1 (*Increased costs*) shall notify the Agent of the event giving rise to the claim, following which the Agent shall promptly notify the Borrower.

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- (b) Each Finance Party shall, as soon as practicable after a demand by the Agent, provide a certificate confirming the amount of its Increased Costs and setting out the calculation of the amount in reasonable detail.

15.3 Exceptions

- (a) Clause 15.1 (*Increased costs*) does not apply to the extent any Increased Cost is:
- (i) attributable to a Tax Deduction required by law to be made by an Obligor;
 - (ii) attributable to a FATCA Deduction required to be made by a Party;
 - (iii) compensated for by Clause 14.3 (*Tax indemnity*) (or would have been compensated for under Clause 14.3 (*Tax indemnity*) but was not so compensated solely because the exclusion in paragraph (b) of Clause 14.3 (*Tax indemnity*) applied);
 - (iv) attributable to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation; or
 - (v) attributable to the implementation of or compliance with the “International Convergence of Capital Measurements and Capital Standards—a Revised Framework” published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of this Agreement (“**Basel II**”) or any other law or regulation that implements Basel II (whether such implementation or compliance is by a government, governmental regulator, Finance Party or an Affiliate thereof) but, for the avoidance of doubt and without prejudice to Clause 15.1 (*Increased costs*), so that this exception does not apply to costs attributable to the implementation or application or compliance with Basel III or CRD IV or any law or regulation that implements or applies Basel III (including CRD IV) **provided that** the relevant Finance Party claiming for any Increased Cost relating to the implementation or application of or compliance with (i) Basel III (each, a “**Basel III Cost**”) and (ii) CRD IV (each a “**CRD IV Cost**”) and the Borrower shall negotiate in good faith for a period not exceeding 30 days following receipt by the Borrower of notice from the Agent of a claim from such Finance Party to pay such Basel III Cost and CRD IV Cost (the “**Negotiation Period**”), with a view to identifying and agreeing the amount of such Basel III Cost and CRD IV Cost to be paid by the Borrower. If such mutually satisfactory arrangements are agreed within such Negotiation Period, these arrangements will be binding on the Borrower and the relevant Finance Party. If no such mutually satisfactory arrangements are agreed by the expiry of the Negotiation Period, then the Borrower shall within 15 days from the expiry of the Negotiation Period, pay the amount of such Basel III Costs and CRD IV Costs (whether or not such amount has been agreed), it being acknowledged that such payment obligation is without prejudice to the Borrower’s right to replace or repay and cancel

that Finance Party's participation in the Utilisations in accordance with Clause 7.4 (*Right of replacement or cancellation and repayment in relation to a single Lender*).

(b) In this Clause 15.3 reference to a "**Tax Deduction**" has the same meaning given to the term in Clause 14.1 (*Definitions*).

16. OTHER INDEMNITIES

16.1 Currency indemnity

(a) If any sum due from an Obligor under the Finance Documents (a "**Sum**"), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the "**First Currency**") in which that Sum is payable into another currency (the "**Second Currency**") for the purpose of:

- (i) making or filing a claim or proof against that Obligor; or
- (ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

that Obligor shall as an independent obligation, within three Business Days of demand, indemnify each Secured Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

(b) Each Obligor waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

16.2 Other indemnities

(a) The Borrower shall (or shall procure that an Obligor will), within three Business Days of demand, indemnify each Secured Party against any cost, loss or liability incurred by it as a result of:

- (i) the occurrence of any Event of Default;
- (ii) a failure by an Obligor to pay any amount due under a Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of Clause 32 (*Sharing among the Finance Parties*);
- (iii) funding, or making arrangements to fund, its participation in a Utilisation but not made by reason of the operation of any one or more of the provisions of the Finance Documents (other than by reason of default or negligence by that Finance Party alone); or
- (iv) a Utilisation (or part thereof) not being prepaid in accordance with a notice of prepayment given by the Borrower.

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- (b) The Borrower will indemnify and hold harmless each Finance Party and its Affiliates and each of their and their Affiliates' respective directors, officers, employees, agents, advisers and representatives (each being an "**Indemnified Person**") from and against any and all claims, damages, losses, liabilities, costs, legal expenses and other expenses (all together "**Losses**") which have been incurred by or awarded against any Indemnified Person, in each case arising out of or in connection with any claim, investigation, litigation or proceeding (or the preparation of any defence with respect thereto) commenced or threatened by any person other than itself, its respective directors, officers, employees, agents, advisers or representatives in relation to any of the Finance Documents (or in connection with the execution and/or notarisation of any Finance Document) except to the extent such Losses or claims result from such Indemnified Person's negligence or misconduct or a breach of any term of any Finance Document by that Indemnified Person. Any third party referred to in this paragraph (b) may rely on this Clause 16.2.

16.3 Indemnity to the Agent

The Borrower shall promptly indemnify the Agent against any cost, loss or liability incurred by the Agent (acting reasonably) as a result of:

- (a) investigating any event which it reasonably believes is a Default; or
- (b) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised.

17. MITIGATION BY THE FINANCE PARTIES

17.1 Mitigation

- (a) Each Finance Party shall, in consultation with the Borrower, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of Clause 7.1 (*Illegality*), Clause 14 (*Tax Gross-Up and Indemnities*), Clause 15 (*Increased Costs*) or Clause 16 (*Other Indemnities*) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.
- (b) Paragraph (a) above does not in any way limit the obligations of any Obligor under the Finance Documents.

17.2 Limitation of liability

- (a) The Borrower shall promptly indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under Clause 17.1 (*Mitigation*) after consultation with the Borrower.
- (b) A Finance Party is not obliged to take any steps under Clause 17.1 (*Mitigation*) if, in the opinion of that Finance Party (acting reasonably), to do so might be prejudicial to it.

18. COSTS AND EXPENSES

18.1 Transaction expenses

The Borrower shall promptly on demand pay (or procure to be paid) to the Agent and the Security Agent the amount of all costs and expenses (including legal fees) reasonably incurred by any of them (and, in the case of the Security Agent, by any Receiver or Delegate) in connection with the negotiation, preparation, printing, execution and perfection of:

- (a) this Agreement and any other documents referred to in this Agreement and the Transaction Security; and
- (b) any other Finance Documents executed after the date of this Agreement.

18.2 Amendment costs

If an Obligor requests an amendment, waiver or consent, the Borrower shall, within three Business Days of demand, reimburse (or procure to be reimbursed) each of the Agent and the Security Agent for the amount of all costs and expenses (including legal fees) reasonably incurred by the Agent and the Security Agent (and, in the case of the Security Agent, by any Receiver or Delegate) in responding to, evaluating, negotiating or complying with that request or requirement.

18.3 Security Agent's ongoing costs

- (a) In the event of (i) a Default or (ii) the Security Agent considering it necessary or expedient or (iii) the Security Agent being requested by an Obligor or the Majority Lenders to undertake duties which the Security Agent and the Borrower agree to be of an exceptional nature and/or outside the scope of the normal duties of the Security Agent under the Finance Documents, the Borrower shall pay to the Security Agent any additional remuneration that may be agreed between them.
- (b) If the Security Agent and the Borrower fail to agree upon the nature of the duties or upon any additional remuneration, that dispute shall be determined by an investment bank (acting as an expert and not as an arbitrator) selected by the Security Agent and approved by the Borrower or, failing approval, nominated (on the application of the Security Agent) by the President for the time being of the Law Society of England and Wales (the costs of the nomination and of the investment bank being payable by the Borrower) and the determination of any investment bank shall be final and binding upon the parties to this Agreement.

18.4 Enforcement and preservation costs

The Borrower shall, within three Business Days of demand, pay (or procure to be paid) to each Secured Party the amount of all costs and expenses (including legal fees) incurred by it in connection with the enforcement of or the preservation of any rights under any Finance Document and the Transaction Security and any proceedings instituted by or against the Security Agent as a consequence of taking or holding the Transaction Security or enforcing these rights.

18.5 Custodian

The Borrower shall promptly on demand pay (or procure to be paid) to the Agent and the Custodian the amount of all costs and expenses (including legal fees) reasonably incurred by any of them in connection with the appointment of the Custodian or the performance by it of its duties in relation to this Agreement. The Custodian may rely on this Clause 18.5 subject to Clause 1.4 (*Third party rights*) and the provisions of the Third Parties Act.

**SECTION 7
GUARANTEE**

19. GUARANTEE AND INDEMNITY

19.1 Guarantee and indemnity

Each Guarantor irrevocably and unconditionally jointly and severally:

- (a) guarantees to each Finance Party punctual performance by each other Obligor of that Obligor's obligations under the Finance Documents;
- (b) undertakes with each Finance Party that whenever an Obligor does not pay any amount when due under or in connection with any Finance Document, it shall immediately on demand pay that amount as if it were the principal obligor; and
- (c) agrees with each Finance Party that if any obligation guaranteed by it pursuant to this Clause 19.1 is or becomes unenforceable, invalid or illegal or is otherwise discharged by the operation of clause 8.2 (*Distressed Disposals*) of the Intercreditor Agreement, it will, as an independent and primary obligation, indemnify that Finance Party immediately on demand against any cost, loss or liability it incurs as a result of an Obligor not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Finance Document on the date when it would have been due. The amount payable by a Guarantor under this indemnity will not exceed the amount it would have had to pay under this Clause 19 if the amount claimed had been recoverable on the basis of a guarantee.

19.2 Continuing Guarantee

Each guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by each Obligor under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

19.3 Reinstatement

If any discharge, release or arrangement (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is made by a Finance Party in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation, administration, Irish law examinership or otherwise, then the liability of each Guarantor under this Clause 19 will continue or be reinstated as if the discharge, release or arrangement had not occurred.

19.4 Waiver of defences

- (a) The obligations of each Guarantor under this Clause 19 will not be affected by an act, omission, matter or thing which, but for this Clause 19, would reduce, release or prejudice any of its obligations under this Clause 19 (without limitation and whether or not known to it or any Finance Party) including:
- (i) any time, waiver or consent granted to, or composition with, any other Obligor or other person;
 - (ii) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;
 - (iii) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any other Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
 - (iv) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of any other Obligor or any other person;
 - (v) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of a Finance Document or any other document or security including, without limitation, any change in the purpose of, any extension of or increase in any facility or the addition of any new facility under any Finance Document or other document or security;
 - (vi) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security;
 - (vii) any insolvency, *concurso mercantil*, *quiebra* or similar proceedings;
 - (viii) the existence of any claim, set-off or other right which any of the Guarantors may have at any time against any Obligor, the Agent, any Lender or any other person, whether in connection with this transaction or with any unrelated transaction;
 - (ix) any provision of applicable law or regulation purporting to prohibit the payment by any Obligor of any amount payable by any Obligor under any Finance Document or the payment, observance, fulfilment or performance of any other obligations to the Lenders or the Agent now or in future existing under or in connection with the Finance Documents, whether direct or indirect, absolute or contingent, due or to become due;

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- (x) any change in the name, purposes, business, capital stock (including the ownership thereof) or constitution of any Obligor; or
 - (xi) any other act or omission to act or delay of any kind by any Obligor, the Agent, the Lenders or any other person or any other circumstance whatsoever which might otherwise constitute a legal or equitable discharge of or defense to any Guarantor's obligations hereunder.
- (b) To the extent permitted by applicable law and notwithstanding any contrary principles under the laws of any other jurisdiction, each of the Guarantors hereby waives any and all defences to which it may be entitled, whether at common law, in equity or by statute which limits the liability of, or exonerates, guarantors or which may conflict with the terms of this Clause 19 including failure of consideration, breach of warranty, statute of frauds, merger or consolidation of any Obligor, statute of limitations, accord and satisfaction and usury. Without limiting the generality of the foregoing, each of the Guarantors consents that, without notice to such Guarantor and without the necessity for additional endorsement or consent by such Guarantor, and without impairing or affecting in any way the liability of such Guarantor hereunder, the Agent and the Lenders may at any time and from time to time, upon or without any terms or conditions and in whole or in part:
- (i) change the manner, place or terms of payment of, and/or change or extend the time or payment of, renew or alter, any of the Guarantors' obligations under the Finance Documents, any security therefor, or any liability incurred directly or indirectly in respect thereof, and this Clause 19 shall apply to such obligations as so changed, extended, renewed or altered;
 - (ii) exercise or refrain from exercising any rights against any Obligor or others (including the Guarantors) or otherwise act or refrain from acting;
 - (iii) settle or compromise any such obligations, any security therefor or any liability (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and may subordinate the payment of all or any part thereof to the payment of any such liability (whether due or not) of any Obligor to creditors of any Obligor other than the Agent and the Lenders and Guarantors;
 - (iv) apply any sums by whomsoever paid or howsoever realised, other than payments of the Guarantors of such obligations, to any liability or liabilities of any Obligor under the Finance Documents or any instruments or agreements referred to herein or therein, to the Agent and the Lenders regardless of which of such liability or liabilities of any Obligor under the Finance Documents or any instruments or agreements referred to herein or therein remain unpaid;
 - (v) consent to or waive any breach of, or any act, omission or default under such obligations or any of the instruments or agreements referred to in this Agreement and the other Finance Documents, or otherwise amend, modify or supplement such obligations or any of such instruments or agreements, including the Finance Documents; and/or

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- (vi) request or accept other support of such obligations or take and hold any security for the payment of such obligations, or allow the release, impairment, surrender, exchange, substitution, compromise, settlement, rescission or subordination thereof.
 - (c) Each Guarantor incorporated in Mexico expressly waives, irrevocably and unconditionally:
 - (i) any right to require that any Finance Party first proceed against, initiate any actions before a court or any other judge or authority, or enforce any other rights or security or claim payment from any Obligor or any other person, before claiming any amounts due from such Guarantor incorporated in Mexico hereunder;
 - (ii) any right to which it may be entitled to have the assets of the Borrower, any other Obligor or any other person first be used, applied or depleted as payment of the Obligor's obligations hereunder, prior to any amount being claimed from or paid by any Guarantor incorporated in Mexico hereunder;
 - (iii) any right to which it may be entitled to have claims against it, or assets to be used or applied as payment, divided among different Guarantors; and
 - (iv) 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, 2829, 2837, 2840, 2845, 2846, 2847 and any other related or applicable Articles that are not explicitly set forth herein because of the 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.

19.5 Immediate recourse

- (a) Each Guarantor waives any right it may have of first requiring any Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from a Guarantor under this Clause 19. This waiver applies irrespective of any law or regulation or any provision of a Finance Document to the contrary.
- (b) Each Guarantor also waives any right to be sued jointly with other Guarantors and to share liability resulting from any claim against it.

19.6 Appropriations

Until all amounts which may be or become payable by any Obligor under or in connection with the Finance Documents have been irrevocably paid in full, each Finance Party (or any trustee or agent on its behalf) may:

- (a) refrain from applying or enforcing any other monies, security or rights held or received by that Finance Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Guarantor shall be entitled to the benefit of the same; and
- (b) hold in an interest-bearing suspense account any monies received from a Guarantor or on account of such Guarantor's liability under this Clause 19,

provided that the operation of this Clause 19.6 shall not be deemed to create any Security.

19.7 Deferral of Guarantors' rights

Until all amounts which may be or become payable by any Obligor under or in connection with the Finance Documents have been irrevocably paid in full and unless the Agent otherwise directs, no Guarantor will exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents or by reason of any amount being payable, or liability arising, under this Clause 19:

- (a) to be indemnified by any other Obligor;
- (b) to claim any contribution from any other guarantor of any other Obligor's obligations under the Finance Documents;
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Finance Party;
- (d) to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which any Guarantor has given a guarantee, undertaking or indemnity under, as the case may be, Clause 19.1 (*Guarantee and indemnity*);
- (e) to exercise any right of set-off against any Obligor; and/or
- (f) to claim or provide as a creditor of any Obligor in competition with any Finance Party.

19.8 Additional security

Each guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by any Finance Party.

19.9 **General limitation on guaranty**

In any action or proceeding involving any applicable corporate law, or any applicable bankruptcy, insolvency, reorganisation, *concurso mercantil*, *quiebra* or other law affecting the rights of creditors generally, if the obligations of any Guarantor under this Clause 19 would otherwise be held or determined to be void, invalid or unenforceable, or subordinated to the claims of any other creditors, on account of the amount of its liability under this Clause 19, then, notwithstanding any other provision hereof to the contrary, the amount of such liability shall, without any further action by such Guarantor, any Lender, the Agent or any other person to the greatest extent permitted under applicable law, be automatically limited and reduced to the highest amount that is valid and enforceable and not subordinated to the claims of other creditors as determined in such action or proceeding.

19.10 **Bankruptcy and related matters**

- (a) So long as any of the obligations under the Finance Documents are outstanding, each of the Guarantors shall not (unless required to do so by law or regulation), without the prior written consent of the Majority Lenders, commence or join with any other person in commencing any bankruptcy, liquidation, reorganisation, *concurso mercantil*, *quiebra* or insolvency proceedings of, or against, any Obligor.
- (b) If acceleration of the time for payment of any amount payable by Borrower under the Finance Documents is stayed upon the insolvency, bankruptcy, reorganisation, *concurso mercantil*, *quiebra* or any similar event of any Obligor or otherwise, all such amounts otherwise subject to acceleration under the terms of this Agreement shall nonetheless be payable by the Guarantors hereunder forthwith on demand by the Agent made at the request of the Lenders.
- (c) The obligations of each of the Guarantors under this Clause 19 shall not be reduced, limited, impaired, discharged, deferred suspended or terminated by any proceeding or action, voluntary or involuntary, involving the bankruptcy, insolvency, *concurso mercantil*, *quiebra*, receivership, reorganisation, marshalling of assets, assignment for the benefit of creditors, readjustment, liquidation or arrangement of any Obligor or similar proceedings or actions or by any defense which any Obligor may have by reason of the order, decree or decision of any court or administrative body resulting from any such proceeding or action. Without limiting the generality of the foregoing, the Guarantors' liability shall extend to all amounts and obligations under the Finance Documents and would be owed by any Obligor but for the fact that they are unenforceable or not allowable due to the existence of any such proceeding or action.
- (d) Each of the Guarantors acknowledges and agrees that any interest on any portion of the obligations under the Finance Documents which accrues after the commencement of any proceeding or action referred to above in paragraph (c) of this Clause 19.10 (or, if interest on any portion of such obligations ceases to accrue by operation of law by reason of the commencement of said proceeding or action, such interest as would have accrued on such portion of

such obligations if said proceedings or actions had not been commenced) shall be included in such obligations, it being the intention of the Guarantors, the Agent, and the Lenders that such obligations which are to be guaranteed by the Guarantors pursuant to this Clause 19 shall be determined without regard to any rule of law or order which may relieve any Obligor of any portion of such obligations. The Guarantors will take no action to prevent any trustee in bankruptcy, receiver, debtor in possession, assignee for the benefit of creditors or similar person from paying the Agent, or allowing the claim of the Agent, for the benefit of the Agent, and the Lenders, in respect of any such interest accruing after the date of which such proceeding is commenced, except to the extent any such interest shall already have been paid by the Guarantors.

- (e) Notwithstanding anything to the contrary contained herein, if all or any portion of the obligations under the Finance Documents are paid by or on behalf of any Obligor, the obligations of the Guarantors hereunder shall continue and remain in full force and effect or be reinstated, as the case may be, in the event that all or any part of such payment(s) are rescinded or recovered, directly or indirectly, from the Agent and/or the Lenders as a preference, preferential transfer, fraudulent transfer or otherwise, and any such payments which are so rescinded or recovered shall constitute obligations under the Finance Documents for all purposes under this Clause 19, to the extent permitted by applicable law.

19.11 Dutch guarantee limitation

Notwithstanding any other provision of this Clause 19 (*Guarantee and Indemnity*) the guarantees, indemnities and other obligations of any Dutch Obligor expressed to be assumed in this Clause 19 (*Guarantee and Indemnity*) shall be deemed not to be assumed by such Dutch Obligor to the extent that the same would constitute unlawful financial assistance within the meaning of Article 2:98c of the Dutch Civil Code (where applicable) or any other applicable financial assistance rules under any rules under any relevant jurisdiction (the “**Prohibition**”) and the provisions of this Agreement and the other Finance Documents shall be construed accordingly. For the avoidance of doubt, it is expressly acknowledged that the relevant Dutch Obligors will continue to guarantee all such obligations which, if included, do not constitute a violation of the Prohibition.

19.12 Spanish guarantee limitation

Notwithstanding any other provision of this Clause 19 (*Guarantee and Indemnity*) the guarantees, indemnities and other obligations of any Obligor incorporated in Spain expressed to be assumed in this Clause 19 (*Guarantee and Indemnity*) shall be deemed not to be assumed by such Obligor incorporated in Spain to the extent that the same would constitute the provision of financial assistance within the meaning of either Article 150.1 of the 2010 Spanish Corporations Act (*Ley de Sociedades de Capital*) (in the case of a Spanish Obligor which is a *sociedad anónima*), or Article 143.2 of the 2010 Spanish Corporations Act (*Ley de Sociedades de Capital*) (in the case of a Spanish Obligor which is a *sociedad limitada*).

19.13 Swiss guarantee limitation

- (a) The obligations and liabilities of an Obligor incorporated in Switzerland (the “**Swiss Obligor**”) under this Agreement or any other Finance Document in relation to the obligations, undertakings, indemnities or liabilities of an Obligor other than that Swiss Obligor or any of its fully owned and controlled subsidiaries (the “**Restricted Obligations**”) shall be limited to the amount of that Swiss Obligor’s Free Reserves Available for Distribution at the time payment is requested, **provided that** such limitation is a requirement under applicable law (including any case law) at that point in time and that such limitation shall not free the Swiss Obligor from its obligations in excess thereof, but merely postpone the performance date until such time as performance is permitted notwithstanding such limitation.
- (b) For the purpose of this Clause 19.13, “**Free Reserves Available for Distribution**” means an amount equal to the maximal amount in which the relevant Swiss Obligor can make a dividend payment to its shareholder(s) (being the balance sheet profit and any freely disposable reserves available for this purpose, in each case in accordance with applicable Swiss law).
- (c) As soon as possible after having been requested to discharge a Restricted Obligation, the Swiss Obligor shall, if it cannot discharge the full amount of the Restricted Obligations, provide the Security Agent with an interim statutory balance sheet audited by the statutory auditors of the Swiss Obligor setting out the Free Reserves Available for Distribution and, immediately thereafter, pay the amount corresponding to the Free Reserves Available for Distribution to the Security Agent (save to the extent provided below).
- (d) In respect of the Restricted Obligations, the Swiss Obligor shall:
 - (i) if and to the extent required by applicable law in force at the relevant time:
 - (A) subject to any applicable double taxation treaties, deduct Swiss withholding tax at the rate of 35 per cent. (or such other rate as is in force at that time) from any payment made by it;
 - (B) pay any such deduction to the Swiss Federal Tax Administration; and
 - (C) notify and provide evidence to the Security Agent that the Swiss withholding tax has been paid to the Swiss Federal Tax Administration; and
 - (ii) to the extent such deduction is made, not be required to make a gross-up, indemnify or otherwise hold harmless the Finance Parties for the deduction of the Swiss withholding tax notwithstanding anything to the contrary contained in the Finance Documents, unless grossing up is permitted under the laws of Switzerland then in force and **provided that** this should not in any way limit any obligations of any non-Swiss Obligors under the Finance Documents to

indemnify the Finance Parties in respect of the deduction of the Swiss withholding tax, including, without limitation, in accordance with Clause 14 (*Tax Gross-Up and Indemnities*). The Swiss Obligor shall use all reasonable efforts to procure that any person which is entitled to a full or partial refund of any Swiss withholding tax paid pursuant to paragraph (a) above will, as soon as possible after the deduction of the Swiss withholding tax: (y) request a refund of the Swiss withholding tax under any applicable law (including double taxation treaties) and (z) pay to the Security Agent upon receipt any amount so refunded.

- (e) The Swiss Obligor will take, and cause to be taken, all and any other action, including, without limitation, the passing of any shareholders' resolutions to approve any payment or other performance under the Finance Documents and the receipt of any confirmations from the Swiss Obligor's auditors, whether following a request to discharge a Restricted Obligation or which may be required as a matter of mandatory Swiss law in force at the time it is required to make a payment or perform other obligations under the Finance Documents in order to allow a prompt payment or performance of other obligations under the Finance Documents.
- (f) If the enforcement of the Restricted Obligations would be limited due to the effects referred to in this Clause 19 and if any asset of the Swiss Obligor has a book value that is less than its market value (an "**Undervalued Asset**"), the Swiss Obligor shall, to the extent permitted by applicable law and its Accounting Standards (i) write up the book value of such Undervalued Asset such that its balance sheet reflects a book value that is equal to the market value of such Undervalued Asset, and (ii) make reasonable efforts to realise the Undervalued Asset for a sum which is at least equal to the market value of such asset. Without prejudice to the rights of the Security Agent under the Finance Documents, the Swiss Obligor will only be required to realise an Undervalued Asset if such asset is not necessary for the Swiss Obligor's business (*nicht betriebsnotwendig*).

19.14 French guarantee limitation

- (a) The obligations and liabilities under the Finance Documents of any French Guarantor are subject to the limitations set out in this Clause 19.14.
- (b) The obligations and liabilities of any French Guarantor under the Finance Documents and in particular under this Clause 19 (*Guarantee and Indemnity*) shall not include any obligation or liability which, if incurred, would constitute the provisions of financial assistance within the meaning of article L.255-216 of the French Commercial Code and/or would constitute a misuse of corporate assets within the meaning of article L. 241-3, L. 242-6 or L. 244-1 of the French Commercial Code or any other law or regulation having the same effect, as interpreted by French courts and/or would infringe article L. 511-7 of the French Monetary and Financial Code.
- (c) The obligations and liabilities of any French Guarantor under this Clause 19 (*Guarantee and Indemnity*) for the obligations under the Finance Documents

of any other Obligor which is not a Subsidiary of such French Guarantor shall be limited, at any time, to an amount equal to the aggregate of all amounts directly or indirectly borrowed under this Agreement by such other Obligor to the extent directly or indirectly on-lent to such French Guarantor under intercompany loan agreements (excluding, for the avoidance of doubt, any cash-pooling arrangements or other cash management agreements, **provided that** no Facility made available under this Agreement shall finance, directly or indirectly, such cash pooling arrangements or other cash management agreements) and outstanding at the date a payment is to be made by such French Guarantor under this Clause 19 (*Guarantee and Indemnity*), it being specified that any payment made by a French Guarantor under this Clause 19 (*Guarantee and Indemnity*) in respect of the obligations of such Obligor shall reduce *pro tanto* the outstanding amount of the intercompany loans due by such French Guarantor under the intercompany loan agreements referred to above and that any repayment of the intercompany loans by the French Guarantor shall reduce *pro tanto* the amount payable by it under this Clause 19 (*Guarantee and Indemnity*).

- (d) The obligations and liabilities of any French Guarantor under this Clause 19 (*Guarantee and Indemnity*) for the obligations under the Finance Documents of any other Obligor which is its Subsidiary shall not be limited and shall therefore cover all amounts due by such Obligor under this Agreement. However, where such Subsidiary is itself a Guarantor which guarantees the obligations of a member of the Group which is not a Subsidiary of the relevant French Guarantor, the amounts payable by such French Guarantor under this paragraph (d) in respect of the obligations of this Subsidiary as Guarantor, shall be limited as set out in paragraph (c) above.
- (e) It is acknowledged that no French Guarantor is acting jointly and severally with the other Guarantors and no French Guarantor shall therefore be considered as “co-débiteur solidaire” as to its obligations pursuant to the guarantee given pursuant to this Clause 19 (*Guarantee and Indemnity*).
- (f) In the event that there is any inconsistency between the provisions of this Clause 19.14 and any other provision in this Agreement or any other Finance Documents (each of which shall be expressly subject thereto), the provisions of this Clause 19.14 shall prevail.
- (g) For the purpose of paragraphs (b), (c) and (d) above, “Subsidiary” means, in relation to any company, another company which is controlled by it within the meaning of article L. 233-3 of the French Commercial Code.

SECTION 8
REPRESENTATIONS, UNDERTAKINGS AND EVENTS OF DEFAULT

20. REPRESENTATIONS

Each Obligor makes the representations and warranties set out in this Clause 20 to each Finance Party except that no representation or warranty is made by a Security Provider that is not also the Borrower or a Guarantor in respect of the representations and warranties set out in Clauses 20.9 (*No default*) to 20.11 (*Financial statements*), 20.13 (*No proceedings pending or threatened*) to 20.17 (*Environmental Claims*), 20.22 (*Accuracy of Existing Financial Indebtedness*), 20.23 (*Group Structure Chart*) and 20.26 (*Governmental Regulations*) to 20.29 (*Pension, Welfare and other Similar Plans*).

20.1 Status

- (a) It is a corporation or limited liability company, duly organised and validly existing under the laws and regulations of its jurisdiction of incorporation or formation other than in the case of CEMEX UK, which is a private company duly incorporated with unlimited liability under the laws and regulations of England and Wales.
- (b) It has the power to own its assets and carry on its business as it is being conducted.

20.2 Binding obligations

Subject to the Legal Reservations:

- (a) the obligations expressed to be assumed by it in each Finance Document are legal, valid, binding and enforceable obligations; and
- (b) (without limiting the generality of paragraph (a) above) each Transaction Security Document to which it is a party creates the Security which that Transaction Security Document purports to create and that Security is valid and effective.

20.3 Non-conflict with other obligations

The entry into and performance by it (or, in the case of paragraph (c) below, any Obligor) of, and the transactions contemplated by, the Finance Documents and the granting of the Transaction Security do not and will not conflict with:

- (a) any law or regulation applicable to it or any judgment or other administrative or judicial order affecting it or binding upon it or any of its assets (including in respect of CEMEX International Finance Company Limited, section 82 of the Irish Companies Act 2014);
- (b) its constitutional documents;
- (c) the Finance Documents or any documentation relating to any publicly-issued securities binding upon it; or

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- (d) any agreement or instrument binding upon it or any of its assets, in a manner or to an extent which would have or would be reasonably likely to have a Material Adverse Effect.

20.4 Power and authority

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Finance Documents to which it is a party and the transactions contemplated by those Finance Documents.

20.5 Validity and admissibility in evidence

All Authorisations required or desirable:

- (a) to enable it lawfully to enter into, exercise its rights and comply with its obligations under the Finance Documents to which it is a party; and
 - (b) to make the Finance Documents to which it is a party admissible in evidence in its jurisdiction of incorporation,
- have been obtained or effected and are in full force and effect.

20.6 Governing law, choice of forum and enforcement

Subject to the Legal Reservations:

- (a) the choice of governing law of each Finance Document to which it is a party in the jurisdiction of the governing law of that Finance Document, will be recognised and enforced in its jurisdiction of incorporation;
- (b) the choice of the English courts set forth in this Agreement is a valid and enforceable choice of forum under any other applicable law; and
- (c) any judgment obtained in relation to a Finance Document to which it is a party in the jurisdiction of the governing law of that Finance Document will be recognised and enforced in its jurisdiction of incorporation.

20.7 Tax

- (a) The Borrower is not required under the laws and regulations of its jurisdiction of incorporation to make any deduction for or on account of Tax from any payment it may make under any Finance Document to any Lender (other than as disclosed prior to the date of this Agreement).
- (b) In respect of the Dutch Obligors only, no notice under Article 36 Tax Collection Act (*Invorderingswet 1990*) has been given prior to the date of this Agreement.

20.8 No filing or stamp taxes

- (a) Subject to the Legal Reservations, no order, permission, consent, approval, license, authorisation, registration or validation of, or notice to, or filing with,

or exemption by, any Governmental Authority or third party is required to authorise, or is required in connection with, the execution, delivery and performance by each Obligor of the Finance Documents or the taking of any action contemplated thereby.

- (b) Under the laws and regulations of its jurisdiction of incorporation it is not necessary that any stamp, registration or similar tax be paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents except any tax or fee which is referred to in any Legal Opinion and which will be paid promptly after the date of the relevant Finance Document.
- (c) Each Finance Document is in proper legal form under the law of the jurisdiction of organisation of each Obligor for the enforcement thereof against each such Obligor under the law of its respective jurisdiction of organisation. To ensure the legality, validity, enforceability or admissibility in evidence of any Finance Document in such jurisdiction, it is not necessary that any Finance Document be filed or recorded with any Governmental Authority in such jurisdiction (other than (i) in the case of CEMEX International Finance Company Limited, where the Transaction Security created by it as referred to in paragraph 3 (*Transaction Security Documents*) of Part I of Schedule 2 (*Conditions Precedent*) was required to be (and was) registered at the Companies Registration Office in Ireland in accordance with the provisions of section 409 of the Irish Companies Act 2014 and (ii) the registration of the Transaction Security Document referred to in sub-paragraph (a)(iii) of paragraph 3 (*Transaction Security Documents*) of Part I of Schedule 2 (*Conditions Precedent*) with the *Registro Único de Garantías Mobiliarias* of Mexico) or that any stamp or similar tax be paid on or in respect of any Finance Document, unless such stamp or similar taxes have been paid by the Borrower, **provided that** in the event that any legal proceedings are brought to the courts of Mexico or Spain, a Spanish translation of the documents required in such proceedings prepared by a court-approved translator (or, in the case of the courts of Spain, an authorised sworn translator), would have to be approved by the court after the defendant had been given an opportunity to be heard with respect to the accuracy of the translation, and proceedings would thereafter be based upon the translated documents.
- (d) It is not necessary (i) in order for the Agent or any Lender to enforce any right or remedies under the Finance Documents, or (ii) solely by reason of the execution, delivery and performance of any Finance Document by the Agent or any Lender, that the Agent or such Lender be licensed or qualified with any Governmental Authority or be entitled to carry on business, in each case in the jurisdiction of organisation of the applicable Obligors.

20.9 No default

- (a) No Default or Event of Default is continuing or might reasonably be expected to result from the making of any Utilisation.
- (b) No other event or circumstance is outstanding which constitutes a default under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or its Subsidiaries') assets are subject which would have or would be reasonably likely to have a Material Adverse Effect.

20.10 No misleading information

All written information provided by or on behalf of any member of the Group to a Finance Party under or in connection with the transaction contemplated by the Finance Documents was true, complete and accurate in all material respects as at the date it was provided and was not misleading in any material respect as at such date.

20.11 Financial statements

- (a) Its Original Financial Statements were prepared in accordance with Applicable GAAP (save as disclosed therein) consistently applied and are complete and accurate in all material respects.
- (b) Its Original Financial Statements fairly represent its financial condition and operations during the relevant financial year unless expressly disclosed to the Agent in writing prior to the date of this Agreement.
- (c) For the purposes of any repetition of the representations contained in paragraphs (a) and (b) of this Clause 20.11 (pursuant to Clause 20.30 (*Times at which representations are made*)) the representations will be made in respect of the latest consolidated (or if, other than in the case of the Borrower or CEMEX España, consolidated financial statements are not available, unconsolidated) financial statements of the Borrower and each Guarantor instead of the Original Financial Statements.

20.12 Ranking

- (a) Its payment obligations under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law or regulation applying to companies generally.
- (b) The Transaction Security has or will have the ranking in priority which it is expressed to have in the Transaction Security Documents and it is not subject to any prior ranking or *pari passu* ranking Security.
- (c) Each Finance Document constitutes a direct, unconditional and unsubordinated obligation of each Obligor which is a party to such Finance Document.

20.13 No proceedings pending or threatened

Except as disclosed in Schedule 14 (*Proceedings Pending or Threatened*), no litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which:

- (a) are likely to be adversely determined and which, if so determined, would be reasonably likely to have a Material Adverse Effect; or

(b) purport to affect the legality, validity or enforceability of any of the obligations under the Finance Documents, have been started or threatened against it or, in the case of the Borrower, any Obligor or Material Subsidiary.

20.14 No winding-up

No legal proceedings or other procedures or steps have been taken or, to the Borrower's knowledge after reasonable enquiry, are being threatened, in relation to the winding-up, dissolution, administration, examinership or reorganisation of any Obligor or Material Subsidiary (other than a solvent liquidation or reorganisation of any Material Subsidiary which is not an Obligor).

20.15 Material Adverse Change

There has been no material adverse change in the Borrower's business, condition (financial or otherwise), operations, performance or assets taken as a whole (or the business, consolidated condition (financial or otherwise) operations, performance or the assets generally of the Group taken as a whole) since its Original Financial Statements save as disclosed by publicly available information filed with the SEC.

20.16 Environmental compliance

Each member of the Group has performed and observed in all material respects all Environmental Law, Environmental Permits and all other material covenants, conditions, restrictions or agreements directly or indirectly concerned with any contamination, pollution or waste or the release or discharge of any toxic or hazardous substance in connection with any real property which is or was at any time owned, leased or occupied by any member of the Group or on which any member of the Group has conducted any activity where failure to do so might reasonably be expected to have a Material Adverse Effect.

20.17 Environmental Claims

No Environmental Claim has been commenced or (to the best of its knowledge and belief) is threatened against any member of the Group where that claim would be reasonably likely, if determined against that member of the Group, to have a Material Adverse Effect.

20.18 Anti-corruption law

Each Obligor and their respective officers and directors has conducted its businesses in compliance with applicable anti-corruption, anti-bribery and anti-money laundering laws and regulations. The Borrower has instituted and maintained policies and procedures designed to promote and achieve compliance with applicable anti-corruption, anti-bribery and anti-money laundering laws and regulations laws.

20.19 Sanctions

Neither it nor any other Obligor, none of their respective officers or directors, and no other member of the Group, and, to its knowledge, no director or officer of a member

of the Group which is not an Obligor and no agent, employee or Affiliate of any member of the Group, is a person that is, or is controlled by a person that is, (a) currently a designated target of, or is otherwise a subject of, Sanctions, or (b) located, organised or resident in a Sanctioned Country.

20.20 No Immunity

In any proceedings taken in its jurisdiction of incorporation in relation to any Finance Document, it will not be entitled to claim for itself or any of its assets immunity from suit, execution, attachment (prior to judgment or in aid of execution) or other legal process.

20.21 Private and commercial acts

Its execution of the Finance Documents constitutes, and its exercise of its rights and performance of its obligations hereunder will constitute, private and commercial acts done and performed for private and commercial purposes.

20.22 Accuracy of Existing Financial Indebtedness

The list of Existing Financial Indebtedness contained in Schedule 10 (*Existing Financial Indebtedness*) is, in all material respects, a true, complete and accurate list of all the Group's existing Financial Indebtedness in respect of (a) the 2012 Facilities Agreement and the Bancomext Facility and (b) public debt instruments, in each case as at the date of this Agreement.

20.23 Group Structure Chart

The Group Structure Chart is true, complete and accurate in all material respects.

20.24 Legal and beneficial ownership

It and each of its Subsidiaries is the sole legal and beneficial owner of the respective assets over which it has granted Transaction Security.

20.25 Shares

- (a) The shares of any member of the Group which are subject to the Transaction Security are fully paid and not subject to any option to purchase or similar rights. The constitutional documents of companies whose shares are subject to the Transaction Security do not and could not restrict or inhibit any transfer of those shares on creation or enforcement of the Transaction Security. There are no agreements in force which provide for the issue or allotment of, or grant any person the right to call for the issue or allotment of, any share or loan capital of any Obligor or Material Subsidiary (including any option or right of pre-emption or conversion) other than:
 - (i) pre-emptive rights (A) arising under applicable law in favour of shareholders generally; and (B) arising under any obligation in respect of any Executive Compensation Plan; and

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- (ii) obligations to deliver shares to the holder(s) of convertible or exchangeable securities comprising Existing Financial Indebtedness pursuant to the terms and conditions of such convertible or exchangeable securities.
 - (b) Under the Transaction Security Documents, Transaction Security is granted over all the issued share capital in each member of the Group whose shares are subject to the Transaction Security except, at a maximum:
 - (i) in the case of CEMEX España:
 - (A) 0.2444% of the issued share capital, being shares owned by CEMEX España; and
 - (B) 0.1164% of the issued share capital, being shares owned by persons that are not members of the Group;
 - (ii) in the case of CEMEX TRADEMARKS HOLDING Ltd., 8,424,037 shares owned by CEMEX, Inc., representing 0.4326% of the issued share capital of CEMEX TRADEMARKS HOLDING Ltd.;
 - (iii) in the case of each Mexican company whose shares are the subject of Transaction Security (except in the case of CEMEX México), the single share held by a minority shareholder that is a member of the Group; and
 - (iv) in the case of CEMEX México, 0.1183% of the issued share capital, being shares owned by CEMEX, Inc.

20.26 Governmental Regulations

The Borrower is not controlled by an “investment company” within the meaning of the United States Investment Company Act of 1940, as amended.

20.27 Taxes

- (a) It has filed all material tax returns which are required to be filed by it and has paid all taxes due pursuant to such returns or pursuant to any material assessment received by it, except where the same may be contested in good faith by appropriate proceedings and as to which such Obligor maintains reserves to the extent it is required to do so by law or pursuant to Applicable GAAP. The charges, accruals and reserves on the books of each Obligor in respect of taxes or other governmental charges are, in the opinion of the Borrower, adequate.
- (b) Except for taxes imposed by way of withholding on interest, fees and commissions paid to non-residents of the jurisdiction of organisation of the Borrower, there is no tax (other than taxes on, or measured by, income or profits), levy, impost, deduction, charge or withholding imposed, levied, charged, assessed or made by the jurisdiction of organisation of the Borrower or any political subdivision or taxing authority thereof or therein either (i) on or by virtue of the execution of delivery of this Agreement or (ii) on any

payment to be made by the Borrower pursuant to this Agreement. It is permitted to pay any additional amounts payable pursuant to Clause 14 (*Tax Gross-Up and Indemnities*) or Clause 14.7 (*Stamp taxes*).

20.28 Treasury Transactions

The Borrower represents and warrants that, as of the date of this Agreement, neither it nor any member of the Group is party to any Treasury Transaction other than Permitted Treasury Transactions as defined in Schedule 16 (*Hedging Parameters*).

20.29 Pension, Welfare and other Similar Plans

Neither it nor, to its knowledge, any ERISA Affiliate has taken any steps to terminate any Pension Plan or any Multiemployer Plan or has failed to make any contribution with respect to any Pension Plan or any Multiemployer Plan sufficient to give rise to a Security under Section 303(k) of ERISA. No condition exists or event or transaction has occurred with respect to any Pension Plan, any Non-US Pension Plan or any Multiemployer Plan which has resulted in or which would reasonably be expected to result in the incurrence by the Obligor or any of its ERISA Affiliates of any liability, fine or penalty (other than liabilities incurred in the ordinary course of maintaining the applicable plan), which would have or be reasonably likely to have a Material Adverse Effect. Neither it nor any of its Subsidiaries has any contingent liability with respect to any post-retirement benefit under any employee welfare benefit plan (as defined in Section 3(1) of ERISA) which would reasonably be expected to have a Material Adverse Effect, other than liability for continuation coverage described in Part 6 of Title I of ERISA. Except as would not have or be reasonably likely to have a Material Adverse Effect, the Borrower is in compliance with and has duly and in a timely manner paid any amounts due to IMSS or INFONAVIT, pursuant to SAR laws, or as required under any mandatory retirement fund laws.

20.30 Times at which representations are made

- (a) All the representations and warranties in this Clause 20 are made to each Finance Party on the date of this Agreement.
- (b) The Repeating Representations are deemed to be made by each Obligor to each Finance Party (i) on the first day of each Interest Period and (ii) on the AB1/AB2 Commitments Effective Date (if it occurs).
- (c) The Repeating Representations are deemed to be made by each Additional Guarantor to each Finance Party on the day on which it becomes an Additional Guarantor.
- (d) Each representation or warranty deemed to be made after the date of this Agreement shall be made by reference to the facts and circumstances existing at the date the representation or warranty is made.

21. INFORMATION UNDERTAKINGS

The undertakings in this Clause 21 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

21.1 Financial statements

The Borrower shall supply to the Agent (for distribution to the Lenders):

- (a) as soon as the same become available, but in any event within 120 days after the end of each of the Borrower's Financial Years, a copy of the annual audit report for such Financial Year for the Borrower and its Subsidiaries containing consolidated and consolidating balance sheets of the Borrower and its Subsidiaries, as of the end of such Financial Year and consolidated statements of income and cash flows of the Borrower and its Subsidiaries, for such Financial Year, in each case accompanied by an opinion acceptable to the Majority Lenders (acting reasonably) by KPMG Cardenas Dosal, S.C. or other independent public accountants of recognised standing acceptable to the Majority Lenders, together with (i) a certificate of such accounting firm to the Lenders stating that in the course of the regular audit of the business of the Borrower and its Subsidiaries, which audit was conducted by such accounting firm in accordance with Applicable GAAP of the Borrower, such accounting firm has obtained no knowledge that a Default or Event of Default has occurred and is continuing, or if, in the opinion of such accounting firm a Default or Event of Default has occurred and is continuing, a statement as to the nature thereof; and (ii) a certificate of a Responsible Officer of the Borrower stating that no Default or Event of Default has occurred and is continuing or, if a Default or Event of Default has occurred and is continuing, a statement as to the nature thereof and the action that the Borrower has taken and proposes to take with respect thereto;
- (b) as soon as the same become available, but in any event within 120 days after the end of each of the Borrower's Financial Years, the Borrower's audited unconsolidated financial statements for that Financial Year;
- (c) as soon as the same become available, but in any event within 180 days after the end of each of CEMEX España's financial years, CEMEX España's audited consolidated and unconsolidated financial statements for that financial year;
- (d) as soon as the same become available, but in any event within 180 days after the end of each financial year of each Obligor (other than CEMEX España, the Borrower and each Security Provider), such Obligor's audited consolidated (to the extent available) and unconsolidated financial statements for that financial year;
- (e) as soon as the same become available, but in any event within 90 days after the end of the first half of each of CEMEX España's financial years, CEMEX España's consolidated financial statements for that period;
- (f) as soon as the same become available, but in any event within 60 days after the end of each of the first three Financial Quarters of each of the Borrower's Financial Years, consolidated balance sheets of the Borrower and its Subsidiaries, as of the end of such quarter and consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the period commencing at the end of the previous Financial Year and ending with the end

of such Financial Quarter, duly certified (subject to year-end audit adjustments) by a Responsible Officer of the Borrower as having been prepared in accordance with Applicable GAAP of the Borrower and together with a certificate of a Responsible Officer of the Borrower, as to compliance with the terms of this Agreement and stating that no Default or Event of Default has occurred and is continuing or, if a Default or Event of Default has occurred and is continuing, the nature thereof and the action that the Borrower has taken and proposes to take with respect thereto; and

- (g) as soon as the same become available, but in any event within 90 days after the end of each of the first three quarterly periods of each of the financial years of each Obligor (other than the Borrower, CEMEX España and each Security Provider), its unconsolidated financial statements for that period.

21.2 Compliance Certificate

- (a) The Borrower shall supply to the Agent (for distribution to the Lenders), with each set of consolidated financial statements delivered pursuant to paragraph (a) of Clause 21.1 (*Financial statements*) above and each set of consolidated financial statements delivered pursuant to paragraph (f) of Clause 21.1 (*Financial statements*) for a Financial Quarter, a single Compliance Certificate setting out (in reasonable detail) computations as to compliance with Clause 22 (*Financial Covenants*) as at the date at which those financial statements were drawn up.
- (b) Each Compliance Certificate shall be signed by two Responsible Officers of the Borrower and, if required to be delivered with the consolidated financial statements delivered pursuant to paragraph (a) of Clause 21.1 (*Financial statements*), the Borrower shall provide to the Agent (for distribution to the Lenders), by no later than 180 days after the end of the relevant Financial Year, a letter (in a form approved by the Agent) from the Borrower's auditors or any other internationally recognised accounting firm confirming that the numbers used in the Compliance Certificate calculations have been correctly extracted from the consolidated financial statements of the Borrower.

21.3 Requirements as to financial statements

- (a) Each set of financial statements delivered by the Borrower pursuant to Clause 21.1 (*Financial statements*) shall be certified by a Responsible Officer of the relevant company as fairly representing its financial condition as at the date at which those financial statements were drawn up.
- (b) The audited consolidated accounts of the Borrower and CEMEX España and each other set of financial statements described pursuant to Clause 21.1 (*Financial statements*) which the relevant member of the Group ordinarily produces in English shall be provided in English.
- (c) The Borrower shall procure that each set of financial statements delivered pursuant to Clause 21.1 (*Financial statements*) is prepared using Applicable GAAP and accounting practices and financial reference periods consistent with those applied to the preparation of the Original Financial Statements for

that Obligor unless: (i) in the case of CEMEX España, it notifies the Agent that it has adopted IFRS in which case CEMEX España shall be entitled to deliver financial statements prepared in accordance with IFRS; or (ii) in the case of any other Obligor, in relation to any set of financial statements, it notifies the Agent that there has been a change in Applicable GAAP, or the accounting practices or reference periods and, unless amendments are agreed in accordance with paragraph (d) below, its auditors deliver to the Agent a description of any change necessary for those financial statements to reflect the Applicable GAAP, accounting practices and reference periods upon which that Obligor's Original Financial Statements were prepared.

Any reference in this Agreement to those financial statements shall be construed as a reference to those financial statements as adjusted to reflect the basis upon which the Original Financial Statements for that Obligor were prepared.

- (d) If a relevant Obligor (other than CEMEX España) adopts IFRS or, unless the procedure in paragraph (c) above is utilised, there are changes to Applicable GAAP, or the accounting practices or reference periods, the relevant Obligor and the Agent (acting on the instructions of the Majority Lenders) shall, at the relevant Obligor's request, negotiate in good faith with a view to agreeing such amendments to the financial covenants in Clause 22 (*Financial Covenants*) and the definitions used therein as may be necessary to ensure that the criteria for evaluating the Group's financial condition grant to the Lenders protection equivalent to that which would have been enjoyed by them had the relevant Obligor not adopted IFRS or there had not been a change in Applicable GAAP, or the accounting practices or reference periods (subject to compliance with paragraph (b) above). Any amendments agreed will take effect on the date agreed between the Agent and the relevant Obligor subject to the consent of the Majority Lenders. If no such agreement is reached within 90 days of the relevant Obligor's request, the relevant Obligor will remain subject to the obligation to deliver the information specified in paragraph (c) of this Clause 21.3 and the financial covenants in Clause 22 (*Financial Covenants*) and the financial ratios to calculate the Margin shall be based on the information delivered.

21.4 Caliza Group and Centurion Group

The Borrower shall supply to the Agent (for distribution to the Lenders):

- (a) copies of documents (if any) despatched by Caliza or by Centurion to its shareholders (or any class of them) or its creditors generally at the same time as they are despatched; and
- (b) within five days after the same are sent, all financial statements and reports that Caliza or Centurion sends to holders of any class of its Financial Indebtedness.

21.5 **Information: miscellaneous**

The Borrower shall supply to the Agent (for distribution to the Lenders):

- (a) all documents despatched by the Borrower to its shareholders (or any class of them) or its creditors generally at the same time as they are despatched;
- (b) within five days after the same are sent, copies of all financial statements and reports that the Borrower sends to the holders of any class of its debt securities;
- (c) promptly upon becoming aware of them, the details of any litigation, arbitration, administrative proceedings or enforcement proceedings and any material tax related event or assessment which are current, or which, to the Borrower's knowledge after reasonable enquiry, are being threatened or are pending and are likely to be adversely determined against any member of the Group which, in the reasonable opinion of the Borrower, are not spurious or vexatious, and which might, if adversely determined, have a Material Adverse Effect;
- (d) promptly, such further information as the Security Agent may reasonably require about the Charged Property and compliance of the Obligors with the terms of any Transaction Security Documents;
- (e) promptly, such further information regarding the financial condition, assets and business of any Obligor or member of the Group as the Agent (or any Lender through the Agent) may reasonably request (including, but not limited to, information on Ratings, if such credit rating has not been publicly announced) other than any information the disclosure of which would result in a breach of any applicable law or regulation or confidentiality agreement entered into in good faith **provided that** the Borrower shall use reasonable efforts to be released from any such confidentiality agreement; and
- (f) promptly upon becoming aware of them, the details of any Environmental Claim which is current, threatened or pending against any member of the Group which is referred to in Clause 23.11 (*Environmental Claims*) which are not spurious or vexatious, which are likely to be adversely determined against any member of the Group and which could reasonably be expected, if adversely determined, to have a Material Adverse Effect.

21.6 **Notification of Default**

- (a) Each Obligor shall notify the Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence (unless that Obligor is aware that a notification has already been provided by another Obligor).
- (b) Promptly upon a request by the Agent, the Borrower shall supply to the Agent a certificate signed by an Authorised Signatory on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

21.7 “Know your client” checks

- (a) Each Obligor shall promptly, upon the request of the Agent or any Lender, and each Lender shall promptly upon the request of the Agent, supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or any Lender (for itself or on behalf of any prospective New Lender) in order for the Agent, such Lender or any prospective New Lender to carry out and be satisfied with the results of all necessary “know your client” or other checks, such as the checks required by the US Patriot Act (Title III of Pub. L. 107-55 (signed into law on 26 October 2001)) in relation to the identity of any person that it is required by law to carry out in relation to the transactions contemplated in the Finance Documents. For the avoidance of doubt, a Lender will have no obligation towards the Agent to evidence that it has complied with any “know your client” or similar checks in relation to the Obligors.
- (b) The Borrower shall, by not less than five Business Days’ written notice to the Agent, notify the Agent (which shall promptly notify the Lenders) of its intention to request that one of its Subsidiaries becomes an Additional Guarantor or Additional Security Provider pursuant to Clause 29 (*Changes to the Obligors*).
- (c) Following the giving of any notice pursuant to paragraph (b) above, the Borrower shall promptly upon the request of the Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or any Lender (for itself or on behalf of any prospective New Lender) in order for the Agent, such Lender or any prospective New Lender to carry out and be satisfied with the results of all necessary “know your client” or other checks in relation to the identity of any person that it is required by law to carry out in relation to the accession of such Additional Guarantor or Additional Security Provider to this Agreement.

21.8 FATCA Information

- (a) Subject to paragraph (c) below, each Party shall, within ten Business Days of a reasonable request by another Party:
 - (i) confirm to that other Party whether it is:
 - (A) a FATCA Exempt Party; or
 - (B) not a FATCA Exempt Party;
 - (ii) supply to that other Party such forms, documentation and other information relating to its status under FATCA as that other Party reasonably requests for the purposes of that other Party’s compliance with FATCA;
 - (iii) supply to that other Party such forms, documentation and other information relating to its status as that other Party reasonably requests for the purposes of that other Party’s compliance with any other law, regulation, or exchange of information regime.

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- (b) If a Party confirms to another Party pursuant to paragraph (a)(i) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not or has ceased to be a FATCA Exempt Party, that Party shall notify that other Party reasonably promptly.
 - (c) Paragraph (a) above shall not oblige any Finance Party to do anything, and paragraph (a)(iii) above shall not oblige any other Party to do anything, which would or might in its reasonable opinion constitute a breach of:
 - (i) any law or regulation;
 - (ii) any policy of that Finance Party;
 - (iii) any fiduciary duty; or
 - (iv) any duty of confidentiality.
 - (d) If a Party fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with paragraph (a)(i) or (ii) above (including, for the avoidance of doubt, where paragraph (c) above applies), then such Party shall be treated for the purposes of the Finance Documents (and payments under them) as if it is not a FATCA Exempt Party until such time as the Party in question provides the requested confirmation, forms, documentation or other information.

21.9 Confirmation as to public information

The Borrower will, by notice in writing to the Agent at the same time as any information is delivered to the Agent under the Finance Documents, confirm whether that information is publicly available information or not and any Lender that is unable to receive non-publicly available information will be able to elect, by making a declaration on the Designated Website (as defined in paragraph (a) of Clause 35.9 (*Use of websites*)) in accordance with the terms set out therein, not to receive any information confirmed by the Borrower to be non-publicly available information.

22. FINANCIAL COVENANTS

22.1 Financial definitions

In this Agreement:

“**Capital Expenditure**” means any expenditure or obligation in respect of expenditure which, in accordance with Applicable GAAP of the Borrower, is treated as capital expenditure (and including the capital element of any expenditure or obligation incurred in connection with a Capital Lease).

“**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 Borrower under Applicable GAAP of the Borrower (excluding any operating lease which is or becomes classified and accounted for as, or in an equivalent manner to, a capital lease on a balance sheet of the Borrower pursuant to any change in Applicable GAAP after the date of this Agreement) and, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalised amount thereof at such time determined in accordance with Applicable GAAP of the Borrower.

“**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.

“**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 Borrower 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 collateralised to the extent permitted under the Finance Documents).

“**Consolidated Funded Debt**” means, for any period, Consolidated Debt less the sum (without duplication) of (a) all obligations of such person to pay the deferred purchase price of property or services, (b) all obligations of such person as lessee under Capital Leases, and (c) 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 (a) the total gross cash and non cash interest expense of the Borrower and its consolidated Subsidiaries relating to Consolidated Funded Debt of such persons, (b) any amortisation or accretion of debt discount or any interest paid on Consolidated Funded Debt of the Borrower and its Subsidiaries in the form of additional Financial Indebtedness (but excluding any amortisation of deferred financing and debt issuance costs), (c) the net costs under Treasury Transactions in respect of interest rates (but excluding amortisation of fees), (d) any amounts paid in cash on preferred stock, and (e) 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 Borrower.

“**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.

“**Debt**” of any person means, without duplication:

- (a) all obligations of such person for borrowed money;

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- (b) all obligations of such person evidenced by bonds, debentures, notes or other similar instruments, including perpetual bonds;
 - (c) the aggregate net mark-to-market of Treasury Transactions (except to the extent such exposure is cash collateralised 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;
 - (d) 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;
 - (e) all obligations of such person as lessee under Capital Leases;
 - (f) all Debt of others secured by Security on any asset of such person, up to the value of such asset;
 - (g) all obligations of such person with respect to product invoices incurred in connection with export financing;
 - (h) all obligations of such person under repurchase agreements for the stock issued by such person or another person;
 - (i) all obligations of such person in respect of Inventory Financing permitted under paragraph (e) of the definition of Permitted Financial Indebtedness; and
 - (j) all guarantees of such person in respect of any of the foregoing,

provided, however, that:

- (i) 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 (a) to (j) inclusive (**provided that**, in the case of outstanding Financial Indebtedness under any Subordinated Optional Convertible Securities (A) only the principal amount thereof shall be excluded and (B) such exclusion shall apply only for so long as such amounts remain subordinated in accordance with the terms of that definition);
- (ii) any Financial Indebtedness of a PPP Vehicle in respect of which no member of the Group has any liability to that PPP Vehicle or any third party (except as permitted by paragraph (d) of the definition of Permitted PPP Investment) shall be excluded from each of the foregoing paragraphs (a) to (j) inclusive;
- (iii) any amounts of:
 - (A) Relevant Proceeds in respect of which the Borrower has given a notice to the Agent under paragraph (b) of Clause 8.2 (*Notices in relation to Relevant Proceeds*) (but excluding: (a) until the earlier of (1) the date of exercise of the Caliza Offering Option,

if exercised in whole, and (2) the last day of the Caliza Offering Option Exercise Period, any Caliza Offering Option Amount); and (b) until the earlier of (1) the date of exercise of the Centurion Offering Option, if exercised in whole, and (2) the last day of the Centurion Offering Option Exercise Period, any Centurion Offering Option Amount); and

- (B) Excluded Debt Fundraising Proceeds falling within paragraph (a) of the definition of Excluded Debt Fundraising Proceeds, in each case that are standing to the credit of, or to be applied in accordance with this Agreement to, a Reserve shall, for the period in which they are being held by the Borrower or any other member of the Group pending application in accordance with the terms of this Agreement, be deducted from the aggregate calculation of Debt resulting from this definition,
- (iv) if at any time during any applicable period the Borrower or any of its Subsidiaries shall own, directly or indirectly, more than 50 per cent. of the share capital of Caliza pursuant to the Caliza Transaction and the EBITDA attributable to the Caliza Group is counted in EBITDA, 100 per cent. of the Debt attributable to the Caliza Group shall continue to be included when calculating Debt;
 - (v) for the avoidance of doubt, a Permitted Securitisation shall not be deemed to be Debt **except that** any recourse required as a result of the Relevant Legislation and which is not recourse over the collection of receivables and would, but for this provision, be treated as Debt will, to the extent of the required recourse under the Relevant Legislation, be counted as Debt;
 - (vi) for the avoidance of doubt, all performance bonds, guarantees, bonding, documentary or stand-by 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;
 - (vii) the Spanish Combination Termination Mechanism is not Debt; and
 - (viii) if at any time during any applicable period the Borrower or any of its Subsidiaries shall own, directly or indirectly, more than 50 per cent. of the share capital of Centurion pursuant to the Centurion Transaction and the EBITDA attributable to the Centurion Group is counted in EBITDA, 100 per cent. of the Debt attributable to the Centurion Group shall continue to be included when calculating Debt.

“Discontinued EBITDA” means, for any period, the sum for Discontinued Operations of (a) operating income (*utilidad de operación*), and (b) the depreciation and amortisation expense, in each case determined in accordance with Applicable GAAP of the Borrower consistently applied for such period.

“**Discontinued Operations**” means operations that are accounted for as discontinued operations pursuant to Applicable GAAP of the Borrower for which the Disposal of such assets has not yet occurred.

“**EBITDA**” means, for any period, the sum for the Borrower and its Subsidiaries, determined on a consolidated basis of (x) operating income (*Utilidad de Operacion*) and (y) depreciation and amortisation expense, in each case determined in accordance with Applicable GAAP of the Borrower, 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) if at any time during such applicable period the Borrower or any of its Subsidiaries shall have made:

- (i) 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 Borrower or any of its Subsidiaries under such lease shall be included in EBITDA); and
- (ii) 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,

and if since the beginning of such applicable period any person that subsequently shall have become a Subsidiary or was merged or consolidated with the Borrower 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 sub-paragraph (i) or (ii) above if made by the Borrower 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 **provided that** (x) if at any time during such applicable period the Borrower or any of its Subsidiaries shall own, directly or indirectly, more than 50 per cent. of the share capital of Caliza, 100 per cent. of the EBITDA attributable to the Caliza Group shall continue to be counted in the EBITDA for such applicable period; and (y) if at any time during such applicable period the Borrower or any of its Subsidiaries shall own, directly or indirectly, more than 50 per cent. of the share capital of Centurion, 100 per cent. of the EBITDA attributable to the Centurion Group shall continue to be counted in the EBITDA for 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 Borrower in preparation of its monthly financial statements in accordance with Applicable GAAP of the Borrower to convert \$ into Mexican pesos.

“Ending Exchange Rate” means the exchange rate at the end of a Reference Period for converting \$ into Mexican pesos as used by the Borrower and its auditors in preparation of the Borrower’s financial statements in accordance with Applicable GAAP of the Borrower.

“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 Borrower ending on or about 31 December in each year.

“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 Borrower or any of its Subsidiaries in excess of \$100,000,000 (or the equivalent in other currencies) excluding the Caliza Transaction, the Centurion Transaction and the Spanish Combination.

“Quarter Date” means each of 31 March, 30 June, 30 September and 31 December.

“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 Borrower or any other member of the Group; and
- (b) any Financial Indebtedness under any Subordinated Optional Convertible Securities.

22.2 **Financial condition**

The Borrower shall ensure that:

- (a) *Consolidated Coverage Ratio*: the Consolidated Coverage Ratio in respect of any Reference Period specified in column 1 below shall not be less than the ratio set out in column 2 below opposite that Reference Period.

Column 1 Reference Period ending	Column 2 Ratio
30 September 2014	1.50:1
31 December 2014	1.75:1
31 March 2015	1.75:1
30 June 2015	1.75:1
30 September 2015	1.75:1
31 December 2015	1.85:1
31 March 2016	1.85:1
30 June 2016	1.85:1
30 September 2016	1.85:1
31 December 2016	1.85:1
31 March 2017	1.85:1
30 June 2017	2.00:1
30 September 2017	2.00:1
31 December 2017 and each subsequent Reference Period	2.25:1

- (b) *Consolidated Leverage Ratio*: the Consolidated Leverage Ratio in respect of any Reference Period specified in column 1 below shall not exceed the ratio set out in column 2 below opposite that Reference Period.

Column 1 Reference Period ending	Column 2 Ratio
30 September 2014	6.75:1
31 December 2014	6.50:1

31 March 2015	6.50:1
30 June 2015	6.00:1
30 September 2015	6.00:1
31 December 2015	6.00:1
31 March 2016	6.00:1
30 June 2016	6.00:1
30 September 2016	6.00:1
31 December 2016	6.00:1
31 March 2017	6.00:1
30 June 2017	5.75:1
30 September 2017	5.75:1
31 December 2017	5.50:1
31 March 2018	5.50:1
30 June 2018	5.25:1
30 September 2018	5.25:1
31 December 2018	5.00:1
31 March 2019	5.00:1
30 June 2019	4.50:1
30 September 2019	4.50:1
31 December 2019	4.25:1
31 March 2020	4.25:1
30 June 2020 and each subsequent Reference Period	4.00:1

- (c) *Capital Expenditure*: The aggregate Capital Expenditure of the Group (other than: (i) any Caliza Expansion Capital; (ii) any Centurion Expansion Capital; and (iii) any amount of Capital Expenditure that is funded from Reinvestment Proceeds Sources) in respect of any Financial Year shall not exceed \$1,000,000,000.

If in any Financial Year (the “**First Financial Year**”) the amount of the Capital Expenditure of the Group is less than the maximum amount permitted for that Financial Year (the difference being referred to as the “**Unused Amount**”), then a portion of the Capital Expenditure incurred in the Financial Quarter immediately following the First Financial Year in an amount up to the Unused Amount will be treated for the purposes of this paragraph (c) as if it had been incurred in the First Financial Year.

- (d) *Caliza Capital Expenditure*: in addition to the amount referred to in paragraph (c) above, the Caliza Group shall be entitled to incur Capital Expenditure in an aggregate amount (when aggregated with all other amounts of Caliza Expansion Capital then incurred but excluding any amount of Capital Expenditure that is funded from Reinvestment Proceeds Sources) not exceeding the Caliza Expansion Capital Permitted Limit.
- (e) *Centurion Capital Expenditure*: in addition to the amount referred to in paragraph (c) above, the Centurion Group shall be entitled to incur Capital Expenditure in an aggregate amount (when aggregated with all other amounts of Centurion Expansion Capital then incurred but excluding any amount of Capital Expenditure that is funded from Reinvestment Proceeds Sources) not exceeding the Centurion Expansion Capital Permitted Limit.

22.3 **Financial testing**

The financial covenants set out in Clause 22.2 (*Financial condition*) shall be tested quarterly by reference to the Borrower’s consolidated financial statements delivered pursuant to paragraphs (a) and (f) of Clause 21.1 (*Financial statements*) and/or each Compliance Certificate delivered pursuant to Clause 21.2 (*Compliance Certificate*).

22.4 **Accounting terms**

All accounting expressions which are not otherwise defined herein shall have the meaning ascribed thereto in Applicable GAAP of the Borrower.

23. **GENERAL UNDERTAKINGS**

The undertakings in this Clause 23 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

23.1 **Authorisations**

Each Obligor shall promptly:

- (a) obtain, comply with and do all that is necessary to maintain in full force and effect; and
- (b) supply certified copies to the Agent of,

any Authorisation required under any law or regulation of its jurisdiction of incorporation to enable it to perform its obligations under the Finance Documents and to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation of any Finance Document.

23.2 Preservation of corporate existence

Subject to Clause 23.7 (*Merger*), each Obligor shall (and the Borrower shall ensure that each of its Material Subsidiaries will), preserve and maintain its corporate existence and rights.

23.3 Preservation of properties

Each Obligor shall (and the Borrower shall ensure that each of its Material Subsidiaries will):

- (a) maintain and preserve all of its properties that are used in the conduct of its business in good working order and condition, ordinary wear and tear excepted; and
- (b) maintain, preserve and protect all Intellectual Property and all necessary governmental and third party approvals, franchises, licenses and permits, material to the business of the Borrower or its Subsidiaries,

provided neither paragraph (a) nor paragraph (b) shall prevent the Borrower or any of its Subsidiaries from discontinuing the operation and maintenance of any of its properties or allowing to lapse certain approvals, licenses or permits which discontinuance is desirable in the conduct of its business and which discontinuance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

23.4 Compliance with laws, regulations and contractual obligations

- (a) Each Obligor shall (and shall procure that each of its Subsidiaries will) comply in all respects with all laws and regulations to which it may be subject and all material contractual obligations to which it is a party or by which it or any of its property or assets is bound, in each case, if failure to comply would be likely to have a Material Adverse Effect.
- (b) The Borrower and each Obligor shall (and shall procure that each of its respective Subsidiaries will) comply with all applicable requirements under ERISA and laws relating to IMSS, INFONAVIT, SAR laws or under other mandatory pension or retirement fund laws and will ensure that the levels of contribution to pension schemes are in accordance with all its and their material obligations under such schemes and generally under applicable laws (including ERISA) and regulations, except where such failure to comply or failure to make such contributions would not reasonably be expected to have a Material Adverse Effect.
- (c) Each Dutch Obligor will comply with the Dutch FSA if failure to comply would be likely to have a Material Adverse Effect.

23.5 Negative pledge

The Borrower shall not and shall not permit any of its Subsidiaries:

- (a) directly or indirectly, to create, incur, assume or permit to exist any Security on or with respect to any of its property or assets or those of any Subsidiary, whether now owned or held or hereafter acquired; or
- (b) to:
 - (i) sell, transfer or otherwise dispose 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) sell, transfer or otherwise dispose of any of its receivables on recourse terms;
 - (iii) enter 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) enter 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 (such arrangement or transaction being "**Quasi-Security**"),

other than the following Security and Quasi-Security ("**Permitted Security**"):

- (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 Borrower 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 (j) 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 Borrower shall have been made;

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- (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 23.9 (*Insurance*);
 - (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 this Agreement as described in Schedule 11 (*Existing Security and Quasi-Security*) (or any replacement of Security or Quasi-Security in accordance with paragraph 3 of Schedule 16 (*Hedging Parameters*) 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; and
 - (2) Existing Financial Indebtedness where principal may increase by virtue of capitalisation of interest, 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 Agent, acting on the instructions of the Majority Lenders;
 - (H) any Security created or deemed created pursuant to a Permitted Securitisation;
 - (I) any Permitted PPP Security;
 - (J) any Security granted by the Borrower 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);

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- (K) any Security or Quasi-Security granted in connection with any Treasury Transaction, excluding any Treasury Transaction described in Schedule 11 (*Existing Security and Quasi-Security*), 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, (i) any sharing in the Transaction Security referred to in paragraphs (f) and (p) of the definition of Permitted Financial Indebtedness and (ii) the Transaction Security which is in place over any Equally Secured Debt;
 - (N) any Quasi-Security that is created or deemed created on shares of the Borrower or, as the case may be, Caliza or Centurion, under paragraph (r) 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)
 - (1) any Security or Quasi-Security granted over assets of the Caliza Group in connection with any Permitted Financial Indebtedness referred to in paragraph (o) of that definition; or
 - (2) any Security or Quasi-Security granted over assets of the Centurion Group in connection with any Permitted Financial Indebtedness referred to in paragraph (p) of that definition;
 - (P) in addition to the Security and Quasi-Security permitted by the foregoing paragraphs (A) to (P), Security or Quasi-Security securing indebtedness of the Borrower and its Subsidiaries (taken as a whole) not in excess of \$500,000,000; or
 - (c) to permit any Pension Plan to incur any “funding deficiency” whether or not waived, within the meaning of section 302 of ERISA or Section 412 of the Code or to permit any Non-US Pension Plan to violate any material funding requirements under applicable law.

23.6 Financial Indebtedness

- (a) Except as permitted under paragraph (b) below, no Obligor shall (and the Borrower shall ensure that no member of the Group will) incur or allow to remain outstanding any Financial Indebtedness.
- (b) Paragraph (a) above does not apply to Financial Indebtedness which is Permitted Financial Indebtedness, Permitted Security, a Permitted Guarantee or Financial Indebtedness constituting (or incurred pursuant to) a Permitted Transaction.

23.7 Merger

- (a) Subject to paragraph (b) of this Clause 23.7, unless it has obtained the prior written approval of the Majority Lenders, no Obligor shall (and the Borrower shall ensure that none of its Subsidiaries will) enter into any amalgamation, demerger, merger, *fusión*, *escisión* or other corporate reconstruction (a “**Reconstruction**”), other than (i) a Reconstruction relating only to the Borrower’s Subsidiaries *inter se*; (ii) a Reconstruction between the Borrower and any of its Subsidiaries; (iii) a Reconstruction between members of the Caliza Group; (iv) a solvent reorganisation or liquidation of any of the Subsidiaries that are not Obligors, or (v) a Reconstruction between members of the Centurion Group; **provided that** in any case no Default shall have occurred and be continuing at the time of such transaction or would result therefrom and **provided further that** (A) none of the Transaction Security (if any) granted to the Lenders nor the guarantees granted by the Guarantors hereunder is or are adversely affected as a result, and (B) the resulting entity, if it is not an Obligor, assumes the obligations of the Obligor the subject of the merger.
- (b) No merger otherwise permitted by paragraph (a) of this Clause 23.7 (other than a Permitted Reorganisation) shall be so permitted if:
 - (i) as a result the then existing Ratings of the Borrower would be downgraded or the Outlook would be negative, in each case at the date of announcement of a Reconstruction, directly as a result of any merger involving the Borrower; or
 - (ii) the resulting entity, if it is not an Obligor, does not assume the obligations of the Obligor that is the subject of the merger.

23.8 Change of business

- (a) None of the Obligors (other than a Security Provider that is not also the Borrower or a Guarantor) shall make a substantial change to the general nature of its business from that carried on at the date of this Agreement and there shall be no cessation of business in relation to any of the Obligors (unless (except in the case of the Borrower which shall in no event cease or substantially change its business) another Obligor continues to operate any such business).

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- (b) The Borrower shall procure that no substantial change is made to the general nature of the business of any of its Material Subsidiaries which are not Obligors from that carried on at the date of this Agreement and that there shall be no cessation of such business (save that a Material Subsidiary that is only a Material Subsidiary by virtue of its being a Holding Company of a Material Subsidiary may change the nature of its business such that it is substantially similar to the business carried on by any other Material Subsidiary).
 - (c) Paragraphs (a) and (b) above do not apply to the Mexican Integration Initiative.

23.9 Insurance

The Obligors (other than a Security Provider that is not also the Borrower or a Guarantor) shall (and the Borrower shall ensure that each of its Material Subsidiaries will) maintain insurances on and in relation to its business and assets with reputable underwriters or insurance companies against those risks and to the extent as is usual for companies carrying on the same or substantially similar business where such insurance is available on reasonable commercial terms.

23.10 Environmental Compliance

The Borrower shall (and the Borrower shall ensure that each of its Subsidiaries will) comply in all material respects with all Environmental Laws and obtain and maintain any Environmental Permits and take all reasonable steps in anticipation of known or expected future changes to or obligations under the same, in each case where failure to do so might reasonably be expected to have a Material Adverse Effect.

23.11 Environmental Claims

The Borrower shall inform the Agent in writing as soon as reasonably practicable upon becoming aware of the same:

- (a) if any Environmental Claim has been commenced or (to the best of the Borrower's knowledge and belief) is threatened against any member of the Group which is likely to be determined adversely to the member of the Group; or
- (b) of any facts or circumstances which will or are reasonably likely to result in any Environmental Claim being commenced or threatened against any member of the Group,

where the claim would be reasonably likely, if determined against that member of the Group, to have a Material Adverse Effect.

23.12 Anti-corruption law

- (a) No Obligor shall directly or, to the knowledge of such Obligor, indirectly use the proceeds of the Facilities for any purpose which would breach the Bribery Act 2010, the United States Foreign Corrupt Practices Act of 1977 or other similar legislation in other jurisdictions.

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- (b) The Borrower shall maintain policies and procedures designed to promote and achieve compliance by the Obligor with applicable anti-corruption, anti-bribery and anti-money laundering laws and regulations.

23.13 Sanctions

No Obligor shall directly or, to the knowledge of such Obligor, indirectly use the proceeds of the Facilities (or lend, contribute or otherwise make available such proceeds to any person):

- (a) to directly fund or facilitate any activities or business (i) of, with or related to (or otherwise make funds available to or for the benefit of) any person, who is a designated target of or who is otherwise the subject of Sanctions or (ii) in any country or territory that is a Sanctioned Country, each as of the time of such funding; or
- (b) in any manner or for any purpose that is prohibited by Sanctions:
 - (i) applicable to such Obligor; or
 - (ii) that would result in a violation of Sanctions by any Obligor.

23.14 Transactions with Affiliates

Each Obligor shall (and the Borrower shall ensure that its Subsidiaries will) ensure that any transactions with respective Affiliates (other than a Permitted Reorganisation) are on terms that are fair and reasonable and no less favourable to such Obligor or such Subsidiary than it would obtain in a comparable arm's length transaction with a person not an Affiliate (and, if applicable, in accordance with any requirement of law (such as the Mexican Security Market Law (*Ley del Mercado de Valores*)).

23.15 Pari passu ranking

Each Obligor shall ensure that at all times its payment obligations under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law or regulation applying to companies generally from time to time.

23.16 Payment restrictions affecting Subsidiaries

- (a) Except as permitted under paragraph (b) below, the Borrower shall not enter into or suffer to exist, or permit any of its Subsidiaries to enter into or suffer to exist, any agreement or arrangement (other than any Finance Document) directly limiting the ability of any of its Subsidiaries to:
 - (i) declare or pay dividends or other distributions in respect of its or their respective equity interests in a Subsidiary, except any agreement or arrangement entered into by a person prior to such person becoming a Subsidiary, in which case the Borrower shall use its reasonable endeavours to remove such limitations. If, however, such limitations are reasonably likely to affect the ability of any Obligor to satisfy its payment obligations under this Agreement, the Borrower shall use its best endeavours to remove such limitations as soon as possible; or

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- (ii) repay or capitalise any intercompany indebtedness owed by any Subsidiary to any Obligor and, for the avoidance of doubt, subordination provisions shall not be considered a limitation for the purpose of this Clause 23.16.
- (b) The provision of paragraph (a) above shall not restrict:
- (i) any agreements or arrangements that are binding upon any person in connection with a Permitted Securitisation and any agreement or arrangement that limits the ability of any Subsidiary of the Borrower that transfers receivables and related assets pursuant to a Permitted Securitisation to distribute or transfer receivables and related assets **provided that**, in each case, all such agreements and arrangements are customarily required by the institutional sponsor or arranger of such Permitted Securitisation in similar types of documents relating to the purchase of receivables and related assets in connection with the financing thereof;
 - (ii) 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;
 - (iii) restrictions on distributions applicable to Subsidiaries of the Borrower that are the subject of agreements to sell or otherwise dispose of the stock or assets of such Subsidiaries pending such sale or other disposition;
 - (iv) any repayments of intercompany indebtedness owed by Caliza to the Borrower or any other member of the Group;
 - (v) (subject to such Financial Indebtedness being Permitted Financial Indebtedness, and there being no other requirements restricting the same) entry by any member of the Caliza Group into a working capital facility the terms of which limit the amount of dividends or other distributions as referred to in paragraph (a) above or the amount of repayments or capitalisation of intercompany indebtedness as referred to in paragraph (a)(ii) above which may be made (in each case) by Caliza to any member of the Group at any time;
 - (vi) any repayments of intercompany indebtedness owed by Centurion to the Borrower or any other member of the Group; and
 - (vii) (subject to such Financial Indebtedness being Permitted Financial Indebtedness, and there being no other requirements restricting the same) entry by any member of the Centurion Group into a working capital facility the terms of which limit the amount of dividends or other distributions as referred to in paragraph (a) above or the amount of repayments or capitalisation of intercompany indebtedness as referred to in paragraph (a)(ii) above which may be made (in each case) by Centurion to any member of the Group at any time.

23.17 Notification of adverse change in Ratings

The Borrower shall promptly notify the Agent of any change in its Ratings or Outlook.

23.18 Acquisitions

- (a) Except as permitted under paragraph (b) below, no Obligor shall (and the Borrower shall ensure that no other member of the Group will) acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them).
- (b) Paragraph (a) above does not apply to an acquisition of a company, of shares, securities or a business or undertaking (or, in each case, any interest in any of them) or the incorporation of a company which is a Permitted Acquisition, a Permitted Joint Venture or a Permitted Transaction.

23.19 Joint ventures

- (a) Except as permitted under paragraph (b) below, no Obligor shall (and the Borrower shall ensure that no member of the Group will):
 - (i) enter into, invest in or acquire (or agree to acquire) any shares, stocks, securities or other interest in any Joint Venture; or
 - (ii) transfer any assets or lend to or guarantee or give an indemnity for or give Security for the obligations of a Joint Venture or maintain the solvency of or provide working capital to any Joint Venture (or agree to do any of the foregoing).
- (b) Paragraph (a) above does not apply to any acquisition of (or agreement to acquire) any interest in a Joint Venture or transfer of assets (or agreement to transfer assets) to a Joint Venture or loan made to or guarantee or indemnity or Security given in respect of the obligations of a Joint Venture if such transaction is a Permitted Acquisition, a Permitted Transaction, a Permitted Disposal, a Permitted Loan, Permitted Security or a Permitted Joint Venture.

23.20 Disposals

- (a) Except as permitted under paragraph (b) below, no Obligor shall (and the Borrower shall ensure that no member of the Group will) enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset.
- (b) Paragraph (a) above does not apply to any sale, lease, transfer or other disposal which is a Permitted Disposal, a Permitted Distribution or a Permitted Transaction.

23.21 Arm's length basis

- (a) Except as permitted by paragraph (b) below, no Obligor shall (and the Borrower shall ensure no member of the Group will) enter into any transaction with any person except on arm's length terms and for full market value.
- (b) The following transactions shall not be a breach of this Clause 23.21:
 - (i) intra-Group loans permitted under Clause 23.22 (*Loans or credit*);
 - (ii) any Permitted Reorganisation or Permitted Transaction.

23.22 Loans or credit

- (a) Except as permitted under paragraph (b) below, no Obligor shall (and the Borrower shall ensure that no member of the Group will) be a creditor in respect of any Financial Indebtedness.
- (b) Paragraph (a) above does not apply to:
 - (i) a Permitted Loan; or
 - (ii) a Permitted Transaction.

23.23 No Guarantees or indemnities

- (a) Except as permitted under paragraph (b) below, no Obligor shall (and the Borrower shall ensure that no member of the Group will) incur or allow to remain outstanding any guarantee in respect of any obligation of any person.
- (b) Paragraph (a) does not apply to a guarantee which is:
 - (i) a Permitted Guarantee; or
 - (ii) a Permitted Transaction.

23.24 Dividends and share redemption

- (a) Except as permitted under paragraph (b) below, the Borrower shall not (and will ensure that no other member of the Group will):
 - (i) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital);
 - (ii) repay or distribute any dividend or share premium reserve;
 - (iii) pay or allow any member of the Group to pay any management, advisory or other fee to or to the order of any of the shareholders of the Borrower; or

(iv) redeem, repurchase, defease, retire or repay any of its share capital or resolve to do so, other than, in each case, in connection with the entry into or performance of obligations or distribution or settlement under any Permitted Put/Call Transaction or, in the case of sub-paragraph (iv) above, in connection with the entry into or performance of obligations or distribution or settlement under any Caliza Offering Option or any Centurion Offering Option.

(b) Paragraph (a) above does not apply to:

(i) a Permitted Distribution; or

(ii) a Permitted Transaction (other than one referred to in paragraph (d) of the definition of that term).

23.25 Existing Financial Indebtedness and Permitted Fundraisings

(a) Except as permitted under paragraph (b) below, the Borrower shall not (and will ensure that no other member of the Group will):

(i) repay or prepay any principal amount (or capitalised interest) under the Existing Financial Indebtedness or any Permitted Fundraising falling within paragraph (c) of the definition thereof; or

(ii) (other than where such Financial Indebtedness is acquired by the Group in consideration for a Permitted Disposal or results from a Permitted Acquisition) purchase, redeem, defease or discharge any of the Existing Financial Indebtedness or any Permitted Fundraising falling within paragraph (c) of the definition thereof.

(b) Paragraph (a) above does not apply to a Permitted Payment, a Permitted Exchange or a Permitted Transaction.

(c) The Borrower shall (and will ensure that any other member of the Group which is or becomes a party to the Bancomext Facility or any refinancing thereof will) use its best endeavours to refinance the Bancomext Facility (and any subsequent refinancing of the Bancomext Facility) on terms (excluding Security) which are no more favourable to Bancomext than the terms of this Agreement are to the Lenders hereunder.

(d) For the avoidance of doubt:

(i) any delivery of shares, common equity securities in the Borrower or reference property in connection with the same pursuant to the operation of the terms of any Relevant Convertible/Exchangeable Obligations; and

(ii) any payment pursuant to Clause 28.1 (*Permitted Debt Purchase Transactions*),

shall not be restricted by this Clause 23.25.

23.26 **Share capital**

No Obligor shall (and the Borrower shall ensure no member of the Group will) issue any shares except pursuant to:

- (a) a Permitted Share Issue or delivery of shares contemplated by paragraph (d)(i) of Clause 23.25 (*Existing Financial Indebtedness and Permitted Fundraisings*);
- (b) a Permitted Distribution;
- (c) a Permitted Transaction; and
- (d) a Permitted Exchange.

23.27 **Amendments**

- (a) No Obligor shall (and the Borrower shall ensure that no member of the Group will) following the date of this Agreement amend, vary, novate, supplement, supersede, waive or terminate any term of any document evidencing or relating to Existing Financial Indebtedness or any other document delivered to the Agent pursuant to Part I of Schedule 2 (*Conditions Precedent*) or Clause 29 (*Changes to the Obligors*) or enter into any agreement with any shareholders of the Borrower or any of their Affiliates which is not a member of the Group except in writing:
 - (i) in the case of any document evidencing or relating to any Existing Financial Indebtedness, or any other document delivered to the Agent pursuant to Part I of Schedule 2 (*Conditions Precedent*) or Clause 29 (*Changes to the Obligors*), in a way which:
 - (A) could not reasonably be expected materially and adversely to affect the interests of the Lenders; and
 - (B) except as provided for under this Agreement, would not change the obligors, borrowers or guarantors, provide Security or Quasi-Security, bring forward a date for payment or increase the amount of interest, principal or fees payable, in each case in respect of Existing Financial Indebtedness (**provided that** nothing in this Clause 23.27 will affect the ability of members of the Group to enter into a Permitted Fundraising or a Permitted Exchange); and
 - (ii) in the case of an agreement with any shareholder of the Borrower or any of their Affiliates which is not a member of the Group, where such agreement could not be reasonably expected to materially and adversely affect the interests of the Lenders (taken as a whole).
- (b) The Borrower shall promptly supply to the Agent a copy of any document relating to any of the matters referred to in paragraphs (i) and (ii) above.

23.28 Treasury Transactions

No Obligor shall (and the Borrower will procure that no members of the Group will) engage in any Treasury Transaction, other than in accordance with the terms of Schedule 16 (*Hedging Parameters*).

23.29 Transaction Security

The Borrower will ensure that, under the Transaction Security Documents, save as a result of the operation of Clause 25 (*Automatic Release of Transaction Security*), the Lenders have Transaction Security over:

- (a) all of the shares in each entity that is a direct or indirect shareholder in CEMEX España (except (i) CEMEX International Finance Company Limited, CEMEX Trading Caribe Ltd, CEMEX Trading LLC, Sunbelt Trading, SRL and Sunbelt-Re Limited; (ii) 8,424,037 shares in CEMEX TRADEMARKS HOLDING Ltd. held by CEMEX, Inc., representing 0.4326% of the issued share capital of CEMEX TRADEMARKS HOLDING Ltd.; (iii) 0.1200% of the shares in CEMEX México held by CEMEX, Inc. and (iv) the single share held by a minority shareholder that is a member of the Group in each Mexican company whose shares are the subject of Transaction Security (other than CEMEX Mexico)); and
- (b) all of the shares in CEMEX España (except (i) 0.2444% of the issued share capital, being shares owned by CEMEX España; and (ii) 0.1164% of the issued share capital, being shares owned by persons that are not members of the Group),

such Transaction Security to be, in each case, in substantially the form of the Transaction Security referred to in paragraph 3 (*Transaction Security Documents*) of Part I of Schedule 2 (*Conditions Precedent*) granted in the jurisdiction of incorporation or establishment of the company whose shares are the subject of the Transaction Security or, where there is no Transaction Security referred to in paragraph 3 (*Transaction Security Documents*) of Part I of Schedule 2 (*Conditions Precedent*) granted in such jurisdiction, in form and substance satisfactory to the Agent (acting reasonably).

23.30 Further assurance

- (a) Each Obligor shall (and the Borrower shall procure that each member of the Group will) promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Security Agent may reasonably specify (and in such form as the Security Agent may reasonably require in favour of the Security Agent or its nominee(s):
 - (i) to perfect the Security created or intended to be created under or evidenced by the Transaction Security Documents (which may include the execution of a mortgage, security trust, charge, assignment or other Security over all or any of the assets which are, or are intended to be, the subject of the Transaction Security) or for the exercise of any

rights, powers and remedies of the Security Agent or the Finance Parties provided by or pursuant to the Finance Documents or by law (directly, through the Agent or Security Agent, through any sub-agent appointed thereby or otherwise);

- (ii) to confer on the Security Agent (or confer on the Finance Parties) Security over any property and assets of that Obligor located in any jurisdiction equivalent or similar to the Security intended to be conferred by or pursuant to the Transaction Security Documents; and/or
 - (iii) to facilitate the realisation of the assets which are, or are intended to be, the subject of the Transaction Security.
- (b) Each Obligor shall (and the Borrower shall procure that each member of the Group shall) take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security conferred or intended to be conferred on the Security Agent or the Finance Parties by or pursuant to the Finance Documents.

23.31 **Restriction on exercise of perpetual bond call options**

The Borrower shall not (and shall procure that no member of the Group will) exercise (or take any action or step with a view to exercising) any call option in relation to any perpetual bonds issued by any member of the Group unless the exercise of the call option will not have a materially negative impact on the cash flow of the Group (and, prior to exercising such call option, the Borrower has delivered written notice to the Agent confirming that this is the case).

23.32 **Payment of Obligations**

The Borrower will pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, (a) all taxes, assessments and governmental charges or levies assessed, charged or imposed upon it or upon its property and (b) all lawful claims that, if unpaid, might by law become a Security upon its property, except where the failure to make such payments or effect such discharges could not reasonably be expected to have a Material Adverse Effect, **provided, however, that** neither Borrower nor any of its Subsidiaries shall be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim that is being contested in good faith and proper proceedings and as to which appropriate reserves are being maintained in accordance with Applicable GAAP of the Borrower, unless and until any Security resulting therefrom attaches to its property and becomes enforceable against its other creditors.

23.33 **Margin regulations**

The Borrower shall not use any part of the proceeds of the Utilisations for any purpose which would result in any violation (whether by the Borrower, the Agent or the Lenders) of Regulation T, U or X of the Board of Governors of the Federal Reserve System or to extend credit to others for any such purpose. The Borrower

shall not engage in, or maintain as one of its important activities, the business of extending credit for the purpose of purchasing or carrying any margin stock (as defined in such regulations).

23.34 Caliza and Centurion

- (a) The Borrower shall if it owns (directly or indirectly) any shares in Caliza, ensure that:
 - (i) it has the power to:
 - (A) cast, or control the casting of, at least 51% of the maximum number of votes that might be cast at a general meeting of Caliza; and
 - (B) appoint or remove all, or the majority, of the directors or other equivalent officers of Caliza;
 - (ii) it has the right to receive at least 51% of all dividends and other distributions in respect of equity interests in Caliza; and
 - (iii) to the extent permitted by Applicable GAAP, Caliza is consolidated within the Group for accounting purposes in accordance with Applicable GAAP (and, if Caliza is not consolidated, the Borrower shall provide to the Agent, at the same time it delivers consolidated financial statements pursuant to Clause 21.1 (*Financial statements*), *pro forma* financial statements for the Group (for the avoidance of doubt, including the Caliza Group)).
- (b) The Borrower shall if it owns (directly or indirectly) any shares in Centurion, ensure that:
 - (i) it has the power to:
 - (A) cast, or control the casting of, at least 51% of the maximum number of votes that might be cast at a general meeting of Centurion; and
 - (B) appoint or remove all, or the majority, of the directors or other equivalent officers of Centurion;
 - (ii) it has the right to receive at least 51% of all dividends and other distributions in respect of equity interests in Centurion; and
 - (iii) to the extent permitted by Applicable GAAP, Centurion is consolidated within the Group for accounting purposes in accordance with Applicable GAAP (and, if Centurion is not consolidated, the Borrower shall provide to the Agent, at the same time it delivers consolidated financial statements pursuant to Clause 21.1 (*Financial statements*), *pro forma* financial statements for the Group (for the avoidance of doubt, including the Centurion Group)).

23.35 **Alternative Club Loan**

- (a) In this Clause 23.35:
- (i) **“Amendment Terms”** means, in connection with any amendments to this Agreement that may be required pursuant to paragraphs (b) or (c) below, the terms of an amendment and restatement agreement in relation to this Agreement (including as a schedule to that agreement an amended and restated form of this Agreement) and of such other documents as may be entered into in connection with those amendments (including in connection with any extension or ratification of the Transaction Security), as such terms may be agreed or determined in accordance with paragraphs (d) to (f) below;
 - (ii) **“Consent Date”** means the date on which the Agent under (and as defined in) the 2012 Facilities Agreement notifies the Borrower that the Majority Lenders under (and as defined in) the 2012 Facilities Agreement have consented to all of the amendments to the 2012 Facilities Agreement requested in the Consent Request;
 - (iii) **“Consent Request”** means a consent request in the agreed form delivered by the Borrower (in its capacity as the Parent under (and as defined in) the 2012 Facilities Agreement) to the Agent under (and as defined in) the 2012 Facilities Agreement requesting the consent of the Majority Lenders under (and as defined in) the 2012 Facilities Agreement to certain amendments to the terms of the 2012 Facilities Agreement;
 - (iv) **“Day 30”** means the date falling 30 days after the date of this Agreement;
 - (v) **“Day 60”** means the date falling 60 days after the date of this Agreement;
 - (vi) **“Day 60 + 5”** means the date falling five Business Days after Day 60;
 - (vii) **“Day 90”** means the date falling 90 days after the date of this Agreement;
 - (viii) **“Day 90 + 5”** means the date falling five Business Days after Day 90; and
 - (ix) **“Negotiation Period”** means the period from (but excluding) Day 30 to (and including):
 - (A) (if the Borrower has delivered a Consent Request on or before Day 30) the earlier of Day 90 and the Consent Date; and
 - (B) (if the Borrower has not delivered a Consent Request on or before Day 30) Day 60,

provided that, for the avoidance of doubt, if the Borrower has delivered a Consent Request on or before Day 30 and the Consent Date has occurred on or before Day 30, there shall be no Negotiation Period.

- (b) In the event that:
- (i) the Borrower has delivered a Consent Request on or before Day 30; and
 - (ii) the consent of the Majority Lenders under (and as defined in) the 2012 Facilities Agreement to any of the amendments requested in the Consent Request has not been given on or before Day 90,
- then any term of this Agreement corresponding to a term of the 2012 Facilities Agreement in respect of which such consent was sought and not given on or before Day 90, shall, on or before Day 90 + 5, be amended to conform to the corresponding term of 2012 Facilities Agreement in accordance with paragraphs (d) to (f) below.
- (c) In the event that the Borrower has not delivered a Consent Request to the Agent under (and as defined in) the 2012 Facilities Agreement on or before Day 30, then any term of this Agreement corresponding to a term of the 2012 Facilities Agreement in respect of which the consent of the Majority Lenders under (and as defined in) the 2012 Facilities Agreement to an amendment would have been sought in the Consent Request (determined with reference to the term sheet annexed to the mandate letter dated 5 September 2014 in respect of the Facilities, and had the Consent Request been delivered on or before Day 30) shall, on or before Day 60 + 5, be amended to bring it into line with the corresponding term of 2012 Facilities Agreement in accordance with paragraphs (d) to (f) below.
 - (d) The Borrower and the Agent (acting on the instructions of the Majority Lenders) shall work together in good faith during any Negotiation Period to agree the Amendment Terms.
 - (e) If any amendments to this Agreement are required pursuant to paragraph (b) or paragraph (c) above, but the Borrower and the Agent have failed to reach an agreement on any Amendment Terms by close of business in London on the last day of the relevant Negotiation Period, then the Amendment Terms in respect of which no agreement has been reached shall be specified by the Agent (acting on the instructions of the Majority Lenders and only insofar as is strictly necessary for the amendments required).
 - (f) If any amendments to this Agreement are required pursuant to paragraph (b) or paragraph (c) above, the Borrower shall execute any documents and take any other actions as the Agent (acting on the instructions of the Majority Lenders) or Security Agent (acting on the instructions of the Agent, itself acting on the instructions of the Majority Lenders) may reasonably request to effect the Amendment Terms.

23.36 Relevant Convertible/Exchangeable Obligations

The Borrower shall (and shall ensure that all members of the Group shall) ensure that in relation to any issuance of Relevant Convertible/Exchangeable Obligations where there is a related Permitted Put/Call Transaction, at the time of the issuance of the Relevant Convertible/Exchangeable Obligations, the aggregate of (i) the maximum applicable coupon (excluding any amounts payable as a result of or in relation to any withholding tax) on the Relevant Convertible/Exchangeable Obligations (expressed as a percentage on an annual basis) plus the premium associated with any Permitted Put/Call Transaction(s) related to those Relevant Convertible/Exchangeable Obligations (expressed as a percentage of the aggregate principal amount of such issuance of Relevant Convertible/Exchangeable Obligations) divided by (ii) the number of years for which those Relevant Convertible/Exchangeable Obligations are issued, will be less than or equal to 15 per cent. per annum.

23.37 Swiss restrictions on Facilities

The Borrower shall not (and shall ensure that no other member of the Group will) permit that any proceeds of the Facilities be remitted, directly or indirectly, to any Swiss tax resident company or Swiss tax resident permanent establishment, where this remittance could be viewed as a use of such proceeds in Switzerland (whether through an intercompany loan or advance by any other Group entities or otherwise) as per the practice of the Swiss Federal Tax Administration, unless the Swiss Federal Tax Administration confirms in a written advance tax ruling (based on a fair description of the fact pattern in the tax ruling request made by the Borrower or other relevant member of the Group) that such use of proceeds in Switzerland does not lead to Swiss withholding tax becoming due on or in respect of a Facility or any part thereof.

23.38 Conditions subsequent

- (a) The Borrower shall appear (and ensure that each member of the Group party to the relevant document appears) before a notary in Spain for the purpose of raising this Agreement, the document described at paragraph 3(a)(ii) of Part I (*Initial Conditions Precedent*) of Schedule 2 and any document required for the Borrower and each Original Guarantor to accede to the Intercreditor Agreement to the status of a Spanish Public Document on or before the date falling 10 Business Days after the date of this Agreement.
- (b) The Borrower shall ensure that, on or before the date falling 30 Business Days after the date of this Agreement, the Security Agent has received evidence in form and substance satisfactory to it of the registration of the Transaction Security Document referred to in sub paragraph (a)(i) of paragraph 3 (*Transaction Security Documents*) of Part I of Schedule 2 (*Conditions Precedent*) with the *Registro Único de Garantías Mobiliarias* of Mexico.
- (c) The Borrower shall (and shall ensure that each member of the Group party to the relevant document will), upon the request of the Agent, appear before a notary in Spain for the purpose of raising to the status of a Spanish Public Document:
 - (i) any Accession Letter; and

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- (ii) any other Finance Document (or other document required in connection with a Finance Document) that the Agent may reasonably request be raised to the status of a Spanish Public Document,

provided that (unless the Borrower otherwise agrees) the Agent may not request that any member of the Group appear before a notary:

- (A) on a date falling less than 30 days after the date of the request; and
- (B) (where the Lenders are also required to appear before the notary in relation to a document) unless Lenders representing at least 80 per cent. of the Total Commitments (or such lesser number as would represent the remainder of the Lenders that have yet to appear in relation to the document) will also appear before the notary at the same time.

23.39 Intercreditor Agreement

- (a) The Borrower shall procure, on or before (and with effect on and from) the 2015 Amendment Intercreditor Effective Date, the amendment and restatement of the Intercreditor Agreement.
- (b) The Finance Parties authorise the Agent and Security Agent (as applicable) to effect the amendment of the Intercreditor Agreement pursuant to paragraph (a) and any related amendments to the Finance Documents.

24. COVENANT RESET DATE

On or after the Covenant Reset Date this Agreement shall, if the Borrower so elects by notice to the Agent, automatically be amended as follows:

- (a) The definition of “**Majority Lenders**” shall be amended so that to the words “66 2/3% or more” shall in (both places where it appears) be replaced with “more than 50%”.
- (b) Paragraph (m) of the definition of Permitted Acquisition in Clause 1.1 (*Definitions*) shall be deleted and replaced by the following:
 - “(m) any other acquisition of a company, of shares, securities or a business or undertaking (or, in any case, any interest in any of them) **provided that** the Borrower has delivered to the Agent a certificate signed by an Authorised Signatory confirming that, on a *pro forma* basis, assuming that the Acquisition had been made 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 this Agreement, the Borrower would have been in compliance with the financial covenant in paragraph (b) of Clause 22.2 (*Financial condition*) 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 this Agreement;”

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- (c) Paragraph (k) of the definition of Permitted Disposal in Clause 1.1 (*Definitions*) shall be deleted and replaced with the following:
- “(k) of shares in any 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;”
- (d) Paragraph (q) of the definition of Permitted Financial Indebtedness in Clause 1.1 (*Definitions*) shall be deleted and replaced by the following:
- “(q) not permitted by the preceding paragraphs or as a Permitted Transaction **provided that** the Borrower has delivered to the Agent a certificate signed by an Authorised Signatory confirming that, on a *pro forma* basis, assuming that the Financial Indebtedness had been incurred and the proceeds had been applied (to the extent required) in accordance with Clause 8 (*Mandatory Prepayment*) in the way in which such proceeds are intended by the Group to be applied 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 this Agreement, the Borrower would have been in compliance with the financial covenant in paragraph (b) of Clause 22.2 (*Financial condition*) 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 this Agreement;”
- (e) In the definition of Permitted Guarantee in Clause 1.1 (*Definitions*):
- (i) paragraph (f)(v) shall be deleted and replaced with the following:
- “(v) any of paragraphs (i) to (l), paragraph (n) or paragraph (q);”
- (ii) paragraph (m) shall be deleted and replaced with the following:
- “(m) any other guarantee given by a member of the Group in favour of a bank or financial institution in respect of obligations of that bank or financial institution to a third party that does not fall within paragraph (d) above **provided that** at any time the aggregate principal amount guaranteed by all such guarantees then outstanding under this paragraph (m) does not exceed \$900,000,000 (and **provided further that** any performance bonds, banker’s acceptances or guarantee, bonding, documentary or stand-by letter of credit facilities shall only be counted towards such limit to the extent that such performance bond, banker’s acceptance, guarantee, bonding, documentary or stand-by letter of credit facility constitutes Debt);”
- (f) In paragraph (d) of the definition of Permitted Joint Venture in Clause 1.1 (*Definitions*), the figure “\$400,000,000” shall (in both places where it appears) be deleted and replaced with “\$500,000,000” and the wording which reads “(when aggregated with the aggregate amount of the consideration for

acquisitions falling within paragraph (m) of the definition of Permitted Acquisition (excluding any such amount that is funded from Reinvestment Proceeds Sources) in that Financial Year)” shall be deleted.

- (g) In paragraph (k) of the definition of Permitted Loan in Clause 1.1 (*Definitions*), the figure “\$250,000,000” shall be deleted and replaced with “\$500,000,000”.
- (h) The definition of “Super Majority Lenders”, and the word “Super” at paragraph (c) of Clause 39.2 (*Exceptions*), shall be deleted.
- (i) Clause 8 (*Mandatory Prepayment*) shall be amended so that Disposal Proceeds, Caliza Proceeds, Centurion Proceeds, Permitted Equity Fundraising Proceeds and Permitted Debt Fundraising Proceeds may be used for reinvestment in the business of the Group (including, but not limited to, towards any Capital Expenditure, Caliza Expansion Capital, Centurion Expansion Capital, Permitted Acquisition or Permitted Joint Venture), repayment of any Financial Indebtedness or any other purpose otherwise permitted or not restricted by the terms of this Agreement.
- (j) Paragraph (b) (*Consolidated Leverage Ratio*) of Clause 22.2 (*Financial condition*) shall be deleted and replaced by the following:
 - “(b) Consolidated Leverage Ratio: the Consolidated Leverage Ratio in respect of any Reference Period shall not exceed 4.25:1.”
- (k) Paragraphs (c) (*Capital Expenditure*), (d) (*Caliza Capital Expenditure*) and (e) (*Centurion Capital Expenditure*) of Clause 22.2 (*Financial condition*) shall be deleted.
- (l) In paragraph (b)(P) of Clause 23.5 (*Negative pledge*), the figure “\$500,000,000” shall be deleted and replaced by “five per cent. of the total consolidated gross assets of the Group at that time”.
- (m) Clause 23.8 (*Change of business*) shall be deleted and replaced with the following:
 - “23.8 **Change of business**
 - The Borrower shall ensure that no substantial change is made to the general nature of the business of the Borrower, the Obligors of the Group taken as a whole from that carried on at the date of this Agreement.”
- (n) Clause 23.24 (*Dividends and share redemption*), Clause 23.25 (*Existing Financial Indebtedness and Permitted Fundraisings*), Clause 23.26 (*Share capital*), Clause 23.31 (*Restriction on exercise of perpetual bond call options*), and Clause 23.36 (*Relevant Convertible/Exchangeable Obligations*) shall be deleted.

(o) In Clause 23.27 (*Amendments*), the words “any document evidencing or relating to Existing Financial Indebtedness or” shall be deleted (in both places where they appear).

(p) Clause 23.28 (*Treasury Transactions*) shall be deleted and replaced with the following:

“23.8 Treasury Transactions

No Obligor shall (and the Borrower shall procure that no other member of the Group will) enter into any Treasury Transaction other than for the hedging of actual or projected real exposures arising in the ordinary course of business of a member of the Group and not for speculative purposes.”

(q) Paragraph (d) of Clause 39.2 (*Exceptions*) shall be deleted.

25. AUTOMATIC RELEASE OF TRANSACTION SECURITY

25.1 Release of Mexican Security Trust Agreement

Notwithstanding any term in the Intercreditor Agreement to the contrary, on the first Business Day falling after the date of this Agreement on which all of the following conditions are met:

- (a) the Consolidated Leverage Ratio of the two most recently completed Reference Periods in respect of which Compliance Certificates have been delivered under this Agreement was not greater than 3.75:1; and
- (b) the Borrower has delivered a certificate (signed by an Authorised Signatory and dated no earlier than the date of most recent Compliance Certificate referred to in paragraph (a) above) confirming that no Default is continuing at the date of that certificate,

provided that no other unsubordinated Financial Indebtedness of the Borrower shall benefit from the Mexican Security Trust Agreement, and (subject to receipt of written notice from the Agent in accordance with Clause 25.3 (*Notification by Agent*) below) the Security Agent is irrevocably authorised (at the cost of the relevant Obligor, Security Provider or the Borrower and without any consent, sanction, authority or further confirmation from any Secured Party, Obligor or Security Provider) to promptly instruct (and the Security Agent shall so instruct) the Mexican Security Trustee to release the Security over the assets of the Mexican Security Trust Agreement and any of the assets subject to the Mexican Security Trust Agreement, and to execute and deliver or enter into any termination or release of that Transaction Security and any assets affected thereunder if approved in exchange for a release from the other parties to the Mexican Security Trust Agreement.

25.2 Release of Transaction Security—other jurisdictions

Notwithstanding any term in the Intercreditor Agreement to the contrary, on the first Business Day falling after the date of this Agreement on which all of the following conditions are met:

- (a) the Consolidated Leverage Ratio for the two most recently completed Reference Periods in respect of which Compliance Certificates have been delivered under this Agreement was not greater than 3.75:1; and
- (b) the Borrower has delivered a certificate (signed by an Authorised Signatory and dated no earlier than the date of most recent Compliance Certificate referred to in paragraph (a) above) confirming that no Default is continuing at the date of that certificate,

provided that no other unsubordinated Financial Indebtedness of the Borrower shall benefit from the Transaction Security not referred to in Clause 25.1 (*Release of Mexican Security Trust Agreement*) and (subject to receipt of written notice from the Agent in accordance with Clause 25.3 (*Notification by Agent*) below) the Security Agent is irrevocably authorised (at the cost of the relevant Obligor, Security Provider or the Borrower and without any consent, sanction, authority or further confirmation from any Secured Party, Obligor or Security Provider) to promptly release (and the Security Agent shall so release) the Transaction Security not already released pursuant to Clause 25.1 (*Release of Mexican Security Trust Agreement*) above and any other claim over the assets subject to that Transaction Security, and to execute and deliver or enter into (and the Security Agent shall execute and deliver or enter into) any release of that Transaction Security or claim that may, in the discretion of the Security Agent, be considered necessary or desirable.

25.3 Notification by Agent

The Agent shall promptly notify the Security Agent in writing on the date at which the conditions set out in Clause 25.1 (*Release of Mexican Security Trust Agreement*) have been satisfied and on the date at which the conditions set out in Clause 25.2 (*Release of Transaction Security—other jurisdictions*) have been satisfied.

25.4 Finance Parties' and Obligors' actions

Each Finance Party and each Obligor will:

- (a) do all things that the Security Agent or the Borrower reasonably requests in order to give effect to this Clause 25 (which shall include, without limitation, the execution of any assignments, transfers, releases or other documents that the Security Agent or the Borrower may consider to be necessary to give effect to the releases contemplated by Clause 25.1 (*Release of Mexican Security Trust Agreement*) and Clause 25.2 (*Release of Transaction Security—other jurisdictions*) and the voting in favour of any amendment to the Intercreditor Agreement proposed by the Borrower in order to give effect to this Clause 25);

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- (b) if the Security Agent is not entitled to take any of the actions contemplated by this Clause 25 or is otherwise prevented from taking or, with respect to any Finance Party, is unable to take the actions contemplated by this Clause 25 and requests that a Finance Party take that action, each Finance Party will undertake that action itself in accordance with the instructions of the Security Agent or grant a power of attorney to the Security Agent (on such terms as the Security Agent may reasonably require) to enable the Security Agent to take such action under applicable law (any such power of attorney, with respect to any enforcement of Transaction Security governed by Spanish law or any claim against an Obligor or Security Provider incorporated in Spain, shall be notarised and apostilled); and
 - (c) if the Security Agent is not entitled to take any of the actions contemplated by this Clause 25 with respect to any Obligor or requests that any Obligor take any such action, such Obligor shall take that action itself in accordance with the instructions of the Security Agent.

26. EVENTS OF DEFAULT

Each of the events or circumstances set out in this Clause 26 (except for Clause 26.16 (*Acceleration*)) is an Event of Default.

26.1 Non-payment

An Obligor does not pay on the due date any amount payable to or for the account of a Lender pursuant to a Finance Document at the place at and in the currency in which it is expressed to be payable unless such failure to pay is caused by an administrative error or technical difficulties within the banking system in relation to the transmission of funds and payment is made within three Business Days of its due date.

26.2 Financial Covenants and other obligations

Any requirement of Clause 22 (*Financial Covenants*) is not satisfied or the Borrower fails to deliver any Compliance Certificate in accordance with Clause 21.2 (*Compliance Certificate*).

26.3 Other obligations

- (a) An Obligor or any other member of the Group does not comply with any provision of the Finance Documents (other than those referred to in Clause 26.1 (*Non-payment*) and Clause 26.2 (*Financial Covenants and other obligations*)).
- (b) No Event of Default under paragraph (a) of this Clause 26.3 above will occur if the failure to comply is capable of remedy and is remedied within 15 Business Days of the Agent giving written notice to the Borrower or an Obligor becoming aware of the failure to comply, whichever is the earlier.

26.4 Misrepresentation

- (a) Any representation or statement made or deemed to be made by an Obligor in the Finance Documents or any other document delivered by or on behalf of

any Obligor under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made.

- (b) No Event of Default under paragraph (a) of this Clause 26.4 will arise if the circumstances giving rise to the misrepresentation are capable of remedy and are remedied within 15 Business Days of the Agent giving written notice to the Borrower or an Obligor becoming aware of the failure to comply, whichever is the earlier.

26.5 Cross default

- (a) Any Financial Indebtedness of any Obligor or member of the Group is not paid when due nor within any originally applicable grace period.
- (b) Any Financial Indebtedness of any Obligor or member of the Group is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).
- (c) Any creditor of any member of the Group or any Obligor becomes entitled to declare any Financial Indebtedness of any member of the Group or any Obligor due and payable prior to its specified maturity as a result of an event of default (however described).
- (d) No Event of Default will occur under this Clause 26.5 if the aggregate amount of Financial Indebtedness falling within paragraphs (a) to (c) of this Clause 26.5 is less than \$50,000,000 (or its equivalent in any other currency or currencies).

26.6 Insolvency

- (a) Any of the Obligors or Material Subsidiaries is unable or admits inability to pay its debts as they fall due (including a state of *cessation des paiements* within the meaning of the French Commercial Code) or, by reason of actual financial difficulties: (i) suspends or threatens to suspend making payments on any of its debts in an aggregate amount exceeding \$50,000,000 (or its equivalent in any other currency or currencies) or (ii) commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness in respect of an aggregate amount of indebtedness exceeding \$50,000,000 (or its equivalent in any other currency or currencies).
- (b) The value of the assets of any of the Obligors or Material Subsidiaries is less than its liabilities (taking into account contingent and prospective liabilities other than any such liabilities arising under Clause 19 (*Guarantee and Indemnity*)) other than:
 - (i) in the case of CEMEX Corp. or the Holding Company of CEMEX Corp. or any other Holding Company which (A) is not an Obligor, (B) is not a Holding Company incorporated in Mexico or (C) does not, on a solus basis, satisfy the requirements of paragraphs (a), (b) or (c) of the definition of Material Subsidiary, liabilities (including contingent

and prospective liabilities) owed by such companies on and at any time after the date of this Agreement to another member of the Group **provided that**, in each case, such liabilities of such companies are subordinated to the claims of the Lenders in the event of the bankruptcy, winding-up or liquidation of such companies or an acceleration under Clause 26.16 (*Acceleration*); and

(ii) in the case of the Holding Company of CEMEX Corp. when consolidating CEMEX Corp. or when considering the value of its shareholding in CEMEX Corp., any liabilities (including contingent and prospective liabilities) owed by CEMEX Corp. to another member of the Group **provided that**, such liabilities of CEMEX Corp. are subordinated to the claims of the Lenders in the event of the bankruptcy, winding-up or liquidation of CEMEX Corp. or an acceleration under Clause 26.16 (*Acceleration*).

(c) A moratorium is declared in respect of any indebtedness of any of the Obligors or Material Subsidiaries.

26.7 Insolvency proceedings

Any corporate action, legal proceeding or other procedure or step is taken in relation to:

- (a) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration, the opening of proceedings for *sauvegarde*, *sauvegarde financière accélérée*, *redressement judiciaire* or *liquidation judiciaire* or judgment for *cession totale ou partielle de l'entreprise* pursuant to articles L. 620-1 to L. 670-8 of the French Commercial Code, Irish law examinership, reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise, including, in the context of a *mandat ad hoc* or of a *conciliation* in accordance with articles L. 611-3 to L. 611-16 of the French Commercial Code), *concurso mercantil*, *quiebra* of any of the Obligors or Material Subsidiaries other than a solvent liquidation or reorganisation of any of the Material Subsidiaries;
- (b) a composition, assignment or arrangement with any class of creditor of any of the Obligors or Material Subsidiaries;
- (c) the appointment of a liquidator (other than in respect of a solvent liquidation of any of the Material Subsidiaries), receiver, administrator, *mandataire ad hoc*, *conciliateur*, examiner, *conciliador*, administrative receiver, compulsory manager or other similar officer in respect of any of the Obligors or Material Subsidiaries or any of their assets,

or any analogous procedure or step is taken in any jurisdiction.

This paragraph shall not apply to any winding-up petition (or equivalent procedure in any jurisdiction) which is frivolous or vexatious and is discharged, stayed or dismissed within 60 days of commencement.

26.8 Expropriation and sequestration

- (a) Any expropriation or sequestration (or equivalent event under any applicable law) affects any asset or assets of any Obligor or any Material Subsidiary and has a Material Adverse Effect.
- (b) The authority or ability of the Borrower or any Material Subsidiary to conduct its business is limited or wholly or substantially curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person in relation to the Borrower or any Material Subsidiary (or, in each case, any of its assets) with an aggregate book value equal to 5 per cent. or more of the gross book value of the assets of the Group (on a consolidated basis).

26.9 Availability of foreign exchange

- (a) Any restriction or requirement not in effect on the date hereof shall be imposed, whether by legislative enactment, decree, regulation, order or otherwise, which limits the availability or the transfer of foreign exchange by any Obligor for the purpose of performing any material obligations under the Finance Documents, any certificates, waivers, or any other agreements delivered pursuant to the Finance Documents.
- (b) Paragraph (a) above shall not apply to any such restriction or requirement imposed as a result of a member state of the European Union which is a Participating Member State in relation to the euro ceasing to be a Participating Member State in relation to the euro, unless such restriction or requirement would be reasonably likely to result in a Material Adverse Effect.

26.10 Creditors' process and enforcement of Security

- (a) Any Security is enforced against any Obligor or any Material Subsidiary.
- (b) Any attachment, distress or execution (including any of the enforcement proceedings provided for in French Ordinance n° 2011-1895 of 19 December 2011) affects any asset or assets of any Obligor or any Material Subsidiary which is reasonably likely to cause a Material Adverse Effect.
- (c) No Event of Default under paragraph (a) or (b) of this Clause 26.10 will occur if:
 - (i) the action is being contested in good faith by appropriate proceedings;
 - (ii) the principal amount of the indebtedness secured by such Security or in respect of which such attachment, distress or execution is carried out represents less than \$50,000,000 (or its equivalent in any other currency or currencies); and
 - (iii) the enforcement proceedings, attachment, distress or execution is or are discharged within 60 days of commencement.

26.11 Ownership of Obligors

- (a) Any Obligor (other than the Borrower) ceases to be a wholly owned Subsidiary of the Borrower (or, in the case of CEMEX España, CEMEX Concretos, CEMEX Finance, CEMEX Corp. or any España Subsidiary Guarantor, the Borrower's percentage indirect shareholding in CEMEX España, CEMEX Concretos, CEMEX Finance, CEMEX Corp. or that España Subsidiary Guarantor is reduced from the percentage as at the date of this Agreement) except if it is the subject of a Third Party Disposal.
- (b) Either of the following events occurs:
 - (i) a Change of Control; or
 - (ii) the sale of all or substantially all of the assets of the Group whether in a single transaction or a series of related transactions.

26.12 Judgment

- (a) A final judgment or judgments or order or orders not subject to further appeal for the payment of money in an aggregate amount in excess of \$50,000,000 shall be rendered against the Borrower and/or any of its Subsidiaries that are neither discharged nor bonded in full within 60 days thereafter; or
- (b) Any Obligor or any Material Subsidiary fails to comply with or pay any sum due from it under any judgment or any order made or given by any court of competent jurisdiction (in each case in an amount in aggregate exceeding \$50,000,000 at any time) save unless payment of any such sum is suspended pending an appeal.

26.13 Unlawfulness

- (a) It is or becomes unlawful for an Obligor or any other member of the Group that is a party to the Intercreditor Agreement to perform any of its obligations under the Finance Documents where non-performance is reasonably likely to cause a Material Adverse Effect.
- (b) Any Transaction Security created or expressed to be created or evidenced by the Transaction Security Documents ceases to be effective except in accordance with the terms of the Finance Documents.
- (c) Any obligation or obligations of any Obligor under any Finance Documents or any other member of the Group under the Intercreditor Agreement are not (subject to the Legal Reservations) or cease to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Lenders under the Finance Documents.
- (d) Any Finance Document ceases to be in full force and effect or is alleged by an Obligor to be ineffective except in accordance with the terms of the Finance Documents.

26.14 Repudiation

An Obligor repudiates a Finance Document or any of the Transaction Security or evidences an intention to repudiate a Finance Document or any of the Transaction Security.

26.15 Failure to perform payment obligations

Any material adverse change arises in the financial condition of the Group taken as a whole which the Majority Lenders reasonably determine would result in the failure by the Obligors (taken as a whole) to perform their payment obligations under any of the Finance Documents.

26.16 Acceleration

On and at any time after the occurrence of an Event of Default which is continuing the Agent may, without *mise en demeure* or any other judicial or extra judicial step, and shall if so directed by the Majority Lenders, by notice to the Borrower (but, in respect of any French Obligor, subject to the mandatory provisions of articles L. 620-1 to L. 670-8 of the French Commercial Code):

- (a) cancel the Total Commitments at which time they shall immediately be cancelled;
- (b) declare that all or part of the Loans, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, at which time they shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived;
- (c) declare that all or part of the Loans be payable on demand, at which time they shall immediately become payable on demand by the Agent on the instructions of the Majority Lenders;
- (d) make demand on any Guarantor under this Agreement in respect of amounts due and payable under or in connection with this Agreement without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived; and/or
- (e) subject to the Intercreditor Agreement (including the requirements of Clause 7.2 (*Enforcement Instructions*) thereof), exercise or direct the Security Agent to exercise any or all of its rights, remedies, powers or discretions under the Finance Documents,

provided that, in the case of an Event of Default under Clause 26.6 (*Insolvency*) or Clause 26.7 (*Insolvency proceedings*) with respect to an Obligor, all of the Total Commitments shall be cancelled automatically and immediately and all Utilisations under the Facilities (together with accrued interest and all other amounts accrued under the Finance Documents) shall become due and payable automatically and immediately without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived.

**SECTION 9
CHANGES TO PARTIES**

27. CHANGES TO THE LENDERS

27.1 Assignments and transfers by the Lenders

Subject to this Clause 27 and to Clause 28 (*Debt Purchase Transactions*), a Lender (the “**Existing Lender**”) may:

- (a) assign any of its rights and benefits; or
- (b) transfer by novation any of its rights, benefits and obligations,

under any Finance Document to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (the “**New Lender**”).

27.2 Conditions of assignment or transfer

- (a) The express written consent of the Borrower is required for an assignment or transfer by an Existing Lender, unless the assignment or transfer is:
 - (i) to a bank;
 - (ii) to another Lender or an Affiliate of a Lender; or
 - (iii) made at a time when an Event of Default is continuing.
- (b) The express written consent of the Borrower to an assignment or transfer must not be unreasonably withheld or delayed. The Company will be deemed to have given its consent ten Business Days after the Existing Lender has requested it unless consent is expressly refused by the Borrower within that time. For the avoidance of doubt, it shall not be considered unreasonable for the consent of the Borrower to be withheld in the case of an assignment or transfer to a hedge fund.
- (c) (Other than in the case of an assignment permitted by paragraph (b) of Clause 28.1 (*Permitted Debt Purchase Transactions*)) an assignment will only be effective on:
 - (i) receipt by the Agent (whether in the Assignment Agreement or otherwise) of written confirmation from the New Lender (in form and substance satisfactory to the Agent) that the New Lender will assume the same obligations to the other Finance Parties and the other Secured Parties as it would have been under if it was an Original Lender;
 - (ii) the New Lender entering into the documentation required for it to accede as a party to the Intercreditor Agreement; and

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- (iii) the performance by the Agent of all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to such assignment to a New Lender, the completion of which the Agent shall promptly notify to the Existing Lender and the New Lender.
 - (d) A transfer will only be effective if the New Lender enters into the documentation required for it to accede as a party to the Intercreditor Agreement and if the procedures set out in Clause 27.5 (*Procedure for transfer*) are complied with.
 - (e) If:
 - (i) a Lender assigns, transfers, declares a trust or grants Security over any of its rights or obligations under the Finance Documents or changes its Facility Office; and
 - (ii) as a result of the assignment, transfer, declaration of trust, grant of Security or change (other than because of any change in law), an Obligor would be obliged to make a payment to the New Lender or Lender acting through its new Facility Office under Clause 14 (*Tax Gross-Up and Indemnities*) or Clause 15 (*Increased Costs*),

then the New Lender or Lender acting through its new Facility Office is only entitled to receive payment under that Clause to the same extent as the Existing Lender or Lender acting through its previous Facility Office would have been if the assignment, transfer, declaration of trust, grant of Security or change had not occurred.

- (f) An assignment or transfer shall (unless the Agent at its discretion (and acting in accordance with Clause 30.2 (*Interests of Lenders*)) agrees otherwise) only be effective if the Assignment Agreement or (as applicable) Transfer Certificate has been raised to the status of a Spanish Public Document and the powers of attorney and authorisations granted under the Finance Documents have been ratified under such Spanish public deed. For the avoidance of doubt, the Agent shall not be responsible for the cost of raising the Assignment Agreement or (as applicable) Transfer Certificate to the status of a Spanish Public Document.
- (g) On an assignment or transfer by an Existing Lender of all of its Facility A Commitment or all of its Facility B Commitment to a New Lender, the Existing Lender shall, on or prior to the Transfer Date, endorse and deliver to the New Lender any Promissory Note(s) issued to the Existing Lender in respect of the transferred or assigned Facility A Commitment or Facility B Commitment, as applicable. The Borrower shall, promptly upon request by the New Lender and at the Borrower’s cost, replace the endorsed Promissory Note(s) by issuing new Promissory Note(s), setting forth the amount of such Facility A Commitment assigned or transferred to the New Lender or (as applicable) the amount of the Facility B Commitment assigned or transferred to the New Lender, under the name of the New Lender, which shall be released (through the Custodian, if any), duly signed, to the New Lender, upon tendering of the endorsed Promissory Note(s) to the Borrower.

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- (h) On an assignment or transfer by an Existing Lender of part of its Facility A Commitment or part of its Facility B Commitment to a New Lender, such Existing Lender shall tender (or procure that the Custodian tenders) to the Borrower, on the Transfer Date, the Promissory Note(s) issued to such Existing Lender evidencing such Existing Lender's Facility A Commitment or Facility B Commitment (as applicable), and the Borrower shall promptly, at the cost of the Borrower, issue (i) to the Existing Lender, a Promissory Note setting forth the amount of the Facility A Commitment of the Existing Lender not assigned or transferred to the New Lender or (as applicable) a Promissory Note setting forth the amount of the Facility B Commitment of the Existing Lender not assigned or transferred to the New Lender and (ii) to the New Lender, a Promissory Note setting forth the amount of the Facility A Commitment of the New Lender assigned or transferred to it by the Existing Lender or (as applicable) a Promissory Note setting forth the amount of the Facility B Commitment of the New Lender assigned or transferred to it by the Existing Lender. Any such new Promissory Notes shall be issued under the name of the Existing Lender or the New Lender (as applicable), and shall be released (through the Custodian, if any), duly signed, to the Existing Lender and the New Lender, upon tendering to the Borrower of the Promissory Notes previously issued to the Existing Lender in respect of the relevant Facility A Commitments or Facility B Commitments, as applicable.
- (i) Each New Lender, by executing the relevant Transfer Certificate or Assignment Agreement, confirms, for the avoidance of doubt, that the Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the transfer or assignment becomes effective in accordance with this Agreement and that it is bound by that decision to the same extent as the Existing Lender would have been had it remained a Lender.
- (j) The minimum amount of an assignment or transfer shall be the lower of \$1,000,000 (or equivalent) or (if less) the amount of a Lender's Commitments.
- (k) Following an increase in the Commitments pursuant to Clause 2.2 (*Accordion*), an Accordion Lender in respect of that increase may not assign or transfer its rights or obligations in relation to its increased Commitments until after the end of the Availability Period in relation to those increased Commitments.
- (l) In relation to any assignment or transfer by an Existing Lender of part of its Commitments in relation to a Facility, where the Existing Lender has, on the Transfer Date immediately prior to the assignment or transfer, any Available Commitment in relation to that Facility, the assignment or transfer shall be made such that a proportionate amount of the Existing Lender's Available Commitment is assigned or transferred to the New Lender.

27.3 Assignment or transfer fee

Unless the Agent otherwise agrees, the New Lender shall, on the date upon which an assignment or transfer takes effect, pay to the Agent (for its own account) a fee of \$3,000.

27.4 Limitation of responsibility of Existing Lenders

- (a) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:
 - (i) the legality, validity, effectiveness, adequacy or enforceability of the Finance Documents, the Transaction Security or any other documents;
 - (ii) the financial condition of any Obligor;
 - (iii) the performance and observance by any Obligor of its obligations under the Finance Documents or any other documents; or
 - (iv) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document or any other document, and any representations or warranties implied by law are excluded.
- (b) Each New Lender confirms to the Existing Lender, the other Finance Parties and the Secured Parties that it:
 - (i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in the Finance Documents and has not relied exclusively on any information provided to it by the Existing Lender or any other Finance Party in connection with any Finance Document or the Transaction Security; and
 - (ii) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities while any amount is or may be outstanding under the Finance Documents or any Commitment is in force.
- (c) Nothing in any Finance Document obliges an Existing Lender to:
 - (i) accept a re-transfer or re-assignment from a New Lender of any of the rights and obligations assigned or transferred under this Clause 27; or
 - (ii) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by any Obligor of its obligations under the Finance Documents or otherwise.

27.5 Procedure for transfer

- (a) Subject to the conditions set out in Clause 27.2 (*Conditions of assignment or transfer*) a transfer is effected in accordance with paragraph (c) below when the Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate.
- (b) The Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to the transfer to such New Lender.
- (c) Subject to Clause 27.9 (*Pro rata interest settlement*), on the Transfer Date:
 - (i) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents and in respect of the Transaction Security each of the Obligors and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and in respect of the Transaction Security and their respective rights against one another under the Finance Documents and in respect of the Transaction Security shall be cancelled (being the “**Discharged Rights and Obligations**”);
 - (ii) each of the Obligors and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Obligor or other member of the Group and the New Lender have assumed and/or acquired the same in place of that Obligor and the Existing Lender;
 - (iii) the Agent, the Security Agent, the New Lender and the other Lenders shall acquire the same rights and assume the same obligations between themselves and in respect of the Transaction Security as they would have acquired and assumed had the New Lender been an Original Lender with the rights and/or obligations acquired or assumed by it as a result of the transfer and to that extent the Agent, the Security Agent, and the Existing Lender shall each be released from further obligations to each other under the Finance Documents; and
 - (iv) the New Lender shall become a Party as a “Lender”.

27.6 Procedure for assignment

- (a) Subject to the conditions set out in Clause 27.2 (*Conditions of assignment or transfer*) an assignment may be effected in accordance with paragraph (c)

below when the Agent executes an otherwise duly completed Assignment Agreement delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Assignment Agreement appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Assignment Agreement.

- (b) The Agent shall only be obliged to execute an Assignment Agreement delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to the assignment to such New Lender.
- (c) Subject to Clause 27.9 (*Pro rata interest settlement*), on the Transfer Date:
 - (i) the Existing Lender will assign absolutely to the New Lender its rights under the Finance Documents and in respect of the Transaction Security expressed to be the subject of the assignment in the Assignment Agreement;
 - (ii) the Existing Lender will be released from the obligations (the “**Relevant Obligations**”) expressed to be the subject of the release in the Assignment Agreement (and any corresponding obligations by which it is bound in respect of the Transaction Security); and
 - (iii) the New Lender shall become a Party as a “Lender” and will be bound by obligations equivalent to the Relevant Obligations.
- (d) Lenders may utilise procedures other than those set out in this Clause 27.6 to assign their rights under the Finance Documents (but not, without the consent of the relevant Obligor or unless in accordance with Clause 27.5 (*Procedure for transfer*), to obtain a release by that Obligor from the obligations owed to that Obligor by the Lenders nor the assumption of equivalent obligations by a New Lender) **provided that** they comply with the conditions set out in Clause 27.2 (*Conditions of assignment or transfer*).

27.7 Copy of Transfer Certificate, Assignment Agreement or Accordion Confirmation to Borrower

The Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate, an Assignment Agreement or an Accordion Confirmation, send to the Borrower a copy of that Transfer Certificate, Assignment Agreement or Accordion Confirmation.

27.8 Security over Lenders' rights

In addition to the other rights provided to Lenders under this Clause 27, each Lender may, without consulting with or obtaining consent from any Obligor, at any time charge, assign or otherwise create Security in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation:

- (a) any charge, assignment or other Security to secure obligations to a federal reserve or central bank; and
- (b) in the case of any Lender which is a fund, any charge, assignment or other Security granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities,

except that no such charge, assignment or Security shall:

- (i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or other Security for the Lender as a party to any of the Finance Documents; or
- (ii) require any payments to be made by an Obligor or grant to any person any more extensive rights than those required to be made or granted to the relevant Lender under the Finance Documents.

27.9 Pro rata interest settlement

If the Agent has notified the Lenders that it is able to distribute interest payments on a "*pro rata basis*" to Existing Lenders and New Lenders then (in respect of any transfer pursuant to Clause 27.5 (*Procedure for transfer*) or any assignment pursuant to Clause 27.6 (*Procedure for assignment*) the Transfer Date of which, in each case, is after the date of such notification and is not on the last day of an Interest Period):

- (a) any interest or fees in respect of the relevant participation which are expressed to accrue by reference to the lapse of time shall continue to accrue in favour of the Existing Lender up to but excluding the Transfer Date ("**Accrued Amounts**") and shall become due and payable to the Existing Lender (without further interest accruing on them) on the last day of the current Interest Period (or, if the Interest Period is longer than six Months, on the next of the dates which falls at six Monthly intervals after the first day of that Interest Period); and
- (b) the rights assigned or transferred by the Existing Lender will not include the right to the Accrued Amounts so that, for the avoidance of doubt:
 - (i) when the Accrued Amounts become payable, those Accrued Amounts will be payable for the account of the Existing Lender; and

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- (ii) the amount payable to the New Lender on that date will be the amount which would, but for the application of this Clause 27.9, have been payable to it on that date, but after deduction of the Accrued Amounts.

27.10 French law provisions

- (a) To the extent a transfer of rights and obligations hereunder could be construed as a novation within the meaning of articles 1271 *et seq.* of the French Civil Code, each Party agrees that upon a transfer under Clauses 27.1 (*Assignments and transfers by the Lenders*) and 27.5 (*Procedure for transfer*), the Security created under the French law governed Transaction Security Documents shall be preserved and maintained for the benefit of the Security Agent, the New Lender and the remaining Finance Parties pursuant to articles 1278 *et seq.* of the French Civil Code.
- (b) The New Lender may, in case of an assignment of rights by an Existing Lender hereunder, if it considers it necessary to make such transfer effective as against third parties, arrange for the Assignment Agreement to be notified by way of *signification* to any French Obligor in accordance with article 1690 of the French Civil Code.

28. DEBT PURCHASE TRANSACTIONS

28.1 Permitted Debt Purchase Transactions

- (a) The Borrower shall not (and shall procure that no other member of the Group or any Affiliate of the Borrower shall) (i) enter into any Permitted Debt Purchase Transaction other than in accordance with the other provisions of this Clause 28.1 or (ii) be party to (or beneficially own all or any part of the share capital of a company that is a Lender or a party to) any Restricted Debt Purchase Transaction.
- (b) The Borrower may purchase by way of assignment, pursuant to Clause 27 (*Changes to the Lenders*), a participation in any Term Loan and any related Commitment where:
 - (i) such purchase is made for a consideration of less than par;
 - (ii) such purchase is made using one of the processes set out at paragraphs (c) and (d) below;
 - (iii) such purchase is made at a time when no Default is continuing; and
 - (iv) the consideration for such purchase is funded from that part of any Relevant Proceeds which is permitted to be retained by the Group and is not required to be applied to prepay the Facilities or to prepay, redeem, repay, retire, or purchase other Financial Indebtedness (or to be placed in a Reserve for such purpose) pursuant to Clause 8 (*Mandatory Prepayment*).

(c)

- (i) A Permitted Debt Purchase Transaction referred to in paragraph (a) above may be entered into pursuant to a solicitation process (a “**Solicitation Process**”) which is carried out as follows.
- (ii) Prior to 11.00 am on a given Business Day (the “**Solicitation Day**”) the Borrower or a financial institution acting on its behalf (the “**Purchase Agent**”) will approach at the same time each Lender which participates in the relevant Term Facilities to enable them to offer to sell to the Borrower an amount of their participation in one or more Term Facilities. Any Lender wishing to make such an offer shall, by 11.00 am on the second Business Day following such Solicitation Day, communicate to the Purchase Agent details of the amount of its participations in the Term Facilities it is offering to sell and the price at which it is offering to sell such participations. Any such offer shall be irrevocable until 11.00 am on the third Business Day following such Solicitation Day and shall be capable of acceptance by the Borrower on or before such time by communicating its acceptance in writing to the Purchase Agent or, if it is the Purchase Agent, the relevant Lenders. The Purchase Agent (if someone other than the Borrower) will communicate to the relevant Lenders which offers have been accepted by 12 noon on the third Business Day following such Solicitation Day. In any event by 11.00 am on the fourth Business Day following such Solicitation Day, the Borrower shall notify the Agent of the amounts of the participations purchased through the relevant Solicitation Process and the average price paid for the purchase of participations. The Agent shall disclose such information to any Lender that requests such disclosure.
- (iii) Any purchase of participations in the Term Facilities pursuant to a Solicitation Process shall be completed and settled on or before the fifth Business Day after the relevant Solicitation Day.
- (iv) In accepting any offers made pursuant to a Solicitation Process the Borrower shall be free to select which offers and in which amounts it accepts but on the basis that in relation to a participation in the Term Facility it accepts offers in inverse order of the price offered (with the offer or offers at the lowest price being accepted first) and that if in respect of participations in the Term Facility receives two or more offers at the same price it shall only accept such offers on a *pro rata* basis.

(d)

- (i) A Permitted Debt Purchase Transaction referred to in paragraph (a) above may also be entered into pursuant to an open order process (an “**Open Order Process**”) which is carried out as follows.
- (ii) The Borrower may by itself or through another Purchase Agent place an open order (an “**Open Order**”) to purchase participations in one or more of the Term Facilities up to a set aggregate amount at a set price by notifying at the same time all the Lenders participating in the

relevant Term Facilities of the same. Any Lender wishing to sell pursuant to an Open Order will, by 11.00 am on any Business Day following the date on which the Open Order is placed but no earlier than the first Business Day, and no later than the fifth Business Day, following the date on which the Open Order is placed, communicate to the Purchase Agent details of the amount of its participations, and in which Term Facilities, it is offering to sell. Any such offer to sell shall be irrevocable until 11.00 am on the Business Day following the date of such offer from the Lender and shall be capable of acceptance by the Borrower on or before such time by it communicating such acceptance in writing to the relevant Lender.

- (iii) Any purchase of participations in the Term Facilities pursuant to an Open Order Process shall be completed and settled by the Borrower on or before the fourth Business Day after the date of the relevant offer by a Lender to sell under the relevant Open Order.
 - (iv) If in respect of participations in a Term Facility the Purchase Agent receives on the same Business Day two or more offers at the set price such that the maximum amount of the Term Loans to which an Open Order relates would be exceeded, the Borrower shall only accept such offers on a *pro rata* basis.
 - (v) The Borrower shall, by 11.00 am on the sixth Business Day following the date on which an Open Order is placed, notify the Agent of the amounts of the participations purchased through such Open Order Process and the identity of the Term Facilities to which they relate. The Agent shall disclose such information to any Lender that requests the same.
- (e) For the avoidance of doubt, there is no limit on the number of occasions a Solicitation Process or an Open Order Process may be implemented.
- (f) In relation to any Permitted Debt Purchase Transaction entered into pursuant to this Clause 28.1, notwithstanding any other term of this Agreement or the other Finance Documents:
- (i) on completion of the relevant assignment pursuant to Clause 27 (*Changes to the Lenders*), the portions of the Term Loans to which it relates shall be extinguished and any related Repayment Instalments will be reduced *pro rata* accordingly;
 - (ii) such Permitted Debt Purchase Transaction and the related extinguishment referred to in paragraph (i) above shall not constitute a prepayment of the Facilities;
 - (iii) the Borrower shall be deemed to be an entity which fulfils the requirements of Clause 27.1 (*Assignments and transfers by the Lenders*) to be a New Lender (as defined in such Clause);

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- (iv) no member of the Group shall be deemed to be in breach of any provision of Clause 23 (*General Undertakings*) solely by reason of such Permitted Debt Purchase Transaction;
 - (v) Clause 32 (*Sharing among the Finance Parties*) shall not be applicable to the consideration paid under such Permitted Debt Purchase Transaction; and
 - (vi) for the avoidance of doubt, any extinguishment of any part of the Utilisations shall not affect any amendment or waiver which prior to such extinguishment had been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement.

(g) The Agent shall be under no obligation to act as Purchase Agent under any transaction contemplated by this Clause 28.1.

29. CHANGES TO THE OBLIGORS

29.1 Assignment and Transfers by Obligors

No Obligor or any other member of the Group may assign any of its rights or transfer any of its rights or obligations under the Finance Documents.

29.2 Additional Guarantors and Additional Security Providers

- (a) Subject to compliance with the provisions of paragraphs (b) and (c) of Clause 21.7 ("*Know your client*" checks), the Borrower may request that any of its wholly owned Subsidiaries become an Additional Guarantor or an Additional Security Provider by:
 - (i) the Borrower delivering to the Agent a duly completed and executed Accession Letter; and
 - (ii) the Borrower delivers (or procures that the Additional Guarantor or Additional Security Provider (as the case may be) delivers) all of the documents and other evidence referred to in Part II of Schedule 2 (*Conditions Precedent*) in relation to that Additional Guarantor or Additional Security Provider to the Agent.
- (b) The Agent shall notify the Obligors and the Lenders promptly upon being satisfied that it has received all the documents and other evidence listed in Part II of Schedule 2 (*Conditions Precedent*).

29.3 Resignation of a Guarantor

- (a) In this Clause 29.3 (*Resignation of a Guarantor*) and Clause 29.6 (*Resignation and release of Security on disposal*), "**Third Party Disposal**" means the disposal of all of the issued share capital of an Obligor to a person which is not a member of the Group where that disposal is permitted under Clause 23.20 (*Disposals*) or made with the approval of the Majority Lenders (and the Borrower has confirmed this is the case).

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- (b) The Borrower may request that a Guarantor (other than the Borrower) ceases to be a Guarantor by delivering to the Agent a Resignation Letter if:
 - (i) that Guarantor is being disposed of by way of a Third Party Disposal and the Borrower has confirmed this is the case; or
 - (ii) all the Lenders have consented to the resignation of that Guarantor.
 - (c) The Agent shall accept a Resignation Letter and notify the Borrower and the Lenders of its acceptance if:
 - (i) the Borrower has confirmed that no Default is continuing or would result from the acceptance of the Resignation Letter;
 - (ii) no payment is due from the Guarantor under Clause 19 (*Guarantee and Indemnity*);
 - (iii) the Borrower has confirmed that it shall ensure, if so required, that the Disposal Proceeds will be applied in accordance with Clause 8 (*Mandatory Prepayment*).
 - (d) The resignation of a Guarantor shall not be effective until the date of the relevant Third Party Disposal, at which time that company shall cease to be a Guarantor and shall have no further rights or obligations under the Finance Documents as a Guarantor.

29.4 Resignation of a Security Provider

- (a) The Borrower may request that a Security Provider ceases to be a Security Provider by delivering to the Agent a Resignation Letter if:
 - (i) the Transaction Security granted by that Security Provider is being released under and in accordance with the Intercreditor Agreement and the Borrower has confirmed that this is the case; or
 - (ii) all the Lenders have consented to the resignation of that Security Provider.
- (b) The Agent shall accept a Resignation Letter and notify the Borrower and the Lenders of its acceptance if:
 - (i) the Borrower has confirmed that no Default is continuing or would result from the acceptance of the Resignation Letter;
 - (ii) the Borrower has confirmed that the Transaction Security granted by that Security Provider has not become enforceable in accordance with its terms.
- (c) The resignation of that Security Provider shall not be effective until the date on which the Transaction Security granted by the Security Provider has been released under and in accordance with the Intercreditor Agreement, at which time that company shall cease to be a Security Provider and shall have no further rights or obligations under the Finance Documents as a Security Provider.

29.5 Repetition of Representations

Delivery of an Accession Letter constitutes confirmation by the relevant Affiliate that the Repeating Representations are true and correct in relation to it as at the date of delivery as if made by reference to the facts and circumstances then existing.

29.6 Resignation and release of Security on disposal

If a Guarantor is or is proposed to be the subject of a Third Party Disposal then:

- (a) where that Obligor created Transaction Security over any of its assets or business in favour of the Security Agent, or Transaction Security in favour of the Security Agent was created over the shares (or equivalent) of that Obligor, the Security Agent may, at the cost and request of the Borrower, release those assets, business or shares (or equivalent) and issue certificates of non-crystallisation;
- (b) the resignation of that Obligor and related release of Transaction Security referred to in paragraph (a) above shall not become effective until the date of that disposal; and
- (c) if the disposal of that Obligor is not made, the Resignation Letter of that Obligor and the related release of Transaction Security referred to in paragraph (a) above shall have no effect and the obligations of the Obligor and the Transaction Security created or intended to be created by or over that Obligor shall continue in such force and effect as if that release had not been effected.

SECTION 10
THE FINANCE PARTIES

30. ROLE OF THE AGENT

30.1 Appointment of the Agent

- (a) Each of the Lenders appoints the Agent to act as its agent under and in connection with the Finance Documents.
- (b) Each of the Lenders authorises the Agent to exercise the rights, powers, authorities and discretions specifically given to the Agent under or in connection with the Finance Documents (including the appointment of any sub-agents or local agents to assist in administration of payments, the supervision or enforcement of any of the Finance Documents) together with any other incidental rights, powers, authorities and discretions.

30.2 Interests of Lenders

Without limiting paragraphs (a) to (c) of Clause 30.8 (*Majority Lenders' instructions*), in connection with the exercise of its powers, authorities or discretions (including, but not limited to, those in relation to any proposed modifications, waiver or authorisation of any breach or proposed breach of any of the provisions of this Agreement), the Agent shall have regard to the general interests of the Lenders (taken as a whole) and shall not have regard to any interest arising from circumstances particular to individual Lenders.

30.3 Duties of the Agent

- (a) Subject to paragraph (b) below, the Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Agent for that Party by any other Party.
- (b) Without prejudice to Clause 27.7 (*Copy of Transfer Certificate, Assignment Agreement or Accordion Confirmation to Borrower*), paragraph (a) above shall not apply to any Transfer Certificate, any Assignment Agreement or any Accordion Confirmation.
- (c) The Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.
- (d) If the Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the other Finance Parties.
- (e) If the Agent is aware of the non-payment of any principal, interest or fee payable to a Finance Party (other than the Agent or the Security Agent) under this Agreement it shall promptly notify the other Finance Parties.
- (f) The Agent shall provide to the Borrower within three Business Days of a request by the Borrower (but no more frequently than once per calendar month) a list (which may be in electronic form) setting out the names of the

Lenders as at that Business Day, their respective Commitments, and the name of the contact person, if any, for whose attention any communication sent to that Lender is to be made or any document delivered under or in connection with the Finance Documents and, in the case of any Lender to whom any communication under or in connection with the Finance Documents may be made by that means, the electronic mail address and/or any other information required to enable the sending and receipt of information by electronic mail or other electronic means to and by that Lender.

(g) The Agent's duties under the Finance Documents are solely mechanical and administrative in nature.

30.4 **Role of the Arranger**

Except as specifically provided in the Finance Documents, the Arranger does not have any obligations or liabilities of any kind to any other Party under or in connection with any Finance Document.

30.5 **No fiduciary duties**

- (a) Nothing in this Agreement constitutes the Agent or the Arranger as a trustee or fiduciary of any other person.
- (b) None of the Agent or the Security Agent or the Arranger shall be bound to account to any Lender for any sum or the profit element of any sum received by it for its own account.

30.6 **Business with the Group**

The Agent, the Security Agent or the Arranger may accept deposits from, lend money to and generally engage in any kind of banking or other business with any member of the Group.

30.7 **Rights and discretions**

- (a) The Agent may rely on:
 - (i) any representation, notice or document (including, for the avoidance of doubt, any representation, notice or document communicating the consent of the Majority Lenders pursuant to Clause 39.1 (*Required consents*)) believed by it to be genuine, correct and appropriately authorised; and
 - (ii) any statement made by a director, authorised signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.
- (b) The Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Lenders) that:
 - (i) no Default has occurred (unless it has actual knowledge of a Default arising under Clause 26.1 (*Non-payment*));

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- (ii) any right, power, authority or discretion vested in any Party or the Majority Lenders has not been exercised;
 - (iii) any notice or request made by the Borrower (other than a Selection Notice) is made on behalf of and with the consent and knowledge of all the Obligors.
 - (c) The Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts including any Custodian.
 - (d) The Agent may act in relation to the Finance Documents through its personnel and agents and through any necessary sub-agent, local agent or Affiliate and, for that purpose, may enter into any agreement or cause any agreement to be entered into, by any such sub-agent, local agent or Affiliate, including the execution, delivery, performance or enforcement of any Transaction Security Document.
 - (e) The Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.
 - (f) Without prejudice to the generality of paragraph (e) above, the Agent may disclose the identity of a Defaulting Lender to the other Finance Parties and the Borrower and shall disclose the same upon the written request of the Borrower or the Majority Lenders.
 - (g) Notwithstanding any other provision of any Finance Document to the contrary, neither the Agent nor the Arranger is obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.
 - (h) The Agent is not obliged to disclose to any Finance Party but shall disclose to the Borrower as soon as reasonably practical following a request to do so any details of the rate notified to the Agent by any Lender or the identity of any such Lender for the purpose of paragraph (a)(ii) of Clause 12.2 (*Market disruption*) (**provided that** the Borrower, by its signature to this Agreement, agrees to keep such information confidential and not to disclose it to anyone except for its officers, directors, employees and professional advisers on a confidential and “need to know” basis).

30.8 Majority Lenders' instructions

- (a) Unless a contrary indication appears in a Finance Document, the Agent shall (i) exercise any right, power, authority or discretion vested in it as Agent in accordance with any instructions given to it by the Majority Lenders (or, if so instructed by the Majority Lenders, refrain from exercising any right, power, authority or discretion vested in it as Agent) and (ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of the Majority Lenders.

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- (b) Unless a contrary indication appears in a Finance Document, any instructions given by the Majority Lenders will be binding on all the Finance Parties other than the Security Agent.
 - (c) The Agent may refrain from acting in accordance with the instructions of the Majority Lenders (or, if appropriate, the Lenders) until it has received such security as it may require for any cost, loss or liability (together with any associated VAT) which it may incur in complying with the instructions.
 - (d) In the absence of instructions from the Majority Lenders, (or, if appropriate, the Lenders) the Agent may act (or refrain from taking action) as it considers to be in the best interest of the Lenders (taken as a whole).
 - (e) The Agent is not authorised to act on behalf of a Lender (without first obtaining that Lender's consent) in any legal or arbitration proceedings relating to any Finance Document. This paragraph (e) shall not apply to any legal or arbitration proceeding relating to the perfection, preservation or protection of rights under the Transaction Security Documents or enforcement of the Transaction Security or Transaction Security Documents.

30.9 Responsibility for documentation

Neither the Agent nor the Arranger is:

- (a) responsible for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Agent, an Obligor or any other person given in or in connection with any Finance Document or the Transaction Security;
- (b) responsible for the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or the Transaction Security or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with any Finance Document or the Transaction Security; or
- (c) responsible for any determination as to whether any information provided or to be provided to any Finance Party is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

30.10 Exclusion of liability

- (a) Without limiting paragraph (b) below, neither the Agent nor the Arranger will be liable for any action taken by it under or in connection with any Finance Document or the Transaction Security (or the negotiation or implementation of such documents) unless directly caused by its gross negligence or wilful misconduct or wilful breach of any Finance Document (and, for the avoidance of doubt, neither the Agent nor the Arranger will be liable in any circumstances for any consequential loss).
- (b) No Party (other than the Agent) may take any proceedings against any officer, employee or agent of the Agent in respect of any claim it might have against the Agent or in respect of any act or omission of any kind by that officer,

employee or agent in relation to any Finance Document and any officer, employee or agent of the Agent may rely on this Clause 30 subject to Clause 1.4 (*Third party rights*) and the provisions of the Third Parties Act.

- (c) The Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by the Agent if the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- (d) Nothing in this Agreement shall oblige the Agent or the Arranger to carry out any checks pursuant to any laws or regulations relating to money laundering in relation to any person on behalf of any Lender and each Lender confirms to the Agent and the Arranger that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Agent or the Arranger.
- (e) The Agent will have no liability for the acts of its agents, sub-agents or delegates (including Affiliates acting in such capacities) except to the extent that the acts or omissions of such agent or sub-agent (to the extent that it is an Affiliate of the Agent) constitute gross negligence or wilful misconduct.

30.11 **Lenders' indemnity to the Agent**

Each Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify the Agent and its Affiliates (to the extent they act as agents, sub-agents or delegates in relation to the Finance Documents), within three Business Days of demand, against any cost, loss or liability incurred by the Agent and its Affiliates (to the extent they act as agents, sub-agents or delegates in relation to the Finance Documents) (otherwise than by reason of the Agent's or the relevant Affiliate's gross negligence or wilful misconduct) in acting as (or, as the case may be, assisting the) Agent under the Finance Documents (unless the Agent or the relevant Affiliate has been reimbursed by an Obligor pursuant to a Finance Document). Any third party referred to in this Clause 30.11 may rely on this Clause 30.11.

30.12 **Resignation of the Agent**

- (a) The Agent may resign and appoint one of its Affiliates acting through an office in the European Union as successor by giving notice to the other Finance Parties and the Borrower.
- (b) Alternatively the Agent may resign by giving notice to the other Finance Parties and the Borrower, in which case the Majority Lenders (after consultation with the Borrower) may appoint a successor Agent.
- (c) If the Majority Lenders have not appointed a successor Agent in accordance with paragraph (b) above within 30 days after notice of resignation was given, the Agent (after consultation with the Borrower) may appoint a successor Agent (acting through an office in the European Union).

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- (d) The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
 - (e) The Agent's resignation notice shall only take effect upon the appointment of a successor.
 - (f) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this Clause 30.12. Its successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.
 - (g) The Agent shall resign in accordance with paragraph (b) above (and, to the extent applicable, shall use reasonable endeavours to appoint a successor Agent pursuant to paragraph (c) above) if on or after the date which is three months before the earliest FATCA Application Date relating to any payment to the Agent under the Finance Documents, either:
 - (i) the Agent fails to respond to a request under Clause 21.8 (*FATCA Information*) and the Borrower or a Lender reasonably believes that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;
 - (ii) the information supplied by the Agent pursuant to Clause 21.8 (*FATCA Information*) indicates that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date; or
 - (iii) the Agent notifies the Borrower and the Lenders that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date,

and (in each case) the Borrower or a Lender reasonably believes that a Party will be required to make a FATCA Deduction that would not be required if the Agent were a FATCA Exempt Party, and the Borrower or that Lender, by notice to the Agent, requires it to resign.

30.13 Replacement of the Agent

- (a) After consultation with the Borrower, the Majority Lenders may, by giving 30 days' notice to the Agent (or, at any time the Agent is an Impaired Agent, by giving any shorter notice determined by the Majority Lenders) replace the Agent by appointing a successor Agent (acting through an office in the European Union).
- (b) The retiring Agent shall (at its own cost if it is an Impaired Agent and otherwise at the expense of the Lenders) make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.

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- (c) The appointment of the successor Agent shall take effect on the date specified in the notice from the Majority Lenders to the retiring Agent. As from this date, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this Clause 30 (and any agency fees for the account of the retiring Agent shall cease to accrue from (and shall be payable on) that date).
 - (d) Any successor Agent and each of the other Parties shall have the same rights and obligations among themselves as they would have had if such successor had been an original Party.

30.14 Confidentiality

- (a) In acting as agent for the Finance Parties, the Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.
- (b) If information is received by another division or department of the Agent, it may be treated as confidential to that division or department and the Agent shall not be deemed to have notice of it.
- (c) Notwithstanding any other provision of any Finance Document to the contrary, the Agent is not obliged to disclose to any other person (i) any confidential information or (ii) any other information if the disclosure would or might in its reasonable opinion constitute a breach of any law or a breach of a fiduciary duty.

30.15 Relationship with the Lenders

- (a) Subject to Clause 27.9 (*Pro rata interest settlement*), the Agent may treat the person shown in its records as Lender at the opening of business (in the place of the Agent's principal office as notified to the Finance Parties from time to time) as the Lender acting through its Facility Office:
 - (i) entitled to or liable for any payment due under any Finance Document on that day; and
 - (ii) entitled to receive and act upon any notice, request, document or communication or make any decision or determination under any Finance Document made or delivered on that day,unless it has received not less than five Business Days' prior notice from that Lender to the contrary in accordance with the terms of this Agreement.
- (b) Each Lender shall supply the Agent with any information that the Security Agent may reasonably specify (through the Agent) as being necessary or desirable to enable the Security Agent to perform its functions as Security Agent. Each Lender shall deal with the Security Agent exclusively through the Agent and shall not deal directly with the Security Agent.

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- (c) The Agent may disclose to any Lender any information received by it in its capacity as Agent (including, without limitation, details of the identities and Commitments of the Lenders).
 - (d) Any Lender may by notice to the Agent appoint a person to receive on its behalf all notices, communications, information and documents to be made or despatched to that Lender under the Finance Documents. Such notice shall contain the address, fax number and (where communication by electronic mail or other electronic means is permitted under Clause 35.6 (*Electronic communication*)) electronic mail address and/or any other information required to enable the sending and receipt of information by that means (and, in each case, the department or officer, if any, for whose attention communication is to be made) and be treated as a notification of a substitute address, fax number, electronic mail address, department and officer by that Lender for the purposes of Clause 35.2 (*Addresses*) and paragraph (a)(iii) of Clause 35.6 (*Electronic communication*) and the Agent shall be entitled to treat such person as the person entitled to receive all such notices, communications, information and documents as though that person were that Lender.

30.16 Credit appraisal by the Lenders

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Lender confirms to the Agent and the Arranger that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

- (a) the financial condition, status and nature of each member of the Group;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document and the Transaction Security and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Transaction Security;
- (c) whether that Secured Party has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the Transaction Security or the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;
- (d) the adequacy, accuracy and/or completeness of any information provided by the Agent, any Party or by any other person under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;

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- (e) the right or title of any person in or to, or the value or sufficiency of any part of the Charged Property, the priority of any of the Transaction Security or the existence of any Security affecting the Charged Property; and
 - (f) the legality, validity, effectiveness, adequacy or enforceability of any action taken or made in connection with any Finance Document.

30.17 Reference Banks

The Parties agree and acknowledge that:

- (a) the Obligors have proposed the names of the entities referred to in the definition of Reference Banks and the appointment of those Reference Banks has been accepted by the Original Lenders and such Reference Banks; and
- (b) each Obligor represents that it considers it beneficial for it to appoint banks of international repute which are Lenders hereunder as Reference Banks for the purposes of this Agreement (instead of other banks which are not Lenders hereunder in order to have Reference Banks which are not Lenders the rates of which could be less representative of market rates).

30.18 Agent's management time

Any amount payable to the Agent under Clause 16.3 (*Indemnity to the Agent*), Clause 18 (*Costs and Expenses*) and Clause 30.11 (*Lenders' indemnity to the Agent*) shall include the cost of utilising the Agent's management time or other resources and will be calculated on the basis of such reasonable daily or hourly rates as the Agent may notify to the Borrower and the Lenders, and is in addition to any fee paid or payable to the Agent under Clause 13 (*Fees*).

30.19 Deduction from amounts payable by the Agent

If any Party owes an amount to the Agent under the Finance Documents the Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents that Party shall be regarded as having received any amount so deducted.

30.20 Role of the Security Agent

- (a) The Security Agent's duties under this Agreement are solely mechanical and administrative in nature.
- (b) In particular, the role and, *inter alia*, duties, rights, powers, protections and benefits of the Security Agent are more particularly described in the Intercreditor Agreement, which sets out the basis upon which the Security Agent acts under this Agreement. Should any provision regarding the duties, discretions, rights, benefits, protections, indemnities and immunities of the Security Agent (the "**Security Agent Provisions**") conflict or otherwise be inconsistent as between this Agreement and the Intercreditor Agreement, then the Security Agent Provisions as contained in the Intercreditor Agreement shall prevail.

30.21 **Reliance and engagement letters**

Each Finance Party and Secured Party confirms that the Agent has authority to accept on its behalf (and ratifies the acceptance on its behalf of any letters or reports already accepted by the Agent) the terms of any reliance letter or engagement letters relating to any reports or letters provided by accountants in connection with the Finance Documents or the transactions contemplated in the Finance Documents and to bind it in respect of those reports or letters and to sign such letters on its behalf and further confirms that it accepts the terms and qualifications set out in such letters.

31. **CONDUCT OF BUSINESS BY THE FINANCE PARTIES**

No provision of this Agreement will:

- (a) interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;
- (b) oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or
- (c) oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

32. **SHARING AMONG THE FINANCE PARTIES**

32.1 **Payments to Finance Parties**

If a Finance Party (a “**Recovering Finance Party**”) receives or recovers any amount from an Obligor other than in accordance with Clause 33 (*Payment Mechanics*) or otherwise receives or recovers more than the amount to which it is entitled under the Finance Documents (a “**Recovered Amount**”) and applies that amount to a payment due under the Finance Documents then:

- (a) the Recovering Finance Party shall, within three Business Days, notify details of the receipt or recovery, to the Agent;
- (b) the Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Finance Party would have been paid had the receipt or recovery been received or made by the Agent and distributed in accordance with Clause 33 (*Payment Mechanics*), without taking account of any Tax which would be imposed on the Agent in relation to the receipt, recovery or distribution;
- (c) the Recovering Finance Party shall, within three Business Days of demand by the Agent, pay to the Agent an amount (the “**Sharing Payment**”) equal to such receipt or recovery less any amount which the Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made, in accordance with Clause 33.6 (*Partial payments*); and

(d) for the avoidance of doubt, if circumstances exist where:

- (i) there is an unavailability or shortage of foreign exchange in any applicable jurisdiction of an Obligor or there has occurred a general moratorium or general debt rescheduling with respect to indebtedness of entities in such Obligor's jurisdiction; and
- (ii) as a result of a Recovering Finance Party having preferential treatment or creditor status, any applicable governmental authority of the Obligor's jurisdiction is permitting such Obligor to access and/or transfer, freely convertible and transferable currencies ("Convertible Currencies") in order to pay obligations denominated in Convertible Currencies which are owed to such Recovering Finance Party (by way of exemption to, or preferential treatment under, such foreign exchange restrictions), but is not permitting such Obligor to do so in order to pay obligations denominated in Convertible Currencies which are owed to other Finance Parties, which do not have preferential treatment or creditor status,

then such Recovering Finance Party may retain amounts received by it in such Convertible Currencies provided that:

- (A) all amounts available to the Finance Parties from the Obligors are first allocated to each of the Finance Parties in accordance with the relevant requirements of this Agreement or the Intercreditor Agreement (as the case may be) in the currency that such amounts are made available, with such allocation calculated assuming such amounts had been in the hands of the Agent or Security Agent, as the case may be (and for the avoidance of doubt, nothing in this clause is intended to change, affect or relate to, such allocation); and
- (B) the amount received by such Recovering Finance Party does not exceed the amount which such Recovering Finance Party is entitled to receive as a result of the above-mentioned allocation,

and provided further that the foregoing clause shall in no way restrict, limit or prejudice the rights and claims of any Finance Party against any Obligor, including any Obligor to whom such unavailability or shortage of foreign exchange or general moratorium or general debt rescheduling does not apply, or the right of any Finance Party to, in its sole discretion, accept or refuse to accept any payment other than in the currency in which payment is due and in accordance with Clause 33.1 (*Payments to the Agent*). Any Recovering Finance Party shall promptly upon the written request of the Agent, the Security Agent or the Borrower confirm the amount of Convertible Currencies so received.

32.2 **Redistribution of payments**

The Agent shall treat the Sharing Payment as if it had been paid by the relevant Obligor and distribute it between the Finance Parties (other than the Recovering

Finance Party) (the “**Sharing Finance Parties**”) in accordance with Clause 33.6 (*Partial payments*) towards the obligations of that Obligor to the Sharing Finance Parties.

32.3 **Recovering Finance Party’s rights**

- (a) On a distribution by the Agent under Clause 32.2 (*Redistribution of payments*), of a payment received by a Recovering Finance Party from an Obligor, as between the relevant Obligor and the Recovering Finance Party, an amount of the Recovered Amount equal to the Sharing Payment will be treated as not having been paid by that Obligor.
- (b) If and to the extent that the Recovering Finance Party is not able to rely on its rights under paragraph (a) above, the relevant Obligor shall be liable to the Recovering Finance Party for a debt equal to the Sharing Payment which is immediately due and payable.

32.4 **Reversal of redistribution**

If any part of the Sharing Payment received or recovered by a Recovering Finance Party becomes repayable and is repaid by that Recovering Finance Party, then:

- (a) each Sharing Finance Party shall, upon request of the Agent, pay to the Agent for the account of that Recovering Finance Party an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Finance Party for its proportion of any interest on the Sharing Payment which that Recovering Finance Party is required to pay) (the “**Redistributed Amount**”); and
- (b) that Recovering Finance Party’s right of subrogation in respect of any reimbursement shall be cancelled and, as between the relevant Obligor and each relevant Sharing Finance Party, an amount equal to the relevant Redistributed Amount will be treated as not having been paid by that Obligor.

32.5 **Exceptions**

- (a) This Clause 32 shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this Clause, have a valid and enforceable claim against the relevant Obligor.
- (b) A Recovering Finance Party is not obliged to share with any other Finance Party any amount which the Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:
 - (i) it notified the other Finance Party of the legal or arbitration proceedings; and
 - (ii) the other Finance Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

(c) This Clause 32 shall not impose any obligation on the Security Agent to pay a Sharing Payment to the Agent under Clause 32.1 (*Payments to Finance Parties*) or Clause 32.4 (*Reversal of redistribution*).

**SECTION 11
ADMINISTRATION**

33. PAYMENT MECHANICS

33.1 Payments to the Agent

- (a) Subject to paragraph (b), on each date on which an Obligor or a Lender is required to make a payment under a Finance Document, that Obligor or Lender shall make the same available to the Agent (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.
- (b) Payment shall be made to such account in the principal financial centre of the country of that currency (or, in relation to euro, in a principal financial centre in a Participating Member State or London) with such bank as the Agent specifies.

33.2 Distributions by the Agent

Each payment received by the Agent under the Finance Documents for another Party shall, subject to Clause 33.3 (*Distributions to an Obligor*) and Clause 33.4 (*Clawback*) and Clause 30.19 (*Deduction from amounts payable by the Agent*), be made available by the Agent as soon as practicable after receipt to the Party entitled to receive payment in accordance with this Agreement for the account of its Facility Office, to such account as that Party may notify to the Agent by not less than five Business Days' notice with a bank in the principal financial centre of the country of that currency (or, in relation to euro, in the principal financial centre of a Participating Member State or London).

33.3 Distributions to an Obligor

The Agent may (with the consent of the Obligor or in accordance with Clause 34 (*Set-Off*)) apply any amount received by it for that Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from that Obligor under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

33.4 Clawback

- (a) Where a sum is to be paid to the Agent under the Finance Documents for another Party, the Agent is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.
- (b) If the Agent pays an amount to another Party and it proves to be the case that the Agent had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the Agent shall on demand refund the same to the Agent together with interest on that amount from the date of payment to the date of receipt by the Agent, calculated by the Agent to reflect its cost of funds.

33.5 Impaired Agent

- (a) If, at any time, the Agent becomes an Impaired Agent, an Obligor or a Lender which is required to make a payment under the Finance Documents to the Agent in accordance with Clause 33.1 (*Payments to the Agent*) may instead either pay that amount direct to the required recipient or pay that amount to an interest-bearing account held with an Acceptable Bank within the meaning of paragraph (a) of the definition of "Acceptable Bank" and in relation to which no Insolvency Event has occurred and is continuing, in the name of the Obligor or the Lender making the payment and designated as a trust account for the benefit of the Party or Parties beneficially entitled to that payment under the Finance Documents. In each case such payments must be made on the due date for payment under the Finance Documents.
- (b) All interest accrued on the amount standing to the credit of the trust account shall be for the benefit of the beneficiaries of that trust account *pro rata* to their respective entitlements.
- (c) A Party which has made a payment in accordance with this Clause 33.5 shall be discharged of the relevant payment obligation under the Finance Documents and shall not take any credit risk with respect to the amounts standing to the credit of the trust account.
- (d) Promptly upon the appointment of a successor Agent in accordance with Clause 30.13 (*Replacement of the Agent*), each Party which has made a payment to a trust account in accordance with this Clause 33.5 shall give all requisite instructions to the bank with whom the trust account is held to transfer the amount (together with any accrued interest) to the successor Agent for distribution in accordance with Clause 33.2 (*Distributions by the Agent*).

33.6 Partial payments

- (a) Subject to the provisions of the Intercreditor Agreement, if the Agent receives a payment for application against amounts due in respect of any Finance Documents that is insufficient to discharge all the amounts then due and payable by an Obligor under those Finance Documents, the Agent shall apply that payment towards the obligations of that Obligor under those Finance Documents in the following order:
 - (i) **first**, in or towards payment *pro rata* of any unpaid fees, costs and expenses of the Agent and the Security Agent under those Finance Documents;
 - (ii) **secondly**, in or towards payment *pro rata* of any accrued interest, fee or commission due but unpaid under those Finance Documents;
 - (iii) **thirdly**, in or towards payment *pro rata* of any principal due but unpaid under those Finance Documents; and
 - (iv) **fourthly**, in or towards payment *pro rata* of any other sum due but unpaid under the Finance Documents.

(b) The Agent shall, if so directed by the Majority Lenders, vary the order set out in paragraphs (a)(ii) to (iv) above (but not, for the avoidance of doubt, the *pro rata* allocation of payments falling within any such paragraph).

(c) Paragraphs (a) and (b) above will override any appropriation made by an Obligor.

33.7 Set-off by Obligors

All payments to be made by an Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

33.8 Business Days

(a) Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

(b) During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

33.9 Currency of account

(a) Subject to paragraphs (b) to (e) below, dollars is the currency of account and payment for any sum due from an Obligor under any Finance Document.

(b) A repayment of a Utilisation or Unpaid Sum or a part of a Utilisation or Unpaid Sum shall be made in the currency in which that Utilisation or Unpaid Sum is denominated on its due date.

(c) Each payment of interest shall be made in the currency in which the sum in respect of which the interest is payable was denominated when that interest accrued.

(d) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.

(e) Any amount expressed to be payable in a currency other than dollars shall be paid in that other currency.

33.10 Change of currency

(a) Unless otherwise prohibited by law, if more than one currency or currency unit is at the same time recognised by the central bank of any country as the lawful currency of that country, then:

(i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Agent (after consultation with the Borrower); and

(ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Agent (acting reasonably).

(b) If a change in any currency of a country occurs, this Agreement will, to the extent the Agent (acting reasonably and after consultation with the Borrower) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the Relevant Interbank Market and otherwise to reflect the change in currency.

34. SET-OFF

A Finance Party may set off any matured obligation due from an Obligor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

35. NOTICES

35.1 Communications in writing

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax or letter or (in accordance with Clause 35.6 (*Electronic communication*)) by email.

35.2 Addresses

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

(a) in the case of the Borrower:

Address: CEMEX, S.A.B. de C.V.
Avenida Ricardo Margáin Zozaya #325
Colonia Valle del Campestre
San Pedro Garza García, Nuevo León, 66265
México

Fax: +52 (81) 8888 4465

Attention: Corporate Finance Director;

with a copy to:

Address: CEMEX, S.A.B. de C.V.
Avenida Ricardo Margáin Zozaya #325
Colonia Valle del Campestre
San Pedro Garza García, Nuevo León, 66265
México

Fax: +52 (81) 8888 6779

Attention: Financial Operations Manager;

- (b) in the case of each Lender, or any other Obligor, that notified in writing to the Agent on or prior to the date on which it becomes a Party;
- (c) in the case of the Agent:

Address: Citibank International plc
5th Floor, Citigroup Centre
Mail Drop CGC2 05-65
25 Canada Square, Canary Wharf
London E14 5LB
United Kingdom

Fax: +44 (0) 20 7492 3980 / +44 (0) 20 7067 9536

Attention: EMEA Loans Agency; and

- (d) in the case of the Security Agent:

Address: Third Floor, 1 King's Arms Yard
London EC2R 7AF
United Kingdom

Fax: +44 (0) 20 7397 3601

Attention: Frank Cibej,

or any substitute address, fax number or department or officer as the Party may notify to the Agent (or the Agent may notify to the other Parties, if a change is made by the Agent) by not less than five Business Days' notice.

35.3 Delivery

- (a) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:
 - (i) if by way of fax, when received in legible form; or
 - (ii) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post (postage prepaid) in an envelope addressed to it at that address,

and, if a particular department or officer is specified as part of its address details provided under Clause 35.2 (*Addresses*), if addressed to that department or officer.

- (b) Any communication or document to be made or delivered to the Agent or the Security Agent will be effective only when actually received by the Agent or Security Agent and then only if it is expressly marked for the attention of the department or officer identified in Clause 35.2 (*Addresses*) (or any substitute department or officer as the Agent or Security Agent shall specify for this purpose).
- (c) All notices from or to an Obligor shall be sent through the Agent. The Borrower may make and/or deliver as agent of each Obligor notices and/or requests on behalf of each Obligor.
- (d) Any communication or document made or delivered to the Borrower in accordance with this Clause 35.3 will be deemed to have been made or delivered to each of the Obligors.

35.4 Notification of address and fax number

Promptly upon receipt of notification of an address or fax number or change of address or fax number pursuant to Clause 35.2 (*Addresses*) or changing its own address or fax number, the Agent shall notify the other Parties.

35.5 Communication when Agent is Impaired Agent

If the Agent is an Impaired Agent the Parties may, instead of communicating with each other through the Agent, communicate with each other directly and (while the Agent is an Impaired Agent) all the provisions of the Finance Documents which require communications to be made or notices to be given to or by the Agent shall be varied so that communications may be made and notices given to or by the relevant Parties directly. This provision shall not operate after a replacement Agent has been appointed.

35.6 Electronic communication

- (a) Any communication to be made between the Agent or the Security Agent and a Lender and/or any member of the Group under or in connection with the Finance Documents may be made by electronic mail or other electronic means, if the Agent, the Security Agent and the relevant Lender and/or member of the Group:
 - (i) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;
 - (ii) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
 - (iii) notify each other of any change to their address or any other such information supplied by them.

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- (b) Any electronic communication made between the Agent and a Lender or the Security Agent and/or any member of the Group will be effective only when actually received in readable form and, in the case of any electronic communication made by a Lender and/or the Security Agent and/or any member of the Group to the Agent, only if it is addressed in such a manner as the Agent or Security Agent shall specify for this purpose.
 - (c) As at the date of this Agreement, the Security Agent has not agreed that electronic communication as contemplated by this Clause 35.6 is an accepted form of communication unless any communication from a Party to the Security Agent by electronic means is also made by fax, and such communication shall only be effective when such fax is received in legible form.

35.7 English language

- (a) Any notice given under or in connection with any Finance Document must be in English.
- (b) All other documents provided under or in connection with any Finance Document must be:
 - (i) in English; or
 - (ii) if not in English, and if so required by the Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

35.8 Obligor Agent

- (a) Each Obligor (other than the Borrower) by its execution of this Agreement or an Accession Letter (as the case may be) irrevocably appoints the Borrower to act on its behalf as its agent in relation to the Finance Documents and irrevocably authorises:
 - (i) the Borrower on its behalf to supply all information concerning itself contemplated by this Agreement to the Finance Parties and to give all notices and instructions, to execute on its behalf any documents required hereunder and to make such agreements capable of being given or made by any Obligor notwithstanding that they may affect such Obligor, without further reference to or consent of such Obligor; and
 - (ii) each Finance Party to give any notice, demand or other communication to such Obligor pursuant to the Finance Documents to the Borrower on its behalf,

and in each case such Obligor shall be bound thereby as though such Obligor itself had given such notices and instructions or executed or made such agreements or received any notice, demand or other communication.

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- (b) Every act, agreement, undertaking, settlement, waiver, notice or other communication given or made by the Borrower, or given to the Borrower, in its capacity as agent in accordance with paragraph (a) of this Clause 35.8, in connection with this Agreement shall be binding for all purposes on such Obligor as if the other Obligor had expressly made, given or concurred with the same. In the event of any conflict between any notices or other communications of the Borrower and any other Obligor, those of the Borrower shall prevail.

35.9 Use of websites

- (a) The Borrower may satisfy its obligation under this Agreement to deliver any information in relation to those Lenders (the “**Website Lenders**”) who accept this method of communication by posting this information on to an electronic website designated by the Borrower and the Agent (the “**Designated Website**”) if:
- (i) the Agent expressly agrees (after consultation with each of the Lenders) that it will accept communication of the information by this method;
 - (ii) both the Borrower and the Agent are aware of the address of and any relevant password specifications for the Designated Website; and
 - (iii) the information is in a format previously agreed between the Borrower and the Agent.

If any Lender does not agree to the delivery of information electronically then the Agent shall notify the Borrower accordingly and the Borrower shall supply the information to the Agent in paper form. In any event the Borrower shall supply the Agent with at least one copy in paper form of any information required to be provided by it.

- (b) The Agent shall supply each Website Lender with the address of and any relevant password specifications for the Designated Website following designation of that website by the Borrower and the Agent.
- (c) The Borrower shall promptly upon becoming aware of its occurrence notify the Agent if:
- (i) the Designated Website cannot be accessed due to technical failure;
 - (ii) the password specifications for the Designated Website change;
 - (iii) any new information which is required to be provided under this Agreement is posted on to the Designated Website;
 - (iv) any existing information which has been provided under this Agreement and posted on to the Designated Website is amended; or

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- (v) the Borrower becomes aware that the Designated Website or any information posted on to the Designated Website is or has been infected by any electronic virus or similar software.

If the Borrower notifies the Agent under paragraph (c)(i) or paragraph (c)(v) above, all information to be provided by the Borrower under this Agreement after the date of that notice shall be supplied in paper form unless and until the Agent and each Website Lender are satisfied that the circumstances giving rise to the notification are no longer continuing.

- (d) Any Website Lender may request, through the Agent, one paper copy of any information required to be provided under this Agreement which is posted on to the Designated Website. The Borrower shall at its own cost comply with any such request within ten Business Days.

36. CALCULATIONS AND CERTIFICATES

36.1 Accounts

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are *prima facie* evidence of the matters to which they relate.

36.2 Certificates and determinations

Any certification or determination by a Finance Party of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

36.3 Day count convention

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days or, in any case where the practice in the Relevant Interbank Market differs, in accordance with that market practice.

36.4 Spanish Civil Procedure

In the event that this Agreement is raised to a Spanish Public Document, for the purposes of Article 572.2 of the Spanish Civil Procedure Law (*Ley de Enjuiciamiento Civil*), all parties expressly agree that the exact amount due at any time by the Obligors to the Lenders will be the amount specified in a certificate issued by the Agent (and/or any Lender) in accordance with Clause 36.2 (*Certificates and determinations*) as representative of the Lenders reflecting the balance of the accounts referred to in Clause 36.1 (*Accounts*).

36.5 No personal liability

If an individual signs a certificate on behalf of any member of the Group and the certificate proves to be incorrect, the individual will incur no personal liability as a result, unless the individual acted fraudulently in giving the certificate. In this case any liability of the individual will be determined in accordance with applicable law.

37. **PARTIAL INVALIDITY**

If, at any time, any provision of the Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law or regulation of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law or regulations of any other jurisdiction will in any way be affected or impaired.

38. **REMEDIES AND WAIVERS**

No failure to exercise, nor any delay in exercising, on the part of any Finance Party or Secured Party, any right or remedy under the Finance Documents shall operate as a waiver of any such right or remedy or constitute an election to affirm any of the Finance Documents. No election to affirm any of the Finance Documents on the part of any Finance Party shall be effective unless it is in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law or regulation.

39. **AMENDMENTS AND WAIVERS**

39.1 **Required consents**

- (a) Subject to Clause 39.2 (*Exceptions*) and Clause 39.3 (*Facility Change*), any term of the Finance Documents may be amended or waived only with the consent of the Majority Lenders and the Borrower and any such amendment or waiver will be binding on all Parties.
- (b) The Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause 39.
- (c) Each Obligor agrees to any such amendment or waiver permitted by this Clause 39 which is agreed to by the Borrower. This includes any amendment or waiver which would, but for this paragraph (c), require the consent of all of the Guarantors.

39.2 **Exceptions**

- (a) An amendment or waiver that has the effect of changing or which relates to:
 - (i) the definition of “Majority Lenders” or “Super Majority Lenders” in Clause 1.1 (*Definitions*);
 - (ii) an extension to the Termination Date or to the date of any scheduled payment of any amount under the Finance Documents (except pursuant to a Facility Change);
 - (iii) a reduction in the Margin or a reduction in the amount (or, in respect of interest, fees and commissions, the rate) of any payment of principal, interest, fees or commission payable;

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- (iv) the allocation as among the Lenders of any amount payable under the Finance Documents;
 - (v) a change in currency of payment of any amount under the Finance Documents;
 - (vi) an increase in or an extension of any Commitment or the Total Commitments (except pursuant to Clause 2.2 (*Accordion*) or a Facility Change);
 - (vii) a change to the Borrower or any of the Guarantors other than in accordance with Clause 29 (*Changes to the Obligors*);
 - (viii) any provision which expressly requires the consent of all the Lenders;
 - (ix) Clause 2.3 (*Finance Parties' rights and obligations*), Clause 19 (*Guarantee and Indemnity*), Clause 27 (*Changes to the Lenders*), Clause 29 (*Changes to the Obligors*) or this Clause 39; or
 - (x) any amendment to the order of priority or subordination under the Intercreditor Agreement,

shall not be made without the prior consent of all of the Lenders (save in circumstances where such change is made pursuant to Clause 24 (*Covenant Reset Date*)).

- (b) An amendment or waiver which relates to the rights or obligations of the Agent, the Arranger or, as the case may be, the Security Agent may not be effected without the consent of the Agent, the Arranger or, as the case may be, the Security Agent at such time.
- (c) Any amendment or waiver that has the effect of changing or that relates to:
 - (i) the nature or scope of the Charged Property or the manner in which the proceeds of enforcement of the Transaction Security are distributed (except insofar as it relates to a sale or disposal of an asset which is the subject of the Transaction Security where such sale or disposal is expressly permitted under this Agreement or any other Finance Document);
 - (ii) the release of any guarantee and indemnity granted under Clause 19 (*Guarantee and Indemnity*) or of any Transaction Security unless permitted under this Agreement or any other Finance Document or relating to a sale or disposal of an asset which is the subject of the Transaction Security where such sale or disposal is expressly permitted under this Agreement or any other Finance Document,

may only be made with the consent of the Super Majority Lenders.

- (d) If any Lender fails to respond to a request for a consent, waiver or amendment of or in relation to any of the terms of any Finance Document or other vote of Lenders under the terms of this Agreement within 20 Business Days of that

request being made (or such longer period as the Borrower may, in its absolute discretion, specify (subject to prior notice being given by the Borrower to the Agent)), its Commitment and/or participation shall not be included for the purpose of calculating the Total Commitments or participations under the relevant Facility/ies when ascertaining whether any relevant percentage (including, for the avoidance of doubt, unanimity) of Total Commitments and/or participations has been obtained to approve that request.

39.3 Facility Change

- (a) The Borrower may, by notice to the Agent for circulation to all Lenders, request the consent of each Lender to an extension of the Termination Date with respect to that Lender's Commitment and participation in the Loans (such extension, a "**Facility Change**", and any such Lender which consents to an extension of the Termination Date with respect to its Commitment and participation in the Loans, a "**Facility Change Lender**").
- (b) A Facility Change shall be implemented by way of an amendment to this Agreement (and, if required, any other Finance Document) to reflect the Facility Change in relation to the relevant Facility Change Lender(s) (but, for the avoidance of doubt, in relation to no other Lender) (including, without limitation, by the creation of sub-tranches or a new facility comprising the Commitment and participation in the Loans the Facility Change Lender(s), and to which the extended Termination Date is to apply).
- (c) Notwithstanding anything in this Clause 39 or any other provision of the Finance Documents to the contrary, an amendment to any term of the Finance Documents made in accordance with this Clause 39.3 in order to implement a Facility Change may be approved with the consent of the relevant Facility Change Lender and the Borrower (and countersigned by the Agent) and any such amendment will be binding on all Parties.

39.4 Replacement of Lender

- (a) If at any time:
 - (i) any Lender becomes a Non-Consenting Lender (as defined in paragraph (c) below); or
 - (ii) an Obligor other than a Security Provider that is not also the Borrower or a Guarantor becomes obliged to repay any amount in accordance with Clause 7.1 (*Illegality*) or to pay additional amounts pursuant to Clause 15.1 (*Increased costs*), Clause 14.2 (*Tax gross-up*) or Clause 14.3 (*Tax indemnity*) to any Lender in excess of amounts payable to the other Lenders generally,then the Borrower may, on 10 Business Days' prior written notice to the Agent and such Lender, replace such Lender by requiring such Lender to (and such Lender shall) transfer pursuant to Clause 27 (*Changes to the Lenders*) all (and not part only) of its rights and obligations under this Agreement to a Lender or other bank, financial institution, trust, fund or other entity (a "**Replacement**");

Lender”) selected by the Borrower, and (unless at such time the Agent is an Impaired Agent) which is acceptable to the Agent (acting reasonably), which confirms its willingness to assume and does assume all the obligations of the transferring Lender (including the assumption of the transferring Lender’s participations on the same basis as the transferring Lender) for a purchase price in cash payable at the time of transfer equal to the outstanding principal amount of such Lender’s participation in the outstanding Utilisations and all accrued interest and/or Break Costs and other amounts payable in relation thereto under the Finance Documents.

- (b) The replacement of a Lender pursuant to this Clause 39.4 shall be subject to the following conditions:
- (i) the Borrower shall have no right to replace the Agent or Security Agent;
 - (ii) neither the Agent nor the Lender shall have any obligation to the Borrower to find a Replacement Lender;
 - (iii) in the event of a replacement of a Non-Consenting Lender such replacement must take place no later than 180 days after the date on which the Non-Consenting Lender notifies the Borrower and the Agent of its failure or refusal to give a consent in relation to, or agree to any waiver or amendment to the Finance Documents requested by the Borrower; and
 - (iv) in no event shall the Lender replaced under this paragraph (b) be required to pay or surrender to such Replacement Lender any of the fees received by such Lender pursuant to the Finance Documents.
- (c) In the event that:
- (i) the Borrower or the Agent (at the request of the Borrower) has requested the Lenders to give a consent in relation to, or to agree to a waiver or amendment of, any provisions of the Finance Documents;
 - (ii) the consent, waiver or amendment in question requires the approval of all the Lenders; and
 - (iii) Lenders whose Commitments aggregate more than 85 per cent. of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than 85 per cent. of the Total Commitments prior to that reduction) have consented or agreed to such waiver or amendment,

then any Lender who does not and continues not to consent or agree to such waiver or amendment shall be deemed a “**Non-Consenting Lender**”.

39.5 Replacement of a Defaulting Lender

- (a) The Borrower may, at any time a Lender has become and continues to be a Defaulting Lender, by giving 10 Business Days’ prior written notice to the

Agent and such Lender, replace such Lender by requiring such Lender to (and such Lender shall) transfer pursuant to Clause 27 (*Changes to the Lenders*) all (and not part only) of its rights and obligations under this Agreement to a Lender or Replacement Lender selected by the Borrower, and which (unless the Agent is an Impaired Agent) is acceptable to the Agent (acting reasonably), which confirms its willingness to assume and does assume all the obligations or all the relevant obligations of the transferring Lender (including the assumption of the transferring Lender's participations or unfunded participations (as the case may be) on the same basis as the transferring Lender) for a purchase price in cash payable at the time of transfer equal to the outstanding principal amount of such Lender's participation in the outstanding Utilisations and all accrued interest, Break Costs and other amounts payable in relation thereto under the Finance Documents.

(b) Any transfer of rights and obligations of a Defaulting Lender pursuant to this Clause shall be subject to the following conditions:

- (i) the Borrower shall have no right to replace the Agent or Security Agent;
- (ii) neither the Agent nor the Defaulting Lender shall have any obligation to the Borrower to find a Replacement Lender;
- (iii) the transfer must take place no later than 180 days after the notice referred to in paragraph (a) above; and
- (iv) in no event shall the Defaulting Lender be required to pay or surrender to the Replacement Lender any of the fees received by the Defaulting Lender pursuant to the Finance Documents.

40. CONFIDENTIALITY

40.1 Confidential Information

Each Finance Party agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by Clause 40.2 (*Disclosure of Confidential Information*) and Clause 40.3 (*Disclosure to numbering service providers*), and to ensure that all Confidential Information is protected with security measures and a degree of care that would apply to its own confidential information.

40.2 Disclosure of Confidential Information

Any Finance Party may, subject (where applicable) to the provisions of article L. 511-33 of the French Monetary and Financial Code, disclose:

- (a) to any of its Affiliates and Related Funds and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives such Confidential Information as that Finance Party shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this paragraph (a) is informed in writing of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no such requirement

to inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;

(b) to any person:

- (i) to (or through) whom it assigns or transfers (or may potentially assign or transfer) all or any of its rights and/or obligations under one or more Finance Documents and to any of that person's Affiliates, Related Funds, Representatives and professional advisers;
- (ii) with (or through) whom it enters into (or may potentially enter into), whether directly or indirectly, any sub-participation in relation to, or any other transaction under which payments are to be made or may be made by reference to, one or more Finance Documents and/or one or more Obligors and to any of that person's Affiliates, Related Funds, Representatives and professional advisers;
- (iii) appointed by any Finance Party or by a person to whom paragraph (b)(i) or (ii) above applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf (including, without limitation, any person appointed under paragraph (d) of Clause 30.15 (*Relationship with the Lenders*));
- (iv) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in paragraph (b)(i) or (b)(ii) above;
- (v) to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation;
- (vi) to whom or for whose benefit that Finance Party charges, assigns or otherwise creates Security (or may do so) pursuant to Clause 27.8 (*Security over Lenders' rights*);
- (vii) to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes;
- (viii) who is a Party; or
- (ix) with the consent of the Borrower;

in each case, such Confidential Information as that Finance Party shall consider appropriate if:

- (A) in relation to paragraphs (b)(i), (b)(ii) and (b)(iii) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking except that there

shall be no requirement for a Confidentiality Undertaking if the recipient is a professional adviser and is subject to professional obligations to maintain the confidentiality of the Confidential Information;

- (B) in relation to paragraph (b)(iv) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking or is otherwise bound by requirements of confidentiality in relation to the Confidential Information they receive and is informed that some or all of such Confidential Information may be price-sensitive information;
 - (C) in relation to paragraphs (b)(v), (b)(vi) and (b)(vii) above, the person to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of that Finance Party, it is not practicable so to do in the circumstances;
- (c) to any person appointed by that Finance Party or by a person to whom paragraph (b)(i) or (b)(ii) above applies to provide administration or settlement services in respect of one or more of the Finance Documents, including without limitation, in relation to the trading of participations in respect of the Finance Documents, such Confidential Information as may be required to be disclosed to enable such service provider to provide any of the services referred to in this paragraph (c) if the service provider to whom the Confidential Information is to be given has entered into a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Borrower and the relevant Finance Party; and
 - (d) to any rating agency (including its professional advisers) such Confidential Information as may be required to be disclosed to enable such rating agency to carry out its normal rating activities in relation to the Finance Documents and/or the Obligors if the rating agency to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information.

40.3 Disclosure to numbering service providers

- (a) Any Finance Party may, subject (where applicable) to the provisions of article L. 511-33 of the French Monetary and Financial Code, disclose to any national or international numbering service provider appointed by that Finance Party to provide identification numbering services in respect of this Agreement, the Facilities and/or one or more Obligors the following information:
 - (i) names of Obligors;

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- (ii) country of domicile of Obligors;
 - (iii) place of incorporation of Obligors;
 - (iv) date of this Agreement;
 - (v) the name of the Agent;
 - (vi) date of each amendment and restatement of this Agreement;
 - (vii) amount of the Commitments under each Facility;
 - (viii) currencies of the Facilities;
 - (ix) type of Facilities;
 - (x) ranking of Facilities;
 - (xi) Termination Date for Facilities;
 - (xii) law and jurisdiction of the Facilities;
 - (xiii) changes to any of the information previously supplied pursuant to paragraphs (i) to (xii) above; and
 - (xiv) such other information agreed between such Finance Party and the Borrower,
to enable such numbering service provider to provide its usual syndicated loan numbering identification services.
- (b) The Parties acknowledge and agree that each identification number assigned to this Agreement, the Facilities and/or one or more Obligors by a numbering service provider and the information associated with each such number may be disclosed to users of its services in accordance with the standard terms and conditions of that numbering service provider.
- (c) The Agent shall notify the Borrower and the other Finance Parties of:
- (i) the name of any numbering service provider appointed by the Agent in respect of this Agreement, the Facilities and/or one or more Obligors; and
 - (ii) the number or, as the case may be, numbers assigned to this Agreement, the Facilities and/or one or more Obligors by such numbering service provider.

40.4 Entire agreement

Subject to the provisions of article L. 511-33 of the French Monetary and Financial Code, this Clause 40 constitutes the entire agreement between the Parties in relation to the obligations of the Finance Parties under the Finance Documents regarding Confidential Information and supersedes any previous agreement, whether express or implied, regarding Confidential Information.

40.5 Inside information

Each of the Finance Parties acknowledges that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and each of the Finance Parties undertakes not to use any Confidential Information for any unlawful purpose.

40.6 Notification of disclosure

Each of the Finance Parties agrees (to the extent permitted by law and regulation) to inform the Borrower as soon as reasonably practicable:

- (a) of the circumstances of any disclosure of Confidential Information made pursuant to paragraph (b)(v) of Clause 40.2 (*Disclosure of Confidential Information*) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and
- (b) upon becoming aware that Confidential Information has been disclosed in breach of this Clause 40.

40.7 Continuing obligations

The obligations in this Clause 40 are continuing and, in particular, shall survive and remain binding on each Finance Party for a period of 12 months from the earlier of:

- (a) the date on which all amounts payable by the Obligors under or in connection with the Finance Documents have been paid in full and all Commitments have been cancelled or otherwise cease to be available; and
- (b) the date on which such Finance Party otherwise ceases to be a Finance Party.

41. COUNTERPARTS

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

SECTION 12
GOVERNING LAW AND ENFORCEMENT

42. GOVERNING LAW

- (a) This Agreement and all non-contractual obligations arising from or connected with it are governed by English law.
- (b) If any of the Original Obligors is represented by an attorney or attorneys in connection with the signing and/or execution and/or delivery of this Agreement or any agreement or document referred to herein or made pursuant hereto and the relevant power or powers of attorney is or are expressed to be governed by the laws and regulations of a particular jurisdiction, it is hereby expressly acknowledged and accepted by the other parties hereto that such laws and regulations shall govern the existence and extent of such attorney's or attorney's authority and the effects of the exercise thereof.

43. ENFORCEMENT

43.1 Jurisdiction in relation to actions brought against parties organised or incorporated in Mexico

In relation to actions brought by or against any Party organised or incorporated in Mexico:

- (a) each of the Parties agrees that the courts of England and the courts of each Party's corporate domicile (but only in respect of actions brought against such Party as a defendant), have jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement or any non-contractual obligations arising from or connected with this Agreement) (a "**Dispute**"); and
- (b) each of the Parties agrees that the courts of England and such courts of each Party's corporate domicile (but only in respect of actions brought against such Party as a defendant) are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary and hereby waives any right to which any of them may be entitled on account of place of residence or domicile.

43.2 Jurisdiction of English Courts in other cases

Subject to Clause 43.1 (*Jurisdiction in relation to actions brought against parties organised or incorporated in Mexico*) above:

- (a) the courts of England have jurisdiction to settle any Dispute;
- (b) the Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary and hereby waives any right to which any of them may be entitled on account of place of residence or domicile; and

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- (c) this Clause 43.2 is for the benefit of the Finance Parties and Secured Parties only. As a result, no Finance Party or Secured Party shall be prevented from taking proceedings relating to a Dispute (or any other dispute whatsoever) in any other courts with jurisdiction. To the extent allowed by law or regulation, the Finance Parties and Secured Parties may take concurrent proceedings in any number of jurisdictions.

43.3 Service of process

Without prejudice to any other mode of service allowed under any relevant law or regulation, each Obligor (other than an Obligor incorporated in England and Wales):

- (a) irrevocably appoints the Process Agent as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document (and the Process Agent, by its execution of this Agreement, accepts that appointment); and
- (b) agrees that failure by the Process Agent to notify the relevant Obligor of the process will not invalidate the proceedings concerned, and each Obligor, including each Additional Guarantor or Additional Security Provider, that is incorporated in Mexico shall grant an irrevocable power of attorney granted before a Mexican notary public, appointing the Process Agent as its agent for service of process as provided herein on or before the date of this Agreement or when it becomes a Party to this Agreement, as applicable.

43.4 Waiver of right to trial by jury

TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY AND IRREVOCABLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER ANY FINANCE DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO ANY FINANCE DOCUMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY. Each Party acknowledges that (a) this waiver is a material inducement to enter into this Agreement, (b) it has already relied on this waiver in entering into this Agreement and (c) it will continue to rely on this waiver in future dealings. Each Party represents that it has reviewed this waiver with its legal advisers and that it knowingly and voluntarily waives its jury trial rights after consultation with its legal advisers. Each Party hereby agrees and consents that any Party to this Agreement may file an original counterpart or a copy of this Clause 43.4 with any court as written evidence of the consent of the signatories hereto to the waiver of their right to trial by jury.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

**SCHEDULE 1
THE ORIGINAL PARTIES**

**PART I
THE ORIGINAL OBLIGORS**

<u>Name of Original Borrower</u>	<u>Registration number or equivalent</u>
CEMEX, S.A.B. de C.V.	CEM-880726-UZA (Mexico)
<u>Name of Original Guarantors</u>	<u>Registration number or equivalent</u>
CEMEX España, S.A.	A-46004214 (Spain)
CEMEX México, S.A. de C.V.	CME-820101-LJ4(Mexico)
CEMEX Concretos, S.A. de C.V.	CCO-740918-9M1(Mexico)
Empresas Tolteca de México, S.A. de C.V.	ETM-890720-DJ2(Mexico)
New Sunward Holding B.V.	34133556 (The Netherlands)
CEMEX Corp.	File #: 2162255 (Delaware)
CEMEX Finance LLC (formerly known as CEMEX España Finance LLC)	File #: 3654572 (Delaware)
Cemex Research Group AG	CHE-113.951.069 (Switzerland)
CEMEX Shipping B.V.	34213063 (The Netherlands)
CEMEX Asia B.V.	34228466 (The Netherlands)
CEMEX France Gestion (S.A.S.)	334 533 288 R.C.S. Créteil (France)
CEMEX UK	05196131 (United Kingdom)
CEMEX Egyptian Investments B.V.	34108365 (The Netherlands)
CEMEX Egyptian Investments II B.V.	58083987 (The Netherlands)

<u>Name of Original Security Providers</u>	<u>Registration number or equivalent</u>
CEMEX, S.A.B. de C.V.	CEM-880726-UZA(Mexico)
CEMEX México, S.A. de C.V.	CME-820101-LJ4(Mexico)
CEMEX Operaciones México, S.A. de C.V. (formerly Centro Distribuidor de Cemento, S.A. de C.V.)	CDC-960913-SK6(Mexico)
Empresas Tolteca de México, S.A. de C.V.	ETM-890720-DJ2(Mexico)
Impra Café, S.A. de C.V.	ICA-801002-5E8(Mexico)
Interamerican Investments, Inc.	File #: 2252951 (Delaware)
New Sunward Holding B.V.	34133556 (The Netherlands)
CEMEX International Finance Company Limited	226652 (Ireland)
CEMEX TRADEMARKS HOLDING Ltd.	CHE-109.294.363 (Switzerland)

PART II-A
THE ORIGINAL LENDERS AS AT THE
2016 AB1/AB2 AMENDMENT EFFECTIVE DATE

Name of Original Lender	Facility A Commitment	Facility B Commitment	Facility AB1 Commitment	Facility AB2 Commitment
Banco Santander (México), S.A., Institución de Banca Múltiple, Grupo Financiero Santander México	\$ 70,000,000	\$ 60,000,000	\$ 0	\$ 0
Bank of America, N.A., London Branch	\$ 90,000,000	\$ 60,000,000	\$ 0	\$ 0
BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer	\$ 90,000,000	\$ 60,000,000	\$ 0	\$ 0
BNP Paribas	\$ 90,000,000	\$ 60,000,000	\$ 0	\$ 0
Banco Nacional de Mexico, S.A. integrante del Grupo Financiero Banamex	\$ 90,000,000	\$ 60,000,000	\$ 0	\$ 0

Name of Original Lender	Facility A Commitment	Facility B Commitment	Facility AB1 Commitment	Facility AB2 Commitment
Crédit Agricole Corporate and Investment Bank	\$ 90,000,000	\$ 60,000,000	\$ 0	\$ 0
HSBC Bank plc, Sucursal en España	\$ 90,000,000	\$ 60,000,000	\$ 0	\$ 0
ING Bank NV (Dublin Branch)	\$ 90,000,000	\$ 60,000,000	\$ 0	\$ 0
JPMorgan Chase Bank, N.A.	\$ 60,000,000	\$ 60,000,000	\$ 0	\$ 0
Lord Abbett Investment Trust Lord Abbett Floating Rate Fund	\$ 20,000,000	\$ 0	\$ 0	\$ 0
Bank of America, N.A.	\$ 23,500,000	\$ 0	\$ 0	\$ 0
Federated Project and Trade Finance Fund	\$ 6,500,000	\$ 0	\$ 0	\$ 0

PART II-B
THE ORIGINAL LENDERS AS AT THE
AB1/AB2 COMMITMENTS EFFECTIVE DATE

Name of Original Lender	Facility A Commitment	Facility B Commitment	Facility AB1 Commitment	Facility AB2 Commitment
Banco Santander (México), S.A., Institución de Banca Múltiple, Grupo Financiero Santander México	\$ 0	\$ 0	\$52,000,000	\$52,000,000
Bank of America, N.A., London Branch	\$ 0	\$ 0	\$60,000,000	\$60,000,000
BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer	\$ 0	\$ 0	\$60,000,000	\$60,000,000
BNP Paribas	\$ 0	\$ 0	\$60,000,000	\$60,000,000
Banco Nacional de Mexico, S.A. integrante del Grupo Financiero Banamex	\$ 0	\$ 0	\$60,000,000	\$60,000,000

Name of Original Lender	Facility A Commitment	Facility B Commitment	Facility AB1 Commitment	Facility AB2 Commitment
Crédit Agricole Corporate and Investment Bank	\$ 0	\$ 0	\$60,000,000	\$60,000,000
HSBC Bank plc, Sucursal en España	\$ 0	\$ 0	\$60,000,000	\$60,000,000
ING Bank NV (Dublin Branch)	\$ 0	\$ 0	\$60,000,000	\$60,000,000
JPMorgan Chase Bank, N.A.	\$ 0	\$ 0	\$48,000,000	\$48,000,000
Lord Abbett Investment Trust Lord Abbett Floating Rate Fund	\$ 16,000,000	\$ 0	\$ 0	\$ 0
Bank of America, N.A.	\$ 2,800,000	\$ 0	\$ 8,000,000	\$ 8,000,000
Federated Project and Trade Finance Fund	\$ 5,200,000	\$ 0	\$ 0	\$ 0

PART III-A
THE ACCORDION LENDERS AS AT THE
2016 AB1/AB2 AMENDMENT EFFECTIVE DATE

Name of Accordion Lender	Facility A Commitment	Facility B Commitment	Facility AB1 Commitment	Facility AB2 Commitment
Sabcapital, S.A. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad Regulada	\$ 24,000,000	\$ 16,000,000	\$ 0	\$ 0
Banco Nacional de Comercio Exterior, S.N.C.	\$ 81,000,000	\$ 54,000,000	\$ 0	\$ 0
Intesa Sanpaolo S.p.A.	\$ 90,000,000	\$ 60,000,000	\$ 0	\$ 0
Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte	\$ 90,000,000	\$ 60,000,000	\$ 0	\$ 0
Banco Latinoamericano de Comercio Exterior, S.A. (BLADEX)	\$ 24,000,000	\$ 16,000,000	\$ 0	\$ 0

PART III-B
THE ACCORDION LENDERS AS AT THE
AB1/AB2 COMMITMENTS EFFECTIVE DATE

Name of Accordion Lender	Facility A Commitment	Facility B Commitment	Facility AB1 Commitment	Facility AB2 Commitment
Sabcapital, S.A. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad Regulada	\$ 0	\$ 0	\$16,000,000	\$16,000,000
Banco Nacional de Comercio Exterior, S.N.C.	\$ 64,800,000	\$ 43,200,000	\$ 0	\$ 0
Intesa Sanpaolo S.p.A.	\$ 0	\$ 0	\$60,000,000	\$60,000,000
Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte	\$ 0	\$ 0	\$60,000,000	\$60,000,000
Banco Latinoamericano de Comercio Exterior, S.A. (BLADEX)	\$ 19,200,000	\$ 12,800,000	\$ 0	\$ 0

PART IV
NEW ACCORDION LENDERS (AS AT 23 JULY 2015)

Name of Accordion Lender	Facility C1 Commitment	Facility C2 Commitment	Facility D Commitment
Banco Bilbao Vizcaya Argentaria S.A.	—	€57,593,070.40	—
BBVA Bancomer, S.A., Institución de Banca Múltiple Grupo Financiero BBVA Bancomer	\$ 127,500,000.00	—	\$ 60,000,000.00
Banco Santander (México), S.A. Institución de Banca Múltiple Grupo Financiero Santander México	\$ 86,500,000.00	€44,692,222.63	\$ 60,000,000.00
Banco Santander S.A.	—	€50,681,901.95	—
Bank of America, N.A. London Branch	—	€82,934,021.38	\$ 60,000,000.00
BNP Paribas S.A. (New York Branch)	—	€82,934,021.38	\$ 60,000,000.00
Citibank, N.A. International Banking Facility	\$ 90,000,000.00	—	\$ 60,000,000.00
Crédit Agricole Corporate and Investment Bank	—	€82,934,021.38	\$ 60,000,000.00
HSBC Bank plc, Sucursal en España	—	€50,681,901.95	—
HSBC Bank USA, National Association	\$ 25,000,000.00	—	—
HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC	\$ 10,000,000.00	—	\$ 60,000,000.00
ING Bank N.V., Dublin Branch	—	€82,934,021.38	\$ 60,000,000.00
The Royal Bank of Scotland plc	\$ 52,500,000.00	€55,289,347.59	\$ 37,500,000.00
Banco Mercantil del Norte S.A., Institución de Banca Múltiple, Grupo Financiero Banorte	\$ 40,000,000.00	—	\$ 60,000,000.00
Barclays Bank PLC	\$ 33,838,299.54	€ 7,433,920.51	—
Bayerische Landesbank, New York Branch	—	€17,277,921.12	\$ 6,250,000.00
Crédit Industriel et Commercial, London Branch	\$ 5,000,000.00	€ 4,607,445.63	\$ 5,000,000.00
Export Development Canada	\$ 25,000,000.00	—	\$ 25,000,000.00
Intesa San Paolo S.p.A.	—	—	\$ 50,000,000.00
JPMorgan Chase Bank N.A.	—	—	\$ 46,000,000.00
QPB Holdings Ltd.	\$ 50,368,248.00	—	—

PART V
NEW ACCORDION LENDERS (AS AT 21 SEPTEMBER 2015)

<u>Name of Accordion Lender</u>	<u>Facility C1 Commitment</u>	<u>Facility C2 Commitment</u>	<u>Facility D Commitment</u>
Banco Nacional de Comercio Exterior, S.N.C.	—	—	\$14,000,000.00
Sabadell Capital, S.A. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada	—	—	\$10,000,000.00
Banco Popular Español, S.A.	\$3,197,385.13	€1,432,263.54	\$ 1,598,692.56

PART VI
NEW ACCORDION LENDER (AS AT 22 APRIL 2016)

<u>Name of Accordion Lender</u>	<u>Facility C1 Commitment</u>	<u>Facility D Commitment</u>
JPMorgan Chase Bank, N.A.	\$ 36,000,000	\$ 14,000,000

PART VII
NEW ACCORDION LENDER (AS AT 23 JUNE 2016)

<u>Name of Accordion Lender</u>	<u>Facility E Commitment</u>
International Finance Corporation	€ 106,354,693

PART VIII
NEW ACCORDION LENDER (AS AT 26 JULY 2016)

<u>Name of Accordion Lender</u>	<u>Facility</u> <u>C2 Commitment</u>
Sabcapital, S.A. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad Regulada	€18,180,000.00

SCHEDULE 2
CONDITIONS PRECEDENT

PART I
INITIAL CONDITIONS PRECEDENT

1. Obligors

- (a) A copy (in the case of an Obligor incorporated in Mexico, certified by a notary public or otherwise authenticated) of the current constitutional documents of each Original Obligor other than a Dutch Obligor, a Swiss Obligor or a French Obligor (or, in the case of an Original Obligor incorporated in Spain, a certificate or excerpt from the relevant Mercantile Registry including the updated by-laws of the Original Obligor).
- (b) A copy (in the case of the Borrower) of the power of attorney delegating to the Chief Executive Officer of the Borrower sufficient powers (which are themselves delegable) to authorise the entry into the Facilities, and a copy of any sub-delegated powers required in connection herewith.
- (c) A copy of a resolution of the board of directors (or any other competent body) (or, in the case of an Original Obligor incorporated in Spain, a certificate issued by the secretary with the approval of the president and raised to public document status) of each Original Obligor (except any Original Obligor incorporated in Mexico and any Dutch Obligor, Swiss Obligor or French Obligor):
 - (i) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute the Finance Documents to which it is a party;
 - (ii) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf (including, in the case of an Original Obligor incorporated in Spain, the authority to irrevocably appoint a process agent (“*mandatario ad litem*”) unless such appointment has been made by other means by a duly authorised representative); and
 - (iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party.
- (d) In the case of an Obligor incorporated in Mexico (to the extent not covered under paragraph (b) above), (i) powers of attorney duly notarised containing authority for acts of administration, and if applicable for acts of disposition (in respect of any Transaction Security Document) and to execute negotiable instruments; and (ii) powers of attorney for the Process Agent, duly notarised before a Mexican notary public, together with any necessary appointment and acceptance letter.

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- (e) A specimen of the signature of each person authorised by the resolution referred to in paragraph (c) above in relation to the Finance Documents.
- (f) In the case of Dutch Obligor:
- (i) a copy of the deed of incorporation (*oprichtingsakte*) and where the articles of association have been amended since the date of incorporation the articles of association (*statuten*) of each Dutch Obligor, as well as an extract (*uittreksel*) from the Dutch Commercial Register (*Handelsregister*) of such Dutch Obligor;
 - (ii) a copy of the resolution of the board of managing directors of each Dutch Obligor:
 - (A) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute the Finance Documents to which it is a party;
 - (B) if applicable, authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and
 - (C) if applicable, authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party; and
 - (iii) a specimen of the signature of each member of the board of managing directors of each Dutch Obligor and, if applicable, each person authorised by the resolutions referred to in paragraph (ii)(B) and/or (C) above in relation to the Finance Documents.
- (g) In the case of a Swiss Obligor:
- (i) a copy of the articles of association (*Statuten*) of the Swiss Obligor, as well as an extract from the Commercial Register (*Handelsregister*) of such Swiss Obligor;
 - (ii) a copy of a unanimous resolution of the board of directors of the Swiss Obligor:
 - (A) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it executes the Finance Documents to which it is a party;
 - (B) resolving that the execution of the transactions contemplated by the Finance Documents to which it is a party is in the best interest of such Swiss Obligor;
 - (C) if applicable, authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and

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- (D) if applicable, authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party;
 - (iii) a copy of the unanimous shareholders' resolution of the Swiss Obligor approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that (i) it executes the Finance Documents to which it is a party and (ii) the execution of the transactions contemplated by the Finance Documents to which it is a party is in its best interest;
 - (iv) a specimen of the signature of each member of the board of directors of the Swiss Obligor and, if applicable, each person authorised by the resolutions referred to in paragraph (ii)(C) and/or (D) above in relation to the Finance Documents; and
 - (v) evidence to the effect that the Swiss Obligor's articles of association empower such Swiss Obligor to enter into upstream and/or cross-stream obligations.
- (h) In the case of a French Obligor:
- (i) a certified copy of its constitutive documents (*statuts*);
 - (ii) an original extract (*extrait K-bis*) provided by the commercial and companies registry (*registre du commerce et des sociétés*), not more than fifteen (15) days old;
 - (iii) a non-bankruptcy certificate (*certificat de recherche de procédures collectives*) provided by the commercial and companies registry (*registre du commerce et des sociétés*), not more than fifteen (15) days old;
 - (iv) a copy of the resolution of the shareholder(s) of each French Obligor approving:
 - (A) the terms of, and the transactions contemplated by, the Finance Documents to which it is a party; and
 - (B) the execution of the Finance Documents to which it is a party;
 - (v) a copy of the resolution of the board of directors (or any other competent body) of each French Obligor:
 - (A) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it executes the Finance Documents to which it is a party;
 - (B) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and

(C) authorising a specified person or persons on its behalf to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party; and

(vi) evidence that the person(s) who has(ve) signed the Finance Documents on behalf of each French Obligor was (were) duly authorised to sign.

(i) In the case of a U.S. Obligor:

(i) a copy of a good standing certificate with respect to such U.S. Obligor, issued as of a recent date by the Secretary of State or other appropriate official of such U.S. Obligor's jurisdiction of incorporation or organisation; and

(ii) a certificate in form and substance satisfactory to the Agent of the chief financial officer, director of finance or other appropriate person of each U.S. Obligor as to the solvency of such U.S. Obligor.

(j) In the case of an English Obligor, a copy of a resolution signed by all the holders of the issued shares in that English Guarantor, approving the terms of, and the transactions contemplated by, the Finance Documents to which that English Obligor is a party.

(k) A certificate of each Original Obligor (signed by an Authorised Signatory) confirming that borrowing or guaranteeing or granting Security in respect of, as appropriate, the Total Commitments would not cause any borrowing, guarantee, security or similar limit binding on that Original Obligor to be exceeded.

(l) A certificate of an Authorised Signatory of the relevant Original Obligor certifying that each copy document relating to it specified in this Part I of Schedule 2 is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

2. Finance Documents (other than Transaction Security Documents)

(a) The documents required for each Original Lender, the Agent, the Borrower and each Original Guarantor to accede to the Intercreditor Agreement in accordance with its terms (as a Refinancing Creditor, Refinancing Creditor Representative or (as applicable) Debtor (each as defined in the Intercreditor Agreement) in respect of this Agreement), in each case executed by each party thereto.

(b) A Promissory Note evidencing the Loan made by each of the Lenders.

(c) The Fee Letters executed by the Borrower.

3. Transaction Security Documents

(a) At least two originals of any deed of confirmation, ratification or extension, any letter of designation or appointment or any other document that is required

for the Transaction Security evidenced or expressed to be created or evidenced under or pursuant to the following Transaction Security Documents listed in paragraphs (i) and (ii) below to extend to secure the Secured Obligations under this Agreement, in each case substantially in the form distributed (together with an English translation, if not in English) to the Lenders prior to the date of this Agreement and otherwise in form and substance satisfactory to the Security Agent, and executed by the relevant Obligor:

- (i) a Mexican security trust agreement dated 17 September 2012 entered into by the Borrower, Empresas Tolteca de Mexico, S.A. de C.V., Impra Café S.A. de C.V., Interamerican Investments Inc., Centro Distribuidor de Cemento, S.A. de C.V. and CEMEX México; and
 - (ii) a deed of ratification and extension (together with irrevocable powers of attorney in the agreed form) in relation to the share pledge agreement dated 8 November 2012 between, among others, CEMEX, S.A.B. de C.V. and New Sunward Holding B.V. as pledgors, the Security Agent as pledgee, the entities listed therein as original creditors, Banco Bilbao Vizcaya Argentaria, S.A. as custodian and CEMEX España as the company (in the case of this document, in a form ready for notarisation pursuant to paragraph (a) of Clause 23.38 (*Conditions subsequent*)).
- (b) A copy of each notice required to be sent under the documents referred to in paragraph (a) above (duly acknowledged by the addressee) and evidence that any other action required to perfect the Transaction Security created or evidenced or expressed to be created or evidenced pursuant to those documents has been taken.
 - (c) Unless already held by the Security Agent, a copy of all share certificates, transfers and stock transfer forms or equivalent duly executed by the relevant Obligor in blank in relation to the assets subject to or expressed to be subject to the Transaction Security and other documents of title to be provided under the Transaction Security Documents.

4. **Legal opinions**

Dutch law

- (a) An opinion with respect to the laws and regulations of The Netherlands from Clifford Chance LLP, substantially in the form distributed to the Original Lenders, the Agent and the Security Agent prior to signing this Agreement.

English law

- (b) An opinion with respect to the laws and regulations of England and Wales from Clifford Chance, S.L., substantially in the form distributed to the Original Lenders, the Agent and the Security Agent prior to signing this Agreement.

French law

- (c) An incorporation and authority opinion with respect to the laws and regulations of France from in-house counsel of the Borrower, substantially in the form distributed to the Original Lenders, the Agent and the Security Agent prior to signing this Agreement.
- (d) An opinion with respect to the laws and regulations of France from Clifford Chance Europe LLP, substantially in the form distributed to the Original Lenders, the Agent and the Security Agent prior to signing this Agreement.

Irish law

- (e) An opinion with respect to the laws and regulations of Ireland from A&L Goodbody, substantially in the form distributed to the Original Lenders, the Agent and the Security Agent prior to signing this Agreement.

Mexican law

- (f) An incorporation and authority opinion with respect to the laws and regulations of Mexico from in-house counsel of the Borrower, substantially in the form distributed to the Original Lenders, the Agent and the Security Agent prior to signing this Agreement.
- (g) An opinion with respect to the laws and regulations of Mexico from Ritch, Mueller, Heather y Nicolau S.C., substantially in the form distributed to the Original Lenders, the Agent and the Security Agent prior to signing this Agreement.

Spanish law

- (h) An incorporation and authority opinion with respect to the laws and regulations of Spain from in-house counsel of the Borrower, substantially in the form distributed to the Original Lenders, the Agent and the Security Agent prior to signing this Agreement.
- (i) An opinion with respect to the laws and regulations of Spain from Clifford Chance, S.L., substantially in the form distributed to the Original Lenders, the Agent and the Security Agent prior to signing this Agreement.

Swiss law

- (j) An opinion with respect to the laws and regulations of Switzerland from Bär & Karrer AG, substantially in the form distributed to the Original Lenders, the Agent and the Security Agent prior to signing this Agreement.

US law (Delaware)

- (k) An opinion with respect to the laws and regulations of Delaware from Skadden, Arps, Slate, Meagher & Flom LLP, substantially in the form distributed to the Original Lenders, the Agent and the Security Agent prior to signing this Agreement.

5. **Other documents and evidence**

- (a) The Group Structure Chart.
- (b) The Original Financial Statements of the Borrower and each Guarantor.
- (c) Evidence that the fees, costs and expenses then due from the Borrower to any Finance Party under the Finance Documents have been paid or will be paid by the first Utilisation Date.
- (d) Each Lender and the Security Agent having confirmed to the Agent that it is satisfied that it has (and the Agent being satisfied that they have) complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to each Obligor then party to this Agreement.

PART II
CONDITIONS PRECEDENT REQUIRED TO BE
DELIVERED BY AN ADDITIONAL OBLIGOR

1. Additional Guarantor/Additional Security Provider

- (a) A copy (in the case of an Obligor incorporated in Mexico, certified by a notary public or otherwise authenticated) of the constitutional documents of the Additional Guarantor or an Additional Security Provider (other than a Dutch Obligor, Swiss Obligor or French Obligor) (or, in the case of an Additional Guarantor or Additional Security Provider incorporated in Spain, a certificate or excerpt from the relevant Mercantile Registry including the updated by-laws of the Additional Guarantor or Additional Security Provider).
- (b) A copy (or, in the case of an Additional Guarantor or Additional Security Provider incorporated in Spain, a certificate issued by the secretary with the approval of the president and raised to public document status) of a resolution of the board of directors (or any other competent body) of the Additional Guarantor or Additional Security Provider (other than a Dutch Obligor, Swiss Obligor or French Obligor) and, when applicable, in the case of any Additional Guarantor or Additional Security Provider incorporated in Mexico, a resolution of its shareholder's meeting:
 - (i) approving the terms of, and the transactions contemplated by, the Accession Letter and the Finance Documents and resolving that it execute the Accession Letter;
 - (ii) authorising a specified person or persons to execute the Accession Letter and other Finance Documents on its behalf (including, in the case of an Additional Guarantor or Additional Security Provider incorporated in Spain, the authority to irrevocably appoint a process agent ("*mandatario ad litem*") unless such appointment has been made by other means by a duly authorised representative); and
 - (iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party.
- (c) In the case of an Additional Guarantor or Additional Security Provider incorporated in Mexico, (to the extent not covered or not applicable under paragraph (b) above) (i) powers of attorney duly notarised containing authority for acts of administration, for acts of disposition (in respect of any Transaction Security Document) and to execute negotiable instruments; and (ii) powers of attorney for the Process Agent, duly notarised before a Mexican notary public, together with any necessary appointment and acceptance letter.
- (d) A specimen of the signature of each person authorised by the resolution referred to in paragraph (b) above.

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- (e) In the case of Dutch Obligors:
- (i) a copy of the deed of incorporation (*oprichtingsakte*) and where the articles of association have been amended since the date of incorporation, the articles of association (*statuten*) of each Dutch Obligor, as well as an extract (*uittreksel*) from the Dutch Commercial Register (*Handelsregister*) of such Dutch Obligor;
 - (ii) a copy of the resolution of the board of managing directors of each Dutch Obligor:
 - (A) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute the Finance Documents to which it is a party;
 - (B) if applicable, authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and
 - (C) if applicable, authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party;
 - (iii) if applicable, a copy of the resolution of the board of supervisory directors of each Dutch Obligor approving the resolutions of the board of managing directors referred to under (ii) above and, to the extent applicable, appointing an authorised person to represent the relevant Dutch Obligor in case of a conflict of interest;
 - (iv) if applicable, a copy of the resolution of the shareholder(s) of each Dutch Obligor approving the resolutions of the board of managing directors referred to under (ii) above and, to the extent applicable, appointing an authorised person to represent the relevant Dutch Obligor in case of a conflict of interest;
 - (v) if applicable, a copy of (i) the request for advice from each works council, or central or European works council with jurisdiction over the transactions contemplated by this Agreement, (ii) the positive advice from such works council which contains no condition, which if complied with, could result in a breach of any of the Finance Documents and (iii) positive advice in respect of the security to be granted by the Dutch Obligor as well as the conditional transfer of the voting rights attached to the shares which are subject to security; and
 - (vi) a specimen of the signature of each member of the board of managing directors of each Dutch Obligor and, if applicable, each person authorised by the resolutions referred to in paragraph (ii) sub-paragraph (B) and/or (C) above in relation to the Finance Documents.

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- (f) In the case of a Swiss Obligor:
- (i) a copy of the articles of association (*Statuten*) of the Swiss Obligor, as well as an extract from the Commercial Register (*Handelsregister*) of such Swiss Obligor;
 - (ii) a copy of a unanimous resolution of the board of directors of the Swiss Obligor:
 - (A) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it executes the Finance Documents to which it is a party;
 - (B) resolving that the execution of the transactions contemplated by the Finance Documents to which it is a party is in the best interest of such Swiss Obligor;
 - (C) if applicable, authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and
 - (D) if applicable, authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party;
 - (iii) a copy of the unanimous shareholders' resolution of the Swiss Obligor approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that (i) it executes the Finance Documents to which it is a party and (ii) the execution of the transactions contemplated by the Finance Documents to which it is a party is in its best interest;
 - (iv) a specimen of the signature of each member of the board of directors of the Swiss Obligor and, if applicable, each person authorised by the resolutions referred to in paragraph (ii)(C) and/or (D) above in relation to the Finance Documents; and
 - (v) evidence to the effect that the Swiss Obligor's articles of association empower such Swiss Obligor to enter into upstream and/or cross-stream obligations.
- (g) In the case of a French Obligor:
- (i) a certified copy of its constitutive documents (*statuts*);
 - (ii) an original extract (*extrait K-bis*) provided by the commercial and companies registry (*registre du commerce et des sociétés*), not more than fifteen (15) days old;
 - (iii) a non-bankruptcy certificate (*certificat de recherche de procédures collectives*) provided by the commercial and companies registry (*registre du commerce et des sociétés*), not more than fifteen (15) days old;

-
- (iv) a copy of the resolution of the shareholder(s) of each French Obligor approving:
 - (A) the terms of, and the transactions contemplated by, the Finance Documents to which it is a party; and
 - (B) the execution of the Finance Documents to which it is a party;
 - (v) a copy of the resolution of the board of directors (or any other competent body) of each French Obligor:
 - (A) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it executes the Finance Documents to which it is a party;
 - (B) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and
 - (C) authorising a specified person or persons on its behalf to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party; and
 - (vi) evidence that the person(s) who has(ve) signed the Finance Documents on behalf of each French Obligor was (were) duly authorised to sign.
- (h) In the case of a U.S. Obligor:
- (i) a copy of a good standing certificate with respect to such U.S. Obligor, issued as of a recent date by the Secretary of State or other appropriate official of such U.S. Obligor's jurisdiction of incorporation or organisation; and
 - (ii) a certificate in form and substance satisfactory to the Agent of the chief financial officer, director of finance or other appropriate person of each U.S. Obligor as to the solvency of such U.S. Obligor.
- (i) Should the legal advisers of the Lenders consider it advisable, a copy of a resolution signed by all the holders of the issued shares of the Additional Guarantor or Additional Security Provider, approving the terms of, and the transactions contemplated by, the Finance Documents to which the Additional Guarantor or Additional Security Provider is a party.
- (j) A certificate of the Additional Guarantor or Additional Security Provider (signed by an Authorised Signatory) confirming that guaranteeing the Total Commitments would not cause any guaranteeing or similar limit binding on it to be exceeded.

-
- (k) A certificate of an Authorised Signatory of the Additional Guarantor or Additional Security Provider certifying that each copy document listed in this Part II of Schedule 2 is correct, complete and in full force and effect as at a date no earlier than the date of the Accession Letter.

2. Finance Documents (other than Transaction Security Documents)

- (a) An Accession Letter, duly executed by the Additional Guarantor or Additional Security Provider and the Borrower.
- (b) A Debtor/Security Provider Accession Deed for the Additional Guarantor or Additional Security Provider to accede to the Intercreditor Agreement, executed by the Additional Guarantor or Additional Security Provider.

3. Transaction Security Documents

- (a) In relation to an Additional Security Provider, any Transaction Security Documents that are required by the Agent to be executed by the Additional Security Provider.
- (b) A copy of each notice required to be sent under the documents referred to in paragraph (a) above (duly acknowledged by the addressee) and evidence that any other action required to perfect the Transaction Security created or evidenced or expressed to be created or evidenced pursuant to those documents has been taken.
- (c) Unless already held by the Security Agent, a copy of all share certificates, transfers and stock transfer forms or equivalent duly executed by the relevant Additional Security Provider in blank in relation to the assets subject to or expressed to be subject to the documents referred to in paragraph (a) above and other documents of title to be provided under those documents.

4. Legal opinions

- (a) A legal opinion of the legal advisers to the Additional Guarantor or Additional Security Provider in form and substance reasonably satisfactory to the legal advisers of the Lenders.
- (b) A legal opinion of the legal advisers to the Lenders.

5. Other documents and evidence

- (a) Evidence that any process agent referred to in Clause 43.3 (*Service of process*) has accepted its appointment and, in respect of each Additional Obligor that is incorporated in Mexico, that an irrevocable power of attorney has been granted before a Mexican notary public, appointing such process agent as its agent for service of process.
- (b) A copy of any other Authorisation or other document, opinion or assurance which the Agent considers (after having taken appropriate legal advice) to be necessary or desirable (if it has notified the Additional Guarantor or Additional Security Provider and the Borrower accordingly) in connection

with the entry into and performance of the transactions contemplated by any Finance Document or for the validity and enforceability of any Finance Document.

- (c) In the case of an Additional Guarantor, its Original Financial Statements.

**SCHEDULE 3
REQUESTS AND NOTICES**

**PART I
UTILISATION REQUEST**

From: CEMEX, S.A.B. de C.V. as the Borrower

To: [●] as the Agent

Dated:

Dear Sirs

**CEMEX, S.A.B. de C.V.—Facilities Agreement
dated 29 September 2014 (the “Facilities Agreement”)**

1. We refer to the Facilities Agreement. This is a Utilisation Request. Terms defined in the Facilities Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.
2. We wish to borrow a Loan on the following terms:
 - (a) Borrower: CEMEX, S.A.B. de C.V.
 - (b) Proposed Utilisation Date: [●] (or, if that is not a Business Day, the next Business Day)
 - (c) Facility to be utilised: [Facility A]/[Facility B]/[Facility C1]/ [Facility C2]/[Facility D]/[Facility E]/[Facility AB1]*
 - (d) Currency of Loan: [USD]/[EUR]**
 - (e) Amount: [●] or, if less, the Available Facility ***
 - (f) Interest Period: [●]
3. We confirm that each condition specified in Clause 4.2 (*Further conditions precedent*) is satisfied on the date of this Utilisation Request.
4. [This Loan is to be made in [whole]/[part] for the purpose of refinancing [*identify maturing Facility B Loan, Facility D Loan or Facility AB1 Loan*]./[The proceeds of this Loan should be credited to [*account*]].
5. This Utilisation Request is irrevocable.

Yours faithfully

.....
authorised signatory for and on behalf of
CEMEX, S.A.B. de C.V.

NOTES:

- * Select the Facility to be utilised and delete references to the other Facilities.
- ** Select the currency to be utilised and delete the reference to the other currency.
- *** If paragraph (g) of Clause 2.2 (*Accordion*) of the Facilities Agreement applies, identify Lender(s) nominated for “y”.

**PART II
SELECTION NOTICE**

From: CEMEX, S.A.B. de C.V. as the Borrower

To: [●] as the Agent

Dated:

Dear Sirs

**CEMEX, S.A.B. de C.V.—Facilities Agreement
dated 29 September 2014 (the “Facilities Agreement”)**

1. We refer to the Facilities Agreement. This is a Selection Notice. Terms defined in the Facilities Agreement have the same meaning in this Selection Notice unless given a different meaning in this Selection Notice.
2. [We refer to the following [Facility A Loan[s]],[Facility B Loan[s]],[Facility C1 Loan[s]],[Facility C2 Loan[s]],[Facility D Loan[s]],[Facility E Loan[s]],[Facility AB2 Loan[s]] with an Interest Period ending on [●].]*
3. [We refer to the following Facility AB1 Loan and Facility AB2 Loan.]*
4. We request that the [next]** Interest Period for the above Loan[s] is [●].
5. This Selection Notice is irrevocable.

Yours faithfully

.....
authorised signatory for and on behalf of
CEMEX, S.A.B. de C.V.

NOTES:

- * Insert details of all Term Loans for the relevant Facility which have an Interest Period ending on the same date.
- ** Insert details of Facility AB1 Loans and Facility AB2 Loans equivalent to Facility A Loans and/or Facility B Loans exchanged and discharged on the AB1/AB2 Commitments Effective Date if that date occurs on a date that is the last day of the then applicable Interest Period in respect of the Facility A Loans and/or Facility B Loans exchanged and discharged on such date.
- *** Delete if using paragraph 3.

**SCHEDULE 4
FORM OF PROMISSORY NOTE**

**PAGARÉ NO NEGOCIABLE /
NON-NEGOTIABLE PROMISSORY NOTE**

US\$

E.U.A. \$

For value received, the undersigned, CEMEX, S.A.B. de C.V., by this Promissory Note unconditionally promises to pay to the order of (the “**Creditor**”), in dollars of the United States of America (“**Dollars**”), the following principal sums payable on the following dates (each a “**Principal Payment Date**”, and the last such date, the “**Final Payment Date**”):

Por valor recibido, la suscrita, CEMEX, S.A.B. de C.V., por este Pagaré promete incondicionalmente pagar a la orden de (el “**Acreedor**”), en dólares de los Estados Unidos de América (“**Dólares**”), las siguientes sumas de principal pagaderas en las siguientes fechas (cada una, una “**Fecha de Pago de Principal**” y la última de dichas fechas, la “**Fecha de Vencimiento**”):

<u>Principal Payment Date</u>	<u>Amount¹¹</u>	<u>Fecha de Pago de Principal</u>	<u>Monto</u>
[●] ¹²	US\$ [●]	[●]	EUAS[●]
[●] ¹³	US\$ [●]	[●]	EUAS[●]
[●] ¹⁴	US\$ [●]	[●]	EUAS[●]
[●] ¹⁵	US\$ [●]	[●]	EUAS[●]
[●] ¹⁶	US\$ [●]	[●]	EUAS[●]

provided that, on the Final Payment Date, any and all principal amounts then due, shall be paid.

en la inteligencia que, en la Fecha de Vencimiento, todas las sumas de principal pagaderas, deberán pagarse.

The undersigned also promises to pay interest on the outstanding and unpaid principal amount of this Promissory Note, from the

La suscrita promete, así mismo, pagar intereses sobre el saldo insoluto de la suma de principal de este Pagaré, a partir de la

- ¹¹ Include amount equal to 20% of the Facility A Loan amount/Facility B Commitment, 10% of the Facility C1 Loan amount/Facility C2 Loan amount/Facility D Commitment or 50% of Facility AB1 Commitment/ Facility AB2 Commitment, as applicable.
- ¹² Include date that is 36 months after the date of the Facilities Agreement or 2015 Amendment Agreement as applicable.
- ¹³ Include date that is 42 months after the date of the Facilities Agreement, if applicable.
- ¹⁴ Include date that is 48 months after the date of the Facilities Agreement or 2015 Amendment Agreement as applicable.
- ¹⁵ Include date that is 54 months after the date of the Facilities Agreement, if applicable.
- ¹⁶ Include date that is 60 months after the date of the Facilities Agreement or 2015 Amendment Agreement as applicable.

date hereof, for each day during each Interest Period (as defined below), at a rate per annum equal to LIBOR (as defined below) plus the Margin (as defined below), payable in arrears, on each Interest Payment Date (as defined below), until payment in full of the outstanding principal amount hereof.

Any principal amount and (to the extent permitted by applicable law) interest not paid when due under this Promissory Note, shall bear interest for each day until paid, payable on demand, at a rate per annum equal to the sum of two percent (2%) plus the interest rate then applicable hereunder as provided in the preceding paragraph.

Interest hereunder shall be calculated on the basis of the actual number of days elapsed, divided by three hundred and sixty (360).

For purposes of this Promissory Note, the following terms shall have the following meanings:

“**Agent**” means Citibank International Plc.

“**Business Day**” means a day (other than a Saturday or Sunday) on which banks are open for general business in London, United Kingdom, New York, United States of America and Mexico City, United Mexican States.

“**Interest Payment Date**” means [●]¹⁷ occurring on or before the Final Payment Date.

“**Interest Period**” means (a) initially, the period commencing on the date hereof and

fecha de suscripción del presente Pagaré, por cada día respecto de cada Período de Interés (según este término se define a continuación), a una tasa anual igual a LIBOR (según este término se define a continuación) más el Margen (según este término se define a continuación), pagaderos en forma vencida, en cada Fecha de Pago de Interés (según este término se define a continuación), hasta que se efectúe el pago de la totalidad del saldo insoluto del presente.

Cualquier monto de principal y (en la medida permitida por la legislación aplicable) de intereses que no sea pagado cuando sea debido conforme a este Pagaré, devengará intereses por cada día hasta que sea pagado, pagaderos a la vista, a una tasa anual igual a la suma de dos por ciento (2%) más la tasa de interés aplicable conforme a lo previsto en el párrafo anterior.

Los intereses conforme al presente serán calculados sobre la base del número de días efectivamente transcurridos, divididos entre trescientos sesenta (360).

Para efectos de éste Pagaré, los siguientes términos tendrán los significados indicados a continuación:

“**Agente**” significa Citibank International Plc.

“**Día Hábil**” significa cualquier día (que no sea sábado o domingo), en el cual los bancos comerciales en las ciudades de Londres, Reino Unido, Nueva York, Estados Unidos de América y México, Estados Unidos Mexicanos estén abiertos para celebrar operaciones en general.

“**Fecha de Pago de Interés**” significa [*] que ocurra[n] en o antes de la Fecha de Vencimiento.

“**Período de Interés**” significa (a) inicialmente, el período que inicie en la fecha

¹⁷ Interest payment date to be included based on the election made by CEMEX of applicable Interest Periods (i.e., monthly, quarterly or semi-annually).

ending on ¹⁸, and (b) thereafter, each period commencing on the last day of the next preceding Interest Period and ending on the next Interest Payment Date, **provided, however**, that any Interest Period which would otherwise end after the Final Payment Date shall end on the Final Payment Date.

“**LIBOR**” means (a) the applicable Screen Rate, or (b) if no Screen Rate is available for an applicable Interest Period, the Interpolated Screen Rate, or (c) if no Screen Rate is available for (i) Dollars or (ii) an applicable Interest Period and it is not possible to calculate an Interpolated Screen Rate for that Interest Period, the Reference Bank Rate, in the case of paragraphs (a) and (c) above, as of approximately 11:00 a.m. (London time) on the Quotation Day for the offering of deposits in Dollars and for a period comparable to the Interest Period and, if the rate is less than zero, LIBOR shall be deemed to be zero.

“**London Business Day**” means a day (other than a Saturday or Sunday) on which banks are open for general business in London, United Kingdom.

“**Interpolated Screen Rate**” means the rate which results from interpolating on a linear basis between (a) the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than the Interest Period; and (b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the Interest Period, as of approximately 11:00 a.m. (London time) on the Quotation Day for the offering of deposits in Dollars and for a period comparable to the Interest Period.

¹⁸ Date corresponding to the immediately following Interest Payment Date.

del presente y que termine el ¹⁸, y (b) subsecuentemente, cada período que inicie el último día del Período de Interés inmediato anterior y que termine en la siguiente Fecha de Pago de Interés, **en el entendido, sin embargo**, que cualquier Período de Interés que terminaría después de la Fecha de Vencimiento, terminará en la Fecha de Vencimiento.

“**LIBOR**” significa (a) la Tasa de Pantalla aplicable, o (b) si la Tasa de Pantalla no estuviere disponible para el Período de Interés de que se trate, la Tasa de Pantalla Interpolada, o (c) si la Tasa de Pantalla no estuviere disponible para (i) Dólares o (ii) el Período de Interés de que se trate y no fuere posible calcular la Tasa de Pantalla Interpolada para dicho Período de Interés, la Tasa de los Bancos de Referencia, en los supuestos previstos en los incisos (a) y (c) anteriores, aproximadamente a las 11:00 a.m. (hora de Londres) en la Fecha de Cotización respecto de la oferta de depósitos en Dólares y por un período comparable al Período de Interés y, en caso que la tasa sea menor de cero, entonces LIBOR deberá ser cero.

“**Día Hábil en Londres**” significa cualquier día (que no sea sábado o domingo), en el cual los bancos comerciales en la ciudad de Londres, Reino Unido estén abiertos para celebrar operaciones en general.

“**Tasa de Pantalla Interpolada**” significa la tasa que resulte de interpolar en forma lineal (a) la Tasa de Pantalla aplicable para el período más largo (para el cual la Tasa de Pantalla esté disponible) pero que sea menor al Período de Interés y (b) la Tasa de Pantalla aplicable para el período más corto (para el cual la Tasa de Pantalla esté disponible) pero que exceda el Período de Interés, aproximadamente a las 11:00 a.m. (hora de Londres) en la Fecha de Cotización respecto de la oferta de depósitos en Dólares y por un período comparable al Período de Interés.

“**Margin**” means four per cent. (4.00%) per annum.

“**Quotation Day**” means, in relation to any period for which an interest rate is to be determined, two (2) London Business Days before the first day of that period, unless market practice differs in the Relevant Interbank Market, in which case the Quotation Day will be determined by the Agent in accordance with market practice in the Relevant Interbank Market (and if quotations would normally be given by leading banks in the Relevant Interbank Market on more than one day, the Quotation Day will be the last of those days).

“**Relevant Interbank Market**” means the London interbank market.

“**Reference Banks**” means the principal London offices of BNP Paribas and ING Bank NV.

“**Reference Bank Rate**” means the arithmetic mean of the rates (rounded upwards to four decimal places), as supplied to the Agent at its request by the Reference Banks, at which the relevant Reference Bank could borrow funds in the London interbank market in Dollars and for the relevant period, were it to do so by asking for and then accepting interbank offers for deposits in reasonable market size in Dollars and for that period.

“**Screen Rate**” means the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for Dollars for the relevant period displayed on pages LIBOR01 or LIBOR02 of

“**Margen**” significa cuatro por ciento (4.00%) por año.

“**Fecha de Cotización**” significa, respecto de cualquier período para el cual una tasa de interés deba ser determinada, dos (2) Días Hábiles en Londres antes del primer día de tal período, a menos que la práctica de mercado en el Mercado Interbancario Relevante sea distinta, en cuyo caso la Fecha de Cotización será determinada por el Agente de conformidad con la práctica de mercado en el Mercado Interbancario Relevante (y en caso de que las cotizaciones normalmente sean proporcionadas por bancos líderes en el Mercado Interbancario Relevante en más de un día, la Fecha de Cotización será el último de dichos días).

“**Mercado Interbancario Relevante**” significa el mercado interbancario de Londres.

“**Bancos de Referencia**” significa las oficinas principales de BNP Paribas y ING Bank NV en Londres.

“**Tasa de los Bancos de Referencia**” significa el promedio aritmético de las tasas (redondeadas hacia arriba, a cuatro decimales) que proporcionen los Bancos de Referencia a petición del Agente, de la tasa de interés a la cual el Banco de Referencia que corresponda podría recibir fondos en préstamo en el mercado interbancario de Londres en Dólares y por el período de que se trate, en caso que dicho Banco de Referencia obtuviera fondos en préstamo después de haber pedido y aceptado dichas ofertas interbancarias para depósitos en tamaños de mercado razonables, en Dólares y por ese mismo período.

“**Tasa de Pantalla**” significa la tasa ofrecida en el mercado interbancario de Londres administrada por ICE Benchmark Administration Limited (o cualquier otra persona que asuma la administración de dicha tasa) para Dólares y para el período de

the Reuters screen (or any replacement Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Reuters. If such page or service ceases to be available, the Agent may specify another page or service displaying the relevant rate.

All payments by the undersigned of principal, interest and other payments hereunder, shall be made without setoff, deduction or counterclaim not later than 11:00 a.m., London time, on the due date for each such payment, in Dollars and in immediately available funds, at the office of the Agent located at 5th Floor, Citigroup Centre, 25 Canada Square, Canary Wharf, London E14 5LB, United Kingdom, Attention: Loans Agency. The undersigned agrees to reimburse upon demand, in like manner and funds, all losses, costs and expenses of the holder hereof, incurred in connection with the enforcement of this Promissory Note.

Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not). During any extension of the due date of payment of any principal, interest is payable on the principal at the rate payable on the original due date.

All payments by the undersigned hereunder, shall be made free and clear of, and without deduction for, any present or future income, excise, stamp or franchise taxes and other taxes, fees, duties, withholdings or other charges, of any nature whatsoever, imposed by the United Mexican States or any other jurisdiction from which any amount payable hereunder is made, or any taxing authority thereof or therein, unless required by law. In the event that the undersigned shall be compelled by law to make any such

que se trate, que aparezca en las páginas LIBOR01 o LIBOR02 de la pantalla Reuters (o cualquier página que reemplace la pantalla Reuters que divulge dicha tasa). Si la página convenida es reemplazada o el servicio deja de estar disponible, el Agente puede señalar otra página o servicio para que divulgue la tasa apropiada.

Todos los pagos que deban hacerse conforme a este Pagaré por la suscrita, de principal, intereses y por otros conceptos, serán efectuados sin compensación, deducción o defensa, antes de las 11:00 a.m., hora de la ciudad de Londres, en la fecha en que el pago de que se trate venza, en Dólares y en fondos disponibles inmediatamente, en la oficina del Agente ubicada en el 5to piso de Citigroup Centre, 25 Canada Square, Canary Wharf, Londres E14 5LB, Reino Unido, Atención: Agente de Créditos. La suscrita conviene en reembolsar a la vista, en la misma forma y fondos, cualesquiera pérdidas, costos y gastos del tenedor del presente, incurridos en relación con el procedimiento de cobro del presente Pagaré.

Cualquier pago que deba hacerse conforme al presente en un día que no sea un Día Hábil, deberá hacerse en el siguiente Día Hábil durante el mismo mes calendario (si existe uno) o en el Día Hábil previo (si no existe uno). Respecto de cualquier extensión de cualquier fecha de pago de principal, los intereses que correspondan al pago de principal se devengarán a la tasa de interés pagadera en la fecha de pago original.

Todos los pagos que se efectúen por la suscrita en términos del presente, deberán hacerse libres de y sin deducción alguna por, cualquier impuesto sobre la renta, gravamen, impuesto del timbre o impuesto sobre franquicias y otros impuestos, contribuciones, derechos, retenciones u otras cargas, presentes o futuros, de cualquier naturaleza, establecidos o determinados por los Estados Unidos Mexicanos o por cualquier otra jurisdicción de la que se paguen cantidades adeudadas conforme al

deduction or withholding, in respect of any payments hereunder, then the undersigned shall pay such additional amounts as may be necessary so that the holder hereof would receive the full amounts it would have received, if such deductions or withholdings would not have been made.

This Promissory Note shall be governed by, and construed in accordance with, the laws of England; **provided, however that** if any action or proceedings in connection with this Promissory Note were brought to any courts in the United Mexican States, this Promissory Note shall be deemed as governed under the laws of the United Mexican States.

Any legal action or proceeding arising out of or relating to this Promissory Note may be brought to the jurisdiction of the courts of England and any appellate court thereof, or any federal court sitting in Mexico City, Federal District, United Mexican States; the undersigned waives the right to jurisdiction of any other courts.

The undersigned hereby waives diligence, demand, protest, presentment, notice of dishonor or any other notice or demand whatsoever.

This Promissory Note is executed in both English and Spanish versions. In the case of any conflict or doubt as to the proper construction of this Promissory Note, the English version shall govern; **provided, however, that** in any action or proceeding brought in any court in the United Mexican States, the Spanish version shall prevail.

If the laws of the United Mexican States apply, for the purposes of Article 128 of the General Law of Negotiable Instruments and Credit Transactions of the United Mexican

presente, a menos que sea requerido por ley. En caso que la suscrita esté obligada legalmente a llevar a cabo cualquier retención o deducción, respecto de cualesquiera pagos conforme al presente, la suscrita pagará las sumas adicionales que sean necesarias para asegurar que las sumas recibidas por el tenedor del presente sean iguales a la suma que el tenedor hubiera recibido, si tales retenciones o deducciones no se hubieren realizado.

Este Pagaré se regirá e interpretará de acuerdo con las leyes de Inglaterra; **en el entendido, sin embargo** que si cualquier acción o procedimiento en relación con este Pagaré se iniciara en los tribunales de los Estados Unidos Mexicanos, este Pagaré se considerará regido de acuerdo con las leyes de los Estados Unidos Mexicanos.

Cualquier acción o procedimiento legal que derive o se relacione con este Pagaré podrá ser iniciado en los tribunales de Inglaterra, o en cualquier tribunal de apelación de los mismos, o cualquier tribunal federal localizado en la ciudad de México, Distrito Federal, Estados Unidos Mexicanos, renunciando la suscrita a la jurisdicción de cualesquiera otros tribunales.

La suscrita en este acto renuncia a diligencia, demanda, protesto, presentación, notificación de no aceptación y a cualquier notificación o demanda de cualquier naturaleza.

El presente Pagaré se suscribe en versiones en inglés y español. En caso de conflicto o duda en relación con la debida interpretación de este Pagaré, la versión en inglés prevalecerá; **en el entendido, sin embargo** que en cualquier procedimiento iniciado en cualquier tribunal de los Estados Unidos Mexicanos, prevalecerá la versión en español.

Si la legislación de los Estados Unidos Mexicanos fuere aplicable, para los efectos del Artículo 128 de la Ley General de Títulos y Operaciones de Crédito de los Estados

States, the term of presentation of this Promissory Note is hereby irrevocably extended until the date that is six (6) months after the Final Payment Date, **it being understood** that such extension shall not be deemed to prevent presentation of this Promissory Note prior to such date.

IN WITNESS WHEREOF, the undersigned has duly executed this Promissory Note on the date indicated below.

Unidos Mexicanos, por medio del presente se prorroga irrevocablemente el plazo de presentación de este Pagaré hasta la fecha que sea seis (6) meses después de la Fecha de Vencimiento, **en el entendido** de que dicha prórroga no impedirá la presentación de este Pagaré con anterioridad a dicha fecha.

EN VIRTUD DE LO CUAL, la suscrita ha firmado este Pagaré en la fecha abajo mencionada.

_____, _____, a ____ de _____.
_____, _____, _____, _____.

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

By/Por _____

Name/Nombre:

Title/Cargo:

Guaranteed/Por Aval:

CEMEX España, S.A.

By/Por _____

Name/Nombre:

Title/Cargo:

Guaranteed/Por Aval:

CEMEX México, S.A. de C.V.

By/Por _____

Name/Nombre:

Title/Cargo:

Guaranteed/Por Aval:

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

By/Por _____

Name/Nombre:

Title/Cargo:

Guaranteed/Por Aval:

Empresas Tolteca de México, S.A. de C.V.

By/Por _____

Name/Nombre:

Title/Cargo:

Guaranteed/Por Aval:

New Sunward Holding B.V.

By/Por _____

Name/Nombre:

Title/Cargo:

Guaranteed/Por Aval:

CEMEX Corp.

By/Por _____

Name/Nombre:

Title/Cargo:

Guaranteed/Por Aval:

CEMEX Finance LLC

By/Por _____

Name/Nombre:

Title/Cargo:

Guaranteed/Por Aval:
CEMEX Research Group AG

By/Por _____
Name/Nombre:
Title/Cargo:

Guaranteed/Por Aval:
CEMEX Shipping B.V.

By/Por _____
Name/Nombre:
Title/Cargo:

Guaranteed/Por Aval:
CEMEX Asia B.V.

By/Por _____
Name/Nombre:
Title/Cargo:

Guaranteed/Por Aval:
CEMEX France Gestion (S.A.S.)

By/Por _____
Name/Nombre:
Title/Cargo:

Guaranteed/Por Aval:
CEMEX UK

By/Por _____
Name/Nombre:
Title/Cargo:

Guaranteed/Por Aval:
CEMEX Egyptian Investments B.V.

By/Por _____
Name/Nombre:
Title/Cargo:

Guaranteed/Por Aval:
CEMEX Egyptian Investments II B.V.

By/Por _____
Name/Nombre:
Title/Cargo:

FORM OF SIDE LETTER TO PROMISSORY NOTE

CEMEX, S.A.B. de C.V.
Av. Ricardo Margáin Zozaya #325
Colonia Valle del Campestre
66265 San Pedro Garza García, Nuevo León
Mexico

[Date]

RE: PROMISSORY NOTE

Dear Sirs:

Reference is made to the promissory note (*pagaré*) (the "**Promissory Note**") issued by CEMEX, S.A.B. de C.V. (the "**Issuer**"), dated _____, 2014 for the amount of USD \$ _____ (_____ Dollars, currency of the United States of America 00/100) in favor of _____ (the "**Holder**").

The parties to this letter agree that notwithstanding anything to the contrary in the Promissory Note, (i) [principal and]¹⁹ interest payments in respect of the Promissory Note shall be made at the times, on the dates, in the amounts and in the manner provided for in the Facilities Agreement dated as of 29 September, 2014 between the Issuer, as borrower, certain direct and indirect subsidiaries of the Issuer, as guarantors or security providers, Banco Santander (México), S.A., Institución de Banca Múltiple, Grupo Financiero Santander México, BBVA Securities Inc., BNP Paribas Securities Corp., Citigroup Global Markets Inc., Crédit Agricole Corporate and Investment Bank, HSBC Mexico, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, ING Capital LLC, J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Inc., as Joint Mandated Lead Arrangers and Joint Bookrunners, the financial institutions named therein as original lenders, and Citibank International Plc., as agent and Wilmington Trust (London) Limited as security agent (as amended from time to time in accordance with its terms, the "Facilities Agreement") and (ii) interest shall be calculated in the manner provided for in the Facilities Agreement. Without limiting the generality of the above, the parties to this letter agree that notwithstanding anything else to the contrary in the Promissory Note, the loan represented by the Promissory Note may bear interest at the rates provided for in the Facilities Agreement. In the case of any inconsistency between the terms of the Facilities Agreement and the Promissory Note, the Facilities Agreement shall prevail.

Sincerely,

[_____]

By:

Name:

Title:

¹⁹ To be included only in respect of Promissory Notes related to revolving facility Commitments.

Accepted and agreed,
CEMEX, S.A.B. de C.V.

By:
Name:
Title:

Accepted and agreed,
CEMEX España, S.A., as guarantor

By:
Name:
Title:

Accepted and agreed,
CEMEX México, S.A. de C.V., as guarantor

By:
Name:
Title:

Accepted and agreed,
CEMEX Concretos, S.A. de C.V., as guarantor

By:
Name:
Title:

Accepted and agreed,
Empresas Tolteca de México, S.A. de C.V., as guarantor

By:
Name:
Title:

Accepted and agreed,
New Sunward Holding B.V., as guarantor

By:
Name:
Title:

Accepted and agreed,
CEMEX Corp., as guarantor

By:
Name:
Title:

Accepted and agreed,
CEMEX Finance LLC, as guarantor

By:
Name:
Title:

Accepted and agreed,
CEMEX Research Group AG, as guarantor

By:
Name:
Title:

Accepted and agreed,
CEMEX Shipping B.V., as guarantor

By:
Name:
Title:

Accepted and agreed,
CEMEX Asia B.V., as guarantor

By:
Name:
Title:

Accepted and agreed,
CEMEX France Gestion (S.A.S.), as guarantor

By:
Name:
Title:

Accepted and agreed,
CEMEX UK, as guarantor

By:
Name:
Title:

Accepted and agreed,
CEMEX Egyptian Investments B.V., as guarantor

By:
Name:
Title:

Accepted and agreed,
CEMEX Egyptian Investments II B.V., as guarantor

By:
Name:
Title:

**SCHEDULE 5
FORM OF TRANSFER CERTIFICATE**

To: [●] as Agent and [●] as Security Agent

From: [*The Existing Lender*] (the “**Existing Lender**”) and [*The New Lender*] (the “**New Lender**”)

Dated:

**CEMEX, S.A.B. de C.V.—Facilities Agreement
dated 29 September 2014 (the “Facilities Agreement”)**

1. We refer to the Facilities Agreement and to the Intercreditor Agreement (as defined in the Facilities Agreement). This agreement (the “**Agreement**”) shall take effect as a Transfer Certificate for the purpose of the Facilities Agreement and as a Creditor/Agent/Security Agent Accession Undertaking for the purposes of the Intercreditor Agreement (and as defined in the Intercreditor Agreement). Terms defined in the Facilities Agreement have the same meaning in this Agreement unless given a different meaning in this Agreement.
2. We refer to Clause 27.5 (*Procedure for transfer*) of the Facilities Agreement:
 - (a) The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation all or part of the Existing Lender’s Commitment, rights and obligations referred to in the Schedule in accordance with Clause 27.5 (*Procedure for transfer*) of the Facilities Agreement.
 - (b) The proposed Transfer Date is [●].
 - (c) The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 35.2 (*Addresses*) of the Facilities Agreement are set out in the Schedule.
3. The New Lender expressly acknowledges the limitations on the Existing Lender’s obligations set out in paragraph (c) of Clause 27.4 (*Limitation of responsibility of Existing Lenders*) of the Facilities Agreement.
4. The New Lender confirms, for the benefit of the Agent and without liability to any Obligor, that it is [a Qualifying Lender (other than a Treaty Lender)]/[a Treaty Lender]/[not a Qualifying Lender]*.
5. We refer to clause 14.6 (*Creditor/Agent/Security Agent Accession Undertaking*) of the Intercreditor Agreement.

In consideration of the New Lender being accepted as a Refinancing Creditor for the purposes of the Intercreditor Agreement (and as defined in the Intercreditor Agreement), the New Lender confirms that, as from the Transfer Date, it intends to be party to the Intercreditor Agreement as a Refinancing Creditor, and undertakes to perform all the obligations expressed in the Intercreditor Agreement to be assumed by a Refinancing Creditor and agrees that it shall be bound by all the provisions of the Intercreditor Agreement, as if it had been an original party to the Intercreditor Agreement.

-
6. For the purposes of articles 1278 *et seq.* of the French Civil Code, it is expressly agreed that the Security created under the Security Documents governed by French law shall be preserved and maintained for the benefit of the Security Agent, the New Lender and the remaining Finance Parties.
 7. The New Lender may, in the case of an assignment of rights by the Existing Lender under this Transfer Certificate, if it considers it necessary to make the assignment effective against third parties, arrange for it to be notified to any Obligor established or domiciled in France in accordance with the provisions of article 1690 of the French Civil Code.
 8. This Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.
 9. This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

Notes: * Delete as applicable — each New Lender is required to confirm which of these three categories it falls within.

The execution of this Transfer Certificate may not transfer a proportionate share of the Existing Lender's interest in the Transaction Security in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required to perfect a transfer of such a share in the Existing Lender's Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.

THE SCHEDULE

Commitment/rights and obligations to be transferred

[insert relevant details]

[Facility Office address, fax number and attention details for notices and account details for payments]

[Existing Lender]

[New Lender]

By:

By:

This Agreement is accepted as a Transfer Certificate for the purposes of the Facilities Agreement by the Agent, and as a Creditor/Agent/Security Agent Accession Undertaking for the purposes of the Intercreditor Agreement by the Security Agent, and the Transfer Date is confirmed as [●].

[Agent]

By:

[Security Agent]

By:

SCHEDULE 6
FORM OF ASSIGNMENT AGREEMENT

To: [●] as Agent, [●] as Security Agent and CEMEX, S.A.B. de C.V. as Borrower for and on behalf of each Obligor

From: [the Existing Lender] (the “Existing Lender”) and [the New Lender] (the “New Lender”)

Dated:

CEMEX, S.A.B. de C.V. — Facilities Agreement
dated 29 September 2014 (the “Facilities Agreement”)

1. We refer to the Facilities Agreement and to the Intercreditor Agreement (as defined in the Facilities Agreement). This is an Assignment Agreement. This agreement (the “**Agreement**”) shall take effect as an Assignment Agreement for the purpose of the Facilities Agreement and as a Creditor/Agent/Security Agent Accession Undertaking for the purposes of the Intercreditor Agreement (and as defined in the Intercreditor Agreement). Terms defined in the Facilities Agreement have the same meaning in this Agreement unless given a different meaning in this Agreement.
2. We refer to Clause 27.6 (*Procedure for assignment*) of the Facilities Agreement:
 - (a) The Existing Lender assigns absolutely to the New Lender all the rights of the Existing Lender under the Facilities Agreement, the other Finance Documents and in respect of the Transaction Security which correspond to that portion of the Existing Lender’s Commitments and participations in Utilisations under the Facilities Agreement as specified in the Schedule.
 - (b) The Existing Lender is released from all the obligations of the Existing Lender which correspond to that portion of the Existing Lender’s Commitments and participations in Utilisations under the Facilities Agreement specified in the Schedule.
 - (c) The New Lender becomes a Party as a Lender and is bound by obligations equivalent to those from which the Existing Lender is released under paragraph (b) above.
3. The proposed Transfer Date is [●].
4. On the Transfer Date the New Lender becomes:
 - (a) party to the relevant Finance Documents (other than the Intercreditor Agreement) as a Lender; and
 - (b) party to the Intercreditor Agreement as a Facilities Lender.
5. The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 35.2 (*Addresses*) of the Facilities Agreement are set out in the Schedule.

-
6. The New Lender expressly acknowledges the limitations on the Existing Lender's obligations set out in paragraph (c) of Clause 27.4 (*Limitation of responsibility of Existing Lenders*) of the Facilities Agreement.
 7. The New Lender confirms, for the benefit of the Agent and without liability to any Obligor, that it is [a Qualifying Lender (other than a Treaty Lender)]/[a Treaty Lender]/[not a Qualifying Lender]*.
 8. We refer to clause 14.6 (*Creditor/Agent/Security Agent Accession Undertaking*) of the Intercreditor Agreement.
In consideration of the New Lender being accepted as a Refinancing Creditor for the purposes of the Intercreditor Agreement (and as defined in the Intercreditor Agreement), the New Lender confirms that, as from the Transfer Date, it intends to be party to the Intercreditor Agreement as a Refinancing Creditor, and undertakes to perform all the obligations expressed in the Intercreditor Agreement to be assumed by a Refinancing Creditor and agrees that it shall be bound by all the provisions of the Intercreditor Agreement, as if it had been an original party to the Intercreditor Agreement.
 9. This Agreement acts as notice to the Agent (on behalf of each Finance Party) and, upon delivery in accordance with Clause 27.7 (*Copy of Transfer Certificate, Assignment Agreement or Accordion Confirmation to Borrower*), to the Borrower (on behalf of each Obligor) of the assignment referred to in this Agreement.
 10. This Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.
 11. This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

Notes: The execution of this Assignment Agreement may not transfer a proportionate share of the Existing Lender's interest in the Transaction Security in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required to perfect a transfer of such a share in the Existing Lender's Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.

THE SCHEDULE

**Commitment/rights and obligations to be transferred by assignment,
release and accession**

[insert relevant details]

*[Facility office address, fax number and attention details for notices
and account details for payments]*

[Existing Lender]

[New Lender]

By:

By:

This Agreement is accepted as an Assignment Agreement for the purposes of the Facilities Agreement by the Agent, and as a Creditor/Agent/Security Agent Accession Undertaking for the purposes of the Intercreditor Agreement by the Security Agent, and the Transfer Date is confirmed as [●].

Signature of this Agreement by the Agent constitutes confirmation by the Agent of receipt of notice of the assignment referred to in this Agreement, which notice the Agent receives on behalf of each Finance Party.

[Agent]

By:

[Security Agent]

By:

NOTES:

* Delete as applicable — each New Lender is required to confirm which of these three categories it falls within

**SCHEDULE 7
FORM OF ACCESSION LETTER**

To: [●] as Agent and [●] as Security Agent for itself and each of the other parties to the Intercreditor Agreement referred to below

From: [Subsidiary] and [Borrower]

Dated:

Dear Sirs

**CEMEX, S.A.B. de C.V. — Facilities Agreement
dated 29 September 2014 (the “Facilities Agreement”)**

1. We refer to the Facilities Agreement and to the Intercreditor Agreement. This deed (the “**Accession Letter**”) shall take effect as an Accession Letter for the purposes of the Facilities Agreement and as a Debtor/Security Provider Accession Deed for the purposes of the Intercreditor Agreement (and as defined in the Intercreditor Agreement). Terms defined in the Facilities Agreement have the same meaning in paragraphs 1 to 3 of this Accession Letter unless given a different meaning in this Accession Letter.
2. [Subsidiary] agrees to become an Additional [Guarantor]/[Security Provider] and to be bound by the terms of the Facilities Agreement and the other Finance Documents (other than the Intercreditor Agreement) as an Additional [Guarantor]/[Security Provider] pursuant to Clause 29.2 (*Additional Guarantors and Additional Security Providers*) of the Facilities Agreement. [Subsidiary] is a company duly incorporated under the laws of [name of relevant jurisdiction] and is a limited liability company and registered number [●].
3. [Subsidiary’s] administrative details for the purposes of the Facilities Agreement and the Intercreditor Agreement are as follows:
Address:
Fax No.:
Attention:
4. [Subsidiary] (for the purposes of this paragraph 4, the “**Acceding Debtor**”) intends to [incur Liabilities under the following documents]/[give a guarantee, indemnity or other assurance against loss in respect of Liabilities under the following documents]:
[Insert details (date, parties and description) of relevant documents]
the “**Relevant Documents**”.

IT IS AGREED as follows:

- (a) Terms defined in the Intercreditor Agreement shall, unless otherwise defined in this Accession Letter, bear the same meaning when used in this paragraph 4.
- (b) The Acceding Debtor and the Security Agent agree that the Security Agent shall hold:
 - (i) [any Security in respect of Liabilities created or expressed to be created pursuant to the Relevant Documents;
 - (ii) all proceeds of that Security; and]
 - (iii) all obligations expressed to be undertaken by the Acceding Debtor to pay amounts in respect of the Liabilities to the Security Agent as trustee for the Secured Parties (in the Relevant Documents or otherwise) and secured by the Transaction Security together with all representations and warranties expressed to be given by the Acceding Debtor (in the Relevant Documents or otherwise) in favour of the Security Agent as trustee for the Secured Parties,on trust, or as otherwise provided in the Finance Documents, for the Secured Parties on the terms and conditions contained in the Intercreditor Agreement.
- (c) The Acceding Debtor confirms that it intends to be party to the Intercreditor Agreement as a Debtor, undertakes to perform all the obligations expressed to be assumed by a Debtor under the Intercreditor Agreement and agrees that it shall be bound by all the provisions of the Intercreditor Agreement as if it had been an original party to the Intercreditor Agreement.

[4]/[5] This Accession Letter and any non-contractual obligations arising out of or in connection with it is governed by English law.

THIS ACCESSION LETTER has been signed on behalf of the Security Agent (for the purposes of paragraph 4 above only), signed on behalf of the Borrower and executed as a deed by [*Subsidiary*] and is delivered on the date stated above.

[*Subsidiary*]

[EXECUTED AS A DEED]
By: [*Subsidiary*])

Director
Director/Secretary

OR

[EXECUTED AS A DEED

By: *[Subsidiary]*

Signature of Director

Name of Director

in the presence of

Signature of witness

Name of witness

Address of witness

Occupation of witness]

The Borrower

[Borrower]

By:

The Security Agent

[Full Name of Current Security Agent]

By:

Date:

**SCHEDULE 8
FORM OF RESIGNATION LETTER**

To: [●] as Agent

From: [resigning Obligor] and CEMEX, S.A.B. de C.V.

Dated:

Dear Sirs

**CEMEX, S.A.B. de C.V. — Facilities Agreement
dated 29 September 2014 (the “Facilities Agreement”)**

1. We refer to the Facilities Agreement. This is a Resignation Letter. Terms defined in the Facilities Agreement have the same meaning in this Resignation Letter unless given a different meaning in this Resignation Letter.
2. Pursuant to [Clause 29.3 (*Resignation of a Guarantor*)] [Clause 29.4 (*Resignation of a Security Provider*)], we request that [resigning Obligor] be released from its obligations as a [Guarantor]/[Security Provider] under the Facilities Agreement and the Finance Documents (other than the Intercreditor Agreement).
3. We confirm that:
 - (a) no Default is continuing or would result from the acceptance of this request; and
 - (b) [this request is given in relation to a Third Party Disposal of [resigning Obligor];]*
 - (c) [the Disposal Proceeds have been or will be applied in accordance with Clause 8 (*Mandatory Prepayment*)];*
 - (d) [no payment is due from [resigning Obligor] under Clause 19 (*Guarantee and Indemnity*)];*
 - (e) [the Transaction Security granted by [resigning Obligor] has not become enforceable in accordance with its terms.]*
4. This Resignation Letter and any non-contractual obligations arising out of or in connection with it are governed by English law.
5. The Borrower agrees to indemnify the Finance Parties and Secured Parties for any costs, expenses, or liabilities which would have been payable by [resigning Obligor] in connection with the Finance Documents but for the release set out in paragraph 2 above.

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

[resigning Obligor]

By:

By:

* Include / delete as applicable.

**SCHEDULE 9
FORM OF COMPLIANCE CERTIFICATE**

To: [●] as Agent

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

Dated:

Dear Sirs

**CEMEX, S.A.B. de C.V. — Facilities Agreement
dated 29 September 2014 (the “Facilities Agreement”)**

1. We refer to the Facilities Agreement. This is a Compliance Certificate. Terms defined in the Facilities Agreement have the same meaning when used in this Compliance Certificate unless given a different meaning in this Compliance Certificate.
2. We confirm that:
 - (a) For the Reference Period ending [●], EBITDA was \$[●] and Consolidated Interest Expense was \$[●]. Therefore the Consolidated Coverage Ratio for such Reference Period was [●]:1 which [is/is not] in compliance with paragraph (a) of Clause 22.2 (*Financial condition*) of the Facilities Agreement.
 - (b) Consolidated Funded Debt as at the last day of the Reference Period ending [●] was \$[●] and EBITDA for the Reference Period ending [●] was \$[●]. Therefore the Consolidated Leverage Ratio for such Reference Period was [●]:1 which [is/is not] in compliance with paragraph (b) of Clause 22.2 (*Financial condition*) of the Facilities Agreement.
 - (c) Capital Expenditure of the Group for the Financial Year ending [●] was \$[●]. Therefore the requirements of paragraph (c) of Clause 22.2 (*Financial condition*) of the Facilities Agreement [have/have not] been complied with.
 - (d) Caliza Capital Expenditure for the Financial Year ending [●] was \$[●]. Therefore the requirements of paragraph (d) of Clause 22.2 (*Financial condition*) of the Facilities Agreement [have/have not] been complied with.
 - (e) Centurion Capital Expenditure for the Financial Year ending [●] was \$[●]. Therefore the requirements of paragraph (e) of Clause 22.2 (*Financial condition*) of the Facilities Agreement [have/have not] been complied with.

Signed

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

**SCHEDULE 10
EXISTING FINANCIAL INDEBTEDNESS**

(Figures as at 30 June 2015)

Obligation	Type	Outstanding Principal Amounts	Obligor	Guarantor(s)	Bank Party	Security	Maturity
Part I.A—2012 Facilities Agreement							
2012 Facilities Agreement dated 17 September 2012 (as amended and restated 31 October 2014)	Syndicated loan and private placement notes	\$1,482,859,788	CEMEX, S.A.B. de C.V., CEMEX España, S.A., New Sunward Holding B.V., CEMEX Materials LLC and CEMEX Finance LLC	CEMEX, S.A.B. de C.V., CEMEX España, S.A., CEMEX México, S.A. de C.V., Empresas Tolteca de México, S.A. de C.V., CEMEX Concretos, S.A. de C.V., New Sunward Holding B.V., CEMEX Finance LLC, CEMEX Corp., CEMEX Inc., CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX Asia B.V., CEMEX France Gestion (S.A.S.), CEMEX UK, CEMEX Egyptian Investments B.V., and CEMEX Egyptian Investments II B.V.		Sharing in Transaction Security	February 14, 2017
2012 Facilities Agreement dated 17 September 2012 (as amended and restated 31 October 2014)	Syndicated loan and private placement notes	€357,506,424	CEMEX, S.A.B. de C.V., CEMEX España, S.A., New Sunward Holding B.V., CEMEX Materials LLC and CEMEX Finance LLC	CEMEX, S.A.B. de C.V., CEMEX España, S.A., CEMEX México, S.A. de C.V., Empresas Tolteca de México, S.A. de C.V., CEMEX Concretos, S.A. de C.V., New Sunward Holding B.V., CEMEX Finance LLC, CEMEX Corp., CEMEX Inc., CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX Asia B.V., CEMEX France Gestion (S.A.S.), CEMEX UK, CEMEX Egyptian Investments B.V., and CEMEX Egyptian Investments II B.V.		Sharing in Transaction Security	February 14, 2017

2012 Facilities Agreement dated 17 September 2012 (as amended and restated 31 October 2014)	Syndicated loan and private placement notes	MXN 881,306,265	CEMEX, S.A.B. de C.V., CEMEX España, S.A., New Sunward Holding B.V., CEMEX Materials LLC and CEMEX Finance LLC	CEMEX, S.A.B. de C.V., CEMEX España, S.A., CEMEX México, S.A. de C.V., Empresas Tolteca de México, S.A. de C.V., CEMEX Concretos, S.A. de C.V., New Sunward Holding B.V., CEMEX Finance LLC, CEMEX Corp., CEMEX Inc., CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX Asia B.V., CEMEX France Gestion (S.A.S.), CEMEX UK CEMEX Egyptian Investments B.V., and CEMEX Egyptian Investments II B.V.	Sharing in Transaction Security	February 14, 2017
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Part I.B—2014 Facilities Agreement

2014 Facilities Agreement dated 29 September 2014 (as amended)	Syndicated loan	\$1,499,000,000 Total Commitment: \$1,865,000,000	CEMEX, S.A.B. de C.V.	CEMEX España, S.A., CEMEX México, S.A. de C.V., Empresas Tolteca de México, S.A. de C.V., CEMEX Concretos, S.A. de C.V., New Sunward Holding B.V., CEMEX Finance LLC, CEMEX Corp., CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX Asia B.V., CEMEX France Gestion (S.A.S.), CEMEX UK CEMEX Egyptian Investments B.V., and CEMEX Egyptian Investments II B.V.	Sharing in Transaction Security	September 29, 2019
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Part II—Public Debt Instruments

Part II.A

US\$149,897,000 Rinker 2025 Indenture, dated 1 April 2003 (as supplemented)	Public Debt Instruments	\$149,897,000	CEMEX Materials LLC	CEMEX Corp.	None	July 21, 2025
NSHFV \$900m Note Indenture dated 18 December 2006 (as supplemented) (C10)	Public Debt Instruments	\$289,134,000	New Sunward Holding Financial Ventures B.V.	CEMEX, S.A.B. de C.V., CEMEX México, S.A. de C.V. and New Sunward Holding B.V.	Sharing in Transaction Security	Perpetual—Callable on 31 December 2016, and at each interest payment date thereafter
NSHFV €730m Note Indenture dated 9 May 2007 (as supplemented) (C10-EUR)	Public Debt Instruments	€69,828,000	New Sunward Holding Financial Ventures B.V.	CEMEX, S.A.B. de C.V., CEMEX México, S.A. de C.V. and New Sunward Holding B.V.	Sharing in Transaction Security	Perpetual—Callable on 30 June 2017, and at each interest payment date thereafter

NSHFV US\$350m Note Indenture dated 18 December 2006 (as supplemented) (C5)	Public Debt Instruments	\$104,152,000	New Sunward Holding Financial Ventures B.V.	CEMEX, S.A.B. de C.V., CEMEX México, S.A. de C.V. and New Sunward Holding B.V.	Sharing in Transaction Security	Perpetual—Callable on 31 December 2011, and at each interest payment date thereafter
NSHFV US\$750m Note Indenture dated 12 February 2007 (as supplemented) (C8)	Public Debt Instruments	\$220,985,000	New Sunward Holding Financial Ventures B.V.	CEMEX, S.A.B. de C.V., CEMEX México, S.A. de C.V. and New Sunward Holding B.V.	Sharing in Transaction Security	Perpetual—Callable on 31 December 2014, and at each interest payment date thereafter
Obligaciones Forzosamente Convertibles en Acciones CEMEX 09 MXN 4,126,538,400	Public Debt Instruments	MXN 4,126,538,400	CEMEX, S.A.B. de C.V.	CEMEX México, S.A. de C.V., Empresas Tolteca de México, S.A. de C.V.—(the guarantee limited to the payments of coupons)	None	November 28, 2019
US\$200,000 3.72% Convertible Subordinated Notes due 2020; dated 13 March 2015	Public Debt Instruments	\$200,000	CEMEX, S.A.B. de C.V.		None	March 15, 2020
US\$321,114,000 3.72% Convertible Subordinated Notes due 2020; dated 28 March 2015.	Public Debt Instruments	\$321,114,000	CEMEX, S.A.B. de C.V.		None	March 15, 2020
US\$977,500,000 3.25% Convertible Subordinated Notes due 2016; dated 15 March 2011	Public Debt Instrument	\$351,899,000	CEMEX, S.A.B. de C.V.		None	March 15, 2016
US\$690,000,000 3.75% Convertible Subordinated Notes due 2018; dated 15 March 2011	Public Debt Instrument	\$690,000,000	CEMEX, S.A.B. de C.V.		None	March 15, 2018
US\$703,861,000 9.875% Senior Secured Notes due 30 April 2019; dated 28 March 2012	Public Debt Instrument	\$703,861,000	CEMEX España, S.A., acting through its Luxembourg Branch	CEMEX, S.A.B. de C.V., CEMEX México, S.A. de C.V., CEMEX Finance LLC, New Sunward Holdings B.V., CEMEX Asia B.V., CEMEX Concretos, S.A. de C.V., CEMEX Corp., CEMEX France Gestion (S.A.S.), CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX UK, Empresas Tolteca de México, S.A. de C.V., CEMEX Egyptian Investments B.V. and CEMEX Egyptian Investments II B.V.	Sharing in Transaction Security	April 30, 2019
€179,219,000 9.875% Senior Secured Notes due 30 April 2019; dated 28 March 2012	Public Debt Instrument	€179,219,000	CEMEX España, S.A., acting through its Luxembourg Branch	CEMEX, S.A.B. de C.V., CEMEX México, S.A. de C.V., CEMEX Finance LLC, New Sunward Holdings B.V., CEMEX Asia B.V., CEMEX Concretos, S.A. de C.V., CEMEX Corp., CEMEX France Gestion (S.A.S.), CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX UK, Empresas Tolteca de México, S.A. de C.V., CEMEX Egyptian Investments B.V. and CEMEX Egyptian Investments II B.V.	Sharing in Transaction Security	April 30, 2019

US\$500,000,000 9.50%, Senior Secured Notes due 2018 ; dated September 17, 2012	Public Debt Instrument	\$500,000,000	CEMEX, S.A.B. de C.V.	CEMEX México, S.A. de C.V., CEMEX España, S.A. , New Sunward Holdings B.V., CEMEX Asia B.V., CEMEX Concretos, S.A. de C.V., CEMEX Corp., CEMEX Finance LLC, CEMEX France Gestion (S.A.S.), CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX UK, Empresas Tolteca de México, S.A. de C.V., CEMEX Egyptian Investments B.V. and CEMEX Egyptian Investments II B.V.	Sharing in Transaction Security	June 15, 2018
US\$1,500,000,000 9.375%, Senior Secured Notes due 2022 ; dated October 12, 2012	Public Debt Instrument	\$1,500,000,000	CEMEX Finance LLC	CEMEX, S.A.B. de C.V., CEMEX México, S.A. de C.V., CEMEX España, S.A. , New Sunward Holdings B.V., CEMEX Asia B.V., CEMEX Concretos, S.A. de C.V., CEMEX Corp., CEMEX France Gestion (S.A.S.), CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX UK, Empresas Tolteca de México, S.A. de C.V., CEMEX Egyptian Investments B.V. and CEMEX Egyptian Investments II B.V.	Sharing in Transaction Security	October 12, 2022
US\$600,000,000 5.875%, Senior Secured Notes due 2019 ; dated March 25, 2013	Public Debt Instrument	\$600,000,000	CEMEX, S.A.B. de C.V.	CEMEX México, S.A. de C.V., CEMEX España, S.A. , New Sunward Holdings B.V., CEMEX Asia B.V., CEMEX Concretos, S.A. de C.V., CEMEX Corp., CEMEX Finance LLC, CEMEX France Gestion (S.A.S.), CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX UK, Empresas Tolteca de México, S.A. de C.V., CEMEX Egyptian Investments B.V. and CEMEX Egyptian Investments II B.V.	Sharing in Transaction Security	March 25, 2019

US\$1,000,000,000 6.50%, Senior Secured Notes due 2019 ; dated Aug 12, 2013	Public Debt Instrument	\$1,000,000,000	CEMEX, S.A.B. de C.V.	CEMEX México S.A. de C.V., CEMEX España, S.A. , New Sunward Holdings B.V., CEMEX Asia B.V., CEMEX Concretos, S.A. de C.V., CEMEX Corp., CEMEX Finance LLC, CEMEX France Gestion (S.A.S.), CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX UK, Empresas Tolteca de México, S.A. de C.V., CEMEX Egyptian Investments B.V. and CEMEX Egyptian Investments II B.V.	Sharing in Transaction Security	December 10, 2019
US\$1,000,000,000 7.25%, Senior Secured Notes due 2021 ; dated October 02, 2013	Public Debt Instrument	\$1,000,000,000	CEMEX, S.A.B. de C.V.	CEMEX Finance LLC, CEMEX México, S.A. de C.V., CEMEX España, S.A. , New Sunward Holdings B.V., CEMEX Asia B.V., CEMEX Concretos, S.A. de C.V., CEMEX Corp., CEMEX France Gestion (S.A.S.), CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX UK, Empresas Tolteca de México, S.A. de C.V., CEMEX Egyptian Investments B.V. and CEMEX Egyptian Investments II B.V.	Sharing in Transaction Security	January 15, 2021
US\$500,000,000 Floating Rate Senior Secured Notes due 2018 ; dated October 02, 2013	Public Debt Instrument	\$500,000,000	CEMEX, S.A.B. de C.V.	CEMEX México, S.A. de C.V., CEMEX España, S.A. , New Sunward Holdings B.V., CEMEX Asia B.V., CEMEX Concretos, S.A. de C.V., CEMEX Corp., CEMEX Finance LLC, CEMEX France Gestion (S.A.S.), CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX UK, Empresas Tolteca de México, S.A. de C.V., CEMEX Egyptian Investments B.V. and CEMEX Egyptian Investments II B.V.	Sharing in Transaction Security	October 15, 2018

US\$1,000,000,000 6.0%, Senior Secured Notes due 2024 ; dated April 01, 2014	Public Debt Instrument	\$1,000,000,000	CEMEX Finance LLC	CEMEX, S.A.B. de C.V., CEMEX México, S.A. de C.V., CEMEX España, S.A. , New Sunward Holdings B.V., CEMEX Asia B.V., CEMEX Concretos, S.A. de C.V., CEMEX Corp., CEMEX France Gestion (S.A.S.), CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX UK, Empresas Tolteca de México, S.A. de C.V., CEMEX Egyptian Investments B.V. and CEMEX Egyptian Investments II B.V.	Sharing in Transaction Security	April 1, 2024
€400,000,000 5.25%, Senior Secured Notes due 2021 ; dated April 01, 2014	Public Debt Instrument	€400,000,000	CEMEX Finance LLC	CEMEX, S.A.B. de C.V., CEMEX México, S.A. de C.V., CEMEX España, S.A. , New Sunward Holdings B.V., CEMEX Asia B.V., CEMEX Concretos, S.A. de C.V., CEMEX Corp., CEMEX France Gestion (S.A.S.), CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX UK, Empresas Tolteca de México, S.A. de C.V., CEMEX Egyptian Investments B.V. and CEMEX Egyptian Investments II B.V.	Sharing in Transaction Security	April 1, 2021
€400,000,000 4.750% Senior Secured Notes due 11 January 2022; dated 11 September 2014	Public Debt Instrument	€400,000,000	CEMEX, S.A.B. de C.V.	CEMEX Finance LLC, CEMEX México, S.A. de C.V., CEMEX España, S.A. , New Sunward Holdings B.V., CEMEX Asia B.V., CEMEX Concretos, S.A. de C.V., CEMEX Corp., CEMEX France Gestion (S.A.S.), CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX UK, Empresas Tolteca de México, S.A. de C.V., CEMEX Egyptian Investments B.V. and CEMEX Egyptian Investments II B.V.	Sharing in Transaction Security	January 11, 2022

US\$1,100,000,000 5.700% Senior Secured Notes due 11 January 2025; dated 11 September 2014	Public Debt Instrument	US\$1,100,000,000	CEMEX, S.A.B. de C.V.	CEMEX Finance LLC, CEMEX México, S.A. de C.V., CEMEX España, S.A., New Sunward Holdings B.V., CEMEX Asia B.V., CEMEX Concretos, S.A. de C.V., CEMEX Corp., CEMEX France Gestion (S.A.S.), CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX UK, Empresas Tolteca de México, S.A. de C.V., CEMEX Egyptian Investments B.V. and CEMEX Egyptian Investments II B.V.	Sharing in Transaction Security	January 11, 2025
€550,000,000 4.375% Senior Secured Notes due 5 March 2023; dated 5 March 2015	Public Debt Instrument	€550,000,000	CEMEX, S.A.B. de C.V.	CEMEX México, S.A. de C.V., CEMEX España, S.A., New Sunward Holdings B.V., CEMEX Asia B.V., CEMEX Concretos, S.A. de C.V., CEMEX Corp., CEMEX Finance LLC, CEMEX France Gestion (S.A.S.), CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX UK, Empresas Tolteca de México, S.A. de C.V., CEMEX Egyptian Investments B.V. and CEMEX Egyptian Investments II B.V.	Sharing in Transaction Security	March 5, 2023
US\$750,000,000 6.125% Senior Secured Notes due 5 May 2025; dated 5 March 2015	Public Debt Instrument	\$750,000,000	CEMEX, S.A.B. de C.V.	CEMEX México, S.A. de C.V., CEMEX España, S.A., New Sunward Holdings B.V., CEMEX Asia B.V., CEMEX Concretos S.A. de C.V., CEMEX Corp., CEMEX Finance LLC, CEMEX France Gestion (S.A.S.), CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX UK, Empresas Tolteca de México, S.A. de C.V., CEMEX Egyptian Investments B.V. and CEMEX Egyptian Investments II B.V.	Sharing in Transaction Security	May 5, 2025

Part II.B**Mexican Public Debt Instruments**

Programa Dual Revolvente de Certificados Bursátiles dated 30 May 2011 for up to Mex\$10,000,000,000 for short and long term issuances (and with a sublimit of Mex\$2,500,000,000 in respect of short term issuances)

Certificado Bursátil UDI 116.5308MM CEMEX 07-2U, dated 30 November 2007	Mexican Public Debt Instrument	UDI 116,530,800	CEMEX, S.A.B. de C.V.	CEMEX México, S.A. de C.V.; Empresas Tolteca de México, S.A. de C.V.	Sharing in Transaction Security	November 17, 2017
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Part II.C**Bilateral Bank Facilities**

**SCHEDULE 11
EXISTING SECURITY AND QUASI-SECURITY**

(Figures in Millions \$as at 30 June 2015)

CEMEX Subsidiary	Counterparty	Lien Concept	Maturity Date	Secured Amount	Agreement Type
CEMEX Austria AG	Raiffeisenbank Bruck an der Mur eg. Gen.& various other	Plant Equipment Lien	1-Sep-17	0.35	Leasing agreement on movables entered by and between Raiffeisen- Leasing Mobilien und KFZ GmbH and Trans-Beton Ges.m.b.H. dated March 31, 2004.
CEMEX Beton d.o.o.	M-P-B d.o.o.	Cash Collateral	1-Jul-16	0.63	Cash deposit for concrete plants
CEMEX Granulats	Caisse d'épargne	Cash Collateral	Revolving	0.45	Guarantee for Drome Ardeche Granulats
CEMEX Deutschland AG	Private Investor Günter Wunder	Servitude	31-Dec-17	6.35	Plant Investment + Operating Lease—Project Kieswerk Löwen GmbH
CEMEX Deutschland AG	HypoVereinsban (Unicredit)	Cash Collateral	Revolving	1.54	Bank Guarantees (several local governments: gravel and sand mining supply)
CEMEX Deutschland AG	HypoVereinsban (Unicredit)	Cash Collateral	Revolving	1.25	Daily Cash Operations (Direct Debit collections, unpaid return risk)
CEMEX Deutschland AG	Commerzbank	Cash Collateral	Revolving	7.72	Bank Guarantees (several local governments: gravel and sand mining supply)
CEMEX Deutschland AG	Bayem LB	Cash Collateral	Revolving	0.28	Bank Guarantees (several local governments: gravel and sand mining supply)
CEMEX Deutschland AG	Bayem LB	Cash Collateral	Revolving	0.07	Bank Guarantees (several local governments: gravel and sand mining supply)
CEMEX Deutschland AG	Bayem LB	Cash Collateral	Revolving	0.17	Bank Guarantees (several local governments: gravel and sand mining supply)
CEMEX Deutschland AG	Bayem LB	Cash Collateral	Revolving	0.18	Bank Guarantees (several local governments: gravel and sand mining supply)
CEMEX Deutschland AG	Bayem LB	Cash Collateral	Revolving	0.18	Bank Guarantees (several local governments: gravel and sand mining supply)
CEMEX Deutschland AG	Bayem LB	Cash Collateral	Revolving	0.11	Bank Guarantees (several local governments: gravel and sand mining supply)
CEMEX Deutschland AG	Bayem LB	Cash Collateral	Revolving	0.54	Bank Guarantees (several local governments: gravel and sand mining supply)
CEMEX Deutschland AG	Bayem LB	Cash Collateral	Revolving	0.06	Bank Guarantees (several local governments: gravel and sand mining supply)
CEMEX Deutschland AG	Bayem LB	Cash Collateral	Revolving	0.03	Bank Guarantees (several local governments: gravel and sand mining supply)
CEMEX Deutschland AG	Bayem LB	Cash Collateral	Revolving	0.08	Bank Guarantees (several local governments: gravel and sand mining supply)

Cemex Hungary Kft	Raiffeisen Bank	Cash	31-Dec-14	0.14	Recovery of mine
Cemex Hungary Kft	Raiffeisen Bank	Collateral			
Cemex Hungary Kft	Raiffeisen Bank	Cash	31-Dec-14	0.10	Recovery of mine
Cemex Hungary Kft	Raiffeisen Bank	Collateral			
Cemex Hungary Kft	Raiffeisen Bank	Cash	31-Dec-14	0.10	Recovery of mine
Cemex Hungary Kft	Raiffeisen Bank	Collateral			
RMC Concrete	Tenaga Nasional Berhad	Cash	Revolving	0.003	Guarantee for payment of bills for supplying electricity to plant
RMC Aggregates	Tenaga Nasional Berhad	Collateral			
RMC Concrete	Tenaga Nasional Berhad	Cash	Revolving	0.04	Guarantee for payment of bills for supplying electricity to plant
RMC Aggregates	Tenaga Nasional Berhad	Collateral			
Cemex España	Autoridad Portuaria Alicante	Cash	Revolving	0.21	Port authority guarantee
Cemex España	Autoridad Portuaria Baleares	Collateral			
Cemex Thailand	Provincial Electricity Authority	Cash	Revolving	0.30	For use of electricity
Cemex Thailand	Provincial Electricity Authority	Collateral			
CEMEX Topmix LLC	EPPCO	Cash	Revolving	0.03	Supply of Petroleum Products
CEMEX Topmix LLC	EPPCO	Collateral			
CEMEX Supermix LLC	Ministry of Labour	Cash	Open	0.05	Labor GTEE—required by governmental authority
CEMEX Supermix LLC	Ministry of Labour	Collateral	Ended		
CEMEX Topmix LLC	Ministry of Labour	Cash	Open	0.36	Labor GTEE—required by governmental authority
CEMEX Topmix LLC	Ministry of Labour	Collateral	Ended		
CEMEX Falcon LLC	Ministry of Labour	Cash	Open	0.1	Labor GTEE—required by governmental authority
CEMEX Falcon LLC	Ministry of Labour	Collateral	Ended		
CEMEX UK Operations Limited	Lloyds TSB Asset Finance	Cash	1-Sep-21	0.07	Cash collateral required for extraction of mineral reserves. Supplemented by a performance bond.
CEMEX UK Operations Limited	Lloyds TSB Asset Finance	Collateral			
Solid Cement Corporation	Masinloc Power Partners Co. Ltd	Cash	6-Oct-16	0.42	Refundable Security Deposit
Solid Cement Corporation	Masinloc Power Partners Co. Ltd	Collateral			
Solid Cement Corporation	Masinloc Power Partners Co. Ltd	Cash	Open	0.19	Additional deposit
Solid Cement Corporation	Masinloc Power Partners Co. Ltd	Collateral	Ended		
Solid Cement Corporation	Paramount Ins	Cash	Open	0.02	Judicial (labor case)
Solid Cement Corporation	Paramount Ins	Collateral	Ended		
Solid Cement Corporation	Intra Strata Insurance Co.	Cash	Open	1.61	IQAC Tax Cases
Solid Cement Corporation	Intra Strata Insurance Co.	Collateral	Ended		
Cemex Bangladesh	Titas Gas	Cash	15-Jul-18	0.08	Cash Backed BG for Nat Gas
Cemex Bangladesh	Titas Gas	Collateral			
Cemex Panamá	Citibank	Cash	7-Jun-15	2.25	Standby Letter of Credit (Supplier Agreement)
Cemex Panamá	Citibank	Collateral			
CEMEX Colombia	Liberty	Cash	Open	1.93	Insurance claim
CEMEX Colombia	Liberty	Collateral	Ended		
Cemex Construction Materials Florida	Lake Louisa, LLC	Land Lien	1-Apr-22	5	Land lease
CEMEX INC & SUBS.	CAT Financial	Cash	15-Jul-17	0.64	Operating lease cash deposit
Cemex Operaciones Mexico, S.A. de C.V.	CAT Financial	Collateral			
Cemex Operaciones Mexico, S.A. de C.V.	Credit Suisse International	Cash	15-Oct-15	8.50	Pemitted Lien [under Clause 23.5(b)(iv)(F)(1) in relation with Treasury Transactions / See Anexx 1 Excluded Position item (a)]
Cemex Operaciones Mexico, S.A. de C.V.	Credit Suisse International	Collateral			

**SCHEDULE 12
EXISTING GUARANTEES**

(Figures as at 30 June 2015)

Obligation	Outstanding Principal Amounts	USD Amount	Obligor	Guarantor(s)	Maturity	Security
2012 Facilities Agreement dated 17 September 2012 (as amended and restated 31 October 2014)	\$1,482,859,788	\$1,482,859,788	CEMEX, S.A.B. de C.V., CEMEX España, S.A., New Sunward Holding B.V., CEMEX Materials LLC and CEMEX Finance LLC	CEMEX, S.A.B. de C.V., CEMEX España, S.A., CEMEX México, S.A. de C.V., Empresas Tolteca de México, S.A. de C.V., CEMEX Concretos, S.A. de C.V., New Sunward Holding B.V., CEMEX Finance LLC, CEMEX Corp., CEMEX Inc., CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX Asia B.V., CEMEX France Gestion (S.A.S.), CEMEX UK, CEMEX Egyptian Investments B.V., and CEMEX Egyptian Investments II B.V.	February 14, 2017	Sharing in Transaction Security
2012 Facilities Agreement dated 17 September 2012 (as amended and restated 31 October 2014)	€357,506,424	\$398,440,910	CEMEX, S.A.B. de C.V., CEMEX España, S.A., New Sunward Holding B.V., CEMEX Materials LLC and CEMEX Finance LLC	CEMEX, S.A.B. de C.V., CEMEX España, S.A., CEMEX México, S.A. de C.V., Empresas Tolteca de México, S.A. de C.V., CEMEX Concretos, S.A. de C.V., New Sunward Holding B.V., CEMEX Finance LLC, CEMEX Corp., CEMEX Inc., CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX Asia B.V., CEMEX France Gestion (S.A.S.), CEMEX UK, CEMEX Egyptian Investments B.V., and CEMEX Egyptian Investments II B.V.	February 14, 2017	Sharing in Transaction Security
2012 Facilities Agreement dated 17 September 2012 (as amended and restated 31 October 2014)	MXN 881,306,265	\$56,098,426	CEMEX, S.A.B. de C.V., CEMEX España, S.A., New Sunward Holding B.V., CEMEX Materials LLC and CEMEX Finance LLC	CEMEX, S.A.B. de C.V., CEMEX España, S.A., CEMEX México, S.A. de C.V., Empresas Tolteca de México, S.A. de C.V., CEMEX Concretos, S.A. de C.V., New Sunward Holding B.V., CEMEX Finance LLC, CEMEX Corp., CEMEX Inc., CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX Asia B.V., CEMEX France Gestion (S.A.S.), CEMEX UK, CEMEX Egyptian Investments B.V., and CEMEX Egyptian Investments II B.V.	February 14, 2017	Sharing in Transaction Security
2014 Facilities Agreement dated 29 September 2014 (as amended)	\$1,499,000,000 Total Commitment: \$1,865,000,000	\$1,499,000,000	CEMEX, S.A.B. de C.V.	CEMEX España, S.A., CEMEX México, S.A. de C.V., Empresas Tolteca de México, S.A. de C.V., CEMEX Concretos, S.A. de C.V., New Sunward Holding B.V., CEMEX Finance LLC, CEMEX Corp., CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX Asia B.V., CEMEX France Gestion (S.A.S.), CEMEX UK, CEMEX Egyptian Investments B.V., and CEMEX Egyptian Investments II B.V.	September 29, 2019	Sharing in Transaction Security
US\$149,897,000 Rinker 2025 Indenture, dated 1 April 2003 (as supplemented)	\$149,897,000	\$149,897,000	CEMEX Materials LLC	CEMEX Corp.	July 21, 2025	None

NSHFV \$900m Note Indenture dated 18 December 2006 (as supplemented) (C10)	\$289,134,000	\$289,134,000	New Sunward Holding Financial Ventures B.V.	CEMEX, S.A.B. de C.V., CEMEX México, S.A. de C.V. and New Sunward Holding B.V.	Perpetual—but interest rate steps-up if not called on December 31, 2016	Sharing in Transaction Security
NSHFV €730m Note Indenture dated 9 May 2007 (as supplemented) (C10-EUR)	€69,828,000	\$77,823,306	New Sunward Holding Financial Ventures B.V.	CEMEX, S.A.B. de C.V., CEMEX México, S.A. de C.V. and New Sunward Holding B.V.	Perpetual—but interest rate steps-up if not called on June 30, 2017	Sharing in Transaction Security
NSHFV US\$350m Note Indenture dated 18 December 2006 (as supplemented) (C5)	\$104,152,000	\$104,152,000	New Sunward Holding Financial Ventures B.V.	CEMEX, S.A.B. de C.V., CEMEX México, S.A. de C.V. and New Sunward Holding B.V.	Perpetual—but interest rate steps-up to 4.75% on December 31, 2011	Sharing in Transaction Security
NSHFV US\$750m Note Indenture dated 12 February 2007 (as supplemented) (C8)	\$220,985,000	\$220,985,000	New Sunward Holding Financial Ventures B.V.	CEMEX, S.A.B. de C.V., CEMEX México, S.A. de C.V. and New Sunward Holding B.V.	Perpetual—but interest rate steps up if not called on December 31, 2014	Sharing in Transaction Security
Obligaciones Forzosamente Convertibles en Acciones CEMEX 09 MXN 4,126,538,400	MXN 4,126,538,400	\$262,669,535	CEMEX, S.A.B. de C.V.	CEMEX México, S.A. de C.V. and Empresas Tolteca de México, S.A. de C.V.	November 28, 2019	None
US\$703,861,000 9.875% Senior Secured Notes due 30 April 2019; dated 28 March 2012; Callable Commencing on the 4th Anniversary; dated 30 April 2016	\$703,861,000	\$703,861,000	CEMEX España, S.A., acting through its Luxembourg Branch	CEMEX, S.A.B. de C.V., CEMEX México, S.A. de C.V., New Sunward Holdings B.V., CEMEX Asia B.V., CEMEX Concretos, S.A. de C.V., CEMEX Corp., CEMEX Finance LLC, CEMEX France Gestion (S.A.S.), CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX UK, Empresas Tolteca de México, S.A. de C.V., CEMEX Egyptian Investments B.V. and CEMEX Egyptian Investments II B.V.	April 30, 2019	Sharing in Transaction Security
€179,219,000 9.875% Senior Secured Notes due 30 April 2019; dated 28 March 2012; Callable Commencing on the 4th Anniversary; dated 30 April 2016	€179,219,000	\$199,739,576	CEMEX España, S.A., acting through its Luxembourg Branch	CEMEX, S.A.B. de C.V., CEMEX México, S.A. de C.V., New Sunward Holdings B.V., CEMEX Asia B.V., CEMEX Concretos, S.A. de C.V., CEMEX Corp., CEMEX Finance LLC, CEMEX France Gestion (S.A.S.), CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX UK, Empresas Tolteca de México, S.A. de C.V., CEMEX Egyptian Investments B.V. and CEMEX Egyptian Investments II B.V.	April 30, 2019	Sharing in Transaction Security
US\$500,000,000 9.50% Senior Secured Notes due 2018; Callable Commencing on the 4th Anniversary; dated 15 June 2016	\$500,000,000	\$500,000,000	CEMEX, S.A.B. de C.V.	CEMEX México, S.A. de C.V., CEMEX España, S.A., New Sunward Holdings B.V., CEMEX Asia B.V., CEMEX Concretos, S.A. de C.V., CEMEX Corp., CEMEX Finance LLC, CEMEX France Gestion (S.A.S.), CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX UK, Empresas Tolteca de México, S.A. de C.V., CEMEX Egyptian Investments B.V. and CEMEX Egyptian Investments II B.V.	June 15, 2018	Sharing in Transaction Security

US\$1,500,000,000 9.375% Senior Secured Notes due 2022; Callable Commencing on the 4th Anniversary; dated 12 October 2017	\$1,500,000,000	\$1,500,000,000	CEMEX Finance LLC	CEMEX, S.A.B. de C.V., CEMEX México, S.A. de C.V., CEMEX España, S.A., New Sunward Holdings B.V., CEMEX Asia B.V., CEMEX Concretos, S.A. de C.V., CEMEX Corp., CEMEX France Gestion (S.A.S.), CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX UK, Empresas Tolteca de México, S.A. de C.V., CEMEX Egyptian Investments B.V. and CEMEX Egyptian Investments II B.V.	October 12, 2022	Sharing in Transaction Security
US\$600,000,000 5.875% Senior Secured Notes due 2019; Callable Commencing on the 3rd Anniversary; dated 25 March 2016	\$600,000,000	\$600,000,000	CEMEX, S.A.B. de C.V.	CEMEX México, S.A. de C.V., CEMEX España, S.A., New Sunward Holdings B.V., CEMEX Asia B.V., CEMEX Concretos, S.A. de C.V., CEMEX Corp., CEMEX Finance LLC, CEMEX France Gestion (S.A.S.), CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX UK, Empresas Tolteca de México, S.A. de C.V., CEMEX Egyptian Investments B.V. and CEMEX Egyptian Investments II B.V.	March 25, 2019	Sharing in Transaction Security
US\$1,000,000,000 6.50% Senior Secured Notes due 2019; Callable Commencing on the 4th Anniversary; dated 10 December 2017	\$1,000,000,000	\$1,000,000,000	CEMEX, S.A.B. de C.V.	CEMEX México S.A. de C.V., CEMEX España, S.A., New Sunward Holdings B.V., CEMEX Asia B.V., CEMEX Concretos, S.A. de C.V., CEMEX Corp., CEMEX Finance LLC, CEMEX France Gestion (S.A.S.), CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX UK, Empresas Tolteca de México, S.A. de C.V., CEMEX Egyptian Investments B.V. and CEMEX Egyptian Investments II B.V.	December 10, 2019	Sharing in Transaction Security
US\$1,000,000,000 7.25% Senior Secured Notes due 2021; Callable Commencing on the 5th Anniversary; dated 15 January 2018	\$1,000,000,000	\$1,000,000,000	CEMEX, S.A.B. de C.V.	CEMEX México, S.A. de C.V., CEMEX España, S.A., New Sunward Holdings B.V., CEMEX Asia B.V., CEMEX Concretos, S.A. de C.V., CEMEX Corp., CEMEX Finance LLC, CEMEX France Gestion (S.A.S.), CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX UK, Empresas Tolteca de México, S.A. de C.V., CEMEX Egyptian Investments B.V. and CEMEX Egyptian Investments II B.V.	October 15, 2021	Sharing in Transaction Security
US\$500,000,000 Floating Rate Senior Secured Notes due 2018 ; dated 2 October 2013	\$500,000,000	\$500,000,000	CEMEX, S.A.B. de C.V.	CEMEX México, S.A. de C.V., CEMEX España, S.A., New Sunward Holdings B.V., CEMEX Asia B.V., CEMEX Concretos, S.A. de C.V., CEMEX Corp., CEMEX Finance LLC, CEMEX France Gestion (S.A.S.), CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX UK, Empresas Tolteca de México, S.A. de C.V., CEMEX Egyptian Investments B.V. and CEMEX Egyptian Investments II B.V.	October 15, 2018	Sharing in Transaction Security

US\$1,000,000,000 6.00% Senior Secured Notes due 2024; Callable Commencing on the 5th Anniversary; dated 1 April 2019	\$1,000,000,000	\$1,000,000,000	CEMEX Finance LLC	CEMEX, S.A.B. de C.V., CEMEX México, S.A. de C.V., CEMEX España, S.A., New Sunward Holdings B.V., CEMEX Asia B.V., CEMEX Concretos, S.A. de C.V., CEMEX Corp., CEMEX France Gestion (S.A.S.), CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX UK, Empresas Tolteca de México, S.A. de C.V., CEMEX Egyptian Investments B.V. and CEMEX Egyptian Investments II B.V.	April 1, 2024	Sharing in Transaction Security
€400,000,000 5.25% Senior Secured Notes due 2021; Callable Commencing on the 3rd Anniversary; dated 1 April 2017	€400,000,000	\$445,800,000	CEMEX Finance LLC	CEMEX, S.A.B. de C.V., CEMEX México, S.A. de C.V., CEMEX España, S.A., New Sunward Holdings B.V., CEMEX Asia B.V., CEMEX Concretos, S.A. de C.V., CEMEX Corp., CEMEX France Gestion (S.A.S.), CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX UK, Empresas Tolteca de México, S.A. de C.V., CEMEX Egyptian Investments B.V. and CEMEX Egyptian Investments II B.V.	April 1, 2021	Sharing in Transaction Security
€400,000,000 4.750% Senior Secured Notes due 11 January 2022; dated 11 September 2014	€400,000,000	\$445,800,000	CEMEX, S.A.B. de C.V.	CEMEX México, S.A. de C.V., CEMEX España, S.A., New Sunward Holdings B.V., CEMEX Asia B.V., CEMEX Concretos, S.A. de C.V., CEMEX Corp., CEMEX Finance LLC, CEMEX France Gestion (S.A.S.), CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX UK, Empresas Tolteca de México, S.A. de C.V., CEMEX Egyptian Investments B.V. and CEMEX Egyptian Investments II B.V.	January 11, 2022	Sharing in Transaction Security
US\$1,100,000,000 5.700% Senior Secured Notes due 11 January 2025; dated 11 September 2014; Callable Commencing on 11 January 2020	US\$1,100,000,000	US\$1,100,000,000	CEMEX, S.A.B. de C.V.	CEMEX México, S.A. de C.V., CEMEX España, S.A., New Sunward Holdings B.V., CEMEX Asia B.V., CEMEX Concretos, S.A. de C.V., CEMEX Corp., CEMEX Finance LLC, CEMEX France Gestion (S.A.S.), CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX UK, Empresas Tolteca de México, S.A. de C.V., CEMEX Egyptian Investments B.V. and CEMEX Egyptian Investments II B.V.	January 11, 2025	Sharing in Transaction Security
€550,000,000 4.375% Senior Secured Notes due 5 March 2023; dated 5 March 2015; Callable Commencing on the 4th Anniversary; dated 5 March 2019	€550,000,000	\$612,975,000	CEMEX, S.A.B. de C.V.	CEMEX México, S.A. de C.V., CEMEX España, S.A., New Sunward Holdings B.V., CEMEX Asia B.V., CEMEX Concretos, S.A. de C.V., CEMEX Corp., CEMEX Finance LLC, CEMEX France Gestion (S.A.S.), CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX UK, Empresas Tolteca de México, S.A. de C.V., CEMEX Egyptian Investments B.V. and CEMEX Egyptian Investments II B.V.	March 5, 2023	Sharing in Transaction Security

US\$750,000,000 6.125% Senior Secured Notes due 5 May 2025; dated 5 March 2015; Callable Commencing on 5 May 2020	US\$750,000,000	US\$750,000,000	CEMEX, S.A.B. de C.V.	CEMEX México, S.A. de C.V., CEMEX España, S.A., New Sunward Holdings B.V., CEMEX Asia B.V., CEMEX Concretos S.A. de C.V., CEMEX Corp., CEMEX Finance LLC; CEMEX France Gestion (S.A.S.), CEMEX Research Group AG, CEMEX Shipping B.V., CEMEX UK, Empresas Tolteca de México, S.A. de C.V., CEMEX Egyptian Investments B.V. and CEMEX Egyptian Investments II B.V.	May 5, 2025	Sharing in Transaction Security
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Certificado Bursátil UDI 116.5308MM CEMEX 07-2U, dated 30 November 2007	UDI 116,530,800	\$39,141,086	CEMEX, S.A.B. de C.V.	CEMEX México, S.A. de C.V. and Empresas Tolteca de México, S.A. de C.V.	November 17, 2017	Sharing in Transaction Security
US\$50,000,000 Working Capital Facility, Bank of America N.A., dated 12 March 2014		\$0	CEMEX, S.A.B. de C.V.	CEMEX México, S.A. de C.V.	Revolving	None
US\$45,000,000 Working Capital Facility, HSBC México S.A., Institución de Banca Múltiple, Grupo Financiero HSBC dated 14 April 2014		\$0	CEMEX, S.A.B. de C.V.	CEMEX México, S.A. de C.V.	Revolving	None
US\$30,000,000, Working Capital Facility, Banco Nacional de México S.A. Integrante del Grupo Financiero Banamex, dated 4 March 2014		\$0	CEMEX, S.A.B. de C.V.	CEMEX México, S.A. de C.V. and CEMEX Corp.	Revolving	None
US\$30,000,000, Working Capital Facility, Banco Santander México S.A. Institución de Banca Múltiple, Grupo Financiero Santander México, dated 10 June 2014		\$0	CEMEX, S.A.B. de C.V.	CEMEX México, S.A. de C.V.	Revolving	None
US\$20,000,000, Working Capital Facility Banco Santander México S.A. Institución de Banca Múltiple, Grupo Financiero Santander México, dated 10 April 2014		\$0	CEMEX, S.A.B. de C.V.	CEMEX México, S.A. de C.V.	Revolving	None
US\$50,000,000 Working Capital Facility, JPMorgan Chase Bank, National Association, dated 15 May 2014		\$0	CEMEX, S.A.B. de C.V.	CEMEX México, S.A. de C.V. and CEMEX Corp.	Revolving	None
US\$50,000,000 Working Capital Facility, Credit Agricole Corporate and Investment Bank, dated 16 April 2014		\$0	CEMEX, S.A.B. de C.V.	CEMEX México S.A. de C.V.	Revolving	None
€40,000,000 Working Capital Facility, ING Bank N.V., Dublin Branch, dated 11 April 2014		\$0	New Sunward Holding B.V.	CEMEX México, S.A. de C.V. and CEMEX, S.A.B. de C.V.	Revolving	None

FX Rates (June 30, 2015)

USD/Mex\$	15.71
UDI/Mex\$	5.276772
USD/EUR	1.1145

SCHEDULE 13
PERMITTED JOINT VENTURES

<u>Name</u>	<u>Investment (U.S. Dollars)</u>	<u>Country</u>
Control Administrativo Mexicano, S.A. de C.V. (Cementos Chihuahua, S.A.B. de C.V., México)	\$ 316,972,700	México
Concrete Supply Co. LLC (North Carolina, U.S.A.)	\$ 50,495,879	USA

SCHEDULE 14
PROCEEDINGS PENDING OR THREATENED

Regulatory Matters and Legal Proceedings

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

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”) conducted a search of the office in Warsaw, Poland, 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 imposed fines on a number of Polish cement producers, including CEMEX Polska. The fine imposed on CEMEX Polska was approximately Polish Zloty 115.56 million (approximately U.S.\$30.70 million as of June 30, 2015, based on an exchange rate of Polish Zloty 3.7636 to U.S.\$1.00), which is approximately 10% of CEMEX Polska’s total revenue in 2008. CEMEX Polska disagreed with the decision, denied that it committed the practices alleged by the Protection Office and, therefore, on December 23, 2009, CEMEX Polska filed an appeal before the Polish Court of Competition and Consumer Protection in Warsaw (the “First Instance Court”). After a series of hearings, on December 13, 2013, the First Instance Court issued its judgment in regards with the appeals filed by CEMEX Polska and other cement producers, which were previously combined into a joint appeal. The First Instance Court reduced the penalty imposed on CEMEX Polska to approximately Polish Zloty 93.89 million (approximately U.S.\$24.95 million based on an exchange rate of Polish Zloty 3.7636 to U.S.\$1.00 as of June 30, 2015), which is equal to 8.125% of CEMEX Polska’s revenue in 2008. On May 8, 2014, CEMEX Polska filed an appeal against the First Instance Court judgment before the Appeals Court in Warsaw. The above-mentioned penalty is enforceable until the Appeals Court issues its final judgment. As of June 30, 2015, the accounting provision created in relation with this proceeding was approximately Polish Zloty 92.00 million (approximately U.S.\$24.44 million as of June 30, 2015, based on an exchange rate of Polish Zloty 3.7636 to U.S.\$1.00). As of June 30, 2015, we do not expect this matter would have a material adverse impact on our results of operations, liquidity and financial condition.

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, our offices in Madrid, Spain, were also inspected 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. During 2009 and 2010, we received requests for information and documentation from the European Commission, and we fully cooperated by providing the relevant information and documentation on time.

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 these proceedings 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 substantial amount of information and documentation, which we effectively delivered on August 2, 2011, after requesting additional time.

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 on 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. 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.

On the grounds that the above described decision by the European Commission requesting information and documentation was contrary to several principles of European Union Law, CEMEX, S.A.B. de C.V. and several of its affiliates in Europe filed an appeal before the General Court of the European Union (the "General Court") for the annulment of such request. 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, asking for the suspension of the information and document request until the appeal was resolved. The President of the General Court 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. A hearing with respect to the proceedings against CEMEX, S.A.B. de C.V. and several of its affiliates in Europe was held on February 6, 2013, and the hearings for all other companies being investigated were held during April 2013. On March 14, 2014, the General Court issued a judgment dismissing the appeal filed by CEMEX, S.A.B. de C.V. and several of its affiliates in Europe and confirming the lawfulness of the request for information sent by the European Commission in all of its aspects. On May 23, 2014, CEMEX, S.A.B. de C.V. and several of its affiliates in Europe filed an appeal against the General Court's judgment before the European Court of Justice (the "Court of Justice").

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. At this stage of the proceedings, as of June 30, 2015, the European Commission had 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 results of operations, liquidity and financial condition.

Antitrust Investigation in Spain by the CNMC. On September 16 and 17, 2014, the Competition Directorate (*Dirección de Competencia*) of the Spanish National Commission of Markets and Competition (*Comisión Nacional de los Mercados y la Competencia*), or CNMC, in the context of an investigation of the Spanish cement, ready-mix concrete and related products industry regarding alleged anticompetitive practices, inspected one of our facilities in Spain. On January 12, 2015, CEMEX España Operaciones, S.L.U., was notified of the initiation by the CNMC of a disciplinary proceeding for alleged prohibited conducts pursuant to Article 1 of the Spanish Competition Law (*Ley 15/2007, de 3 de Julio, de Defensa de la Competencia*). CEMEX España believes that it has not breached any applicable laws. However, as of June 30, 2015, considering the early stage of this matter, we do not have sufficient information to assess the likelihood of the CNMC issuing a decision imposing any penalties or remedies, if any, or if the CNMC issues a decision, the amount of the penalty or the scope of the remedies, if any. However, if the CNMC issues a decision imposing any penalty or remedy, we do not expect that it would have a material adverse impact on our results of operations, liquidity and financial condition.

Antitrust Case in Florida. 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. As of June 30, 2015, CEMEX, Inc. has complied with the Office of the Florida Attorney General with respect to the documents and information requested by the civil investigative demand, and cannot determine if any formal

proceeding will be initiated by the Office of the Florida Attorney General, however, if any such proceedings are initiated, CEMEX, Inc. does not currently expect that any adverse decision against us resulting from the investigations would have a material adverse impact on our results of operations, liquidity and financial condition.

Antitrust Case in Ohio. On October 2013, a nonstructural steel manufacturing joint venture in which CEMEX, Inc. has an indirect majority interest, other nonstructural steel manufacturers, and related associations were named as defendants in a lawsuit filed in Ohio State Court alleging a conspiracy among the defendants to adopt sham industry standards with a goal to exclude the plaintiffs' products from the market. The proceedings are in the pre-trial motions stage. While we continue to vigorously deny any claims, it is unclear if any adverse decision against the joint venture in this litigation would be made or if such decision would have a material adverse impact on our results of operations, liquidity and financial condition.

Antitrust Investigation in Colombia. On September 5, 2013, CEMEX Colombia was notified of Resolution No. 49141 dated August 21, 2013, issued by the Colombian Superintendency of Industry and Commerce (*Superintendencia de Industria y Comercio*), or SIC, pursuant to which the SIC opened an investigation and issued a statement of objections (*pliego de cargos*) against five cement companies and fourteen directors of those companies, including CEMEX Colombia, for alleged anti-competitive practices. On October 7, 2013, CEMEX Colombia answered the statement of objections and submitted evidence.

The investigated parties are accused of allegedly breaching: (i) Article 1 of Law 155 of 1959, which prohibits any kind of practice, procedure or system designed to limit free competition and determining or maintaining unfair prices; (ii) numeral 1 of Article 47 of Decree 2153 of 1992, which prohibits any agreements designed to directly or indirectly fix prices; and (iii) numeral 3 of Article 47 of Decree 2153 of 1992, which prohibits any market sharing agreements between producers or between distributors. Additionally, the fourteen executives, including a former legal representative and the current President of CEMEX Colombia, are being investigated for allegedly breaching paragraph 16 of Article 4 of Decree 2153 of 1992, as amended by Article 26 of Law 1340 of 2009, which provides that the SIC may investigate and sanction any individual who collaborates, facilitates, authorizes, executes or tolerates behavior that violates free competition rules. Although the SIC announced three charges, only two of them were under investigation, namely, price fixing agreements and market sharing agreements.

If the alleged infringements investigated by the SIC are substantiated, aside from any measures that could be ordered to stop the alleged anti-competitive practices, the following penalties may be imposed against CEMEX Colombia pursuant to Law 1340 of 2009: (i) up to 100,000 times the legal monthly minimum wage, which equals approximately 58,950 million Colombian Pesos (approximately U.S.\$22.80 million as of June 30, 2015, based on an exchange rate of 2,585.11 Colombian Pesos to U.S.\$1.00) for each violation and to each company being declared in breach of the competition rules, and (ii) up to 2,000 times the legal monthly minimum wage, which equals approximately 1,179 million Colombian Pesos (approximately U.S.\$456,073.44 as of June 30, 2015, based on an exchange rate of 2,585.11 Colombian Pesos to U.S.\$1.00) against those individuals found responsible of collaborating, facilitating, authorizing, executing or tolerating behavior that violates free competition rules. On December 18, 2014, a hearing regarding this matter took place and the parties involved presented their closing arguments. A non-binding report which contains an analysis of all evidence gathered during the investigation and which could provide a recommendation to impose sanctions or to close the investigation is expected to be issued by the Superintendent Delegate for Competition Protection for the benefit of the SIC's Superintendent of Industry and Commerce. As of June 30, 2015, this non-binding report has not been issued. Once the non-binding report is issued, the investigated parties will have twenty business days to file their final arguments against it. A decision by the SIC on this matter is expected during the remainder of 2015. If the SIC decides to impose a sanction against CEMEX Colombia, we have the possibility of filing several recourses that are available to us, including a reconsideration request before the SIC and, if the reconsideration request does not succeed, challenging the validity of the SIC's decision before the Colombian Administrative Courts, which could take more than six years in order to have a final decision. At this stage of the investigations, as of June 30, 2015, we are not able to assess the likelihood of the SIC imposing any measures and/or penalties against CEMEX Colombia, but if any penalties are imposed, as we do not expect such penalties would be for the maximum amounts permitted by applicable laws and because there are recourses available to us that would take a considerable amount of time to get resolved, we do not expect this matter to have a material adverse impact on our results of operations, liquidity and financial condition.

Environmental Matters

In the ordinary course of business, 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 laws and regulations expose us to the risk of substantial environmental costs and liabilities, including liabilities associated with divested assets and past activities and, in some cases, the acts and omissions of the previous owners or operators of a property or facility that we own or operate. Furthermore, in some jurisdictions, certain environmental laws and regulations impose liability without regard to fault or the legality of the original activity at the time of the actions giving rise to liability.

To prevent, control and remediate environmental problems and maintain compliance with regulatory requirements, in line with our global initiatives on environmental management, we maintain an environmental policy designed to monitor and control environmental matters. Our environmental policies require that each of our subsidiaries respect and comply with 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. In addition, during 2012 we started the implementation of a global Environmental Management System (EMS) at our operating sites that provides a framework to facilitate the consistent and systematic implementation of practical, risk-based environmental management at all sites. As of June 30, 2015, we expect to finish the implementation of the EMS at all of our operating sites by December 31, 2020. It will be used to support sites and businesses across CEMEX globally to document, maintain and continuously improve our environmental performance. We believe that, as of June 30, 2015, a substantial part of our operations already comply with all material environmental laws applicable to us, as all our cement plants already have some kind of EMS (most of which are ISO 14000 certified), with the remaining implementation efforts directed mainly on our aggregates and ready-mix plants.

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 years ended December 31, 2012, 2013 and 2014, our sustainability capital expenditures (including our environmental expenditures and investments in alternative fuels and cementitious materials) were approximately U.S.\$139 million, approximately U.S.\$95 million and approximately U.S.\$85.1 million, respectively. Our environmental expenditures may materially 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 Mexican Ministry of Environment and Natural Resources (*Secretaría del Medio Ambiente y Recursos Naturales*), or SEMARNAT, to carry out voluntary environmental audits in our 15 Mexican cement plants under a government-run program. In 2001, the Mexican Environmental Protection Agency (*Procuraduría Federal de Protección al Ambiente*), or PROFEPA, which is part of SEMARNAT, completed the audit of our cement plants and awarded each of them a Clean Industry Certificate (*Certificado de Industria Limpia*) certifying that our cement plants are in full compliance with applicable environmental laws. The Clean Industry Certificates are subject to renewal every two years. As of June 30, 2015, our operating cement plants had Clean Industry Certificates or were 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 16.33% of the total fuel used in our operating cement plants in Mexico during 2014 was comprised of alternative fuels.

Between 1999 and June 30, 2015, our operations in Mexico have invested approximately U.S.\$105.49 million in the acquisition of environmental protection equipment and the implementation of the ISO 14001:2004 environmental management standards of the International Organization for Standardization ("ISO"). The audit to obtain the renewal of the ISO 14001:2004 certification took place during the first quarter of 2015 and our operating cement plants in Mexico obtained the renewal of the ISO 14001:2004 certification for environmental management systems which is valid for a three year period.

On June 6, 2012 the General Law on Climate Change (*Ley General de Cambio Climático*), or the Climate Change Law, was published in the Mexican Official Gazette. The Climate Change Law establishes a legal framework to regulate policies for climate change mitigation and adaptation. Many important provisions require the development of secondary legislation, and depend on the publication of subsequent implementing regulations. For instance, the Climate Change Law provides, among others, for (i) the elaboration of a registry

of the emissions that are generated by fixed sources, (ii) companies to report their emissions, if required, and (iii) the application of fines to those companies that fail to report or that report false information. In this regard, on October 29, 2014, the Regulations to the General Law on Climate Change Regarding the National Registry of Emissions (*Reglamento de la Ley General de Cambio Climático en Materia del Registro Nacional de Emisiones*), or the Regulations, became effective. The purpose of the Regulations is to govern the Climate Change Law regarding the National Registry of Emissions, identifying the sectors and subsectors, which include among others, the cement industry, that must file the corresponding reports before the National Registry of Emissions. We had previously reported our direct and indirect carbon dioxide emissions to SEMARNAT under a voluntary scheme. The Climate Change Law also allows for the establishment of specific greenhouse gas reduction targets in accordance with the respective contribution of each economic sector to the national greenhouse gas emissions. We cannot estimate at this time the impact, if any, that any measures related to this may have upon our operations in Mexico. Although the Climate Change Law does not establish a program for emissions trading, it does vest on the Mexican federal government the power to create, authorize and regulate such a scheme, which may be voluntary or binding. We are closely observing the development of implementing regulations and cannot estimate at this time the impact, if any, that any measures related to this may have upon our operations in Mexico. A Special Tax on Production and Services (*Impuesto Especial Sobre Producción y Servicios*) on the sale of fossil fuels was included in the tax reform that became effective on January 1, 2014. Starting January 1, 2014, petroleum coke, a primary fuel widely used in our kilns in Mexico has been taxed at a rate of Mexican Ps15.60 (approximately U.S.\$0.99 as of June 30, 2015, based on an exchange rate of Mexican Ps15.71 to U.S.\$1.00) per ton.

On August 12, 2014, a package of energy reform legislation became law in Mexico. The newly enacted energy reform legislation, which includes nine new laws, as well as amendments to existing laws, implements the December 2013 constitutional energy reform and establishes a new legal framework for Mexico's energy industry. One of the new laws that was enacted is the new Electric Industry Law (*Ley de la Industria Eléctrica*), or the Electric Industry Law, which establishes a legal framework for electricity-related activities in Mexico, which has the effect of structurally changing the national electric industry. On October 31, 2014, certain rules and regulations related to the energy reform legislation, including the regulations of the Electric Industry Law, were published. As part of the Electric Industry Law, a system for tradable clean energy certificates was created and certain clean energy procurement obligations were imposed on consumers. On March 31, 2015, the clean energy procurement obligation for 2018 was announced at 5%, and this requirement is expected to increase in subsequent years. CEMEX's operations in Mexico have ongoing commitments to procure power from renewable projects operating under the "self-supply" framework of the former Electric Energy Public Service Law, and the energy supplied under these contracts is exempted from the clean energy obligation. Nonetheless, starting in 2018, we will be required to acquire clean energy certificates to comply with the clean energy obligations for the fraction of energy supply that does not come from clean generators. Over time, non-compliance with the clean energy procurement obligations could have a material adverse impact on our business or operations if the Energy Regulatory Commission (*Comisión Reguladora de Energía*) sets the penalty level at the maximum level of the range allowed by the Electric Industry Law.

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 that are strictly enforced and can lead to significant monetary penalties for noncompliance. These laws and regulations expose us to the risk of substantial environmental costs and liabilities, including liabilities associated with divested assets and past activities and, in some cases, the acts and omissions of the previous owners or operators of a property or facility. These laws regulate, among other things, water discharges, noise, and air emissions, including dust, as well as the handling, use and disposal of hazardous and non-hazardous waste materials. Certain laws also create a shared liability scheme under which parties are held responsible for the cost of cleaning up releases to the environment of designated hazardous substances. We therefore may have to conduct environmental remediation associated with the disposal or release of hazardous substances at our various operating facilities, or at sites in the United States to which we sent hazardous waste for disposal. 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.

As of June 30, 2015, CEMEX, Inc. and its subsidiaries had accrued liabilities specifically relating to environmental matters in the aggregate amount of approximately U.S.\$27.68 million. The environmental matters relate to (i) the disposal of various materials, in accordance with past industry practice, that might be categorized as hazardous substances or wastes, and (ii) the cleanup of hazardous substances or wastes at sites used or operated by CEMEX, Inc. and its subsidiaries including discontinued operations, 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. and its subsidiaries consider 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 three settlements involving a total of U.S.\$4.4 million in civil penalties and a commitment to incur certain capital expenditures for pollution control equipment at its Victorville, California, Fairborn, Ohio and Lyons, Colorado plants. Although some of these proceedings are still in the initial stages, based on our past experience with such matters and currently available information, as of June 30, 2015, we believe that such cases will not have a material adverse impact on our results of operations, liquidity and financial condition.

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 ordered the withdrawal of the federal quarry permits for 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 ("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 for 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 this 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 is 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 impact on our results of operations, liquidity and financial condition.

In June 2010, EPA proposed regulating Coal Combustion Residuals ("CCRs") generated by electric utilities and independent power producers as a hazardous or special waste under the Resource Conservation and Recovery Act. CEMEX uses CCRs as a raw material in the cement manufacturing process, as well as a supplemental cementitious material in some of our ready-mix concrete products. On December 19, 2014, the EPA issued a final rule on the regulation of CCRs (the "Final Rule"). As of June 30, 2015, we believe that the effects of the Final Rule should not have a material impact on us.

We are subject to a number of federal and state laws and regulations addressing climate change. On the federal side, EPA has promulgated a series of regulations pertaining to emissions of GHGs from industrial sources. EPA issued the Mandatory Reporting of GHGs 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. In 2010, 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 emissions. 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, that establish, among other things, limits on pollutants based on Best Available Control Technology (“BACT”). According to EPA’s rules, stationary sources, such as cement manufacturing, which are already regulated under the PSD program for non-GHG pollutants, need to apply for a PSD permit 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 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. Furthermore, 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. 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 a material economic impact on our U.S. operations and the U.S. cement manufacturing industry.

With respect to state efforts to address climate change, in 2006, the State of California adopted the Global Warming Solutions Act (Assembly Bill 32 or “AB32”) setting into law a goal to reduce the State’s carbon dioxide emissions to 1990 levels by 2020. As part of the measures derived from AB32, the California Air Resources Board (“CARB”) developed a cap-and-trade program, enforced from 2013, that covers most industrial sources of greenhouse gas emissions in the State, including cement production facilities. The program involves allocating a number of allowances free of charge to covered installations, which must subsequently surrender back to the regulator a number of allowances or qualified offset credits matching their verified emissions during the compliance period. Based on the free allowances received for the first compliance period (2013-2014), we expect that our Victorville cement plant will meet all of its compliance obligations for that period without a material impact on its operating costs. Furthermore, we are actively pursuing initiatives to substitute lower carbon fuels for fossil fuels, improve our energy efficiency and utilize renewable power in an effort to economically reduce our direct and indirect GHG emission intensities. However, even with these ongoing efforts and the expected distribution of free allowances, we cannot assure you that the overall costs of complying with a cap-and-trade program will not have a material impact on our operations in California.

In 2007, CARB approved a regulation that requires 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 requires us to retrofit our California-based equipment with diesel emission control devices or replace equipment with new engine technology in accordance with certain deadlines. As of June 30, 2015, compliance with the CARB regulations has resulted in equipment related expenses or capital investments, including overhauling engines and purchases of new equipment directly related to the CARB regulations, in excess of U.S.\$30.7 million. We may continue to incur substantial expenditures to comply with these requirements.

Europe.

EU Industrial Permits and Emissions Controls

In the European Union, the primary legal environmental controls applied to cement plants have been those EU Directives which control operational activities and emissions from those activities. Until recently, these controls were primarily derived from two EU Directives: (1) the so-called “IPPC Directives” and (2) the Incineration Directive (as defined below). On January 6, 2011, the Industrial Emissions Directive (2010/75/EU) (“IED”) came into force. The IED recasts seven pieces of existing legislation into a single coherent legislative instrument, including the IPPC Directives and the Incineration Directive, both of which it repeals. With some exceptions, the IED retains the essential substance of the earlier Directives.

The primary EU legislative control over the sector (until the transition between 2010-2014 of the IED) was the Directive on Integrated Pollution Prevention and Control (2008/1/EC) (“IPPC Directive”). The 2008 version of this Directive was in fact an update and consolidation of an earlier Directive first promulgated in 1996. Since 1996, these IPPC Directives have adopted an integrated approach to regulation of various sectors of industrial plant, including cement, by taking into account and controlling/regulating the whole environmental performance of the plant. They required cement works to have a permit which, until recently in England and still in some other states, continues to be referred to as an “IPPC Permit”. These permits contain emission limit values and other conditions based on the application of (what was in 1996) a new legal and technical concept called “best available techniques” (“BAT”).

The concept of BAT is central to the system, and effectively imposes a legal obligation on plant operators to use and apply the best available techniques (as they develop from time to time) in order to prevent or, where

this was not practicable, minimize emissions of pollutants likely to be emitted in significant quantities from the plant to air, water or land. Emission limit values, parameters or equivalent technical measures must be based on the best available techniques, without prescribing the use of one specific technique or technology and taking into consideration the technical characteristics of the installation concerned, its geographical location and local environmental conditions. In all cases the permit conditions must ensure a high level of protection for the environment as a whole.

Permit conditions also had to address energy efficiency, waste minimization, prevention of accidental emissions and site restoration. To assist the permitting authorities and companies in determining the BAT, the European Commission organized an exchange of information between experts from the Member States, industry and environmental organizations. This resulted in the adoption and publication by the European Commission of BAT Reference Documents (“BREFs”) for the industry sectors covered by the IPPC Directive. A key element of the BREFs were the conclusions on BAT (“BAT conclusions”) which were used as a reference for setting permit conditions. All of these IPPC Directive requirements have been followed through (and in some respects tightened) by the IED.

The second earlier Directive, which was applied in direct control of cement operations, was the EU Waste Incineration Directive (2000/76/EC) (“Incineration Directive”) which regulated those parts of the cement operation that used recovered waste materials as substitute fuels in cement kilns. Its aim was to prevent or limit, as far as practicable, negative effects on the environment, in particular pollution by emissions in air, soil, surface water and groundwater and the resulting risks to human health, from incineration and co-incineration plants. Cement and lime kilns as a primary or secondary source of fuel fall within the definition of “co-incineration plants”. The Incineration Directive sought to achieve its aim by setting and maintaining stringent operational conditions and technical requirements, as well as emission limit values for a range of pollutants including dust, nitrogen oxides, sulfur dioxide, hydrogen chloride, heavy metals and dioxins. Again, the essential substance of the Incineration Directive has been followed through into the IED.

On January 6, 2011, the IED came into force. The IED has applied to new industrial installations since January 7, 2013 and to existing industrial installations (other than large combustion plants) since January 7, 2014. Under the IED, operators of industrial installations, including cement plants, are required to obtain an integrated permit from the relevant permitting authority in the Member States. As with the IPPC Directive, permit conditions, including emission limit values, must be based on BAT and a total of 35 BREFs are being rewritten or revised for the IED. However, there is an important difference between the IPPC Directive and the IED. Under the IPPC Directive, the BREFs were considered as guidance only. This is not the case under the IED. Where BAT conclusions specify emission levels, permitting authorities are required to set emission limit values that do not exceed these levels. They may derogate from this requirement only where the costs associated with the achievement of the emission levels associated with the BAT disproportionately outweigh the environmental benefits due to the geographical location, the local environmental conditions or the technical characteristics of the installation concerned. The permitting authorities must document the reasons for the derogation from the emission limit values in the permit, including the result of the cost-benefit assessment. In April 2013, pursuant to European Commission Decision No. 2013/163/EU, the European Commission published new BAT conclusions under the IED for Production of Cement, Lime and Magnesium Oxide, together with specific emission levels. This document sets out an extensive list of technical requirements for most aspects of the cement manufacture process in the EU, with a view to prevention and minimization of all polluting emissions. It is a new requirement under the IED that permitting authorities must review and, if necessary, update permit conditions within 4 years of the European Commission publishing decisions on BAT conclusions for a particular activity. While it is too early to assess what impact the IED will have on our operations, it is reasonable to assume that there will be an impact given the change in regulatory approach heralded by the legislation and the fact that it will be key to the permitting of the cement industry in the EU. In particular, the European Commission describes review of the BREFs as a continuing process due to ongoing technological advances and so updates may be expected. This has the potential to require our operations to be adapted to conform with the latest BAT.

EU Emissions Trading

In 1997, as part of the United Nations Framework Convention on Climate Change, the Kyoto Protocol was adopted to limit and reduce GHG emissions. The Kyoto Protocol set legally binding emission reduction targets for 37 industrialized countries and the European Union. Under the Kyoto Protocol, industrialized countries agreed to reduce their collective GHG emissions by 5% against 1990 levels over the five year period 2008-2012 (“first commitment period”); future mandatory targets were expected to be established for commitment periods after 2012. To compensate for the sting of binding targets, the Kyoto Protocol allows three “flexibility” mechanisms to be used by parties in meeting their emission limitation commitments: the Clean Development Mechanism (“CDM”), Joint Implementation (“JI”) and International Emissions Trading.

In 2012, at the UN Climate Change Conference in Doha, Qatar, the Doha Amendment to the Kyoto Protocol was adopted. Certain parties, including the UK and the European Union, committed to reduce GHG emissions by at least 18% below 1990 levels in the eight year period from 2013 to 2020 (“second commitment period”).

Our operations in the United Kingdom, Spain, Germany, Latvia, Poland, Croatia (since 2013) and Czech Republic, are subject to binding caps on CO₂ emissions imposed pursuant to the European Union’s emissions trading system (“ETS”) that was established by Directive 2003/87/EC to implement the Kyoto Protocol. Under the ETS, a cap or limit is set on the total amount of CO₂ emissions that can be emitted by the power plants, energy-intensive installations (including cement plants) and commercial airlines that are covered by the system. The cap is reduced over time, so that the total amount of emissions will decrease. Within the cap, companies receive or buy emission allowances. 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. After each year, a company must surrender enough carbon allowances to cover all its emissions. Failure to meet the emissions caps is subject to significant monetary penalties.

In addition to carbon allowances, the ETS also allows the use of Kyoto Protocol units: the Emission Reduction Unit, representing a metric ton of carbon saved by a project under the JI mechanism, and the Certified Emission Reduction unit under the CDM. The ETS recognizes these units as equivalent to its carbon allowances and allows them to be used by companies for compliance up to a certain limit to offset their carbon emissions in the EU. We have registered 19 CDM projects; in total, these projects have the potential to reduce almost 2.44 million tons of CO₂-E emissions per year. Croatia, as a new entrant, has a right to use only 4.5% of its verified carbon emissions in relation to other EU ETS members which have a right to use up to 11% of their free allocation of EU allowances.

The ETS consists of three trading phases: Phase I which lasted from January 1, 2005 to December 31, 2007, Phase II, which lasted from January 1, 2007 to December 31, 2012, and was intended to meet commitments under the Kyoto first commitment period, and Phase III which commenced on January 1, 2013 and will end on December 31, 2020. For Phase III of the ETS there is also a cap on nitrous oxide and perfluorocarbons (PFC) emissions. Prior to the commencement of each of ETS Phases I and II, each Member State was responsible for publishing its National Allocation Plan (“NAP”), a document which sets out a national cap on the total amount of carbon emissions by all installations during each relevant trading phase and the methodology by which the cap would be allocated to the different sectors in the ETS and their respective installations. Each Member State’s cap contributed to an overall EU cap on emissions, where one carbon allowance must be surrendered to account for 1 metric ton of carbon emitted. The carbon allowances were mostly distributed for free by each Member State to its ETS installations, although some Member States also used a fraction of their material cap for auctioning, mainly to power generators. Under ETS Phase III, however, the system of NAPs has been replaced by a single EU-wide, top-down, cap on CO₂ emissions, with allocation for all installations made according to harmonized EU rules and set out in each Member State’s National Implementation Measures (“NIM”). Additional restrictions have been introduced on the extent to which Kyoto Protocol units can be used to offset EU carbon emissions, and auctioning, not free allocation, has become the default method for distributing allowances. For those allowances that are still given away free, as discussed below, harmonized rules apply based on EU-wide benchmarks of emissions performance.

EU policymakers see the free allocation of allowances as a principle way to reduce the risk of carbon leakage—that is, the risk that energy-intensive industries, facing higher costs because of the ETS, will move their facilities beyond the EU’s borders to countries that do not have climate change controls, thus resulting in a leakage of CO₂ emissions without any environmental benefits. In 2009, a list of ETS sectors deemed to be at significant risk of carbon leakage was formally adopted by the European Commission, following agreement by Member States and the European Parliament. The list which was valid from 2010 to 2014 included the cement production sector, on the basis that the additional costs imposed by the ETS would lead to a 30% or more increase in production costs as a proportion of the “gross value added.” A decision on the list of sectors deemed to be at significant risk of carbon leakage for the period 2015-2019 was adopted by the European Commission on October 29, 2014 and the cement production sector resulted selected again. Sectors classified as deemed to be at significant risk of carbon leakage will continue to receive 100% of their benchmark allocation of allowances free of charge during Phase III, adjusted by a cross-sectoral correction factor that is being applied uniformly upon all participating facilities in Europe in order to reduce the amount of free allocation that each installation so that the total sum does not exceed the authorized EU-wide cap for free allocation. By contrast, sectors that are not considered at risk of carbon leakage received 80% of their benchmark allowances for free in 2013, declining to 30% by 2020.

On April 27, 2011, the European Commission adopted Decision 2011/278/EU that states the rules, including the benchmarks of greenhouse gas emissions performance, to be used by the Member States in

calculating the 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.” The number of allowances to be allocated to installations for free will be based on a combination of historic activity levels at that installation and an EU benchmark of carbon efficiency for the production of a particular product—for example, clinker. An installation’s historic activity level is calculated by taking the median of its annual production levels during the baseline period, either 2005 to 2008 or, where historic activity levels are higher, 2009/10. The product benchmark is based on the average carbon emissions of the top 10% most “carbon efficient” EU installations for a particular product during 2007/8, where carbon efficiency is measured by carbon intensity or carbon emission per metric ton of product. Preliminary allocation calculations based on the rules were carried out by each Member State and included in a NIM table which was sent for scrutiny to the European Commission. On September 5, 2013, the European Commission adopted Decision 2013/448/EU which approved the NIMs submitted by most Member States and which sets the annual cross-sectoral correction factors for the period 2013-2020. The cross-sectoral correction figure will be used to adjust the levels of product benchmarks used to calculate the free allocation of allowances to each installation. This is to ensure that the total amount handed out for free does not exceed the maximum set in the ETS Directive. Each Member State is required to adjust its national allocation table of free allowances each year and submit this for approval to the European Commission prior to issuing allowances. The application of this cross-sectoral correction factor results in an important decrease in the quantity of allowances that our ETS-participant operations expect to receive for free in the 2013-2020 period.

On February 26, 2014, the European Commission adopted a Decision on national allocation allowances for the last group of Member States including Croatia, which was granted 5.56 million of free allowances. Since this time, a regularly updated allocation table showing the number of allowances that have been allocated per Member State is published on the European Commission’s website. Based on the European Commission approved NIMs that were published in the first quarter of 2014 for Phase III, we expect that the aggregate amount of allowances that will be annually allocated for free to CEMEX in Phase III of the ETS will be sufficient to operate. An important factor in providing such assurance is the European Commission Decision 2014/746/EU (which took effect on January 1, 2015) which, as mentioned, included the manufacture of cement as an industry at significant risk of carbon leakage meaning that the industry will continue to receive 100% of its benchmark allocation of allowances free of charge during Phase III. Although the European Council has indicated that the free allocation of allowances to carbon leakage sectors will continue beyond Phase III, a future decision that the cement industry should no longer be regarded as at significant risk of carbon leakage could have a material impact on our operations and our results of operations, liquidity and financial condition.

An installation can only receive its full allocation of free allowances if it is deemed to have not partially ceased under the “partial cessation rule” of the ETS. Partial cessation applies where a sub-installation which contributes at least 30% of the installation’s final annual amount of emissions allocated, or contributes to more than 50,000 allowances, reduces its activity level by at least 50% of its historic activity levels. If activity levels are reduced to between 50% and 75% of the historic activity level, the amount of free carbon allowances the sub-installation will receive will reduce by half in the following year; if activity levels are reduced by 75% to 90% compared to historic activity levels, the amount of free carbon allowances the sub-installation will receive will reduce by 75% in the following year; and if activity levels are reduced by 90% or more compared to historic activity levels, no allowances shall be allocated free of charge the following year in respect of the sub-installation concerned. This represents a change from ETS Phase II, in which the rules for partial cessation were defined by each Member State’s NAP and often did not result in any reduction in the level of free allocation, but an installation was no longer entitled to a free allocation from the following year if it had permanently ceased operating. The new rules are therefore more stringent, and to the extent that they result in our plants foregoing free carbon allowances, they could represent a significant loss of revenue to us, since carbon allowances are also tradable.

After a favorable verdict in the case that the Republic of Latvia brought before the General Court against the European Commission’s rejection of the initial version of the Latvian NAP for the period from 2008 to 2012, the Latvian Ministry of Environmental Protection and Regional Development issued the Decision No. 46 of April 18, 2012 increasing the allocation of allowances to our Broceni plant. The European Commission subsequently filed an appeal with the Court of Justice against the Judgment of the General Court. On October 3, 2013, the Court of Justice issued a judgment dismissing the European Commission’s appeal; therefore our operations in Latvia obtained all the allowances they were entitled to pursuant to the initial version of the Latvian NAP.

Despite having sold a substantial amount of allowances during Phase II of the ETS, as mentioned, we believe 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. This assessment stems from various factors, notably our

efforts to reduce emissions per unit of clinker produced, the stream of offset credits coming from our internal portfolio of CDM projects in Latin America and our expected long position in the initial years of Phase III of the ETS. We are taking measures intended to minimize our exposure to this market, while continuing to supply our products to our customers. It is not possible to predict with any certainty at this stage how CEMEX will be affected by potential reform to the EU ETS in Phase IV. However, the European Council has indicated that the EU-wide overall cap on emission allowances will be reduced by 2.2% every year from 2021 which suggests that there may be fewer allowances available in respect of our operations in the future.

Landfills

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 £131.5 million (approximately U.S.\$206.66 million as of June 30, 2015, based on an exchange rate of £0.6363 to U.S.\$1.00) as of June 30, 2015, and we made an accounting provision for this amount at June 30, 2015.

Tax Matters

Mexico. Pursuant to amendments to the Mexican Income Tax Law (*Ley del Impuesto sobre la Renta*) that became effective on January 1, 2005 (the “2005 Tax Reform”), 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 were not subject to tax under these amendments. We filed two motions in the Mexican federal courts challenging the constitutionality of the 2005 Tax Reform and obtained a favorable ruling from the lower Mexican federal court. However, 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 and July 5, 2012, we self-assessed the taxes, filed the amended tax returns and paid 20% of the self-assessed amounts corresponding to the 2005 and 2006 tax years, respectively. The remaining 80% were to be paid in January 2013 and July 2013, respectively. No taxes were due in connection to the 2007 tax year. The tax authorities in Mexico agreed with our self-assessment and with the procedure to determine the taxes due for the 2005 and 2006 tax years and, as a result, the tax authorities in Mexico may not assess additional amounts of taxes past due for those years. On December 17, 2012, the Mexican authorities published the decree of the Federation Revenues Law for the 2013 tax year, which provides for a transitory amnesty provision (the “Amnesty Provision”) that grants tax amnesty of up to 80% of certain tax proceedings originated before the 2007 tax period and 100% of interest and penalties of tax proceedings originated in the 2007 tax period and thereafter. The amounts due in connection to the 2005 and 2006 tax years were settled based on the Amnesty Provision and, as of June 30, 2015, there are no tax liabilities in connection to this matter.

In November 2009, the Mexican Congress approved a general tax reform, effective as of January 1, 2010 (the “2010 Tax Reform”). Specifically, the 2010 Tax Reform included changes to the tax consolidation regime that required CEMEX, among others, to determine and retroactively pay taxes at a current rate on items in past years that were eliminated in consolidation or that reduced consolidated taxable income (“Additional Consolidated Taxes”). The 2010 Tax Reform required CEMEX to pay taxes on certain previously exempted 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. The 2010 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. However, in December of 2012, the Federal Revenue Law (*Ley de Ingresos de la Federación*) applicable in 2013, established that the statutory income tax rate would remain at 30% in 2013, and thereafter lowered to 29% for 2014 and 28% for 2015 and future years. As per the tax reforms enacted for 2014, the statutory income tax will remain at 30%.

For the 2010 fiscal year, CEMEX was required to pay (at the new, 30% tax rate) 25% of the Additional Consolidated 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 Consolidated 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 the 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.\$668.36 million as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00), of which approximately Ps8.2 billion (approximately U.S.\$521.96 million as of June 30, 2015, based on an exchange rate of Mexican Ps15.71 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.\$140.04 million as of June 30, 2015, based on an exchange rate of Ps15.71 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 2010 Tax Reform. 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, as of June 30, 2015, is pending. At this stage of the proceeding, it is probable that we will receive an adverse result to us on the appeal (*recurso de revisión*) filed by the Mexican tax authorities before the Mexican Supreme Court, however, even if adversely resolved, we do not foresee any material adverse impact on our results of operations, liquidity and financial condition, additional to those described herein.

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

On June 30, 2010, CEMEX paid approximately Ps325 million (approximately U.S.\$20.69 million as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00) of Additional Consolidated Taxes. This first payment represented 25% of the Additional Consolidated Taxes for the period that includes from 1999 to 2004. On March 31, 2011, CEMEX made a second payment of approximately Ps506 million (approximately U.S.\$32.21 million as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00). This second payment, together with the first payment, represented 50% of the Additional Consolidated Taxes for the period that includes from 1999 to 2004, and also included the first payment of 25% of the Additional Consolidated Taxes for the period that corresponds to 2005. On March 30, 2012, CEMEX paid Ps698 million (approximately U.S.\$44.43 million as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00). This third payment together with the first and second payments represented 70% of the Additional Consolidated Taxes for the period that includes from 1999 to 2004, 50% of the Additional Consolidated Taxes for the period that corresponds to 2005 and it also included the first payment of 25% of the Additional Consolidated Taxes for the period that corresponds to 2006. On March 27, 2013, CEMEX paid Ps2 billion (approximately U.S.\$127.31 million as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00). This fourth payment, together with the first, second and third payments represented 85% of the Additional Consolidated Taxes for the period that includes from 1999 to 2004, 70% of the Additional Consolidated Taxes for the period that corresponds to 2005, 50% of the Additional Consolidated Taxes for the period that corresponds to 2006 and 25% of the Additional Consolidated Taxes for the period that corresponds to 2007. On March 31, 2014, CEMEX paid Ps2 billion (approximately U.S.\$127.31 million as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00). This fifth payment, together with the first, second, third and fourth payments represented 100% of the Additional Consolidated Taxes for the period that includes from 1999 to 2004, 85% of the Additional Consolidated Taxes for the period that corresponds to 2005, 70% of the Additional Consolidated Taxes for the period that corresponds to 2006 and 50% of the Additional Consolidated Taxes for the period that corresponds to 2007. On March 31, 2015, CEMEX paid Ps1.5 billion (approximately U.S.\$95.48 million as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00). This sixth payment, together with the first, second, third, fourth and fifth payments represented 100% of the Additional Consolidated Taxes for the period that includes from 1999 to 2004, 100% of the Additional Consolidated Taxes for the period that corresponds to 2005, 85% of the Additional Consolidated Taxes for the period that corresponds to 2006 and 70% of the Additional Consolidated Taxes for the period that corresponds to 2007. As of June 30, 2015, we have paid an aggregate amount of approximately Ps7.1 billion (approximately U.S.\$451.94 million as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00) of Additional Consolidated 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.\$184.60 million as of June 30, 2015, based on an exchange rate of Ps15.71 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.\$20.69 million as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00), (b) income tax from subsidiaries paid to the parent company of Ps2.4 billion (approximately U.S.\$152.77 million as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00), and (c) other adjustments of Ps358 million (approximately U.S.\$22.79 million as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00), the estimated tax payable for tax consolidation in Mexico amounted to approximately Ps10.1 billion (approximately U.S.\$642.90 million as of June 30, 2015, based on an exchange rate of Ps15.71 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 (approximately U.S.\$32.21 million as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00), (b) income tax from subsidiaries paid to the parent company of Ps2.3 billion (approximately U.S.\$146.40 million as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00), and (c) other adjustments of Ps485 million (approximately U.S.\$30.87 million as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00), the estimated tax payable for tax consolidation in Mexico increased to approximately Ps12.4 billion (approximately U.S.\$789.31 million as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00) as of December 31, 2011. Additionally, after accounting for the following that took place in 2012: (a) cash payments in the amount of Ps698 million (approximately U.S.\$44.43 million as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00), (b) income tax from the subsidiaries paid to the parent company of Ps2.1 billion (approximately U.S.\$133.67 million as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00), and (c) other adjustments of Ps745 million (approximately U.S.\$47.42 million as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00), as of December 31, 2012, the estimated tax payable for tax consolidation in Mexico increased to approximately Ps14.5 billion (approximately U.S.\$922.98 million as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00). Furthermore, after accounting for the following that took place in 2013: (a) cash payments in the amount of Ps2 billion (approximately U.S.\$127.31 million as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00), (b) income tax from subsidiaries paid to the parent company of Ps1.8 billion (approximately U.S.\$114.58 million as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00), and (c) other adjustments of Ps1.2 billion (approximately U.S.\$76.38 million as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00), and (d) effects of tax deconsolidation of Ps9.3 billion (approximately U.S.\$591.98 million as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00), as of December 31, 2013, the estimated tax payable for tax consolidation in Mexico increased to approximately Ps24.8 billion (approximately U.S.\$1.59 billion as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00). Additionally, after accounting for the following that took place in 2014: (a) payments, the majority of which were in cash, in the amount of Ps4.3 billion (approximately U.S.\$273.71 million as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00), and (b) other adjustments of Ps955 million (approximately U.S.\$60.79 million as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00), as of December 31, 2014, the estimated tax payable for tax consolidation in Mexico decreased to approximately Ps21.4 billion (approximately U.S.\$1.36 billion as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00).

In addition, as a result of the enactment of the new Income Tax Law (*Ley del Impuesto Sobre la Renta*) in Mexico approved in December 2013 and effective beginning January 1, 2014 (the “2014 Tax Reform”), the statutory income tax rate for 2014 will remain at 30%, and the tax consolidation regime that was in effect up until December 31, 2013, was replaced prospectively by a new integration regime, to which CEMEX will not apply. In consequence, as of 2014, each company in Mexico will determine its income taxes based solely in its individual results, and a period of up to 10 years has been established for the settlement of the liability for income taxes related to the tax consolidation regime accrued until December 31, 2013 (“Deconsolidation Taxes”).

On February 12, 2014, we filed a constitutional challenge (*juicio de amparo*) against the 2014 Tax Reform that abrogated the tax consolidation regime. The purpose of the challenge is to obtain certainty in the applicable statutory rules in order to assess and pay the tax liability derived from such reform according to Constitutional principles. As of June 30, 2015, we cannot assess the likelihood of an adverse result to the constitutional challenge we filed, but even if the constitutional challenge is adversely resolved, we do not foresee any material adverse impact on our results of operations, liquidity and financial condition, additional to those described above.

On April 30, 2014, CEMEX paid Ps2.3 billion (approximately U.S.\$146.40 million as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00). From this amount, Ps987 million (approximately U.S.\$62.83 million as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00) were paid in cash and Ps1.3 billion (approximately U.S.\$82.75 million as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00) were paid through the application of a tax credit, which represented 25% of the Deconsolidation Taxes for the period that corresponded to the 2008 tax year. On April 30, 2015, CEMEX paid Ps3.7 billion (approximately U.S.\$235.52 million as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00).

From this amount, Ps2.3 billion (approximately U.S.\$146.40 million as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00) were paid in cash and Ps1.4 billion (approximately U.S.\$89.12 million as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00) were paid through the application of a tax credit. This second payment, together with the first payment, represented 50% of the Deconsolidation Taxes for the period that corresponds to 2008 and 25% of the Deconsolidation Taxes for the period that corresponds to the 2009 tax year.

As of June 30, 2015, our estimated payment schedule of Deconsolidation Taxes (which includes the Additional Consolidated Taxes) is as follows: approximately Ps4.3 billion (approximately U.S.\$273.71 million as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00) in 2016; approximately Ps4.3 billion (approximately U.S.\$273.71 million as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00) in 2017; and approximately Ps7.6 billion (approximately U.S.\$483.77 million as of June 30, 2015, based on an exchange rate of Ps15.71 to U.S.\$1.00) in 2018 and thereafter.

United States. As of June 30, 2015, the Internal Revenue Service (“IRS”) concluded its audit for the year 2013. The final findings did not alter the reserves CEMEX had set aside for these tax matters as they were not considered material to our financial results and, as such, the reserves have been reversed. On April 25, 2014, and April 24, 2015, the IRS commenced its audit of the 2014 and 2015 tax year, respectively, under the Compliance Assurance Process. We have not identified any material audit issues and, as such, no reserves are recorded for either the 2014 or 2015 audit in our financial statements.

Colombia. On April 1, 2011, the Colombian Tax Authority (*Dirección de Impuestos*) 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.\$34.81 million as of June 30, 2015, based on an exchange rate of 2,585.11 Colombian Pesos to U.S.\$1.00) and imposed a penalty in the amount of approximately 144 billion Colombian Pesos (approximately U.S.\$55.70 million as of June 30, 2015, based on an exchange rate of 2,585.11 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 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. On January 17, 2013, the Colombian Tax Authority notified CEMEX Colombia of the resolution confirming the official liquidation. CEMEX Colombia appealed the final determination on May 10, 2013 which was admitted on June 21, 2013. On July 3, 2013, the appeal was notified to the Colombian Tax Authority, and hearings took place on February 18, 2014 and March 11, 2014. An adverse resolution to the appeal was notified to CEMEX Colombia on July 14, 2014 and on July 22, 2014, CEMEX Colombia filed an appeal before the Colombian *Consejo de Estado* against such adverse resolution. At this stage of the proceeding, as of June 30, 2015, we are not able to assess the likelihood of an adverse result in this special proceeding, but if adversely resolved, they could have a material adverse impact on our results of operations, liquidity and financial condition.

Spain. On July 7, 2011, the tax authorities in Spain notified CEMEX España of a tax audit process in Spain covering the tax years from and including 2006 to 2009. The tax authorities in Spain have challenged part of the tax losses reported by CEMEX España for such years. CEMEX España has been formally notified of fines in the aggregate amount of approximately €456 million (approximately U.S.\$508.19 million as of June 30, 2015, based on an exchange rate of €0.8973 to U.S.\$1.00) resulting from the July 7, 2011 tax audit process in Spain. The laws of Spain provide a number of appeals that can be filed against such fines without CEMEX España having to make any payment until such appeals are finally resolved. On April 22, 2014, CEMEX España filed appeals against such fines. At this stage, as of June 30, 2015, we are not able to assess the likelihood of an adverse result regarding this matter, and the appeals that CEMEX España has filed could take an extended amount of time to be resolved, but if all appeals filed by CEMEX España are adversely resolved, it could have a material adverse impact on our results of operations, liquidity and financial condition.

Egypt. On February 9, 2014, ACC was notified of the decision of the Egyptian Ministry of Finance’s Appeals Committee (the “Appeals Committee”) pursuant to which ACC has been required to pay a development levy on clay applied to the Egyptian cement industry in the amount of: (i) approximately 322 million Egyptian Pounds (approximately U.S.\$42.27 million as of June 30, 2015, based on an exchange rate of Egyptian Pounds 7.6180 to U.S.\$1.00) for the period from May 5, 2008 to August 31, 2011; and (ii) approximately 50,235 Egyptian Pounds (approximately U.S.\$6,594.25 as of June 30, 2015, based on an exchange rate of Egyptian Pounds 7.6180 to U.S.\$1.00) for the period from September 1, 2011 to November 30, 2011. On March 10, 2014, ACC filed a claim before the North Cairo Court requesting the nullification of the Appeals Committee’s

decision and requesting that the North Cairo Court rule that the Egyptian tax authority is not entitled to require payment of the aforementioned amounts. This case has been adjourned until September 5, 2015 for the submission of the expert's report. Furthermore, ACC has filed a request before the Ministerial Committee for Investments' Dispute Resolutions claiming non-entitlement of the Egyptian tax authority to the development levy on clay used in the production of cement from the date of enforceability of Law No. 114/2008 up until issuance of Law No. 73/2010, and from cement produced using imported clinker. At this stage, as of June 30, 2015, we are not able to assess the likelihood of an adverse result regarding this matter, but if ACC's claim before the North Cairo Court is adversely resolved, it should not have a material adverse impact on our results of operations, liquidity and financial condition.

Other Legal Proceedings

Colombian Construction Claims. On August 5, 2005, the Urban Development Institute (*Instituto de Desarrollo Urbano*), or UDI, 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 claiming that it was liable, along with the other members of the *Asociación Colombiana de Productores de Concreto*, or ASOCRETO, an association formed by the ready-mix concrete producers in Colombia, for the premature distress of the concrete slabs of the *Autopista Norte* trunk line of the TransMilenio bus rapid transit system of Bogotá in which ready-mix concrete and flowable fill supplied by CEMEX Colombia and other ASOCRETO members was used. 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 were seeking the repair of the concrete slabs 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 could have been approximately 100 billion Colombian Pesos (approximately U.S.\$38.68 million as of June 30, 2015, based on an exchange rate of 2,585.11 Colombian Pesos to U.S.\$1.00). The lawsuit was filed within the context of a criminal investigation against a former director and two officers of the UDI, the contractor, the inspector and two ASOCRETO officers. On January 21, 2008, a court issued an order, sequestering the El Tunjuelo quarry, as security for payment of a possible future money judgment against CEMEX Colombia. The court determined that in order to lift this attachment and prevent further attachments, CEMEX Colombia was required to deposit 337.8 billion Colombian Pesos (approximately U.S.\$130.67 million as of June 30, 2015, based on an exchange rate of 2,585.11 Colombian Pesos to U.S.\$1.00) in cash instead of posting an insurance policy to secure such recovery. CEMEX Colombia appealed this decision and the Superior Court of Bogotá (*Tribunal Superior de Bogotá*) allowed CEMEX to present an insurance policy in the amount of 20 billion Colombian Pesos (approximately U.S.\$7.74 million as of June 30, 2015, based on an exchange rate of 2,585.11 Colombian Pesos to U.S.\$1.00). CEMEX gave the aforementioned security and, on July 27, 2009, the court lifted the attachment on the quarry.

On October 10, 2012 the court issued a first instance judgment pursuant to which the accusation made against the ASOCRETO officers was nullified. The judgment also convicted a former UDI director, the contractor's legal representatives and the inspector to a prison term of 85 months and a fine of 32 million Colombian Pesos (approximately U.S.\$12,378.58 as of June 30, 2015, based on an exchange rate of 2,585.11 Colombian Pesos to U.S.\$1.00). As a consequence of the nullification, the judge ordered a restart of the proceeding against the ASOCRETO officers. The UDI and other parties to the legal proceeding appealed the first instance judgment and on August 30, 2013 the Superior Court of Bogotá resolved to reduce the prison term imposed to the former UDI director and the UDI officers to 60 months and imposed a fine equivalent to 8.8 million Colombian Pesos (approximately U.S.\$3,404.11 as of June 30, 2015, based on an exchange rate of 2,585.11 Colombian Pesos to U.S.\$1.00). Additionally, the UDI officers were sentenced to severally pay the amount of 108,000 million Colombian Pesos (approximately U.S.\$41.78 million as of June 30, 2015, based on an exchange rate of 2,585.11 Colombian Pesos to U.S.\$1.00) for the purported damages in the concrete slabs of the TransMilenio bus rapid transit system. Additionally, the Superior Court of Bogotá overturned the penalty imposed to the contractor's legal representatives and inspector because the criminal action against them was time barred. Furthermore, the Superior Court of Bogotá revoked the annulment in favor of the ASOCRETO officers and ordered the first instance judge to render a judgment regarding the ASOCRETO officers' liability or lack thereof. On June 25, 2014, the Supreme Court of Colombia's Penal Cassation Chamber (*Sala de Casación Penal de la Corte Suprema de Justicia de Colombia*) dismissed the cassation claim filed by the former UDI director and the UDI officers against the Superior Court of Bogotá's judgment. Dismissal of the cassation claim has no effect on CEMEX Colombia's or the ASOCRETO officers' interests in these proceedings. On January 21, 2015, the Penal Circuit Court of Bogotá issued a resolution agreeing with the arguments presented by CEMEX Colombia regarding the application of the statute of limitations to the criminal investigation against the ASOCRETO officers and acknowledging that the ASOCRETO officers were not public officers, and as a consequence, finalizing the process against the ASOCRETO officers and the civil responsibility claim against CEMEX Colombia. This resolution may be appealed before the Superior Court of Bogotá (*Tribunal Superior de*

Bogotá). At this stage of the proceedings, as of June 30, 2015, we are not able to assess the likelihood of an adverse result or, due to the number of defendants, the potential damages which could be borne by CEMEX Colombia.

In addition, six legal actions related to the premature distress of the concrete slabs of the *Autopista Norte* trunk line of the TransMilenio bus rapid transit system were brought against CEMEX Colombia. The Cundinamarca Administrative Court (*Tribunal Administrativo de Cundinamarca*) nullified five of these actions and currently, only one remains outstanding. In addition, the UDI filed another action alleging that CEMEX Colombia made misleading advertisements on the characteristics of the flowable fill used in the construction of the concrete slabs. CEMEX Colombia participated in this project solely and exclusively as supplier of the ready-mix concrete and flowable fill, which were delivered and received to the satisfaction of the contractor, complying with all the required technical specifications. CEMEX Colombia neither participated in nor had any responsibility on the design, sourcing of materials or their corresponding technical specifications or construction. At this stage of the proceedings, as of June 30, 2015, 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 results of operations, liquidity and financial condition.

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. (“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 intended to protect and preserve the rights of CEMEX Croatia’s mining concession, but these were not taken into account or incorporated into the Master Plans by Kaštela and Solin. 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 and seeking prohibition of implementation of the Master Plans; and (ii) on May 17, 2006, an administrative proceeding before an administrative court seeking a declaration from the Government of Croatia confirming that CEMEX Croatia acquired rights under the mining concessions. The administrative court subsequently 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. On June 15, 2012, we were notified that the case had been transferred from the constitutional court to the administrative court as a result of a new law that places the administrative courts in charge of disputes relating to environmental planning. In February 2014, the administrative court requested CEMEX Croatia to declare if it is still interested in proceeding with the concession litigation and if so, to provide additional clarification and documentation to support such claims. On March 3, 2014, CEMEX Croatia submitted the clarification and required documentation and on April 4, 2014, CEMEX Croatia was notified that the administrative court rejected its claims and found that its acquired rights or interests under the mining concessions had not been violated as a result of any act or decision made by the cities of Solin or Kaštela or any other governmental body. On April 29, 2014, CEMEX Croatia filed two claims before the Constitutional Court of the Republic of Croatia alleging that CEMEX Croatia’s constitutional rights to a fair trial and judicial protection had been violated. In order to alleviate the adverse impact of the Master Plans, as of June 30, 2015, we are in the process of negotiating a new revised mining concession. On August 1, 2014, CEMEX Croatia also filed an application before the European Court of Human Rights alleging that CEMEX Croatia’s constitutional rights to a fair trial, property rights, concession rights and investment had been violated due to irregularities in a general act, which has been denied. The European Court of Human Rights found the application to be inadmissible pursuant to articles 34 and 35 of the Convention for the Protection of Human Rights and Fundamental Freedoms, meaning that CEMEX Croatia did not exhaust all its domestic legal remedies, thus stipulating the Constitutional Court of the Republic of Croatia’s jurisdiction in this matter. At this stage of the proceedings, as of June 30, 2015, we are not able to assess the likelihood of an adverse result to the claims filed before the Constitutional Court of the Republic of Croatia, but if adversely resolved, it should not have a material adverse impact on our results of operations, liquidity and financial condition. During May 2015, CEMEX Croatia obtained a new permit from the Croatian Ministry of Construction and Physical Planning for CEMEX Croatia’s Sveti Juraj-Sveti Kajo quarry. As of June 30, 2015, CEMEX Croatia is in the process of preparing all documentation necessary to comply with applicable rules and regulations in order to obtain a new concession.

Panamanian Height Restriction Litigation. On July 30, 2008, the Panamanian Authority of Civil Aeronautics (*Autoridad de Aeronáutica Civil*), or AAC, denied a request from our subsidiary Cemento Bayano to erect structures above the permitted height restriction applicable to certain areas surrounding the Calzada Larga Airport. This height restriction was set according to applicable legal regulations and reaches the construction area of our cement plant’s second line. Cemento Bayano has formally requested the above-

mentioned authority to reconsider its denial. On October 14, 2008, the AAC granted permission for the construction of the tallest building of the second line, under the following conditions: that (a) Cemento Bayano assumes any liability arising from any incident or accident caused by the construction of such building; and (b) there would be no further permission for additional structures. Cemento Bayano filed an appeal with respect to both conditions considering that the construction involved building 12 additional structures. On March 13, 2009, the AAC issued an explanatory note stating that (a) should an accident occur in the Calzada Larga Airport's perimeter, an investigation shall be conducted in order to determine the cause and further responsibility; and (b) there will be no further permission for additional structures of the same height as the tallest structure was already authorized. 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. Cemento Bayano filed an authorization request for the construction of the project's 12 remaining structures. On June 11, 2009, the AAC issued a resolution authorizing 3 of the 12 remaining structures and denying permits for 9 additional structures above the permitted height restriction applicable to certain areas surrounding Calzada Larga Airport. On June 16, 2009, Cemento Bayano requested the above-mentioned authority to reconsider its denial. On May 20, 2010, the ACC issued a report stating that all vertical structures erected by Cemento Bayano complied with the applicable signaling and lighting requirements in order to receive the respective authorization. Nonetheless, as of June 30, 2015, the AAC had not yet issued a ruling pursuant to our request for reconsideration for the 9 remaining structures, which have already been erected and are fully functional, and, therefore, we continue to monitor our request. At this stage, we are not able to determine if the AAC will issue a favorable decision to our request for reconsideration or if such denial would have a material adverse impact on our results of operations, liquidity and financial condition. We are also not able to assess the likelihood of any incident or accident occurring as a result of the construction of the second line of our cement plant and the responsibility, if any, that would be allocated to Cemento Bayano, but if any major incident or accident were to occur and if Cemento Bayano were to be held liable, any responsibility that is formally allocated to Cemento Bayano could have a material adverse impact on our results of operations, liquidity and financial condition.

Colombian Water Use Litigation. On June 5, 2010, the District of Bogotá's Environmental Secretary (*Secretaría Distrital de Ambiente de Bogotá*), or the Environmental Secretary, 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) were ordered to suspend mining activities in that area. The Environmental Secretary alleged that during the past 60 years, CEMEX Colombia and the other companies illegally changed the course of the Tunjuelo River, used the percolating waters without permission and 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 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 Ministry of Environment and Sustainable Development (*Ministerio de Ambiente y Desarrollo Sostenible*). 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 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.\$116.05 million as of June 30, 2015, based on an exchange rate of 2,585.11 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. At this stage, as of June 30, 2015, 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 results of operations, liquidity and financial condition.

Israeli Class Action Litigation. On June 21, 2012, one of our subsidiaries in Israel was notified about an application for the approval of a class action suit against it. The application was filed by a homeowner who built his house with concrete supplied by our Israeli subsidiary in October 2010 (a same application was filed against three other companies by the same legal representative). According to the application, the plaintiff claims that the concrete supplied to him did not meet with the "Israel Standard for Concrete Strength No. 118" and that, as a result, our Israeli subsidiary acted unlawfully toward all of its customers who requested a specific type of concrete but that received concrete that did not comply with Israeli standard requirements. As per the application, the plaintiff claims that the supply of the alleged non-conforming concrete has caused financial and non-financial damages to those customers, including the plaintiff. We presume that the class action would represent the claim of all the clients who purchased the alleged non-conforming concrete from our Israeli subsidiary during the past 7 years, the limitation period according to applicable laws in Israel. The damages that

could be sought amount to approximately 276 million Israeli Shekels (approximately U.S.\$73.23 million as of June 30, 2015, based on an exchange rate of 3.769 Israeli Shekels to U.S.\$1.00). Our Israeli subsidiary submitted a formal response to the corresponding court. Both parties presented their preliminary arguments. The applicant requested the court to join all claims brought by him against all four companies, including our subsidiary in Israel. In a hearing held on January 18, 2015, all four companies, including our subsidiary in Israel, opposed the applicants request to join the claims and the court decided to request its general legal counselor for his response to the aforementioned application (a common procedure in these cases). Hearings have taken place and a new hearing has been scheduled for July 7, 2015. As of June 30, 2015, our subsidiary in Israel is not able to assess the likelihood of the class action application being approved or, if approved, of an adverse result, such as an award for damages in the full amount that could be sought, but if adversely resolved, we do not believe the final resolutions would have a material adverse impact on our results of operations, liquidity and financial condition.

Egypt Share Purchase Agreement. On April 7, 2011 and March 6, 2012, lawsuits seeking, among other things, the annulment of the share purchase agreement entered into by and between CEMEX and state-owned Metallurgical Industries Company (the "Holding Company") in November 1999 pursuant to which CEMEX acquired a controlling interest in ACC (the "Share Purchase Agreement"), were filed by different plaintiffs, including 25 former employees of ACC, before the 7th and 8th Circuits of Cairo's State Council Administrative Judiciary Court, respectively. Hearings in both cases were adjourned in order for the State Commissioner Authority ("SCA") to prepare the corresponding reports to be submitted for the consideration of the 7th and 8th Circuits of Cairo's State Council Administrative Judiciary Court. During March 2015, the SCA submitted the relevant reports recommending, in both cases, that the 7th and 8th Circuits of Cairo's State Council Administrative Judiciary Court stays the proceedings until the Constitutional Court pronounces itself with regards to the challenges against the constitutionality of the Presidential Decree on Law No. 32 of 2014 ("Law 32/2014"). As of June 30, 2015, a new hearing date has been scheduled for October 12, 2015 for the case before the 8th Circuit of Cairo's State Council Administrative Judiciary Court, and in a hearing held on May 9, 2015 before the 7th Circuit of Cairo's State Council Administrative Judiciary Court it was decided to adjourn to July 25, 2015 for reviewing the SCA's report. As of June 30, 2015, we are not able to assess the likelihood of an adverse resolution regarding these lawsuits, but if adversely resolved, we do not believe the resolution in this first instance would have an immediate material adverse impact on our results of operations, liquidity and financial condition as there are different legal recourses that we could take. However, if we exhaust all legal recourses available to us, a final adverse resolution of this matter could have a material adverse impact on our operations, liquidity and financial condition.

Regarding a different lawsuit submitted to a first instance court in Assiut, Egypt and notified to ACC on May 23, 2011, on September 13, 2012, the first instance court of Assiut, Egypt issued a judgment (the "First Instance Judgment") to (i) annul the Share Purchase Agreement; and (ii) reinstate former employees to their former jobs at ACC. The First Instance Judgment was notified to ACC on September 19, 2012. On October 18, 2012, ACC filed an appeal against the First Instance Judgment, which was followed by the Holding Company's appeal filed on October 20, 2012 before the Appeals Court in Assiut, Egypt (the "Appeals Court"). At a November 17, 2013 hearing, the Appeals Court decided to join the appeals filed by ACC and the Holding Company and adjourned the session to January 20, 2014 to render judgment. On January 20, 2014, the Appeals Court issued a judgment (the "Appeal Judgment") accepting the appeals, revoking the First Instance Judgment, ruling for non-qualitative jurisdiction of the first instance court to review the case and referred the matter to the administrative court in Assiut, Egypt (the "Assiut Administrative Court") for a hearing to be held on March 16, 2014. This hearing was subsequently rescheduled to May 17, 2014 and ultimately was not held because the case file had not been completed on time in order for it to be referred to the Assiut Administrative Court. The SCA submitted a report recommending the Assiut Administrative Court to declare itself incompetent to review this case and to refer it to the Assiut Administrative Judiciary Court (the "Assiut Administrative Judiciary Court"). The Assiut Administrative Court scheduled a new hearing for October 11, 2014 to review the case. On October 15, 2014, the Assiut Administrative Court ruled for its non- jurisdiction to review the case and referred the case to the Assiut Administrative Judiciary Court. On December 11, 2014, ACC filed an appeal against the Assiut Administrative Court ruling requesting that its enforcement be suspended until a judgment is issued on the appeal filed before the Cassation Court on March 12, 2014. On February 10, 2015 and March 17, 2015, hearings were held before the Assiut Administrative Judiciary Court's SCA in which the SCA decided to adjourn in order to prepare the corresponding report to be submitted for the consideration of the Assiut Administrative Judiciary Court.

On March 12, 2014, ACC filed an appeal before the Cassation Court against the part of the Appeal Judgment that refers to the referral of the case to the Assiut Administrative Court and payment of the appeal expenses and attorney fees, and requested a suspension of the Appeal Judgment execution in respect to these matters until the Cassation Court renders its judgment. As of June 30, 2015, a hearing date before the Cassation

Court has not been scheduled. As of June 30, 2015, we are not able to assess the likelihood of an adverse resolution regarding these lawsuits, but if adversely resolved, we do not believe the resolution would have an immediate material adverse impact on our results of operations, liquidity and financial condition as there are different recourses that we could take. However, if we exhaust all legal recourses available to us, a final adverse resolution of this matter could have a material adverse impact on our operations, liquidity and financial condition.

Also, on February 23, 2014, three plaintiffs filed a lawsuit before the Assiut Administrative Judiciary Court requesting the cancellation of the resolutions taken by the Holding Company's shareholders during the extraordinary general shareholders meeting pursuant to which it was agreed to sell ACC's shares and enter into the Share Purchase Agreement in 1999. A hearing held on May 17, 2014 was adjourned in order for the SCA to prepare a report to be submitted for the consideration of the Assiut Administrative Judiciary Court. On September 4, 2014, ACC received the report issued by the SCA which is non-binding to the Assiut Administrative Judiciary Court. On December 11, 2014, the Assiut Administrative Judiciary Court resolved to refer the case to the 7th Circuit of Cairo's State Council Administrative Judiciary Court. The 7th Circuit of Cairo's State Council Administrative Judiciary Court decided to adjourn to July 25, 2015 in order to review the parties' pleadings. As of June 30, 2015, we do not have sufficient information to assess the likelihood of the 7th Circuit of Cairo's State Council Administrative Judiciary Court cancelling the resolutions adopted by the Holding Company's shareholders, or, if such shareholders' resolutions are cancelled, how would such cancellation affect us, but if adversely resolved, we do not believe the resolution in this first instance would have an immediate material adverse impact on our results of operations, liquidity and financial condition as there are different legal recourses that we could take. However, if we exhaust all legal recourses available to us, a final adverse resolution of this matter could have a material adverse impact on our operations, liquidity and financial condition.

On April 22, 2014, Law 32/2014, which regulates legal actions to challenge agreements entered into by the Egyptian State (including its ministries, departments, special budget entities, local administrative units, authorities and state-participated companies) and third parties, was published in the Official Gazette, becoming effective as of April 23, 2014, but subject to its presentation, discussion and approval by the House of Representatives 15 days after it has been elected. As per the provisions of Law 32/2014, and considering certain exceptions, only the parties to these agreements have standing to challenge the validity of an agreement. As of June 30, 2015, several constitutional challenges have been filed against Law 32/2014 before the Constitutional Court, and the House of Representatives had not been yet elected (as of June 30, 2015, it is expected that parliamentary elections to the House of Representatives will take place during the second half of 2015). In consideration of the aforementioned, as of June 30, 2015, we are not able to assess if the Constitutional Court will dismiss Law 32/2014 or if Law 32/2014 will not be presented, discussed and ratified by the House of Representatives, but if the Constitutional Court dismisses Law 32/2014 or if Law 32/2014 is not presented, discussed and ratified by the House of Representatives, this could adversely impact the ongoing matters regarding the Share Purchase Agreement, which could have a material adverse impact on our operations, liquidity and financial condition.

South Louisiana Flood Protection Authority-East Claim

On July 24, 2013 a Petition for Damages and Injunctive Relief was filed by the South Louisiana Flood Protection Authority-East ("SLFPAE") in the Civil District Court for the Parish of Orleans, State of Louisiana, against approximately 100 defendants, including CEMEX, Inc. SLFPAE is seeking compensation for and the restoration of certain coastal lands near New Orleans alleged to have been damaged by activities related to oil and gas exploration and production since the early 1900's. CEMEX, Inc., which was previously named Southdown, Inc., may have acquired liabilities, to the extent there may be any, in connection with oil and gas operations that were divested in the late 1980's. The matter was removed to the United States District Court for the Eastern District of Louisiana (the "Louisiana District Court") and a motion by the Plaintiffs to remand to State Court was denied. In addition, on June 6, 2014, Louisiana Senate Bill No. 469 was enacted into Act No. 544 ("Act 544") which prohibits certain state or local governmental entities such as the SLFPAE from initiating certain causes of action including the claims asserted in this matter. The effect of Act 544 on the pending matter has yet to be determined by the Louisiana District Court. Further, CEMEX, Inc. was dismissed without prejudice by the plaintiffs. On February 13, 2015, the Louisiana District Court dismissed the plaintiffs' claims with prejudice. On February 27, 2015, the plaintiffs appealed this ruling. As of June 30, 2015, we cannot assess the likelihood of an adverse result or, because of the number of defendants, the potential damages which could be borne by CEMEX, Inc., if any, or if such damages, if any, would have a material adverse impact on our results of operations, liquidity and financial condition.

As of June 30, 2015, we are involved in various legal proceedings involving, but not limited to, 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 and 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.

SCHEDULE 15
MATERIAL SUBSIDIARIES

As at 31 December 2014

Cemex S.A.B. de C.V.

Cemex España, S.A.

New Sunward Holding B.V.

Cemex México S.A. de C.V.

Cemex Concretos S.A. de C.V.

Cemex UK Operations Ltd.

Cemex Colombia, S.A.

Cemex Bogotá Investments B.V.

Cemex, Inc.

Assiut Cement Company

Cemex Materials LLC

Cemex Construction Materials Florida LLC

Cemex Construction Materials South LLC (USA)

Cementos Bayano, S.A.

Cemex Caribe II Investments B.V.

Cemex Operaciones México S.A. de C.V. (formerly Centro Distribuidor de Cemento, S.A. de C.V.)

Cemex Finance Europe B.V.

Cemex Corp.

Cemex Investments Africa and Middle East Aps

Cemex Central S.A. de C.V.

Cemex Trading LLC

Cemex Investments Limited

Cemex Egypt for Distribution S.A.E.

Sunbelt Investments, Inc.

SCHEDULE 16
HEDGING PARAMETERS

1. No Obligor will (and the Borrower will procure that no members of the Group will) engage in any Treasury Transaction, other than a Permitted Treasury Transaction in accordance with this Hedging Parameters Schedule. A “**Permitted Treasury Transaction**” means:
- (a) any Treasury Transaction that is an Excluded Position;
 - (b) any Treasury Transaction entered into, sold or purchased at arm’s length and in compliance with all applicable laws, rules and regulations, with respect to which all parties and credit support providers are members of the Group (each, a “**Permitted Intercompany Treasury Transaction**”);
 - (c) any Treasury Transaction entered into, sold or purchased at the prevailing market rates and not for speculative purposes that is solely an interest rate, currency or Commodity derivative (or a combination thereof) or that is a Permitted Non-Bank Commodity Contract or a Permitted Compensation Plan Hedging Transaction, in each case (i) for the purpose of managing a specific risk associated with an asset, liability, income or expense owned, incurred, earned or made or reasonably likely to be owned, incurred, earned or made by a member of the Group and (ii) in its ordinary course of business (each, a “**Permitted Exposure Hedge**”);
 - (d) 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/Exchangeable Obligations (each, a “**Permitted Put/Call Transaction**”); or
 - (e) any Treasury Transaction (other than any Caliza Offering Option or any Centurion Offering Option) entered into, sold or purchased not for speculative purposes but for the purposes of managing specific risks or exposures in relation to any Caliza Transaction or any Centurion Transaction.

Where: “**Excluded Position**” means each of the positions set forth in Annex 1 hereto as in effect on the date of this Agreement and, with respect to the positions specified in paragraphs (a), (b) and (c) of Annex 1, 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. “**Permitted Non-Bank Commodity Contract**” means any commodity contract or agreement with respect to which all parties and credit support providers are not financial institutions and any agreement incidental thereto. “**Commodity**” means raw materials and other inputs used in the Group’s operations, energy, water, electric power, electric power capacity, generation capacity, power, heat rate, congestion, diesel fuel, fuel oil, other petroleum-based liquids or fuels, coal, commodity transportation, urea, financial transmission rights, emissions and other environmental credits, allowances or offsets, renewable energy credits, Certified Emission Reductions, European Union

Allowances, natural gas, nuclear fuel and waste products or by-products thereof or other such tangible or intangible commodity of similar type or description. **“Permitted Compensation Plan Hedging Transaction”** means (a) an equity forward purchase transaction or an equity call option that hedges the Borrower or any Obligor’s obligations under an Executive Compensation Plan permitted by this Agreement, or (b) an agreement that requires a counterparty to make payments or deliveries that are otherwise required to be made by the Borrower or any Obligor under an Executive Compensation Plan permitted by this Agreement by exchange, repurchase or similar arrangements or a combination thereof.

2. The board of directors shall, from time to time, adopt policies governing the Group’s entry into Permitted Treasury Transactions. The board of directors shall approve any Permitted Treasury Transactions that are required to be approved by the board of directors in accordance with applicable company regulations and by-laws. Management shall approve all other Permitted Treasury Transactions in accordance with such board of director policies.
3. The total amount of collateral or margin posted as of the date of this Agreement in respect of each Excluded Position or Permitted Non-Bank Commodity Contract is Permitted Security or Quasi-Security (as the case may be) as described in Schedule 11 (*Existing Security and Quasi-Security*) to this Agreement. No Obligor will (and the Borrower will procure that no members of the Group will) post additional collateral or margin in respect of an Excluded Position or a Permitted Non-Bank Commodity Contract for which collateral or margin is already posted, or any collateral or margin in respect of any other Treasury Transaction, except as permitted under paragraphs (L) and (P) of the definition of Permitted Security set out in Clause 23.5 (*Negative pledge*) of this Agreement. Notwithstanding the foregoing, members of the Group may replace collateral or margin posted as of the date of this Agreement in respect of an Excluded Position as described in Schedule 11 (*Existing Security and Quasi-Security*) with a Permitted Put/Call Transaction for the purpose of obtaining a Cash Collateral Release Amount, provided any amount of collateral or margin posted at any time in connection with such Excluded Position in excess of the amount described in Schedule 11 (*Existing Security and Quasi-Security*) in respect of such Excluded Position complies with paragraphs (K) and (P) of the definition of Permitted Security in Clause 23.5 (*Negative pledge*) of this Agreement.
4. No Obligor will (and the Borrower will procure that no members of the Group will) amend, modify or terminate a Permitted Treasury Transaction except in its ordinary course of business and not for speculative purposes.

ANNEX 1
EXCLUDED POSITIONS

The following are Excluded Positions:

- (a) the Axtel share forward transaction that is governed by a long form Confirmation dated 27 August 2013, as amended, modified or supplemented from time to time, between Credit Suisse International and Centro Distribuidor de Cemento S.A. de C.V. (References: External ID: 16059563R5—Risk ID: 10008383);
- (b) the interest rate swap governed by a Swap Agreement dated 24 September 2007 between Banco Nacional de México, S.A., Integrante del Grupo Financiero Banamex, División Fiduciaria, not in its individual capacity but acting solely as trustee on behalf of the Trust Number 111014-2 under the Restated Trust Agreement dated as of 26 March 1999, as amended, modified or supplemented from time to time and CEMEX, S.A.B. de C.V.;
- (c) the Capped Call transactions that are governed by a long form Confirmation dated 24 March 2010, as amended, modified or supplemented from time to time, between Citibank, N.A. and CEMEX, S.A.B. de C.V. (Reference: Amended and Restated Confirmation dated 25 March 2011 documenting the capped call transactions with a Trade Date of 24 March 2010, the Amendment and Restatement Agreement dated 10 January 2014 and the Third Amendment and Restated Confirmation dated 7 July 2014);
- (d) the Capped Call transactions that are governed by a long form Confirmation dated 9 March 2011, as amended, modified or supplemented from time to time, between Citibank, N.A. and CEMEX, S.A.B. de C.V. (Reference: Amended and Restated Confirmation dated as of 11 March 2011 documenting the capped call transactions with a Trade Date of 9 March 2011);
- (e) the Capped Call transactions that are governed by a long form Confirmation dated 9 March 2011, as amended, modified or supplemented from time to time, between Bank of America, N.A. and CEMEX, S.A.B. de C.V. (Reference: Amended and Restated Confirmations dated as of 11 March 2011 documenting the capped call transactions with a Trade Date of 9 March 2011);
- (f) the Capped Call transactions that are governed by a long form Confirmation dated 9 March 2011, as amended, modified or supplemented from time to time, between BNP Paribas and CEMEX, S.A.B. de C.V. (Reference: Amended and Restated Confirmation dated as of 11 March 2011 documenting the capped call transactions with a Trade Date of 9 March 2011);
- (g) the Capped Call transactions that are governed by a long form Confirmation dated 9 March 2011, as amended, modified or supplemented from time to time, between HSBC Bank USA, National Association and CEMEX, S.A.B. de C.V. (Reference: Amended and Restated Confirmation dated as of 11 March 2011 documenting the capped call transactions with a Trade Date of 9 March 2011);
- (h) the Capped Call transactions that are governed by a long form Confirmation dated 9 March 2011, as amended, modified or supplemented from time to time, between

JPMorgan Chase Bank, National Association, London Branch and CEMEX, S.A.B. de C.V. (Reference: Amended and Restated Confirmation dated as of 11 March 2011 documenting the capped call transactions with a Trade Date of 9 March 2011);

- (i) the Capped Call transactions that are governed by a long form Confirmation dated 9 March 2011, as amended, modified or supplemented from time to time, between The Royal Bank of Scotland PLC and CEMEX, S.A.B. de C.V. (Reference: Amended and Restated Confirmation dated as of 11 March 2011 documenting the capped call transactions with a Trade Date of 9 March 2011); and
- (j) the Capped Call transactions that are governed by a long form Confirmation dated 9 March 2011, as amended, modified or supplemented from time to time, between Banco Santander, S.A. and CEMEX, S.A.B. de C.V. (Reference: Amended and Restated Confirmations dated as of 11 March 2011 documenting the capped call transactions with a Trade Date of 9 March 2011).

**SCHEDULE 17
TIMETABLES**

Delivery of a duly completed Utilisation Request (Clause 5.1 (*Delivery of a Utilisation Request*) or a Selection Notice (Clause 11.1 (*Selection of Interest Periods*))

U-3
9:30 a.m.

Agent notifies the Lenders of the Loan in accordance with Clause 5.5 (*Lenders' participation*)

U-3
3:00 p.m.

LIBOR or EURIBOR is fixed

Quotation Day
11:00 a.m. in respect of LIBOR
and 11:00 a.m. (Brussels time) in
respect of EURIBOR

Delivery of funds corresponding to each Lender's participation in the Loan

U
9:00 a.m.

“U” = date of utilisation or, if applicable, in the case of a Loan that has already been borrowed, the first day of the relevant Interest Period for that Loan.

“U – X” = X Business Days prior to date of utilisation or, if applicable, in the case of a Loan that has already been borrowed, the first day of the relevant Interest Period for that Loan.

**SCHEDULE 18
FORM OF CONFIDENTIALITY UNDERTAKING**

CONFIDENTIALITY UNDERTAKING

[Letterhead of Potential Purchaser]

To: *[Insert name of Seller]*

From: *[Insert name of Potential Purchaser]*

Dated:

Dear Sirs

**CEMEX, S.A.B. de C.V.—Facilities Agreement
dated 29 September 2014 (the “Facilities Agreement”)**

We are considering acquiring an interest in the Facilities Agreement which, subject to the terms of the Facilities Agreement, may be by way of novation, assignment, the entering into, whether directly or indirectly, of a sub-participation or any other similar transaction under which payments are to be made or may be made by reference to one or more relevant Finance Documents and/or one or more relevant Obligors or by way of investing in or otherwise financing, directly or indirectly, any such novation, assignment, sub-participation or other similar transaction (each, an “**Acquisition**”). In consideration of you agreeing to make available to us certain information in relation to each Acquisition, by our signature of this letter we agree as follows (acknowledged and agreed by you by your signature of a copy of this letter):

1. Confidentiality Undertaking

We undertake in relation to each Acquisition whether completed or not, (a) to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by paragraph 2 below and to ensure that all Confidential Information is protected with security measures and a degree of care that would apply to our own confidential information, (b) until that Acquisition is completed to use the Confidential Information only for the Permitted Purpose, (c) to keep confidential and not disclose to anyone except as provided for by paragraph 2 below the fact that the Confidential Information has been made available or that discussions or negotiations are taking place or have taken place between us in connection with the Facilities, and (d) to use all reasonable endeavours to ensure that any person to whom we pass any Confidential Information (unless disclosed under paragraph 2 below) acknowledges and complies with the provisions of this letter as if that person were also a party to it.

2. Permitted Disclosure

You agree that we may disclose:

- 2.1 to any of our Affiliates and any of our or their officers, directors, employees, professional advisers and auditors such Confidential Information as we shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this paragraph 2.1 is informed in writing of its confidential nature and that

some or all of such Confidential Information may be price-sensitive information, except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;

2.2 subject to the requirements of the Facilities Agreement, to any person:

- (a) to (or through) whom we assign or transfer (or may potentially assign or transfer) all or any of our rights and/or obligations which we may acquire under the Facilities Agreement such Confidential Information as we shall consider appropriate if the person to whom the Confidential Information is to be given pursuant to this sub-paragraph (a) of paragraph 2.2 has delivered a letter to you materially in equivalent form to this letter;
- (b) with (or through) whom we enter into (or may potentially enter into) any sub-participation in relation to, or any other transaction under which payments are to be made or may be made by reference to the Facilities Agreement in relation to that Acquisition or any Obligor such Confidential Information as we shall consider appropriate if the person to whom the Confidential Information is to be given pursuant to this sub-paragraph (b) of paragraph 2.2 has delivered a letter to you in materially equivalent form to this letter;
- (c) to whom information is required or requested to be disclosed by any governmental, banking, taxation or other regulatory authority or similar body, the rules of any recognised stock exchange or pursuant to any applicable law or regulation such Confidential Information as we shall consider appropriate; and

2.3 notwithstanding paragraphs 2.1 and 2.2 above, Confidential Information to such persons to whom, and on the same terms as, a Finance Party is permitted to disclose Confidential Information under the Facilities Agreement to which that Acquisition relates, as if such permissions were set out in full in this letter and as if references in those permissions to Finance Party were references to us for the purposes of that Acquisition.

3. **Notification of Disclosure**

We agree in relation to each Acquisition (whether completed or not), (to the extent permitted by law and regulation) to inform you:

- 3.1 of the circumstances of any disclosure of Confidential Information made pursuant to sub-paragraph (c) of paragraph 2.2 above, except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and
- 3.2 upon becoming aware that Confidential Information has been disclosed in breach of this letter.

4. **Return of Copies**

If we do not enter into or complete the Acquisition and you so request in writing, we shall return all Confidential Information supplied by you to us in relation to that Acquisition and destroy or permanently erase (to the extent technically practicable) all copies of Confidential Information made by us and use all reasonable endeavours to ensure that anyone to whom we have supplied any Confidential Information destroys or permanently erases (to the extent technically practicable) such Confidential Information and any copies made by them, in each case save to the extent that we or the recipients are required to retain any such Confidential Information by any applicable law, rule or regulation or by any competent judicial, governmental, supervisory or regulatory body or in accordance with internal policy, or where the Confidential Information has been disclosed under sub-paragraph (c) of paragraph 2.2 above.

5. **Continuing Obligations**

The obligations in this letter are continuing and, in particular, shall survive and remain binding on us in relation to each Acquisition (whether completed or not) until (a) if we become a party to the Facilities Agreement as a lender of record, the date on which we become such a party to the Facilities Agreement; (b) if we enter into the Acquisition but it does not result in us becoming a party to the Facilities Agreement as a lender of record, the date falling twelve months after the date on which all of our rights and obligations contained in the documentation entered into to implement the Acquisition have terminated; or (c) in any other case the date falling twelve months after the date at which we have returned all Confidential Information supplied by you to us and destroyed or permanently erased (to the extent technically practicable) all copies of Confidential Information made by us (other than any such Confidential Information or copies which have been disclosed under paragraph 2 above (other than paragraph 2(a)) or which, pursuant to paragraph 4 above, are not required to be returned or destroyed).

6. **No Representation; Consequences of Breach, etc**

We acknowledge and agree that:

- 6.1 neither you, nor any member of the Group nor any of your or their respective officers, employees or advisers (each a “**Relevant Person**”) (i) make any representation or warranty, express or implied, as to, or assume any responsibility for, the accuracy, reliability or completeness of any of the Confidential Information or any other information supplied by you in relation to the Acquisition or the assumptions on which it is based or (ii) shall be under any obligation to update or correct any inaccuracy in the Confidential Information or any other information supplied by you in relation to the Acquisition or be otherwise liable to us or any other person in respect of the Confidential Information or any such information; and
- 6.2 you or members of the Group may be irreparably harmed by the breach of the terms of this letter and damages may not be an adequate remedy; each Relevant Person may be granted an injunction or specific performance for any threatened or actual breach of the provisions of this letter by us.

7. **Entire Agreement: No Waiver; Amendments, etc**

- 7.1 This letter constitutes the entire agreement between us in relation to our obligations regarding Confidential Information and supersedes any previous agreement, whether express or implied, regarding Confidential Information.
- 7.2 No failure to exercise, nor any delay in exercising, any right or remedy under this letter will operate as a waiver of any such right or remedy or constitute an election to affirm this letter. No election to affirm this letter will be effective unless it is in writing. No single or partial exercise of any right or remedy will prevent any further or other exercise thereof or the exercise of any other right or remedy under this letter.
- 7.3 The terms of this letter and our obligations under this letter may only be amended or modified by written agreement between the parties and the Borrower.

8. **Inside Information**

We acknowledge that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation including securities laws relating to insider dealing and market abuse, and we undertake not to use any Confidential Information for any unlawful purpose.

9. **Nature of Undertakings**

The undertakings given by us under this letter are given to you and are also given for the benefit of the Borrower and each other member of the Group.

10. **Third Party Rights**

- 10.1 Subject to this paragraph 10 and to paragraphs 6 and 9, a person who is not a party to this letter has no right under the Contracts (Rights of Third Parties) Act 1999 (the “**Third Parties Act**”) to enforce or to enjoy the benefit of any term of this letter.
- 10.2 The Relevant Persons may enjoy the benefit of the terms of paragraphs 6 and 9 subject to and in accordance with this paragraph 10 and the provisions of the Third Parties Act.
- 10.3 Notwithstanding any provisions of this letter, the parties to this letter do not require the consent of any Relevant Person (other than the Borrower) to rescind or vary this letter at any time.

11. **Governing Law and Jurisdiction**

- 11.1 This letter (including the agreement constituted by your acknowledgement of its terms) (the “**Letter**”) and any non-contractual obligations arising out of or in connection with it (including any non-contractual obligations arising out of the negotiation of the transaction contemplated by this Letter) are governed by English law.
- 11.2 The courts of England have non-exclusive jurisdiction to settle any dispute arising out of or in connection with this Letter (including a dispute relating to any non- contractual obligation arising out of or in connection with either this Letter or the negotiation of the transaction contemplated by this Letter).

12. **Definitions**

In this letter (including the acknowledgement set out below) terms defined in the Facilities Agreement shall, unless the context otherwise requires, have the same meaning and:

“**Confidential Information**” means, in relation to each Acquisition, all information relating to the Borrower, any Obligor, the Group, the Finance Documents, the Facilities and/or the Acquisition which is provided to us in relation to the Finance Documents or the Facilities by you or any of your affiliates or advisers, in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes information that:

- (a) is or becomes public information other than as a direct or indirect result of any breach by us of this letter; or
- (b) is identified in writing at the time of delivery as non-confidential by you or your advisers; or
- (c) is known by us before the date the information is disclosed to us by you or any of your affiliates or advisers or is lawfully obtained by us after that date, from a source which is, as far as we are aware, unconnected with the Group and which, in either case, as far as we are aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality.

“**Group**” means the Borrower and each of its subsidiaries for the time being.

“**Permitted Purpose**” means considering and evaluating whether to enter into and complete the Acquisition.

Please acknowledge your agreement to the above by signing and returning the enclosed copy of this letter.

Yours faithfully

.....

For and on behalf of

[*Potential Purchaser*]

To: [*Potential Purchaser*]

We acknowledge and agree to the above:

.....

For and on behalf of

[*Seller*]

SCHEDULE 19
FORM OF ACCORDION CONFIRMATION

To: [●] as Agent, [●] as Security Agent for itself and each of the other parties to the Intercreditor Agreement referred to below, and CEMEX, S.A.B. de C.V. as the Borrower, for and on behalf of each Obligor

From: [the Increase Lender] (the “**Accordion Lender**”)

Dated:

CEMEX, S.A.B. de C.V.—Facilities Agreement
dated 29 September 2014 (the “Facilities Agreement”)

1. We refer to the Facilities Agreement and to the Intercreditor Agreement (as defined in the Facilities Agreement). This agreement (the “**Agreement**”) shall take effect as an Accordion Confirmation for the purpose of the Facilities Agreement and as a Creditor/Agent/Security Agent Accession Undertaking (as defined in the Intercreditor Agreement) for the purposes of the Intercreditor Agreement (and as defined in the Intercreditor Agreement). Terms defined in the Facilities Agreement have the same meaning in this Agreement unless given a different meaning in this Agreement.
2. We refer to Clause 2.2 (*Accordion*) of the Facilities Agreement.
3. The Accordion Lender agrees to assume and will assume all of the obligations corresponding to the Commitment specified in the Schedule (the “**Relevant Commitment**”) as if it was an Original Lender under the Facilities Agreement.
4. The proposed date on which the increase in relation to the Accordion Lender and the Relevant Commitment is to take effect (the “**Increase Date**”) is [●].
5. The Availability Period for the first Utilisation of the Relevant Commitment means the period from and including the Increase Date to the date falling 15 Business Days after the Increase Date.
6. On the Increase Date, the Accordion Lender becomes:
 - (a) party to the relevant Finance Documents (other than the Intercreditor Agreement) as a Lender; and
 - (b) party to the Intercreditor Agreement as a Refinancing Creditor (as defined in the Intercreditor Agreement).
7. The Facility Office and address, fax number and attention details for notices to the Lender for the purposes of Clause 35.2 (*Addresses*) are set out in the Schedule.
8. The Accordion Lender expressly acknowledges the limitations on the Lenders’ obligations referred to in paragraph (i) of Clause 2.2 (*Accordion*).
9. The Accordion Lender confirms, for the benefit of the Agent and without liability to any Obligor, that it is [a Qualifying Lender (other than a Treaty Lender)]/[a Treaty Lender]/[not a Qualifying Lender]*.

10. We refer to clause 14.6 (*Creditor/Agent/Security Agent Accession Undertaking*) of the Intercreditor Agreement.

In consideration of the Accordion Lender being accepted as a Refinancing Creditor for the purposes of the Intercreditor Agreement (and as defined in the Intercreditor Agreement), the Accordion Lender confirms that, as from the Increase Date, it intends to be party to the Intercreditor Agreement as a Refinancing Creditor, and undertakes to perform all the obligations expressed in the Intercreditor Agreement to be assumed by a Refinancing Creditor and agrees that it shall be bound by all the provisions of the Intercreditor Agreement, as if it had been an original party to the Intercreditor Agreement.

11. For the purposes of articles 1278 *et seq.* of the French Civil Code, it is expressly agreed that the Security created under the Security Documents governed by French law shall be preserved and maintained for the benefit of the Security Agent, the Accordion Lender and the remaining Finance Parties.

12. The Accordion Lender may, in the case of an assignment of rights by the Existing Lender under this Transfer Certificate, if it considers it necessary to make the assignment effective against third parties, arrange for it to be notified to any Obligor established or domiciled in France in accordance with the provisions of article 1690 of the French Civil Code.

13. This Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

14. This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

15. This Agreement has been entered into on the date stated at the beginning of this Agreement.

Note: The execution of this Accordion Confirmation may not be sufficient for the Accordion Lender to obtain the benefit of the Transaction Security in all jurisdictions. It is the responsibility of the Accordion Lender to ascertain whether any other documents or other formalities are required to obtain the benefit of the Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.

THE SCHEDULE

Relevant Commitment/rights and obligations to be assumed by the Accordion Lender

[insert relevant details]

Accordion Lender's Facility A Commitment

[●]

Accordion Lender's Facility B Commitment

[●]

Accordion Lender's Facility C1 Commitment

[●]

Accordion Lender's Facility C2 Commitment

[●]

Accordion Lender's Facility D Commitment

[●]

Accordion Lender's Facility E Commitment

[●]

Accordion Lender's Facility AB1 Commitment

[●]

Accordion Lender's Facility AB2 Commitment

[●]

[Facility Office address, fax number and attention details for notices and account details for payments]

[Accordion Lender]

By:

This Agreement is accepted as an Accordion Confirmation for the purposes of the Facilities Agreement by the Agent, and as a Creditor/Agent/Security Agent Accession Undertaking for the purposes of the Intercreditor Agreement by the Security Agent and the Increase Date is confirmed as [●].

For and on behalf of

Agent

By:

For and on behalf of

Security Agent

By:

NOTES:

* Delete as applicable—each Accordion Lender is required to confirm which of these three categories it falls within.

Signatures

Borrower

For and on behalf of **CEMEX, S.A.B. de C.V.**

By: /s/ Francisco Javier Garcia Ruiz de Morales

Name: Francisco Javier Garcia Ruiz de Morales

Title: Attorney-in-Fact

Obligors' Agent

For and on behalf of **CEMEX, S.A.B. de C.V.**

By: /s/ José Antonio González Flores

Name: José Antonio González Flores

Title: Attorney-in-Fact

Agent

For and on behalf of **CITIBANK EUROPE PLC, UK BRANCH**

By: /s/ Robert Skews

Robert Skews

For and on behalf of **Banco Mercantil del Norte, S.A.,**
Institución de Banca Múltiple, Grupo Financiero Banorte

By: /s/ René Duarte Sotomayor

René Duarte Sotomayor

Apoderado

/s/ Laura E. González Lozano

Laura E. González Lozano

Apoderado

CEMEX FINANCE LLC,
THE NOTE GUARANTORS PARTY HERETO,
THE BANK OF NEW YORK MELLON,
AS TRUSTEE
AND
THE BANK OF NEW YORK MELLON, LONDON BRANCH,
AS PAYING AGENT AND TRANSFER AGENT
4.625% SENIOR SECURED NOTES DUE 2024
INDENTURE
(€ Denominated Notes)
Dated as of June 14, 2016

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INDENTURE, dated as of June 14, 2016, among CEMEX Finance LLC, a limited liability company organized and existing pursuant to the laws of the State of Delaware (the “Issuer”), 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 the United Mexican States (the “Company”), and the other note guarantors listed on Schedule I hereto, as guarantors of the Issuer’s obligations under this Indenture and the Notes, The Bank of New York Mellon, as trustee (the “Trustee”) and The Bank of New York Mellon, London Branch, as paying agent (the “Paying Agent”) and transfer agent (the “Transfer Agent”).

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 4.625% Senior Secured Notes due 2024 issued hereunder.

ARTICLE I

DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.1 Definitions.

“2009 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 Europe PLC, UK Branch (formerly 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.

“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 Guarantors” means New Sunward Holding B.V., CEMEX Concretos, S.A. de C.V. and Empresas Tolteca de México, S.A. de C.V.

“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” has the meaning assigned to it in Section 2.14(a).

“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 Euroclear and Clearstream, as the case may be, that apply to such transfer or exchange, including the “Operating Procedures of the Euroclear System” and “Terms and Conditions Governing Use of Euroclear” of Euroclear and the “General Terms and Conditions of Clearstream Banking” and “Customer Handbook” of Clearstream.

“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;
- (2) any disposition of equipment that is not usable or is 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) the disposition of any asset 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;
- (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 €100,000 and in integral multiples of €1,000 in excess thereof;

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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 €100,000 and in integral multiples of €1,000 in excess thereof;
 - (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(f).

“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 Transaction” means any Axtel share forward or similar transaction that replaces the Axtel share forward transaction governed by a long form confirmation originally dated January 22, 2009, as replaced by long form confirmations dated September 28, 2010 and March 19, 2012, and as further replaced by a long form confirmation dated September 4, 2015, between Credit Suisse International and CEMEX Operaciones México, S.A. de C.V. (References: External ID: 16059563R6-Risk ID: 10008383) and is entered into on then prevailing market terms with the underlying amounts not greater than the original underlying amounts.

“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 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

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- (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.

“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, Amsterdam, London, Paris or Zurich are authorized or required by law, regulation or other governmental action to remain closed; *provided that*, for purposes of payments to be made hereunder, a “Business Day” must also be a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer system (TARGET2) is open for the settlement of payments.

“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;
- (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;

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- (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;
 - (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.

“Certificados Bursátiles” means debt securities issued by the Company guaranteed (por aval) by CEMEX México, S.A. de C.V. and Empresas Tolteca de México, S.A. de C.V., wholly owned subsidiaries of the Company, 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.

“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, with appropriate legends as specified in Section 2.8 and Exhibit A.

“Change of Control” means the beneficial ownership (within the meaning of Rule 13d-3 promulgated by the Commission under the Exchange Act) of twenty percent (20%) or more in voting power of the outstanding Voting Stock of the Company is acquired by any Person.

“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 €100,000 and in integral multiples of €1,000 in excess thereof;
- (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 €100,000 and in integral multiples of €1,000 in excess thereof;
- (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 Depository” means The Bank of New York Mellon, London Branch, as common depository for Euroclear and Clearstream.

“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.

“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;

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- (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
- (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

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- (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,
 - (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,

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- (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;
- (3) the net income (but not loss) of any Subsidiary of such Person (non-Note Guarantor 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-Note Guarantor 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];

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- (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, 7E, New York, New York 10286, Attention: International Corporate Trust, 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).

“Credit Agreement” means the facilities agreement, dated as of September 29, 2014 (as amended and restated on July 23, 2015 and on March 17, 2016), entered into among the Company and certain of its Subsidiaries, the financial institutions party thereto as original lenders, Citibank Europe PLC, UK Branch (formerly Citibank International PLC), as agent, and the Security Agent, as such agreement may be amended, modified or waived from time to time.

“Credit Agreement Indebtedness” means the Indebtedness that is subject to and outstanding under the Credit Agreement.

“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.

“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.

“Equity Offering” has the meaning assigned to it in Section 5 of the Form of Reverse Side of Note contained in Exhibit A hereto.

“euro” means the single currency of participating member states of the EMU.

“Euroclear” means Euroclear Bank S.A./N.V., as operator of the Euroclear System, N.V., 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.

“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 2018 issued by the Company, the U.S. Dollar-denominated 9.375% Senior Secured Notes due 2022 guaranteed by the Company, the U.S. Dollar-denominated 5.875% Senior Secured Notes due 2019 issued by the Company, the U.S. Dollar-denominated 6.500% Senior Secured Notes due 2019 issued by the Company, the U.S. Dollar-denominated 7.250% Senior Secured Notes due 2021 issued by the Company, the U.S. Dollar-denominated Floating Rate Senior Secured Notes due 2018 issued by the Company, the U.S. Dollar-denominated 6.000% Senior Secured Notes due 2024 guaranteed by the Company, the Euro-denominated 5.250% Senior Secured Notes due 2021 guaranteed by the Company, the U.S. Dollar-denominated 5.700% Senior Secured Notes due 2025 issued by the Company, the Euro-denominated 4.750% Senior Secured Notes due 2022 issued by the Company, the U.S. Dollar-denominated 6.125% Senior Secured Notes due 2025 issued by the Company, the Euro-denominated 4.375% Senior Secured Notes due 2023 issued by the Company and the U.S. Dollar-denominated 7.750% Senior Secured Notes due 2026 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.

“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.

“Free Reserves Available for Distribution” has the meaning assigned to it in Section 10.6(c).

“French Note Guarantor” has the meaning assigned to it in Section 10.5(a).

“GAAP” means IFRS as in effect on the Issue Date. At any time, and from time to time, after the Issue Date, the Company may elect to apply IFRS as in effect at such time 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 Euroclear or Clearstream (or its nominee), as depository for the beneficial owners thereof, which shall be substantially in the form of Exhibit A, with appropriate legends as specified in Section 2.8 and Exhibit A hereto.

“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;
- (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;

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- (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 Schedule and 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 September 17, 2012, as amended and restated on or about July 30, 2015, entered into among the Company and certain of its Subsidiaries, the financial institutions and noteholders party thereto, Citibank Europe PLC, UK Branch (formerly Citibank International PLC), as facility agent, and the 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.

“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, 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 €400,000,000 aggregate principal amount of 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). “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 June 15, 2024.

“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 York Business Day” means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law, regulation or other governmental action to remain closed.

“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 Euroclear or Clearstream, or any successor Person thereto, and shall initially be the Common Depositary.

“Note Guarantee” means any guarantee of the Issuer’s Obligations under this Indenture and the Notes by any Note Guarantor pursuant to Article X.

“Note Guarantors” means (i) each of the Company and its Restricted Subsidiaries that executes this Indenture as a Note Guarantor or an Additional Note Guarantor and (ii) each of the Company’s Restricted Subsidiaries that in the future executes a supplemental indenture in which such Restricted Subsidiary agrees to be bound by the terms of this Indenture as a Note Guarantor, and their respective successors and assigns; provided, that any Person constituting a Note Guarantor as described above shall cease to constitute a Note Guarantor when its respective Note Guarantee is released in accordance with the terms of this Indenture.

“Note Register” has the meaning assigned to it in Section 2.3(a).

“Notes” means any of the Issuer’s 4.625% Senior Secured Notes due 2024 issued and authenticated pursuant to this Indenture.

“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.

“Office of the Paying Agent” means the principal office of the Paying Agent at which at any time its corporate trust business shall be administered, which office at the date hereof is located at One Canada Square, London E14 5AL, United Kingdom, or such other address as the Paying Agent may designate from time to time by notice to the Trustee, the Issuer and the Company.

“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 Vice President – Corporate Finance, 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;

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- (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;
 - (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 Issuer 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 Issuer or of such other obligor.

“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” 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.

“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;

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- (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 (iv) 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;
 - (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;

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- (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 (vii)(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 (xviii) 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 Credit Agreement (or any refinancing thereof);
- (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;

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- (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, and
 - (b) Indebtedness consisting of any “*Certificados Bursátiles de Largo Plazo*” or any Refinancing thereof, where principal may increase by virtue of capitalization of interest,
- may be increased by the amount of such fluctuations, capitalizations or drawings, as the case may be;

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- (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 on 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
 - (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; *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) indebtedness under the Credit Agreement and any refinancing thereof made in accordance with the Credit Agreement that is secured by the Collateral, (ii) notes (or similar instruments, including *Certificados Bursátiles*) outstanding on the date of the Credit Agreement required to be secured by the Collateral pursuant to their terms, or any refinancing thereof permitted by the Credit Agreement, (iii) the Existing Senior Notes and (iv) future Indebtedness secured by the Collateral to the extent permitted by the Credit Agreement.

“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.

“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.

“Private Placement Legend” has the meaning assigned to it in Section 2.8(b).

“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

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- (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.

“Redemption Date” means, with respect to any redemption of the 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

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- (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 Transaction, “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 Issuer 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 Obligations” has the meaning assigned to it in Section 10.6(b).

“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 Issuer 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 the Issuer or 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 Issuer or any Note Guarantor, any Indebtedness of the Issuer 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” has the meaning assigned to it in Section 3.22(e).

“Swiss Note Guarantor” has the meaning assigned to it in Section 10.6(a).

“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” 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.

“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.

“Undervalued Asset” has the meaning assigned to it in Section 10.6(g).

“USA PATRIOT Act” has the meaning assigned to it in Section 12.16.

“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 Company, 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

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- (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;
- (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 Purchase Agreement, dated as of June 8, 2016, among the Issuer, the Note Guarantors party thereto BNP Paribas, Crédit Agricole Corporate and Investment Bank, J.P. Morgan Securities plc and The Royal Bank of Scotland plc, as Initial Purchasers with respect to the Notes. The Notes will be issued as one or more Global Notes in fully registered form without interest coupons, and only in denominations of €100,000 and in integral multiples of €1,000 in excess thereof. 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 €100,000 and in integral multiples of €1,000 in excess thereof. The Notes and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A hereto.

(b) The terms and provisions of the Notes, the form of which is in Exhibit A hereto, 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.

(c) The Notes may have notations, legends or endorsements as specified in Section 2.8 or as otherwise required by law, stock exchange rule or Euroclear or Clearstream rule or usage. The Issuer and the Trustee shall approve any changes to the form of the Notes attached to this Indenture and any additional notation, legend or endorsement required to be inserted 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 or its nominee, for credit to Euroclear or Clearstream. In no event shall any Person hold an interest in a Regulation S Global Note other than in or through accounts maintained by 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”), and for the service of notices and demands to or upon the Issuer in respect of the Notes and this Indenture. The Issuer shall maintain an office or agency in London, England where Notes may be presented for payment and where Notes may be presented or surrendered for registration of transfer or for exchange. 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. 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 (i) the Corporate Trust Office of the Trustee as such office or agency of the Issuer as required by [Section 2.3\(a\)](#) and appoints the Trustee as Registrar and agent for service of demands and notices, and (ii) the Office of the Paying Agent as such office or agency of the Issuer as required by [Section 2.3\(a\)](#) and appoints the The Bank of New York Mellon, London Branch, as Paying Agent and Transfer Agent, in connection with the Notes and this Indenture, in each case 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 or the Paying Agent) 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 Issuer 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 [ISIN Number.](#)

The Issuer in issuing Notes may use "ISIN" numbers, as applicable (if then generally in use), and, if so, the Trustee shall use for the Securities "ISIN" 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 "ISIN" numbers.

Section 2.7 [Global Note Provisions.](#)

(a) Each Global Note initially shall: (i) be registered in the name of the Common Depositary as nominee for Euroclear or Clearstream, (ii) be delivered to the Note Custodian and (iii) bear the appropriate legends as set forth in [Section 2.8](#) and [Exhibit A](#) hereto. 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, Euroclear or Clearstream (“Agent Members”) shall have no rights under this Indenture with respect to any Global Note held on their behalf by Euroclear or Clearstream or by the Note Custodian, and 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 Euroclear or Clearstream or (ii) impair, as between Euroclear or Clearstream and its Agent Members, the operation of customary practices of 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 Euroclear or Clearstream, or its nominee, 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) Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue as depository for such Global Note or (B) Euroclear or Clearstream ceases to be a clearing agency registered under the Exchange Act, at a time when 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 Euroclear or Clearstream 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 of 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 on the face thereof.

(b) Each Restricted Note shall bear the private placement legend specified therefor in Exhibit A hereto on the face thereof (the "Private Placement Legend").

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 Euroclear or Clearstream in accordance with the Applicable Procedures directing Euroclear or Clearstream 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,

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- (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 B or Exhibit C hereto, as applicable, 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. Subject to the Applicable Procedures, the following provisions shall apply with respect to any proposed transfer of an interest in a Regulation S Global Note that is a Restricted 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:

- (A) upon receipt by the Registrar of:
 - (1) instructions from an Agent Member given to Euroclear or Clearstream in accordance with the Applicable Procedures directing Euroclear or Clearstream to credit or cause to be credited a beneficial interest in the Rule 144A Global Note in a principal amount equal to the principal amount of the beneficial interest to be transferred,
 - (2) instructions given in accordance with the Applicable Procedures containing information regarding the account to be credited with such increase, and
 - (3) a certificate in the form of Exhibit D hereto, duly executed by the transferor;
- (B) 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 C hereto, 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, or if different, the Registrar'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.
- (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.

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- (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 Delegending.
- (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 ISIN number 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 receipt of 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

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- (3) instruct Euroclear or Clearstream to change the ISIN number for such Notes to the unrestricted ISIN number for the 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.

- (ii) In the case of a Regulation S Global Note, after the Resale Restriction Termination Date of any such Regulation S Global Note, the Issuer may, at its sole option:

(1) instruct the Trustee in writing to remove the Private Placement Legend from such Regulation S Global Note (including setting forth the basis for such removal), and upon receipt of 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

(2) instruct Euroclear or Clearstream to change the ISIN number for such Notes to the unrestricted ISIN number for the 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) and Exhibit A hereto 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 Euroclear or Clearstream or its nominee 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 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 Euroclear or Clearstream or its nominee in the case of a Global Note). The rights of beneficial owners in any Global Note shall be exercised only through Euroclear or Clearstream, subject to the applicable rules and procedures of Euroclear or Clearstream. The Trustee may rely and shall be fully protected in relying upon information furnished by Euroclear or Clearstream with respect to its 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 (as defined in Section 8-303 of the Uniform Commercial Code).

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 the office or agency maintained by the Issuer pursuant to Section 2.3 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 Issue Date Notes and any Additional Notes shall be treated as a single series for all purposes under this Indenture; *provided* that such Additional Notes are either (i) part of the same "issue" as the Issue Date Notes for U.S. federal income tax purposes, (ii) issued pursuant to a "qualified reopening" for U.S. federal income tax purposes, or (iii) issued with a different ISIN or other similar numbers than the Issue Date 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; and

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- (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 euros on the dates and in the manner provided in the Notes and in this Indenture. Prior to 1:00 p.m. London time, on the Business Day prior to each Interest Payment Date and the Maturity Date, the Issuer shall deposit with the Paying Agent in immediately available funds euros 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 3:00 p.m. London time on the Business Day prior to each Interest Payment Date and the Maturity Date, segregate and hold in trust euros, 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 Paying Agent (other than the Issuer or an Affiliate of the Issuer) holds in accordance with this Indenture euros designated for and sufficient to pay all principal and interest then due and the Trustee or the 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) Notwithstanding anything to the contrary contained in this Indenture, the Issuer may, to the extent it is required to do so by law, deduct or withhold income or other similar taxes imposed by the United States of America from principal or interest.

(c) In order to comply with applicable tax laws (inclusive of rules, regulations and interpretations promulgated by competent authorities) related to the Indenture in effect from time to time ("Applicable Tax Law") that a foreign financial institution, issuer, trustee, paying agent or other party is or has agreed to be subject to, the Issuer agrees (i) to provide to the Trustee and the Paying Agent sufficient information about the parties and/or transactions (including any modification to the terms of such transactions) so the Trustee and the Paying Agent can determine whether it has tax related obligations under Applicable Tax Law, (ii) that the Trustee and the Paying Agent shall be entitled to make any withholding or deduction from payments to the extent necessary to comply with Applicable Tax Law for which the Trustee and the Paying Agent shall not have any liability and (iii) to hold harmless the Trustee and the Paying Agent for any losses it may suffer due to the actions it takes to comply with Applicable Tax Law. The terms of this section shall survive the termination of this Indenture.

(d) The Issuer hereby instructs the Trustee to establish an "Issue Date Note Account" for reception of the interest and principal payments for the Issue Date Notes.

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 and in any city selected by the Issuer within the European Union 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 Issuer), 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) 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;

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- (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 €100,000 and in integral multiples of €1,000 in excess thereof. 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 securities laws and regulations in connection with the purchase of Notes to the extent that they apply 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 consisting of the Notes, excluding Additional Notes;
- (ii) 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;
- (iii) Indebtedness of the Company and/or any of its Restricted Subsidiaries outstanding on the Issue Date (excluding Indebtedness permitted under clauses (v), (vi), (vii) or (x) of this definition of Permitted Indebtedness);
- (iv) 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;
- (v) 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 Company or a Restricted Subsidiary, such Indebtedness shall be deemed to be Incurred and not permitted by this clause (v) at the time such event occurs;
- (vi) 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;

- (vii) 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;
- (viii) 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) or (iii) above or this clause (viii);
- (ix) 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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- (x) 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;
- (xi) 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 (xi) in excess of U.S.\$ 1 billion, then up to U.S.\$1.2 billion may be Incurred pursuant to this clause (xi) at any one time outstanding;
- (xii) (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

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- (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;
- (xiii) [Reserved];
- (xiv) 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 Credit Agreement (or any refinancing thereof) shall contain an exception to allow the Incurrence of Indebtedness to pay taxes;
- (xv) [Reserved];
- (xvi) 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;
- (xvii) Acquired Indebtedness in an aggregate amount at any one time outstanding under this clause (xvii) not to exceed U.S.\$200 million; and
- (xviii) (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,

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- (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.
- (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.

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- (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

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- (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 (excluding any intercompany 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

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- (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;

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- (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 or Asset Sale 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

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- (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.

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- (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 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) 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 €100,000 and in any integral multiples of €1,000 in excess thereof in exchange for cash.

- (g) 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 the Notes or portions thereof being purchased by the Company.

(h) 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.

(i) 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.

(j) 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.

(k) 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.

(l) 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);

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- (ii) be directly or indirectly liable for any Indebtedness of any Unrestricted Subsidiary; or
 - (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 Company, 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;
- (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;

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- (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;
 - (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 Section 3.15(a) 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 Credit 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, 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;

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- (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;
 - (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:

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- (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;
 - (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
- (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 actual or 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 the United States, Mexico, Spain, the Netherlands, France, the United Kingdom, Switzerland 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 the Notes),
- (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 the Issuer has given the Holders at least 30 days’ notice that Holders shall be required to provide such information and identification,
- (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 (as amended from time to time) or any law implementing or complying with, or introduced in order to conform to, such Directive,
- (vi) any Taxes that would have been avoided by presenting for payment (where presentation is required) the relevant Note to another Paying Agent,

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- (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, or
 - (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) The exception to the Issuer's obligations to pay Additional Amounts pursuant to clause (iii) of Section 3.21(b) will not apply if (i) the provision of information, documentation or other evidence described in such clause would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a Holder or beneficial owner of a Note than comparable information or other reporting requirements imposed under U.S. tax law, regulation (including proposed regulations) and administrative practice, or (ii) Article 166, Section II, paragraph (a), of the Mexican Income Tax Law (*Ley del Impuesto Sobre la Renta*) (or a substitute or equivalent provision) is in effect, unless (A) the provision of the information, documentation or other evidence described in clause (iii) of Section 3.21(b) is expressly required by the applicable Mexican laws and regulations in order to apply Article 166, Section II, paragraph (a), of the Mexican Income Tax Law (or substitute or equivalent provision), (B) the Issuer or any Note Guarantor cannot obtain the information, documentation or other evidence necessary to comply with the applicable Mexican laws and regulations on its own through reasonable diligence and (C) the Issuer or any Note Guarantor would not otherwise meet the requirements for application of the applicable Mexican laws and regulations.

(e) Clause (iii) of Section 3.21(b) does not require, and shall not be construed to require, that any holder, including any non-Mexican pension fund, retirement fund, tax-exempt organization or financial institution, register with the Tax Management Service (*Servicio de Administración Tributaria*) or the Mexican Ministry of Finance and Public Credit (*Secretaría de Hacienda y Crédito Público*) to establish eligibility for an exemption from, or a reduction of, Mexican withholding taxes.

(f) 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. Payment of any Additional Amounts with respect to interest shall be considered as an interest payment under, or with respect to, the Notes.

(g) The Issuer will ensure that it maintains a paying agent, in a European Union Member State, that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC (as amended from time to time) or any law implementing or complying with, or introduced in order to conform to, such Directive.

(h) 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 the Issuer. However, by making such assignment, the Holder makes no representation or warranty that the Issuer 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) each Additional Note Guarantor shall be released from its obligation to guarantee the Notes on the date of a Partial Covenant Suspension Event or a Covenant Suspension Event, as the case may be.

(d) The Additional Note Guarantors 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 Guarantors 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 Guarantors (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 guarantees by the Additional Note Guarantors 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 (iii) 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 any Covenant Suspension Event and in any case no 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 E hereto.

ARTICLE IV

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 (determined on a consolidated basis for the Issuer and its Restricted Subsidiaries), 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 (determined on a consolidated basis for the Issuer and its Restricted Subsidiaries) substantially as an entirety (the “Successor Issuer”):

- (1) shall be a Person 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 a 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
 - (B) the Company 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;

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- (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 Person, 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 stating 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 a Note Guarantor 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, the 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 (determined on a consolidated basis for the Company and its Restricted Subsidiaries) substantially as an entirety (the "Successor Company"):
 - (1) shall be a Person organized and validly existing under the laws of a Permitted Merger Jurisdictions; 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;
- (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

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- (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;
- (y) any merger of a Restricted Subsidiary into the Company; 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, the 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, at its option, in whole at any time or in part from time to time, subject to the conditions and at the redemption prices specified in the Form of Note in Exhibit A hereto.

Section 5.2 [Reserved].

Section 5.3 Notices to Trustee. If the Issuer elects to redeem the 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 the Redemption Date, an Officer's Certificate setting forth: (a) the Redemption Date, (b) the principal amount of Notes to be redeemed, (c) the ISIN number of the Notes, (d) the redemption price and (e) the amount of interest to be paid with respect to each multiple of €1,000 principal amount of Notes to be redeemed.

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 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 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 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 €100,000 principal amount or less shall be redeemed in part. The Trustee may select for redemption portions with minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

(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. London time, on the Business Day prior to the Redemption Date, the Issuer shall deposit with the Trustee or with a 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 €100,000 and in integral multiples of €1,000 in excess thereof.

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 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, or 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

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- (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;
- (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 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
- (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 Issuer or their respective creditors or properties; and

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- (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 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;
- (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 Person, the resulting, surviving or transferee Person 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 Person 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 its 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 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 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 or 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 euros or European Government Obligations or 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 euros or European Government Obligations deposited with it pursuant to this Article VIII. It shall apply the deposited euros or European Government Obligations 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 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 European Government Obligations or the principal and interest received on such European Government Obligations.

Section 8.6 Reinstatement. If the Trustee or Paying Agent is unable to apply any euros or European Government Obligations 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 euros or European Government Obligations 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 euros or European Government Obligations 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 euros or European Government Obligations 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 and an Opinion of Counsel 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;

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- (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 Issuer, as conclusively evidenced by an Officer's Certificate to such effect, 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; or
 - (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 the 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. For the purposes of calculating the aggregate principal amount of Notes that have consented to or voted in favor of any amendment, waiver, consent, modifications or other similar action, the Issuer (acting reasonably and in good faith) shall be entitled to select a record date as of which the principal amount of any Notes shall be calculated in such consent or voting process.

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;
- (iv) the occurrence of any Default or Event of Default under this Indenture, the Notes or any other agreement;

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- (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) Subject to the limitations set out in Section 10.5 and Section 10.6, 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 an Additional Note Guarantor, either (A) the Credit Agreement Indebtedness has been repaid in full and such Additional Note Guarantor is not a guarantor of the Indebtedness Incurred to refinance such Credit 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 an 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.

Section 10.5 French Guarantee Limitation.

(a) The obligations of any Note Guarantor incorporated in France (a "French Note Guarantor") are subject to the limitations set out in this Section 10.5.

(b) The obligations and liabilities of any French Note Guarantor under the Indenture and the Notes, and in particular under this Article X, shall not include any obligation or liability which, if incurred, would constitute the provision of financial assistance within the meaning of article L.225-216 of the French Commercial Code and/or would constitute a misuse of corporate assets within the meaning of article(s) L. 241-3 or L. 242-6 of the French Commercial Code or any other law or regulations having the same effect, as interpreted by French courts.

(c) The obligations and liabilities of any French Note Guarantor under this Article X for the Issuer's obligations under the Indenture and the Notes shall be limited, at any time, to an amount equal to the aggregate of all amounts made available under the Notes and the Indenture to the Issuer to the extent directly or indirectly on-lent to such French Note Guarantor and/or its direct and indirect Subsidiaries under intercompany loan agreements (excluding, for the avoidance of doubt, any cash-pooling arrangements or other cash management agreements, *provided*, that the proceeds of the Notes shall not be used, in whole or in part, to finance, directly or indirectly, such cash pooling arrangements or other cash management agreements) and outstanding at the date a payment is to be made by such French Note Guarantor under this Article X, it being specified that any payment made by a French Note Guarantor under this Article X in respect of the obligations of the Issuer shall reduce *pro tanto* the outstanding amount of the intercompany loans due by such French Note Guarantor or its relevant direct or indirect Subsidiary under the intercompany loan agreements referred to above and that any repayment of the intercompany loans by the French Note Guarantor or its relevant direct or indirect Subsidiary shall reduce *pro tanto* the amount payable by the French Note Guarantor under this Article X.

(d) It is acknowledged that no French Note Guarantor is acting jointly and severally with the other Note Guarantors and no French Note Guarantor shall therefore be considered as “*co-débiteur solidaire*” as to its obligations pursuant to the guarantee given pursuant to this Article X.

Section 10.6 Swiss Guarantee Limitation.

(a) The obligations of any Note Guarantor incorporated in Switzerland (a “Swiss Note Guarantor”) are subject to the limitations set out in this Section 10.6.

(b) The obligations and liabilities of a Swiss Note Guarantor under the Indenture, the Notes or any other agreement, and in particular under this Article X, in relation to the obligations, undertakings, indemnities or liabilities of a Note Guarantor other than that Swiss Note Guarantor or any of its fully owned and controlled subsidiaries (the “Restricted Obligations”) shall not include any obligation or liability which, if incurred, would constitute the provision of financial assistance not permitted under the laws of Switzerland then in force and/or would constitute a misuse of corporate assets under Swiss law as interpreted by Swiss courts and shall be limited to the amount of that Swiss Note Guarantor’s Free Reserves Available for Distribution (as defined below) at the time payment is requested, *provided*, that such limitation is a requirement under applicable law (including any case law) at that point in time and that such limitation shall not free the Swiss Note Guarantor from its obligations in excess thereof, but merely postpone the performance date until such time as performance is permitted notwithstanding such limitation.

(c) For the purpose of this clause, “Free Reserves Available for Distribution” means an amount equal to the maximal amount in which the Swiss Note Guarantor can make a dividend payment to its shareholder(s) (being the balance sheet profit and any freely disposable equity available for this purpose, in each case, in accordance with applicable Swiss law). The freely disposable equity represents the total shareholder equity less the total of: (i) the aggregate share capital, (ii) the statutory reserves (including reserves for own shares and revaluations), to the extent such reserves cannot be transferred into unrestricted, distributable reserves, and (iii) any freely disposable equity that has to be blocked for any loans granted by the Swiss Note Guarantor to a direct or indirect shareholder or a direct or indirect subsidiary of such shareholder.

(d) As soon as possible after having been requested to discharge a Restricted Obligation, the Swiss Note Guarantor shall, if it cannot discharge the full amount of the Restricted Obligations, provide the Trustee with an interim statutory balance sheet audited by the statutory auditors of the Swiss Note Guarantor setting out the Free Reserves Available for Distribution and, immediately thereafter, pay the amount corresponding to the Free Reserves Available for Distribution to the Trustee (save to the extent provided below).

(e) In respect of the Restricted Obligations, the Swiss Note Guarantor shall:

- (i) if and to the extent required by applicable law in force at the relevant time:
 - (A) subject to any applicable double taxation treaties, deduct Swiss withholding tax at the rate of 35 percent (or such other rate as is in force at that time) from any payment made by it;
 - (B) pay any such deduction to the Swiss Federal Tax Administration; and
 - (C) notify and provide evidence to the Trustee that the Swiss withholding tax has been paid to the Swiss Federal Tax Administration;
- (ii) to the extent such deduction is made, not be required to make a gross-up, indemnify or otherwise hold harmless the Trustee or the Holders for the deduction of the Swiss withholding tax notwithstanding anything to the contrary contained in the Indenture, the Notes or any other agreement, unless grossing up is permitted under the laws of Switzerland then in force and *provided*, that this should not in any way limit any obligations of any non-Swiss Note Guarantors under the Indenture, the Notes or any other agreement to indemnify the Trustee or the Holders in respect of the deduction of the Swiss withholding tax. The Swiss Note Guarantor shall use all reasonable efforts to procure that any person which is entitled to a full or partial refund of any Swiss withholding tax paid pursuant to paragraph (a) above will, as soon as possible after the deduction of the Swiss withholding tax: (y) request a refund of the Swiss withholding tax under any applicable law (including double taxation treaties) and (z) pay to the Trustee upon receipt any amount so refunded.

(f) The Swiss Note Guarantor will take, and cause to be taken, all and any other action, including, without limitation, the passing of any shareholders' resolutions to approve any payment or other performance under the Indenture and the Notes and the receipt of any confirmations from the Swiss Note Guarantor's auditors, whether following a request to discharge a Restricted Obligation or which may be required as a matter of mandatory Swiss law in force at the time it is required to make a payment or perform other obligations under the Indenture, the Notes or any other agreement in order to allow a prompt payment or performance of other obligations under the Indenture or the Notes.

(g) If the enforcement of the Restricted Obligations would be limited due to the effects referred to in this [Section 10.6](#) and if any asset of the Swiss Note Guarantor has a book value that is less than its market value (an "Undervalued Asset"), the Swiss Note Guarantor shall, to the extent permitted by applicable law and its accounting standards (i) write up the book value of such Undervalued Asset such that its balance sheet reflects a book value that is equal to the market value of such Undervalued Asset, and (ii) make reasonable efforts to realize the Undervalued Asset for a sum which is at least equal to the market value of such asset. Without prejudice to the rights of the Trustee and the Holders under the Indenture, the Notes or any other agreement, the Swiss Note Guarantor will only be required to realize an Undervalued Asset if such asset is not necessary for the Swiss Note Guarantor's business (*nicht betriebsnotwendig*).

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 Credit Agreement Indebtedness in full as a result of which the Collateral does not secure Indebtedness Incurred to refinance such Credit 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 – 7E
New York, NY 10286
Attention: International Corporate Trust
Fax: 724-540-6330

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 or Clearstream, 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 (i) 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, Amsterdam, London, Paris or Zurich and (ii) any day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System (TARGET2) is closed for settlement of payments. 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 County 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,

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- (iii) irrevocably submits to the jurisdiction of such courts in any suit, action or proceeding,
 - (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 Note Guarantors (other than CEMEX Corp.) 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 and County of New York. The Note Guarantors (other than CEMEX Corp.) 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 Note Guarantors (other than CEMEX Corp.) 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 Note Guarantors (other than CEMEX Corp.) 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 Note Guarantors (other than CEMEX Corp.) 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 Note Guarantors (other than CEMEX Corp.).

(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 [Reserved].

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. Signatures of the parties hereto transmitted by facsimile or pdf shall be deemed to be their original signatures for all purposes.

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; Payments in U.S. Dollars.

(a) 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 Notes or this Indenture, including damages. Any amount received or recovered in currency other than euros in respect of the 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 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 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 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 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).

(b) 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.

(c)

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.

[Signature page follows]

IN WITNESS WHEREOF, the parties have caused this Indenture to be duly executed as of the date first written above.

CEMEX Finance LLC

as Issuer

By: /s/ Jose Antonio Gonzales Flores
Name: Jose Antonio Gonzales Flores
Title: Attorney-in-Fact

EACH OF THE NOTE GUARANTORS LISTED BELOW

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

By: /s/ Jose Antonio Gonzales Flores
Name: Jose Antonio Gonzales Flores
Title: Attorney-in-Fact

CEMEX México, S.A. de C.V.

By: /s/ Jose Antonio Gonzales Flores
Name: Jose Antonio Gonzales Flores
Title: Attorney-in-Fact

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

By: /s/ Jose Antonio Gonzales Flores
Name: Jose Antonio Gonzales Flores
Title: Attorney-in-Fact

Empresas Tolteca de México, S.A. de C.V.

By: /s/ Jose Antonio Gonzales Flores
Name: Jose Antonio Gonzales Flores
Title: Attorney-in-Fact

New Sunward Holding B.V.

By: /s/ Francisco Javier Garcia Ruiz De Morales
Name: Francisco Javier Garcia Ruiz De Morales
Title: Attorney-in-Fact

CEMEX España, S.A.

By: /s/ Francisco Javier Garcia Ruiz De Morales
Name: Francisco Javier Garcia Ruiz De Morales
Title: Attorney-in-Fact

Cemex Asia B.V.

By: /s/ Francisco Javier Garcia Ruiz De Morales
Name: Francisco Javier Garcia Ruiz De Morales
Title: Attorney-in-Fact

CEMEX Corp.

By: /s/ Francisco Javier Garcia Ruiz De Morales
Name: Francisco Javier Garcia Ruiz De Morales
Title: Attorney-in-Fact

Cemex Egyptian Investments B.V.

By: /s/ Francisco Javier Garcia Ruiz De Morales
Name: Francisco Javier Garcia Ruiz De Morales
Title: Attorney-in-Fact

Cemex Egyptian Investments II B.V.

By: /s/ Francisco Javier Garcia Ruiz De Morales
Name: Francisco Javier Garcia Ruiz De Morales
Title: Attorney-in-Fact

CEMEX France Gestion (S.A.S.)

By: /s/ Francisco Javier Garcia Ruiz De Morales
Name: Francisco Javier Garcia Ruiz De Morales
Title: Attorney-in-Fact

Cemex Research Group AG

By: /s/ Francisco Javier Garcia Ruiz De Morales
Name: Francisco Javier Garcia Ruiz De Morales
Title: Attorney-in-Fact

Cemex Shipping B.V.

By: /s/ Francisco Javier Garcia Ruiz De Morales

Name: Francisco Javier Garcia Ruiz De Morales

Title: Attorney-in-Fact

CEMEX UK

By: /s/ Francisco Javier Garcia Ruiz De Morales

Name: Francisco Javier Garcia Ruiz De Morales

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
Paying Agent and Transfer Agent, together with the rights,
protections and immunities granted to the Trustee under
Article VII, which shall apply *mutatis mutandis* to the Paying
Agent,

**THE BANK OF NEW YORK MELLON, LONDON
BRANCH,**

as Paying Agent and Transfer Agent

By: /s/ Catherine F. Donohue

Name: Catherine F. Donohue

Title: Vice President

NOTE GUARANTORS

1. CEMEX, S.A.B. de C.V. (Mexico)
2. CEMEX México, S.A. de C.V. (Mexico)
3. CEMEX Concretos, S.A. de C.V. (Mexico)
4. Empresas Tolteca de México, S.A. de C.V. (Mexico)
5. New Sunward Holding B.V. (the Netherlands)
6. CEMEX España, S.A. (Spain)
7. Cemex Asia B.V. (the Netherlands)
8. CEMEX Corp. (Delaware)
9. Cemex Egyptian Investments B.V. (the Netherlands)
10. Cemex Egyptian Investments II B.V. (the Netherlands)
11. CEMEX France Gestion (S.A.S.) (France)
12. Cemex Research Group AG (Switzerland)
13. Cemex Shipping B.V. (the Netherlands)
14. CEMEX UK (United Kingdom)

FORM OF 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 NOMINEE 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 FINANCE LLC, (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.”]

FORM OF FACE OF NOTE

4.625% Senior Secured Notes due 2024

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. _____¹

COMMON CODE _____²

CEMEX Finance LLC, a Delaware limited liability company (together with its successors and assigns, the “Issuer”), promises to pay to The Bank of New York Depository (Nominees) Limited, or registered assigns, as the nominee of The Bank of New York Mellon, London Branch, as common depository for Clearstream Banking, *soci t  anonyme* and Euroclear Bank S.A./N.V., 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 June 15, 2024.

Interest Payment Dates: June 15 and December 15 of each year, commencing on December 15, 2016

Record Dates: June 1 and December 1

¹ ISIN No. for Rule 144A Note: XS1433214100; ISIN No. for Regulation S Note:XS1433214449

² Common Code for Rule 144A Note: 143321410; Common Code for Regulation S Note:143321444

Additional provisions of this Note are set forth on the other side of this Note.

CEMEX FINANCE LLC

By: _____
Name:
Title:

TRUSTEE'S CERTIFICATE OF
AUTHENTICATION

THE BANK OF NEW YORK MELLON
as Trustee, certifies
that this is one of
the Notes referred
to in the Indenture.

By: _____
Authorized Signatory

Date: _____

FORM OF REVERSE SIDE OF NOTE

4.625% Senior Secured Notes due 2024

Capitalized terms used but not defined herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

1. Interest

CEMEX Finance LLC, a Delaware limited liability company (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 December 15, 2016; *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 June 14, 2016; *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 June 14, 2016), 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 June 14, 2016. 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. Each interest period shall end on (but not include) the relevant interest payment date.

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 Jurisdiction, 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 1:00 p.m. London time on the Business Day prior to the date on which any principal of or interest on any 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 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 of the Indenture with respect to Defaulted Interest. Holders must surrender Notes to a Paying Agent to collect principal payments. The Issuer will pay principal and interest in euros.

Payments in respect of 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 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 Notes may also be made, in the case of a Holder of at least €10,000,000 aggregate principal amount of Notes, by wire transfer to an account maintained by the payee 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 10 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 and Registrar and The Bank of New York Mellon, London Branch, will act as 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 June 14, 2016 (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. €400,000,000 in aggregate principal amount of Notes will be 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 series 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, the Note Guarantors 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 Notes. The Issuer may redeem the Notes, at its option, in whole at any time or in part from time to time, on and after June 15, 2020, at the following redemption prices, expressed as percentages of the principal amount thereof, if redeemed during the twelve-month period commencing on June 15 of any year set forth below, plus any accrued and unpaid interest on the principal amount of the Notes, if any, to the date of redemption:

<u>Year</u>	<u>Percentage</u>
2020	102.313%
2021	101.156%
2022 and thereafter	100.000%

provided, however, that the Issuer shall not have the right to exercise any such optional redemption at any time when the Issuer is prohibited from having such an option under the Credit Agreement.

Prior to June 15, 2020, the Issuer will have the right, at its option, to redeem any of the 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 Notes and (2) the sum of the present value of the redemption price of the Notes to be redeemed at June 15, 2020 (such redemption price being set forth in the table appearing above) plus each remaining scheduled payment of interest thereon during the period between the redemption date and June 15, 2020 (exclusive of interest accrued to the date of redemption), in each case, 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, in each case any accrued and unpaid interest on the principal amount of the Notes, if any, 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 Issuer is prohibited from having such an option under the Credit Agreement.

“Bund Rate” means, with respect to any Redemption Date, the yield to maturity as of such Redemption Date of the Comparable German Bund Issue (as defined below), assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price (as defined below) for such Redemption Date.

“Comparable German Bund Issue” means the German Bundesanleihe security selected by any Reference German Bund Dealer (as defined below) 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 Notes and of a maturity most nearly equal to June 15, 2020; *provided*, however, that, if the period from such Redemption Date to June 15, 2020 is not equal to the fixed maturity of the German Bundesanleihe security selected by such Reference German Bund Dealer (as defined below), 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 June 15, 2020 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 (as defined below) 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 asked 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 such Redemption Date.

Optional Redemption upon Equity Offerings. At any time, or from time to time, on or prior to June 15, 2019, 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 Notes issued pursuant to the Indenture at a redemption price equal to 104.625% of the principal amount thereof plus any

accrued and unpaid interest on the principal amount of the Notes, if any, to the date of redemption; *provided*, that:

(a) after giving effect to any such redemption at least 65% of the aggregate principal amount of the Notes issued under the Indenture remains outstanding; and

(b) 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 Issuer is prohibited from exercising such an option under the Credit 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), the Issuer or any Note Guarantor 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 the Issuer’s 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, if any, 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 the Issuer or any note Guarantor 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 Issuer is prohibited from having such an option under the Credit Agreement.

Prior to the publication of any notice of redemption pursuant to this provision, the Issuer will deliver to the Trustee:

(a) an Officer’s Certificate stating that the Issuer is entitled to effect the redemption and setting forth a statement of facts showing that the conditions precedent to the Issuer’s right to redeem have occurred, and

(b) an opinion of outside legal counsel of recognized standing in the affected Taxing Jurisdiction to the effect that the Issuer has or will become obligated to pay such Additional Amounts as a result of such change or amendment.

This notice, once delivered by the Issuer 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 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 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 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 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 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 Number

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 Notes and has directed the Trustee to use ISIN number 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 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.

Euro 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 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 Notes and the Indenture.

Notwithstanding the foregoing or any provision of the Notes or the Indenture to the contrary, if the euro is unavailable to the Issuer due to the imposition of exchange controls or other circumstances beyond the control of the Issuer or if the euro is no longer being used by the then member states of the European Union that have adopted the euro as their currency or for the settlement of transactions by public institutions of or within the international banking community, then the Issuer will be entitled, until the euro is again available to the Issuer or so used, to satisfy its payment obligations in respect of the Notes and the Indenture by making such payments in U.S. dollars. The amount payable on any date in euro will be converted into U.S. dollars at the rate mandated by the U.S. Federal Reserve Board as of the close of business on the second New York Business Day prior to the relevant payment date or, in the event the U.S. Federal Reserve Board has not mandated a rate of conversion, on the basis of the most recent U.S. dollar/euro exchange rate published in The Wall Street Journal on or prior to the second New York Business Day prior to the relevant payment date. Any payment in respect of the Notes or the Indenture so made in U.S. dollars will not constitute an Event of Default under the Notes or 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 and County of New York and in the courts of their respective corporate domiciles, in respect of actions brought against them as defendants. The Note Guarantors (other than CEMEX Corp.) 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 Note Guarantors (other than CEMEX Corp.) 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 and County of 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 Finance LLC

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:

Date of Exchange	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following such decrease or increase	Signature of authorized signatory of Trustee or Note Custodian

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Issuer pursuant to Section 3.8 or Section 3.12 of the Indenture, check either box:

Section 3.8

Section 3.12

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 in minimum denominations of €100,000 and in 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

[Date]

The Bank of New York Mellon
101 Barclay Street – 7E
New York, NY 10286
Attention: International Corporate Trust

Re: 4.625% Senior Secured Notes due 2024 (the “Notes”) of CEMEX Finance LLC (the “Issuer”) – ISIN: XS1433214449

Ladies and Gentlemen:

Reference is hereby made to the Indenture, dated as of June 14, 2016 (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 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 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 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 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

[Date]

The Bank of New York Mellon
101 Barclay Street – 7E
New York, NY 10286
Attention: International Corporate Trust

Re: 4.625% Senior Secured Notes due 2024 (the “Notes”) of CEMEX Finance LLC (the
“Issuer”) – ISIN: XS1433214100

Ladies and Gentlemen:

Reference is hereby made to the Indenture, dated as of June 14, 2016 (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 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

[Date]

The Bank of New York Mellon
101 Barclay Street – 7E
New York, NY 10286
Attention: International Corporate Trust

Re: 4.625% Senior Secured Notes due 2024 (the “Notes”) of CEMEX Finance LLC (the “Issuer”) – ISIN: XS1433214100

Ladies and Gentlemen:

Reference is hereby made to the Indenture, dated as of June 14, 2016 (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 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, 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 2009 Financing Agreement, as in effect immediately prior to giving effect to the amendment and restatement thereof on September 17, 2012, 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 2009 Financing Agreement.

“**Additional Guarantor**” means a company that becomes an Additional Guarantor in accordance with Clause 28 (*Changes to the Obligors*) of the 2009 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 2009 Financing Agreement.

“**Administrative Agent**” means Citibank International PLC, as administrative agent of the Finance Parties (other than itself) under the 2009 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 2009 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 2009 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. London time 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

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- (ii) for all other purposes, the exchange rate displayed on the appropriate Reuters screen at or about 11:00 a.m. London time 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 2009 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 2009 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 2009 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 2009 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 F 1 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;
 - (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 Bursátiles Reserve*) of the 2009 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 Bursátiles Reserve*) of the 2009 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 Bursátiles Reserve*) of the 2009 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 Bursátiles Reserve*) of the 2009 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 2009 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 2009 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;
- (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 2009 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 2009 Financing Agreement) has been reduced by an aggregate amount equal to at least U.S.\$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 U.S.\$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

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- (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 2009 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 2009 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

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- 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 Bursátiles) (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;
 - (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 Bursátiles Reserve*) of the 2009 Financing Agreement;
 - (vi) subject to Clause 13.4(ii) of the 2009 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 2009 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 2009 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 2009 Financing Agreement).

“**Existing Financial Indebtedness**” means:

- (a) the Financial Indebtedness described in Part I of Schedule 10 (*Existing Financial Indebtedness*) of the 2009 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 2009 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 2009 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 2009 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 2009 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 2009 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 2009 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 2009 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);

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- (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;
 - (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 2009 Financing Agreement and has not subsequently become an Additional Guarantor pursuant to Clause 28.3 (*Additional Guarantors and Additional Security Providers*) of the 2009 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 2009 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 2009 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 U.S.\$977.5 million aggregate principal amount of 3.25% convertible subordinated notes due 2016, including U.S.\$177.5 million notes issued pursuant to an over-allotment option in connection with those subordinated notes due 2016; and
- (ii) U.S. \$690 million aggregate principal amount of 3.75% convertible subordinated notes due 2018, including U.S.\$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 2009 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 2009 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 2009 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 2009 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 2009 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 2009 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 2009 Financing Agreement,

which in each case has not ceased to be a Party in accordance with the terms of the 2009 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 2009 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 2009 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 2009 Financing Agreement (**provided that** there has been or is no material change to the terms of such acquisition subsequent to the date of the 2009 Financing Agreement);
- (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

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- (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;
- (f) to a Joint Venture, to the extent permitted by Clause 24.17 (*Joint ventures*) of the 2009 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 2009 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 2009 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 2009 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 2009 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 2009 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 2009 Financing Agreement;
- (j) of any receivables disposed of pursuant to a factoring or similar receivables financing arrangement that is otherwise permitted under the 2009 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 2009 Financing Agreement;
- (l) of any plant or equipment disposed of pursuant to a sale and lease-back arrangement that is otherwise permitted under the 2009 Financing Agreement;
- (m) of any asset to which a member of the Group was contractually committed as at the date of the 2009 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 2009 Financing Agreement (**provided that** there has been or is no material change to the terms of such Disposal subsequent to the date of the 2009 Financing Agreement);

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- (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;
 - (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 2009 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;

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- (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 2009 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 2009 Financing Agreement; (3) if proceeds of such issuance or incurrence are, to the extent required under the 2009 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 2009 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);
- (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 2009 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;

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- (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 2009 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 2009 Financing Agreement; or
- (b) such investment is made after the date of the 2009 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 2009 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 Securitisations" 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 2009 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 2009 Financing Agreement as described in Schedule 6 (*Existing Security and Quasi-Security*) of the 2009 Financing Agreement (or any replacement of Security or Quasi-Security in accordance with paragraph 3 of Schedule 15 (*Hedging Parameters*) of the 2009 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:

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- (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,
 - (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 2009 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;

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- (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
- (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 2009 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 2009 Financing Agreement; and/or

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- (ii) paragraph (b) of the definition of Existing Financial Indebtedness to the extent it relates to Part II.A (*Short Term Certificados Bursátiles*) of Schedule 10 (*Existing Financial Indebtedness*) of the 2009 Financing Agreement and any Short-Term Certificados Bursátiles 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 2009 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 2009 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 2009 Financing Agreement and has not subsequently become an Additional Security Provider pursuant to Clause 28.3 (*Additional Guarantors and Additional Security Providers*) of the 2009 Financing Agreement, and “**Security Provider**” means any of them.

“**Short-Term Certificados Bursátiles**” 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 2009 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 2009 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 2009 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 2009 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 2009 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 Obligor 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 2009 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 2009 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.

The following is a list of subsidiaries of CEMEX, S.A.B. de C.V. as of December 31, 2016, including the name of each subsidiary and its country of incorporation.

1.	CEMEX Mexico, S.A. de C.V.	Mexico
2.	CEMEX Operaciones Mexico, S.A. de C.V.	Mexico
3.	Empresas Tolteca de Mexico, S.A. de C.V.	Mexico
4.	CEMEX Central, S.A. de C.V.	Mexico
5.	CEMEX Emergia S.A.P.I. de C.V.	Mexico
6.	TEG Energia, S.A. de C.V.	Mexico
7.	Cementos Guadalajara, S.A. de C.V.	Mexico
8.	Cementos Tolteca, S.A. de C.V.	Mexico
9.	Servicios Cement Cemex, S.A. de C.V.	Mexico
10.	CEMEX Agregados, S.A. de C.V.	Mexico
11.	Compañía Minera Atoyac, S.A. de C.V.	Mexico
12.	Servicios Profesionales Cemex, S.A. de C.V.	Mexico
13.	Sinergia Deportiva, S.A. de C.V.	Mexico
14.	Asesoría Espacializada en Inmuebles, S.A. de C.V.	Mexico
15.	Inmobiliaria Ferri, S.A. de C.V.	Mexico
16.	Concretos Monterrey, S.A. de C.V.	Mexico
17.	Pro Ambiente, S.A. de C.V.	Mexico
18.	Servicios Proambiente, S.A. de C.V.	Mexico
19.	Inmobiliaria Rio San Martin, S.A. de C.V.	Mexico
20.	Servicios Para La Autoconstruccion, S.A. de C.V.	Mexico
21.	CEMEX Concretos, S.A. de C.V.	Mexico
22.	Cemenbto Anahuac, S.A. de C.V.	Mexico
23.	CEMEX Internacional, S.A. de C.V.	Mexico
24.	Comercializadora Construrama, S.A. de C.V.	Mexico
25.	Proveedora Mexicana de Materiales, S.A. de C.V.	Mexico
26.	Mercis, S.A. de C.V.	Mexico
27.	CEMEX Construccion, S.A. de C.V.	Mexico
28.	CEMEX Transporte, S.A. de C.V.	Mexico
29.	Servicios Promexma, S.A. de C.V.	Mexico
30.	Construmexcla, S.A. de C.V.	Mexico
31.	Tu Casa de Materiales TUCAMA, S.A. de C.V.	Mexico
32.	Comercializadora de Materiales Basicos, S.A. de C.V.	Mexico
33.	Materiales Para CASA MATCASA, S.A. de C.V.	Mexico
34.	La Unica Casa de Materiales, S.A. de C.V.	Mexico
35.	CEMEX Aditivos, S.A. de C.V.	Mexico
36.	Global Construction Systems, S.A. de C.V.	Mexico
37.	Servicios Concreto CEMEX, S.A. de C.V.	Mexico
38.	CEMEX Vivienda, S.A. de C.V.	Mexico
39.	Eolica Guadalupe, S. de R.L. de C.V.	Mexico
40.	Eolica Buenos Aires, S de R.L. de C.V.	Mexico
41.	Helios Generacion, S. de R.L. de C.V.	Mexico
42.	PACE Desarrollos Energeticos, S. de R.L. de C.V.	Mexico
43.	Fuerza Eolica V, S. de R.K. de C.V.	Mexico

44.	Transportes Especializados Multicarga, S.A. de C.V.	Mexico
45.	TMC Fletes, S.A. de C.V.	Mexico
46.	T.M.C. Internacional, S.A. de C.V.	Mexico
47.	New Suward Holding B.V.	The Netherlands
48.	RMC Holdings B.V.	The Netherlands
49.	APO Cement Corporation	Philippines
50.	CEMEX Holdings Philippines, Inc.	Philippines
51.	Solid Cement Corporation	Philippines
52.	CEMEX Asia Holdings Ltd.	Singapore
53.	CEMEX Construction Materials Pacific LLC	USA
54.	CEMEX International Trading LLC	USA
55.	CEMEX Materials LLC	USA
56.	CEMEX Construction Materials Florida LLC	USA
57.	CEMEX, Inc.	USA
58.	CEMEX Finance LLC	USA
59.	CEMEX Corp.	USA
60.	Transenergy, Inc.	USA
61.	CEMEX Holdings, Inc.	USA
62.	Sunbelt Investments Inc.	USA
63.	CEMEX Global Sourcing, Inc.	USA
64.	CEMEX Admix USA, LLC	USA
65.	CEMEX Construction Materials South LLC	USA
66.	CEMEX Construction Materials Atlantic LLC	USA
67.	CEMEX Cement of Louisiana, Inc.	USA
68.	RMC Pacific Materials, LLC	USA
69.	CEMEX Transit Comany USA	USA
70.	Kosmos Cement Company	USA
71.	CEMEX Nevada LLC	USA
72.	New Line Transport LLC	USA
73.	CEMEX Construction Materials Houston LLC	USA
74.	CEMEX Leasing LLC	USA
75.	Readymix Materials Holdings LLC	USA
76.	Twin Mountain Rock Company	USA
77.	Guernsey Stone Co.	USA
78.	Western Equipment Company	USA
79.	CEMEX Steel Framing, Inc.	USA
80.	CEMEX AM Holdings LLC	USA
81.	CEMEX Caribbean LLC	USA
82.	CEMEX SW Florida Limestone Holdings LLC	USA
83.	CEMEX SW Florida Sand Holdings LLC	USA
84.	Hogan Island Limestone LLC	USA
85.	Immokalee Sand LLC	USA
86.	MILI LLC	USA
87.	OXI LLC	USA
88.	Mineral Resources Techonlogies Inc.	USA
89.	VAPPS LLC	USA
90.	ALC Las Vegas Mining Claims LLC	USA
91.	LV Western Mining Claims LLC	USA

92.	CEMEX Southeast Holdings LLC	USA
93.	CEMEX Southeast LLC	USA
94.	Ready Mix USA LLC	USA
95.	Cemento Bayano, S.A.	Panama
96.	CEMEX Concretos, S.A.	Panama
97.	Pavimentos Esospecializados, S.A.	Panama
98.	CEMEX Colombia S.A.	Colombia
99.	Cemex Premezclados de Colombia S.A.	Colombia
100.	Cemex Transportes de Colombia S.A.	Colombia
101.	Central de Mezclas S.A.	Colombia
102.	Neoris Colombia S.A.S.	Colombia
103.	ZONA FRANCA ESPECIAL CEMENTERA DEL MAGDALENA MEDIO S.A.S. (ZOMAM S.A.S.)	Colombia
104.	CEMEX España, S.A.	Spain
105.	CEMEX España Operaciones, S.L.U.	Spain
106.	CEMEX Jamaica Limited	Jamaica
107.	CEMEX (Costa Rica), S.A.	Costa Rica
108.	CEMEX Nicaragua, S.A.	Nicaragua
109.	CEMEX El Salvador, S.A.	Salvador
110.	CEMEX Haiti	Haiti
111.	Assiut Cement Company	Egypt
112.	CEMEX France Gestion (S.A.S.)	France
113.	CEMEX Deutschland AG	Germany
114.	CEMEX Holdings (Israel) Ltd.	Israel
115.	CHEMOCRETE LTD.	Israel
116.	Israel America Aggregates Ltd.	Israel
117.	Lime & Stone Production Company Ltd.	Israel
118.	Readymix Industries (Israel) Ltd.	Israel
119.	Kadmani Readymix Concrete Ltd.	Israel
120.	CEMEX UK	UK
121.	CEMEX Investments Ltd	UK
122.	CEMEX UK Operations Limited	UK
123.	CEMEX UK Cement Ltd	UK
124.	CEMEX UK Marine Ltd	UK
125.	CEMEX Paving Solutions Ltd	UK
126.	CEMEX UK Materials Ltd	UK
127.	CEMEX UK Services Ltd	UK
128.	CEMEX UK Properties Ltd	UK
129.	RMC Explorations Ltd	UK
130.	The Rugby Group Ltd	UK
131.	RMC Russell Ltd	UK
132.	Mineral and Energy Resources (UK) Ltd	UK
133.	CEMEX Hrvatska d.d.	Croatia
134.	CEMEX Beton d.o.o.	Croatia
135.	CEMEX de Puerto Rico, Inc.	Puerto Rico
136.	CEMEX Holdings (Malaysia) Sdn Bhd	Malaysia
137.	CEMEX Dominicana, S.A.	Dominican Republic
138.	CEMEX Polska sp Z.o.o.	Poland

139.	CEMEX SIA	Latvia
140.	CEMEX Czech Republic, s.r.o.	Czech Republic
141.	CX Networks N.V.	The Netherlands
142.	Neoris N.V.	The Netherlands
143.	New Sunward Holding Financial Ventures B.V.	The Netherlands
144.	CEMEX AS	Norway
145.	Sunbulk Shipping Limited	Barbados
146.	CEMEX Lan trading Corporation	Barbados
147.	CEMEX Trading Caribe Ltd	St Lucia
148.	CEMEX France Gestion (S.A.S.)	France
149.	Cimentos Vencemos do Amazonas, Ltda.	Brazil
150.	Readymix Argentina, S.A.	Argentina
151.	Cementos de Centroamérica, S.A.	Guatemala
152.	Cemex Guatemala, S.A.	Guatemala
153.	Equipos para uso de Guatemala, S.A.	Guatemala
154.	Global Concrete, S.A.	Guatemala
155.	CEMEX Perú, S.A.	Peru
156.	Cemex Supermix L.L.C.	United Arab Emirates
157.	Cemex Topmix L.L.C.	United Arab Emirates
158.	CEMEX ARABIA FZC	United Arab Emirates
159.	Cemex Falcon L.L.C.	United Arab Emirates

**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, Fernando Ángel González Olivieri, 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

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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 28, 2017

/s/ Fernando Ángel González Olivieri

Fernando Ángel González Olivieri

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, José Antonio González Flores, 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

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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 28, 2017

/s/ José Antonio González Flores

José Antonio González Flores
Executive Vice President of Finance 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, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Fernando Ángel González Olivieri, as Chief Executive Officer of the Company, and José Antonio González Flores, as Executive Vice President of Finance 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/ Fernando Ángel González Olivieri

Name: Fernando Ángel González Olivieri
Title: Chief Executive Officer
Date: April 28, 2017

/s/ José Antonio González Flores

Name: José Antonio González Flores
Title: Executive Vice President of Finance and
Chief Financial Officer
Date: April 28, 2017

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 the Registration Statements (File Nos. 333-83962, 333-86090, and 333-128657) on Form S-8 of CEMEX, S.A.B. de C.V. of our reports dated April 28, 2017, with respect to the consolidated balance sheets of CEMEX, S.A.B. de C.V. and subsidiaries as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2016, and the effectiveness of internal control over financial reporting as of December 31, 2016, which reports appear in the December 31, 2016 Annual Report on Form 20-F of CEMEX, S.A.B. de C.V.

Our report dated April 28, 2017, on the effectiveness of internal control over financial reporting as of December 31, 2016, expresses our opinion that CEMEX, S.A.B. de C.V. and subsidiaries did not maintain effective internal control over financial reporting as of December 31, 2016 because of the effect of a material weakness on the achievement of the objectives of the control criteria and contains an explanatory paragraph that states that a material weakness related to CEMEX, S.A.B. de C.V. and subsidiaries' risk assessment and monitoring of significant unusual transactions has been identified.

KPMG Cardenas Dosal, S.C.

/s/ Luis Gabriel Ortiz Esqueda

Monterrey, N.L., México
April 28, 2017

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 the Company’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 or vacated.

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 the Company during the year ended December 31, 2016. The data was compiled primarily from the data maintained on MSHA’s public website, the Mine Data Retrieval System (“MDRS”), as of March 25, 2017. 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 or vacated.

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
0800078	Alico Road Quarry	1	0	0	0	0	931	0	no	no
4102885	Balcones Plant	9	0	0	0	0	28763	0	no	no
4100994	Balcones Quarry	2	0	0	0	0	3613	0	no	no
0405701	Black Mountain Quarry	23	1	0	0	0	94,096	0	no	no
0801287	Brooksville South Cement Plant	21	0	0	0	0	52761	0	no	no
0800024	Brooksville Quarry	0	0	0	0	0	542	0	no	no
0402763	Cache Creek Quarry	4	0	0	0	0	8098	0	no	no
3503508	Canby Pit	0	0	0	0	0	227	0	no	no
0200988	CEMEX - 19th Ave	2	0	0	0	0	2387	0	no	no
0202585	CEMEX - APEX	2	0	0	0	0	1658	0	no	no
0202606	CEMEX - Camp Verde	0	0	0	0	0	114	0	no	no
0200717	CEMEX - Casa Grande	2	0	0	0	0	1100	0	no	no
0202896	CEMEX - Coolidge	0	0	0	0	0	402	0	no	no
0201249	CEMEX - Globe / Bixby	1	0	0	0	0	843	0	no	no
0202851	CEMEX - Gray Mountain	3	0	0	0	0	8425	0	no	no
0200722	CEMEX - Hwy 95	2	0	0	0	0	631	0	no	no
0202571	CEMEX - McCormick	0	0	0	0	0	114	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
2600789	CEMEX - Paiute Pit	0	0	0	0	0	200	0	no	no
0202670	CEMEX - Pima	0	0	0	0	0	300	0	no	no
0202849	CEMEX - Prescott / Fain	0	0	0	0	0	285	0	no	no
2602082	CEMEX - Sierra Stone Quarry	3	0	1	0	0	11105	0	no	no
0202062	CEMEX - Sierra Vista	0	0	0	0	0	234	0	no	no
0202412	CEMEX - Sun City	0	0	0	0	0	300	0	no	no
0202753	CEMEX - West Valley	0	0	0	0	0	228	0	no	no
3300161	Cemex Fairborn Cement Plant	4	0	0	0	0	4676	0	no	no
0800750	Center Hill Mine	0	0	0	0	0	114	0	no	no
0400173	Clayton Plant	0	0	0	0	0	385	0	no	no
0900053	Clinchfield Plant	1	0	0	0	0	8152	0	no	no
3500965	Coyote Springs Sand and Gravel	0	0	0	0	0	208	0	no	no
0801271	Davenport Sand Mine	0	0	0	0	0	116	0	no	no
3800127	Deerfield Sand	1	0	0	0	0	685	0	no	no
0100016	Demopolis Plant Cemex Inc	9	0	0	0	0	14245	0	no	no
4103816	East Loop 375 Sand Pit^	1	0	0	0	0	2924	0	no	no
0401891	Eliot Plant	7	0	0	0	0	25626	0	no	no
4503089	English Pit	0	0	0	0	0	414	0	no	no
4500577	Everett Pit & Plant	0	0	0	0	0	364	0	no	no
0800519	FEC Quarry	3	0	0	0	1	4127	0	no	no
4503039	Fisher Quarry	0	0	0	0	0	357	0	no	no
0801308	Gator Sand Mine	0	0	0	0	0	330	0	no	no
0801035	Inglis Quarry	0	0	0	0	0	114	0	no	no
4503424	Granite Falls Quarry	2	0	0	0	0	1665	0	no	no
4000840	Knoxville Cement Plant	9	0	0	0	0	6130	0	no	no
1504469	KOSMOS Cement Co.	9	0	1	0	0	110085	1	no	no
0801015	Krome Quarry	1	0	0	0	0	324	0	no	no
0801269	Lake Wales Sand Mine	0	0	0	0	0	570	0	no	no
0402843	Lapis Plant	0	0	0	0	0	1466	0	no	no
0401896	Lemon Cove Plant	0	0	0	0	0	114	0	no	no
4503293	Lewisville Pit	0	0	0	0	0	644	0	no	no
0500344	Lyons Cement Plant Cemex Inc	0	0	0	0	0	3396	0	no	no
0405216	Lytle Creek Pit	0	0	0	0	0	542	0	no	no
4101066	McCombs Quarry^	0	0	0	0	0	208	0	no	no
4100046	McKelligon Canyon^	6	0	0	0	0	13698	0	no	no
0800046	Miami Cement Plant	12	0	0	0	0	41567	0	no	no
0404140	Moorpark Quarry	0	0	0	0	0	811	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
4100060	Odessa Cement Plant [^]	7	0	0	0	0	38463	0	no	no
0801216	Palmdale Sand Mine	0	0	0	0	0	328	0	no	no
0401906	Patterson Plant	2	0	0	0	0	1294	0	no	no
4503692	Portable #1	0	0	0	0	0	228	0	no	no
0200758	Rinker Materials Bullhead	0	0	0	0	0	528	0	no	no
0900918	SCI Quarry	1	0	0	0	0	1034	0	no	no
800075	St. Catherine Mine	1	0	0	0	0	399	0	no	no
0401895	Tracy Kerlinger Plant	1	0	0	0	0	1304	0	no	no
2902128	Vado Quarry [^]	2	0	0	0	0	919	0	no	no
0400281	Victorville Cement Plant	1	0	0	0	0	8018	0	no	no
4104308	West Quarry [^]	0	0	0	0	0	228	0	no	no

[^] The Company sold this site, effective November 18, 2016. This data represents activity through December 31, 2016 pertaining to citations issued on or before November 18, 2016.

- (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.
- (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, 2016.

Mine ID Number	Mine or Operating Name	Legal Actions Pending as of Last Day of Period (December 31, 2016) (#)(8)						Legal Actions Initiated During Period (#)	Legal Actions Resolved During Period (#)
		Contests of Citations / Orders (9)	Contests of Proposed Penalties (9)	Complaints for Compensation	Complaints of Discharge / Discrimination / Interference	Application for Temporary Relief	Appeals to FMSHRC		
0800078	Alico Road Quarry	0	0	0	0	0	0	0	5
4102885	Balcones Plant	0	0	0	0	0	0	2	27
0405701	Black Mountain Quarry	94	94	0	0	0	0	48	2
0801287	Brooksville South Cement Plant	9	9	0	0	0	0	10	5
0800024	Brooksville Quarry	0	0	0	0	0	0	0	1
0402763	Cache Creek Quarry	0	0	0	1	0	0	1	1
0200717	CEMEX – Casa Grande	3	3	0	0	0	0	3	0
0202571	CEMEX - McCormick	1	1	0	0	0	0	0	0
2602082	CEMEX – Sierra Stone Quarry	1	1	0	0	0	0	4	3
0900053	Clinchfield Plant	1	1	0	0	0	0	1	5
0100016	Demopolis Plant Cemex Inc	1	1	0	0	0	0	1	1
0401891	Eliot Plant	10	10	0	0	0	0	12	7
4503424	Granite Falls Quarry	2	2	0	0	0	0	2	0
4000840	Knoxville Cement Plant	6	6	0	0	0	0	7	1
1504469	KOSMOS Cement Co.	50	50	0	0	0	0	4	1
0800046	Miami Cement Plant	6	6	0	0	0	0	12	12
0404140	Moorpark Quarry	1	1	0	0	0	0	1	0
4100060	Odessa Cement Plant^^	10	10	0	0	0	0	6	0
0801216	Palmdale Sand Mine	0	0	0	0	0	0	0	1
0401906	Patterson Plant	0	0	0	0	0	0	1	1
0400281	Victorville Cement Plant	1	1	0	0	0	0	1	6

^^ The Company sold this site, effective November 18, 2016. This data represents activity through December 31, 2016 pertaining to citations issued on or before November 18, 2016.

(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;
 - (ii) Temporary Reinstatement Proceedings – a temporary reinstatement proceeding involves a case 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;
 - E Applications for Temporary Relief-applications for temporary relief of any order issued under Section 104; and
 - F Appeals of judges’ decisions or orders to the FMSHRC.
- (9) Contests pending as of year-end on the MDRS, but which are subsequently vacated, are not included in any reports on the MDRS. As a result, discrepancies may appear between the prior reporting year’s “Legal Actions Pending as of Last Day of Period (December 31, 2016)” and “Legal Actions Resolved During Year” for current reporting period.