CEMEX SAB DE CV
Form 424B2
September 08, 2009
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Registration No. 333-161787

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement is not an offer to sell these securities, and we are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to completion, dated September 8, 2009

Preliminary prospectus supplement

(To prospectus dated September 8, 2009)

1,200,000,000 Ordinary Participation Certificates

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

directly or in the form of American Depositary Shares

We are offering 1,200,000,000 Ordinary Participation Certificates (*Certificados de Participación Ordinaria*), or CPOs, directly or in the form of American depositary shares, or ADSs. Each CPO represents two shares of our Series A common stock, with no par value, and one share of our Series B common stock, with no par value. Each ADS represents ten CPOs.

Of the CPOs that are being offered, 900,000,000 CPOs are being offered (directly or in the form of ADSs) in the United States and in other countries outside Mexico and 300,000,000 CPOs are being offered in a concurrent public offering in Mexico by means of a separate Spanish-language prospectus pursuant to Mexican law requirements that contains information that is substantially similar to the information included in this prospectus supplement. 595,000,000 of the CPOs being offered in this offering and in the concurrent offering in Mexico are being sold on our behalf by three of our subsidiaries, Petrocemex, S.A. de C.V., Centro Distribuidor de Cemento, S.A. de C.V. and Empresas Tolteca de México, S.A. de C.V.

Our ADSs are listed on the New York Stock Exchange, or NYSE, under the symbol CX, and our CPOs are listed on the Mexican Stock Exchange (*Bolsa Mexicana de Valores, S.A.B. de C.V.*), or BMV, under the symbol CEMEX.CPO. On September 4, 2009, the last reported sales price of our ADSs on the NYSE was U.S.$12.43 per ADS and the last reported sales price of our CPOs on the BMV was Ps16.63 per CPO (U.S.$1.24 per CPO at an exchange rate of Ps13.38 per U.S. dollar).

	Per CPO	**Per ADS**	**Total**
Public offering price	U.S.$	U.S.$	U.S.$
Underwriting discounts and commissions	U.S.$	U.S.$	U.S.$
Proceeds to us, before expenses	U.S.$	U.S.$	U.S.$

We have granted options to the international and Mexican underwriters to purchase up to 180,000,000 additional CPOs (in the case of the international underwriters up to 135,000,000 additional CPOs directly or in the form of ADSs, and in the case of the Mexican underwriters up to 45,000,000 additional CPOs) to cover over-allotments, if any, within 30 days from the date of this prospectus supplement.

Investing in our CPOs and ADSs involves several risks. See Risk factors beginning on page S-14 of this prospectus supplement.

Our CPOs and the underlying shares are registered with the Mexican National Securities Registry (*Registro Nacional de Valores*), or RNV, maintained by the National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*), or CNBV. Registration at the RNV does not imply a certification as to the investment quality of the securities, the solvency of the issuer or the accuracy or completeness of the information contained in this prospectus supplement and the accompanying prospectus, and such registration does not ratify or validate any acts or omissions, if any, undertaken in contravention of applicable law.

Neither the U.S. Securities and Exchange Commission, or SEC, nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of this prospectus supplement. Any representation to the contrary is a criminal offense.

We expect that delivery will be made to investors on or about , 2009 in book-entry form, in the case of the ADSs through The Depository Trust Company and in the case of the CPOs through S.D. Indeval Institución para el Depósito de Valores, S.A. de C.V.

Global Coordinators

J.P. Morgan **Citi** **Santander Investment** **BBVA**

Joint Bookrunning Managers

J.P. Morgan **Citi** **Santander Investment**

BBVA **BNP PARIBAS** **HSBC** **RBS**

BofA Merrill Lynch

Barclays Capital

Calyon Securities (USA) Inc.

ING Wholesale

Lazard Capital Markets

Scotia Capital

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We have not authorized any dealer, salesperson or other person to give any information or to make any representations other than those contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. You should not rely on any unauthorized information. This prospectus supplement and the accompanying prospectus do not offer to sell or buy any securities in any jurisdiction in which it is unlawful. The information in this prospectus supplement is current as of the date on the cover.

CEMEX, S.A.B. de C.V. is incorporated as a publicly traded stock corporation with variable capital (*sociedad anónima bursátil de capital variable*) organized under the laws of the United Mexican States, or Mexico. Except as the context otherwise may require, references in this prospectus supplement to CEMEX, we, us or our are to CEMEX, S.A.B. de C.V., its consolidated subsidiaries and, except for accounting purposes, its non-consolidated affiliates.

References in this prospectus supplement to U.S.$ and Dollars are to U.S. Dollars, references to and Euros are to Euros, references to Pounds are to British Pounds, references to Yen are to Japanese Yen, references to AUD$ are to Australian Dollars and, unless otherwise indicated, references to Ps, Mexican Pesos and Pesos are to Mexican Pesos. The Dollar amounts provided below and, unless otherwise indicated elsewhere in this prospectus supplement, are translations of Peso amounts at an exchange rate of Ps13.18 to U.S.$1.00, the CEMEX accounting rate as of June 30, 2009. However, in the case of transactions conducted in Dollars, we have presented the Dollar amount of the transaction and the corresponding Peso amount that is presented in our consolidated financial statements. These translations have been prepared solely for the convenience of the reader and should not be construed as representations that the Peso amounts actually represent those Dollar amounts or could be converted into Dollars at the rate indicated. From June 30, 2009 through September 4, 2009, the Peso depreciated by approximately 1% against the Dollar, based on the noon buying rate for Pesos as published by the U.S. Federal Reserve Bank of New York.

Any discrepancies in any table between totals and sums of the amounts listed are due to rounding.

Where you can find more information

We file reports, including annual reports on Form 20-F, and other information with the SEC pursuant to the rules and regulations of the SEC that apply to foreign private issuers. You may read and copy any materials filed with the SEC at its Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Our SEC filings are also available over the Internet at the SEC s website at http://www.sec.gov. Our ADSs are listed on the New York Stock Exchange under the symbol CX. These reports and other information can also be read at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

Incorporation by reference

The SEC allows us to incorporate by reference information into this prospectus supplement. This means that we can disclose important information to you by referring you to another document filed by us with the SEC. Any information referenced this way is considered part of this

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prospectus supplement, and any information that we file after the date of this prospectus supplement with the SEC will automatically update and supersede this information. We incorporate by reference into this prospectus supplement the following documents:

- our annual report on Form 20-F for the year ended December 31, 2008, filed with the SEC on June 30, 2009;
- our report on Form 6-K, filed with the SEC on July 7, 2009; and
- the description of our ADSs, CPOs, series A shares and series B shares contained in Amendment No. 1 to our registration statement on Form 8-A/A (SEC File No. 1-14946), filed with the SEC on July 1, 2005, and any amendment or report filed for the purpose of updating such descriptions.

In addition, any future filings on Form 20-F made with the SEC under the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act, after the date of this prospectus supplement and prior to the termination of the offering of the securities made under this prospectus supplement, and any future reports on Form 6-K filed by us with the SEC during such period or portions thereof that are identified in such Forms 6-K as being incorporated into this prospectus supplement, shall be considered to be incorporated in this prospectus supplement by reference and shall be considered a part of this prospectus supplement from the date of filing of such documents.

We will provide, without charge upon written or oral request, a copy of any and all of the information that has been incorporated by reference in this prospectus supplement and that has not been delivered with this prospectus supplement. Requests should be directed to Eduardo Rendón, Investor Relations, CEMEX, S.A.B. de C.V., Av. Ricardo Margáin Zozaya #325, Colonia Valle del Campestre, Garza García, Nuevo León, México 66265, Tel: +52-81-8888-4292 or toll-free: 1-877-729-6973 (1-877-7CX-NYSE).

Cautionary statement regarding forward-looking statements

This prospectus supplement, including the information incorporated by reference, 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, po intend or other similar words. These forward-looking statements reflect our current expectations and projections about future events based on our knowledge of present facts and circumstances and assumptions about future events. These statements necessarily involve risks and uncertainties that could cause actual results to differ materially from our expectations. Some of the risks, uncertainties and other important factors that could cause results to differ, or that otherwise could have an impact on us or our subsidiaries, include:

- the cyclical activity of the construction sector;
- competition;

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- general political, economic and business conditions;
- our ability to satisfy our obligations under the financing agreement recently entered into with our major creditors;
- weather conditions;
- natural disasters and other unforeseen events; and
- the other risks and uncertainties described under Risk Factors in our most recent Annual Report on Form 20-F, which is incorporated by reference in this prospectus supplement.

Readers are urged to read the prospectus and this entire prospectus supplement, including the information incorporated by reference, and carefully consider the risks, uncertainties and other factors that affect our business. The information contained or incorporated by reference in this prospectus supplement 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.

Market data

This prospectus supplement and the documents incorporated in this prospectus supplement by reference also include statistical data regarding the production, distribution, marketing and sale of cement, ready-mix concrete, clinker and aggregates. We generated some of these data internally, and some were obtained from independent industry publications and reports that we believe to be reliable sources. We have not independently verified these data nor sought the consent of any organizations to refer to their reports in this prospectus supplement and the documents incorporated by reference.

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Summary

This summary highlights the information contained elsewhere in this prospectus supplement and the accompanying prospectus as well as in the documents incorporated in this prospectus supplement by reference. This summary does not contain all the information you should consider before making a decision to purchase any CPOs or ADSs. You should carefully read the entire prospectus supplement and the accompanying prospectus and the documents incorporated by reference in this prospectus supplement.

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

We are the third largest cement company in the world, based on annual installed cement production capacity as of June 30, 2009 of approximately 97.6 million tons. We are the largest ready-mix concrete company in the world with annual sales volumes of approximately 77.3 million cubic meters and one of the largest aggregates companies in the world with annual sales volumes of approximately 241 million tons, in each case based on our annual sales volumes in 2008. We are also one of the world s largest traders of cement and clinker, having traded approximately nine million tons of cement and clinker in 2008. We are a holding company primarily engaged, through our operating subsidiaries, in the production, distribution, marketing and sale of cement, ready-mix concrete, aggregates and clinker throughout the world.

We are a global cement manufacturer with operations in North America, Europe, South America, Central America, the Caribbean, Africa, the Middle East, Australia and Asia.

As of June 30, 2009, our assets, cement plants and installed capacity, by region, were as set forth below. Installed capacity, which refers to theoretical annual production capacity, represents gray cement equivalent capacity, which counts each ton of white cement capacity as approximately two tons of gray cement capacity.

	Assets after eliminations (in billions of Pesos)	Number of cement plants	As of June 30, 2009 Installed cement production capacity (millions of tons per annum)
North America			
Mexico	Ps 69	15	29.2
United States	260	14	18.0
Europe			
Spain	56	8	11.4
United Kingdom	40	3	2.8
Rest of Europe(1)	60	8	13.1
South America, Central America and the Caribbean(2)	31	11	11.2
Africa and the Middle East(3)	19	1	5.3
Australia and Asia(4)	44	4	6.6
Cement and Clinker Trading Assets and Other Operations	20	N/A	N/A

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

(1) Includes our subsidiaries in Germany, France, Ireland, Poland, Croatia, Austria, Hungary, the Czech Republic, Latvia and other assets in the European region, and, for purposes of the columns labeled Assets and Installed Cement Production Capacity, includes our 33% interest, as of June 30, 2009, in a Lithuanian cement producer that operated one cement plant with annual installed capacity of 1.3 million cement tons as of June 30, 2009.

(2) Includes our subsidiaries in Colombia, Costa Rica, the Dominican Republic, Panama, Nicaragua, Puerto Rico, Guatemala, Argentina and other assets in the Caribbean region.

(3) Includes our subsidiaries in Egypt, the United Arab Emirates and Israel.

(4) Australia includes 0.9 million cement tons of annual installed capacity corresponding to our 25% stake in the Cement Australia Holdings Pty Limited joint venture, or Cement Australia, which operates four cement plants, with total annual installed capacity of approximately 3.8 million cement tons per year. On June 15, 2009, we announced our agreement to sell all our Australian operations to Holcim Ltd, or Holcim. See Recent developments Recent developments relating to our planned divestitures of assets.

(5) Asia includes our subsidiaries in the Philippines, Thailand, Malaysia, Bangladesh and other assets in the Asian region.

Geographic breakdown of net sales for the period ended June 30, 2009

The following chart indicates the geographic breakdown of our net sales, before eliminations resulting from consolidation, for the six months ended June 30, 2009:

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Breakdown of net sales by product for the period ended June 30, 2009

The following chart indicates the breakdown of our net sales by product, before eliminations resulting from consolidation, for the six months ended June 30, 2009:

* Includes worldwide cement, clinker and slag trading operations and information technology solutions.

Global refinancing

On August 14, 2009, we entered into a financing agreement with our major creditors, which we refer to as the financing agreement. The financing agreement extends the maturities of approximately U.S.$15.0 billion in syndicated and bilateral bank and private placement obligations, providing for a semi-annual amortization schedule, with a final maturity of approximately U.S.$6.8 billion on February 14, 2014. We intend to meet such amortization payments prior to final maturity using funds from a variety of sources, including free cash flow from our operations and net cash proceeds from asset sales as well as debt and/or equity security issuances (including those from this offering), the receipt of which will trigger mandatory prepayments. The financing agreement provides that free cash flow on hand, for any period for which it is being calculated, in excess of U.S.$650 million is required to prepay the debt.

Of our total debt as of June 30, 2009 (approximately pro forma Ps254,414 million (U.S.$19,303 million), which does not include our perpetual debentures), including our debt not subject to the financing agreement (approximately Ps57,320 million (U.S.$4,349 million)) and after giving pro forma effect to the extended amortization requirements contained in the financing agreement, we had debt with an aggregate principal amount of approximately Ps16,104 million (U.S.$1,222 million) maturing during the second half of 2009, and Ps38,065 million (U.S.$2,888 million) maturing during 2010, Ps37,369 million (U.S.$2,835 million) maturing during 2011, Ps21,224 million (U.S.$1,610 million) maturing during 2012, Ps31,567 million (U.S.$2,395 million) maturing during 2013 and Ps110,085 million (U.S.$8,353 million) maturing during 2014 and thereafter.

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As part of our financing agreement, we pledged or transferred to trustees under security trusts the capital stock of several of our major subsidiaries as collateral to secure our payment obligations under the financing agreement and under a number of other financing arrangements for the benefit of the participating creditors and holders of debt and other obligations that benefit from provisions in their debt instruments requiring that their obligations be equally and ratably secured. In addition, the guarantors under our existing bank facilities (other than CEMEX, Inc. (our subsidiary in the United States) and CEMEX Australia Holdings Pty Ltd.) are guaranteeing the obligations to the participating creditors under the financing agreement. See Risk factors As part of our financing agreement, we pledged the capital stock of the subsidiaries that represent substantially all of our business as collateral to secure our payment obligations under the financing agreement and under other financing arrangements.

Under the financing agreement, we are required to privately place or publicly sell equity or equity-linked securities for net cash proceeds of at least U.S.$1.0 billion. If we do not issue such securities prior to June 30, 2010, participating creditors representing at least 25% of all exposures under the financing agreement can require us, at any time prior to December 31, 2010, to issue equity and/or debt securities for a total amount of net cash proceeds equal to U.S.$1.0 billion less the amount of net cash proceeds previously received from any issuance prior to June 30, 2010. The net cash proceeds of the offering contemplated in this prospectus supplement will be applied to satisfy this requirement. See Use of proceeds.

The financing agreement requires us to comply with several financial ratios and tests, including a consolidated coverage ratio of EBITDA to consolidated interest expense of not less than (i) 1.75:1 for each semi-annual period through the period ending June 30, 2011, (ii) 2.00:1 for each semi-annual period through the period ending December 31, 2012 and (iii) 2.25:1 for the remaining semi-annual periods to December 31, 2013. In addition, the financing agreement allows us a maximum consolidated leverage ratio of total debt to EBITDA for each semi-annual period of 7.75:1 for the period ending June 30, 2010 and decreasing gradually for subsequent semi-annual periods to 3.50:1 for the period ending December 31, 2013. Pursuant to the financing agreement, we are also prohibited from making aggregate capital expenditures in excess of (i) U.S.$600 million (plus an additional U.S.$50 million contingency to account for currency fluctuations and certain additional costs and expenses) for the year ended December 31, 2009, (ii) U.S.$700 million for the year ended December 31, 2010 and (iii) U.S.$800 million for each year thereafter until the debt under the financing agreement has been repaid in full. The financing agreement also includes several covenants and restrictions on our ability to operate our business, including but not limited to, incurring debt, granting security, engaging in acquisitions and joint ventures, granting guarantees, declaring and paying cash dividends and making other cash distributions to shareholders, making capital expenditures and issuing shares (subject, in each case, to negotiated baskets, exceptions and carve-outs). See Risk factors The financing agreement contains several restrictive covenants and limitations that could significantly affect our ability to operate our business and Recent developments Recent developments relating to our indebtedness Global refinancing Covenants. Pursuant to the financing agreement, however, a number of those covenants and restrictions will automatically cease to apply (including the capital expenditure limitations set forth above) if (i) we receive an investment-grade rating from two of Standard and Poor s Ratings Services, or S&P, Moody s Investor Service, or Moody s, and Fitch Ratings, or Fitch; (ii) we reduce the exposures under the financing agreement by at least 50.96% (approximately U.S.$7.6 billion) from current levels; (iii) our consolidated leverage ratio for the

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two most recently completed semi-annual testing periods is less than or equal to 3.5:1; and (iv) no default under the financing agreement is continuing. See Recent developments Recent developments relating to our indebtedness Global refinancing Covenant reset date.

We expect that the net proceeds from this offering and the previously announced sale of our Australian assets will be sufficient to comply with our total amortization obligations, including those under the financing agreement, through June 2010. After that date, we may be required to engage in additional debt and equity financings and additional asset sales to comply with our amortization obligations under the financing agreement.

Our business strategy

We seek to continue to strengthen our global leadership in the building materials sector by profitably managing our integrated positions across the cement value chain and maximizing our overall performance by employing the following strategies:

Strengthening our capital structure and regaining financial flexibility

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

Global refinancing. The financing agreement extends the maturities of approximately U.S.$15.0 billion in syndicated and bilateral bank and private placement obligations and provides for a semi-annual amortization schedule, with a final maturity of approximately U.S.$6.8 billion on February 14, 2014. The extensions reduced the amount of debt due before December 2010 by approximately U.S.$3.9 billion and extended the weighted average life of our indebtedness as of June 30, 2009 by 1.4 years. We believe that our new financial profile and resulting amortization schedule will enable us to operate in the normal course of business and take advantage of a potential upturn in the business cycle in our core markets. In addition, we expect that the new financial profile will allow us to conduct our planned asset divestitures more efficiently. See Recent developments Recent developments relating to our indebtedness Global refinancing.

Asset divestitures process. We have begun a process aimed at divesting assets to reduce our debt and streamline operations, taking into account our cash liquidity needs and prevailing economic conditions and their impact on the value of the asset or business unit being divested. In addition to the sale of our Canary Islands and Italian operations in 2008, on June 12, 2009, we sold three quarries (located in Nebraska, Wyoming and Utah) and our 49% joint venture interest in the operations of a quarry located in Granite Canyon, Wyoming, to Martin Marietta Materials, Inc. for approximately U.S.$65 million. On June 15, 2009, we announced our agreement to sell our Australian operations to Holcim for approximately AUD$2.02 billion (approximately U.S.$1.64 billion or Ps21.6 billion considering the exchange rates of AUD$1.2324 per U.S. Dollar and Ps13.18 per U.S. Dollar, respectively, at June 30, 2009). The transaction is subject to regulatory approval, due diligence and other closing conditions and is currently expected to close during the fourth quarter of 2009. See Risk factors Our ability to comply with our upcoming debt maturities may

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depend in part on 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 and Recent developments Recent developments relating to our planned divestitures of assets.

Global cost-reduction program. In response to decreased demand in our markets as a result of the global economic recession, we announced a U.S.$900 million global cost-reduction program intended to reduce our annual cost structure to a level consistent with the decline in demand for our products throughout the markets in which we operate. We estimate that approximately 60% of these cost-reduction savings are sustainable in the long term; the remainder are short-term cost savings resulting from the scale down of our operations in response to reduced demand for our products in the construction industry. Our global cost-reduction program encompasses different ongoing undertakings, including headcount reductions, capacity closures across the cement value chain and a general reduction in global operating expenses. We expect our global cost-reduction program to be fully implemented before the end of 2009.

In connection with the implementation of our cost-reduction program, and as part of our ongoing efforts to eliminate redundancies at all levels and streamline corporate structures to increase our efficiency and reduce operating expenses, we have reduced our global headcount by approximately 21%, from 66,612 employees as of December 31, 2007 to 52,793 employees as of June 30, 2009, including a 4% reduction in global headcount that resulted from the expropriation of CEMEX Venezuela during 2008. Additionally, we implemented a salary freeze on several levels of our corporate and administrative personnel that resulted in annual cost reductions of approximately U.S.$19 million.

In addition, we have temporarily shut down (for a period of at least two months) several cement production lines during 2008 and the first half of 2009 in order to rationalize the use of our assets and reduce the accumulation of our inventories. 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, we reduced our energy costs by actively managing our energy contracting and sourcing, and by increasing the use of alternative fuels. We believe that these cost reduction 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 going forward.

Lower capital expenditures. In light of the continued weak demand for our products throughout our markets, we expect to reduce (as agreed with our creditors) capital expenditures related to maintenance and expansion of our operations to approximately U.S.$600 million (plus a U.S.$50 million contingency to account for currency fluctuations and certain additional costs and expenses) during 2009, from approximately U.S.$2.2 billion during 2008. In the six months ended June 30, 2009, we recorded U.S.$377 million in capital expenditures related to maintenance and expansion. This reduction in capital expenditures will also be 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 cash conversion and regain our financial flexibility. Pursuant to the financing agreement, we cannot make aggregate capital expenditures in excess of (i) U.S.$600 million (plus an additional U.S.$50 million contingency to account for currency fluctuations and certain additional costs and expenses) for the year ended December 31, 2009, (ii) U.S.$700 million for the year ended December 31, 2010 and (iii) U.S.$800 million for each year thereafter until the debt under the financing agreement has been repaid in full. See Recent developments Recent developments relating to our indebtedness Global refinancing. We believe that these reductions in capital expenditures do not affect our world-class operating and quality standards.

Focusing on our core markets and products while maintaining our vertical integration strategy

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

We intend to continue focusing on our most promising, structurally attractive markets with considerable infrastructure needs and housing deficits, where we have substantial market share, benefit from competitive advantages and are able to re-invest in high-return projects and business lines as the economic conditions in these markets improve. We believe that some of our principal markets (particularly the United States, Mexico, Colombia, Central America, Egypt, Eastern Europe and Asia) are poised for economic growth, as significant investments are made in infrastructure, notably by the economic stimulus programs that have been announced by governments in these markets. In the United States, we have a particularly strong presence in states in the southern and southwestern part of the country that are experiencing significant population growth relative to the national average. In addition, according to the Recovery Accountability and Transparency Board created under the American Recovery and Reinvestment Act, the states in which we operate are expected to receive 59% of the government stimulus funds allocated to highway and bridge developments. In Mexico, which has historically suffered from significant underinvestment in infrastructure, the Mexican government announced, on October 8, 2008, a stimulus program to allocate approximately U.S.$4.8 billion to infrastructure investments during 2009.

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

We will continue to analyze our current portfolio and monitor opportunities for asset divestitures, as evidenced by our recent U.S. disposals and our pending disposal of our Australian operations.

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Leveraging our world-class operating standards to further increase our efficiency in our core markets and increase profitability

We have a long history of successfully operating world-class cement production facilities in developed and emerging markets and have consistently demonstrated our ability to produce cement at a lower cost compared to industry standards in these markets. We continue to strive to reduce our overall cement production related costs and corporate overhead through disciplined cost management policies and through improving efficiencies by removing redundancies. We also successfully implemented several worldwide standard platforms as part of this process. 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 reduce costs. In a number of our core markets, such as Mexico, we launched aggressive initiatives aimed at reducing use of fossil fuels and consequently reducing our overall energy costs.

Furthermore, significant economies of scale in key markets allow us to obtain highly competitive freight contracts for key components of our cost structure, such as fuel and coal, among others. Our cost-reduction program has helped further streamline our businesses and in important markets, such as the U.S., we have made a concerted effort to structure our asset portfolio to better capture potential upturn in demand through optimized processes, streamlined cost structures and efficient management systems.

Through a worldwide import and export strategy, we will continue to optimize capacity utilization and maximize profitability by redirecting our products from countries experiencing current downturns in their respective economies to target export markets where demand may be greater. Our global trading system enables us to coordinate our export activities globally and take advantage of demand opportunities and price movements worldwide. Should demand for our products in the U.S. 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 importing capabilities from Mexico.

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 constantly 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.

Providing the best value proposition to our customers

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

We continue to focus on developing new competitive advantages that will differentiate us from our competitors. For example, by directly bidding for, and managing the implementation of,

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concrete pavement projects, we are consolidating our leadership position in the infrastructure segment in Mexico such projects include the refurbishment of major highways in Mexico City, such as Circuito Interior and Av. Lopez Portillo, among others.

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. Our porous paving concrete, for example, is best suited for sidewalks and roadways because it allows rainwater to filter into the ground, reducing flooding and helping to maintain groundwater levels. In contrast, our significantly less permeable and highly resistant concrete products are well-suited for applications in coastal, marine, and other harsh environments.

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

First-class management team with a track record of successfully integrating and operating world-class businesses in diverse markets

Our senior management team has a proven track record of profitably operating diverse businesses throughout the cement value chain in emerging and developed economies globally. As part of our strategy, we have diversified selectively into markets that have long-term growth potential. We now have a presence in more than 50 countries and have consummated eight significant acquisitions during the last 12 years, including the acquisitions of RMC Group PLC, or RMC, and Rinker Group Limited, or Rinker. By participating in high growth markets and leveraging our operating expertise, in most cases, we have been able to increase our cash flow and return on capital employed. Our senior management team has demonstrated its ability to aggressively and effectively respond to the many challenges posed by the global economic crisis affecting most of our markets and our businesses.

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

Having successfully completed our refinancing process, implemented our extensive cost-reduction measures and performed certain divestitures, we feel confident that we will emerge from the global economic crisis substantially stronger, leaner and better-positioned to take advantage of the expected business cycle upturn in our core markets.

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Outlook

While we continue to be materially and adversely affected by the global recession, we are focused on managing costs and driving profitability in the current environment, and we believe that we are well positioned to benefit when the construction sector begins to recover. We believe that a combination of continued government stimulus spending and renewed focus on infrastructure investment in many of our markets, along with some recovery for housing and for non-residential construction, could translate into substantial growth in the demand for our products in the coming years. See Outlook for our major markets.

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The offering

The following summary contains basic information about this offering. This summary is not intended to be complete. You should read the full text and more specified details contained elsewhere in this prospectus supplement and the accompanying prospectus. For more information concerning our ADSs, CPOs and common stock, see Description of ADSs, Description of CPOs and Description of common stock in the accompanying prospectus.

Issuer	CEMEX, S.A.B. de C.V.
Shares offered	1,200,000,000 Ordinary Participation Certificates (*Certificados de Participación Ordinaria*), or CPOs, directly or in the form of American depositary shares, or ADSs.

595,000,000 of the CPOs being offered in this offering and in the concurrent public offering in Mexico are being sold on our behalf by three of our subsidiaries, Petrocemex, S.A. de C.V., Centro Distribuidor de Cemento, S.A. de C.V. and Empresas Tolteca de México, S.A. de C.V.

International offering	We are offering an aggregate of 900,000,000 CPOs (directly or in the form of ADSs) in the United States and in other countries outside Mexico.
Mexican offering	Concurrently with the international offering, we are offering an aggregate of 300,000,000 CPOs in a public offering in Mexico, approved by the CNBV, by means of a separate Spanish-language prospectus pursuant to Mexican law requirements that contains information that is substantially similar to the information included elsewhere or incorporated by reference in this prospectus supplement, and on similar terms as the terms of the international offering.

The international offering and the Mexican offering are sometimes referred to herein as the global offering. The number of CPOs to be offered pursuant to each of the offerings is subject to reallocation among the international and Mexican underwriters at the pricing of the global offering.

CPOs	Each CPO represents two shares of our Series A common stock and one share of our Series B common stock, each with no par value.
ADSs	Each ADS represents ten CPOs. The ADSs will be evidenced by American Depositary Receipts, or ADRs, issued by the ADS depositary.
Options to purchase additional CPOs	We have granted options to the international and Mexican underwriters to purchase up to 180,000,000 additional CPOs (in the case of the international underwriters up to 135,000,000 additional CPOs directly or in the form ADSs, and in the case of the Mexican underwriters up to 45,000,000 additional CPOs) to cover

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over-allotments, if any, within 30 days from the date of this prospectus supplement. The international and Mexican over-allotment options shall be exercised in a coordinated manner but may be exercised independently of each other.

CPOs outstanding immediately following the global offering 9,286,989,316 CPOs

The CPOs to be outstanding after the global offering discussed above are based on amounts outstanding as of September 4, 2009 and exclude:

additional CPOs issuable pursuant to the exercise of the underwriters over-allotment options;

approximately 16,288,891 CPOs held by our subsidiaries (which may be used to satisfy our obligation to deliver CPOs pursuant to our employee stock incentive plans referred to below);

approximately 18,436,207 CPOs in connection with our employee stock incentive plans as of June 30, 2009, representing approximately 0.2% of our outstanding common stock (which excludes 77,601,025 CPOs deliverable in connection with such plans that are expected to be satisfied with open market purchases of outstanding CPOs); and

498,946,778 shares of our Series A common stock and 249,473,289 shares of our Series B common stock that are not held in the form of CPOs outstanding as of June 30, 2009, representing approximately 2.8% of our outstanding common stock.

Voting Holders of ADSs are entitled to voting and economic rights with respect to the underlying Series B shares but only economic rights with respect to the underlying Series A shares. Accordingly, holders of ADSs will not be able to vote their underlying Series A shares but will receive any dividends we pay in respect of such shares.

Listings Our ADSs are listed on the New York Stock Exchange under the symbol CX. Our CPOs are listed on the Mexican Stock Exchange under the symbol CEMEX.CPO.

Use of proceeds We estimate that the net proceeds from the global offering will be approximately U.S.$1,430 million (or approximately U.S.$1,645 million if each of the over-allotment options is exercised in full), after deducting estimated underwriting discounts and expenses related to the global offering. These estimates are based on an assumed public offering price of U.S.$12.43 per ADS, or U.S.$1.24 per CPO, the last reported sales price of our ADSs on the NYSE on September 4, 2009, and an exchange rate of Ps13.38 per U.S. Dollar. We intend to use the

	net proceeds from the global offering, in full, to repay indebtedness as required by the financing agreement recently entered into with our creditors. See Use of proceeds and Recent developments Recent developments relating to our indebtedness.
Risk Factors	See Risk factors beginning on page S-14 of this prospectus supplement and the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of factors you should consider carefully before deciding to invest in our CPOs and ADSs.

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Risk factors

You should carefully consider the following risk factors and all the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus before making an investment decision regarding our securities. The following risks are not the only risks we face. The importance given to the following risk factors may change in the future, and other factors not disclosed below may have an impact on us in the future.

The financing agreement contains several restrictive covenants and limitations that could significantly affect our ability to operate our business.

The financing agreement requires us, beginning June 30, 2010, to comply with several financial ratios and tests, including a consolidated coverage ratio of EBITDA to consolidated interest expense of not less than (i) 1.75:1 for each semi-annual period through the period ending June 30, 2011, (ii) 2.00:1 for each semi-annual period through the period ending December 31, 2012 and (iii) 2.25:1 for the remaining semi-annual periods to December 31, 2013. In addition, the financing agreement allows us a maximum consolidated leverage ratio of total debt to EBITDA for each semi-annual period not to exceed 7.75:1 for the period ending June 30, 2010 and decreasing gradually for subsequent semi-annual periods to 3.50:1 for the period ending December 31, 2013. Pursuant to the financing agreement, we are also prohibited from making aggregate capital expenditures in excess of (i) U.S.$600 million (plus an additional U.S.$50 million contingency to account for currency fluctuations and certain additional costs and expenses) for the year ended December 31, 2009, (ii) U.S.$700 million for the year ended December 31, 2010 and (iii) U.S.$800 million for each year thereafter until the debt under the financing agreement has been repaid in full.

We are also subject to a number of negative covenants that, among other things, restrict our ability to: (i) create liens; (ii) incur additional debt; (iii) change our business or the business of any obligor or material subsidiary; (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, including those of CEMEX España, S.A. and its material operating subsidiaries; (ix) grant additional guarantees or indemnities; (x) declare or pay cash dividends and distributions to shareholders, or make other payments; (xi) issue shares; (xii) enter into certain derivatives transactions; and (xiii) exercise any call option on the perpetual debentures we issued through special purpose vehicles.

The financing agreement also contains a number of affirmative covenants that, among other things, require us to (i) provide periodic financial information to our lenders, (ii) issue common equity or equity-linked securities for net cash proceeds of at least U.S.$1 billion prior to June 30, 2010, or, if we are not able to issue such securities by that date and participating creditors representing at least 25% of all exposures under the financing agreement so demand at any time prior to December 31, 2010, issue equity and/or debt securities for a total amount of net cash proceeds equal to U.S.$1 billion less the amount of net cash proceeds received from any issuance prior to June 30, 2010, and (iii) subject to limited exceptions, restrict cash payment of dividends and share redemptions. See Recent developments Recent developments relating to our indebtedness Global refinancing Covenants. Pursuant to the financing agreement, however, a number of those covenants and restrictions will automatically cease to apply if (i) we receive an investment-grade rating from two of S&P, Moody s and Fitch; (ii) we reduce the exposures under the financing agreement by at least 50.96% (approximately U.S.$7.6 billion) from current debt

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levels; (iii) our consolidated leverage ratio for the two most recently completed semi-annual testing periods is less than or equal to 3.5:1; and (iv) no default under the financing agreement is continuing. Restrictions that will cease to apply when we satisfy such conditions include the capital expenditure limitations mentioned above, any applicable margin increases that were due to a failure to meet amortization targets and several negative covenants, including limitations on our ability to declare or pay cash dividends and distributions to shareholders, limitations on our ability to repay existing financial indebtedness, certain asset sale restrictions, the quarterly free cash flow sweep, certain mandatory prepayment provisions and restrictions on exercising our perpetual debentures call options (provided that participating creditors will continue to receive the benefit of any restrictive covenants that other creditors receive relating to other financial indebtedness of ours in excess of U.S.$75 million). At such time, several baskets and caps relating to negative covenants will also increase, including permitted financial indebtedness, permitted guarantees and limitations on liens. However, there can be no assurance that we will be able to meet the conditions for these restrictions to cease to apply prior to the final maturity date under the financing agreement. See Recent developments Recent developments relating to our indebtedness Global refinancing Covenant reset date.

The financing agreement contains events of default, some of which may be outside our control; such events of default include defaults based on (i) non-payment of principal, interest, or fees when due; (ii) material inaccuracy of representations and warranties; (iii) breach of covenants; (iv) bankruptcy or insolvency of CEMEX, any borrower under an existing facility or any other of our material subsidiaries; (v) a cross-default in relation to financial indebtedness in excess of U.S.$50 million; (vi) a change to the ownership of any of our subsidiary obligors under the financing agreement, unless the proceeds of such disposal are used to prepay financing agreement debt; (vii) enforcement of the share security; (viii) final judgments or orders in excess of U.S.$50 million that are neither discharged nor bonded in full within 60 days thereafter; (ix) any material adverse change arising in the financial condition of CEMEX which greater than 66.67% of the participating creditors determine would result in our failure to perform payment obligations under the existing facilities or the financing agreement; (x) failure to comply with laws; and (xi) failure to satisfy the conditions subsequent contained in the financing agreement. If an event of default occurs and is continuing, upon the authorization of 66.67% of the participating creditors, the creditors have the ability to accelerate all outstanding amounts due under the existing facilities. Acceleration is automatic in the case of insolvency. See Recent developments Recent developments relating to our indebtedness Global refinancing Events of default.

Some of the restrictions and limitations contained in the financing agreement 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 less restrictions or limitations. There can be no assurance that we will be able to comply with the restrictive covenants and limitations contained in the financing agreement. Further, there can be no assurances that, because of the existence of such limitations, particularly limitations in respect of the incurrence of capital expenditures, 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. Our failure to comply with such covenants and limitations could result in an event of default, which could materially and adversely affect our business and financial condition.

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The interest rate of our debt included in the financing agreement may increase if we do not comply with certain requirements or meet certain amortization targets.

Conditional interest rate increases that may occur with respect to our financial indebtedness included in the financing agreement could adversely affect our business. In general, our existing bank facilities that are included in the financing agreement bear interest at either a base rate plus an applicable margin, a LIBOR rate plus an applicable margin or a Euribor rate plus an applicable margin. The base rates, LIBOR rates and Euribor rates applicable to our existing bank facilities remain in place, and under the financing agreement the applicable margin for each bank facility is set at 4.5% per annum, which is subject to adjustment as follows:

If we do not issue common equity for net cash proceeds of at least U.S.$1 billion before June 30, 2010 we shall pay a fee in an amount equal to 0.75% of the amount of each participating creditor s exposure as of August 14, 2009 and the applicable margin will increase by an additional 0.75% per annum thereafter.

If we are unable to repay at least 31.85%, approximately U.S.$4.8 billion, of the aggregate initial exposures of the participating creditors between the closing of the financing agreement and December 31, 2010, the applicable margin will increase by an additional 0.5% or 1.0% per annum, depending upon the difference between such target amortization and the actual amortizations paid as of December 31, 2010.

If we are unable to repay at least 50.96%, approximately U.S.$7.6 billion of the aggregate initial exposures of the participating creditors between the closing of the financing agreement and December 31, 2011, the applicable margin will increase by an additional 0.5% or 1.0% per annum, depending upon the difference between such target amortization and the actual amortizations paid as of December 31, 2011.

The new private placement debt included in the financing agreement bears interest at a rate of 8.91% (except for the debt denominated in Yen, which bears a corresponding rate of 6.625%) per annum. The interest rate on the new private placement debt is subject to the same adjustments as described above. Interest rate increases due to a failure to meet amortization targets will cease to apply on the Covenant Reset Date. See Recent developments Recent developments relating to our indebtedness Global refinancing Covenant reset date. There can be no assurance that we will be able to satisfy the requirements necessary to prevent these pricing increases.

We have a substantial amount of debt including a significant portion of debt not subject to the financing agreement.

As of June 30, 2009, we had approximately Ps253,715 million (U.S.$19,250 million) of total debt, not including approximately Ps39,856 million (U.S.$3,024 million) of perpetual debentures issued by special purpose vehicles, which are not accounted for as debt or included in our financial statements under MFRS but are considered to be debt under U.S. GAAP. Of our total debt as of June 30, 2009, approximately Ps57,320 million (U.S.$4,349 million) is not subject to the financing agreement and remains payable pursuant to original maturities, with an aggregate principal amount of approximately Ps9,898 million (U.S.$751 million) maturing in the second half of 2009, and Ps6,669 million (U.S.$506 million), Ps9,753 million (U.S.$740 million), Ps10,821 million

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(U.S.$821 million), Ps185 million (U.S.$14 million), Ps17,319 million (U.S.$1,314 million) and Ps2,675 million (U.S.$203 million) maturing during 2010, 2011, 2012, 2013, 2014 and after 2014, respectively.

The financing agreement includes semiannual amortization requirements, which we intend to meet using funds from a variety of sources, including free cash flow from our operations and net cash proceeds from asset sales as well as debt and/or equity security issuances, the receipt of which will trigger mandatory prepayments. Of our total debt as of June 30, 2009 (approximately pro forma Ps254,414 million (U.S.$19,303 million), which does not include our perpetual debentures), including our debt not subject to the financing agreement (approximately Ps57,320 million (U.S.$4,349 million)) and after giving pro forma effect to the extended amortization requirements contained in the financing agreement, we had debt with an aggregate principal amount of approximately Ps16,104 million (U.S.$1,222 million) maturing during the second half of 2009, Ps38,065 million (U.S.$2,888 million) maturing during 2010, Ps37,369 million (U.S.$2,835 million) maturing during 2011, Ps21,224 million (U.S.$1,610 million) maturing during 2012, Ps31,567 million (U.S.$2,395 million) maturing during 2013 and Ps110,085 million (U.S.$8,353 million) maturing during 2014 and thereafter.

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, proceeds of debt and equity offerings and proceeds from asset sales. The global stock and credit markets in the last year and a half have experienced significant price volatility, dislocations and liquidity disruptions, which have caused market prices of many stocks to fluctuate substantially and the spreads on prospective and outstanding debt financings to widen considerably. These circumstances have materially impacted liquidity in the financial markets, making terms for financings materially less attractive, and at various times have resulted in the unavailability of certain types of financing. This volatility and illiquidity has materially and adversely affected a broad range of fixed income securities. As a result, the market for fixed income securities has experienced decreased liquidity, increased price volatility, credit downgrade events and increased defaults. Global equity markets have also been experiencing heightened volatility and turmoil, with issuers exposed to the credit markets being most seriously affected. These factors and the continuing market disruption have had, and may continue to have, an adverse effect on us, including on our ability to meet the amortization requirements under the financing agreement or to refinance indebtedness and future maturities of existing indebtedness.

If the global recession deepens and our operating results worsen significantly or if we are unable to complete our planned divestitures and our cash flow or capital resources prove inadequate, we could face liquidity problems and may not be able to comply with our upcoming principal payment maturities under our indebtedness.

If we or our subsidiaries are unable to comply with the provisions of our debt instruments (including the financing agreement), 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.

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As part of our financing agreement, we pledged the capital stock of the subsidiaries that represent substantially all of our business as collateral to secure our payment obligations under the financing agreement and under other financing arrangements.

As part of our financing agreement, we pledged or transferred to trustees under security trusts, as collateral, the capital stock of CEMEX México, S.A. de C.V., Centro Distribuidor de Cemento, S.A. de C.V., Mexcement Holdings S.A. de C.V., Corporación Gouda S.A. de C.V., Sunward Investments B.V., Sunward Acquisitions N.V., Sunward Holdings B.V., CEMEX Dutch Holdings B.V., New Sunward Holding B.V., CEMEX Trademarks Holdings Ltd. and CEMEX España, S.A. as collateral to secure our payment obligations under the financing agreement and under certain other financing arrangements with a principal amount of Ps63,772 million (U.S.$4,838 million) outstanding as of June 30, 2009. These subsidiaries collectively own, directly or indirectly, substantially all our operations worldwide. We also were required to grant equal and ratable security interests in such collateral to other creditors pursuant to negative pledge covenants in our other indebtedness and under our perpetual debentures, which are not accounted for as debt under MFRS. See Recent developments Recent developments relating to our indebtedness Global refinancing for additional information on our financing agreement.

If we fail to service our payment obligations under our financing agreement or to comply with any of the financial and operating covenants included in the financing agreement, we would be in default. In this event, our creditors could accelerate our obligations under the financing agreement and foreclose upon the stock of our subsidiaries constituting collateral. If indebtedness under the financing agreement is accelerated and foreclosure remedies against the collateral are enforced, our current shareholders will lose control and our assets may be disposed of totally or in part, thus affecting the integrity of our business.

We are required to issue equity or equity-linked securities under the financing agreement and may need to issue additional equity in the future as a source to repay our indebtedness; our ability to raise equity capital may be limited, could adversely affect our liquidity and could dilute existing shareholders.

Pursuant to the financing agreement, we are required to privately place or publicly sell common equity or equity-linked securities for net cash proceeds of at least U.S.$1.0 billion prior to June 30, 2010. If we do not issue such securities prior to June 30, 2010, participating creditors representing at least 25% of all exposures under the financing agreement can require us, at any time prior to December 31, 2010, to issue equity and/or debt securities for a total amount of net cash proceeds equal to U.S.$1.0 billion less the amount of net cash proceeds received from any issuance of common equity or equity-linked securities prior to June 30, 2010, including from this offering.

The disruptions in the financial and credit markets may continue to adversely affect our credit rating and the market value of our common stock, our CPOs and our ADSs. If the current pressures on credit continue or worsen, and alternative sources of financing continue to be limited, we may be dependent on the issuance of equity as a source to repay our existing indebtedness, including meeting amortization requirements under the financing agreement. Recently, conditions in the capital markets have been such that traditional sources of capital, including equity capital, from time to time have not been available to us on reasonable terms or at all. As a result, there is no guarantee that we will be able to successfully raise additional equity

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capital at all or on terms that are favorable or otherwise not dilutive to existing shareholders. If we raise additional funds by issuing more common stock, CPOs or ADSs, or debt securities convertible into or exchangeable for our common stock, CPOs or ADSs, the percentage ownership of our shareholders at the time of the issuance would decrease and our common stock, CPOs or ADSs may be diluted. In addition, if the aforementioned conditions prevail, the price at which we sell our common stock may be such that existing shareholders may suffer a substantial dilution. Any additional funding we obtain through capital increases may dilute the ownership percentage held by investors who purchase our common stock, CPOs or ADSs, in this offering. In addition, any securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock, CPOs or ADSs. See Recent developments Recent developments relating to our indebtedness Mandatorily convertible debt securities issuance.

The current global economic recession is likely to continue to adversely affect our business, financial condition and results of operations.

The global recession has had and is likely to continue to have a material adverse impact on our business, financial condition and results of operations throughout our operations worldwide. Our results of operations are highly dependent on the results of our operating subsidiaries in the U.S., Mexico and Western Europe. This could be the deepest and longest global recession in many generations. Despite the aggressive measures taken by governments and central banks thus far, there is still a significant risk that these measures may not prevent the global economy from falling into an even deeper and longer lasting recession, and a depression. In the construction sector, declines in residential construction in all our markets have broadened and intensified in line with the spread and deterioration of the financial crisis. The adjustment process has been more severe in countries that experienced the largest housing market expansion during the years of high credit availability (such as the U.S., Spain, Ireland and the U.K.). Most recovery efforts focus on fostering growth in demand from infrastructure projects. The infrastructure plans announced to date by many countries, including the U.S. and Mexico, may not stimulate economic growth or yield the expected results because of delays in implementation and/or bureaucratic issues, among other obstacles. A worsening of the current economic crisis or delays in any such plans may adversely affect demand for our products.

In the U.S., the current recession is already longer and deeper than the previous two recessions during the 1990s and in early 2000. We expect the U.S. credit crunch to continue to adversely affect the housing market in the near future. Housing starts, which was the primary driver of cement demand in the residential sector, decreased by 33% in 2008 compared to 2007, according to the U.S. Census Bureau, and in 2009 has been running at historical lows at an annual rate of 582,000 based on available data as of June 30, 2009. A housing recovery may not take place in the short term given the current market environment, tight credit conditions and housing oversupply. Uncertainty regarding public construction projects continues following the announcement of the U.S. government s fiscal stimulus package. We cannot give any assurances that infrastructure plans announced in the U.S. would offset the expected decline in cement and ready-mix concrete demand as a result of current economic conditions. The uncertain economic environment and tight credit conditions also adversely affected the U.S. industrial and commercial sector during 2008, with contract awards a leading indicator of construction activity declining 27% in 2008 compared to 2007, according to FW Dodge. This combination of factors resulted in the worst decline in sales volumes that we have experienced in the United

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States in recent history. Our U.S. operations cement and ready-mix concrete sales volumes decreased approximately 14% and 13%, respectively, in 2008 compared to 2007 (approximately 21% and 30%, respectively, on a like-to-like basis taking into account the consolidation of Rinker s U.S. operations for an additional six months in 2008 compared to 2007). Our U.S. operations cement and ready-mix concrete sales volumes decreased approximately 35% and 43%, respectively, in the six months ended June 30, 2009 compared to the comparable period in 2008.

The Mexican economy has also been significantly and adversely affected by the global financial crisis. The dependence on the U.S. economy remains very important, and therefore, any downside to the economic outlook in the United States may hinder any recovery in Mexico. The crisis has also adversely affected the local credit markets resulting in an increased cost of capital that may negatively impact companies ability to meet their financial needs. During 2008, the Mexican Peso depreciated by 26% against the Dollar and has remained at those levels. Moreover, further exchange rate depreciation and/or increasing volatility in the markets would adversely affect our operational and financial results. We cannot be certain that a more pronounced contraction of Mexican economic output will not take place, which would translate into a bleaker outlook for the construction sector and its impact on cement and concrete consumption. The Mexican Government s plan to increase infrastructure spending could prove to be, as in other countries, difficult to implement in a timely manner and in the officially announced amounts. As a result of the current economic environment, our Mexican cement and ready-mix concrete sales volumes decreased approximately 4% and 6%, respectively, in 2008 compared to 2007. In the six months ended June 30, 2009, our Mexican cement sales volumes increased approximately 1% and our ready-mix concrete sales volumes decreased approximately 2%, compared to the six months ended June 30, 2008.

Many Western European countries, including the U.K., France, Spain and Germany, entered into recessions several months ago due to the global economic environment, the financial crisis and their impact on the economies of such countries, including the construction sectors. If this situation continues to deteriorate, our financial condition and results of operations could be materially and adversely affected. These risks are more pronounced in those countries with a higher degree of previous market distortions (especially the existence of real estate bubbles and durable goods overhangs prior to the crisis), such as Spain, or those more exposed to financial turmoil, such as the U.K. According to OFICEMEN, the Spanish cement trade organization, domestic cement demand in Spain declined 23.8% in 2008 compared to 2007 and 35.7% in the six months ended June 30, 2009 compared with the comparable period in 2008. Our Spanish domestic cement and ready-mix concrete sales volumes decreased approximately 48% and 51%, respectively, in the six months ended June 30, 2009 compared with the comparable period in 2008. In the U.K., according to the British Cement Association, domestic cement demand decreased approximately 14.8% in 2008 compared to 2007. Our U.K. domestic cement and ready-mix concrete sales volumes decreased approximately 23% and 28%, respectively, in the six months ended June 30, 2009 compared with the comparable period in 2008. In the construction sector, the residential adjustment could last longer than anticipated, while non-residential construction could experience a sharper decline than expected. Finally, the boost to infrastructure spending that is anticipated as a result of the stimulus packages that have been announced by most European countries could be lower than projected due to bureaucratic hurdles, delays in implementation or funding problems. If these risks materialize, our business, financial condition and results of operations may be adversely affected.

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The important trade links with Western Europe make some of the Eastern European countries susceptible to the Western European recession. Large financing needs in these countries pose a significant vulnerability. This issue is expected to be more critical in countries with fixed exchange rates regimes (such as Latvia) that could be forced to devalue. Central European economies could face delays in implementation of European Union Structural Funds (funds provided by the European Union to member states with lowest national incomes per capita) related projects due to logistical and funding problems, which could have a material adverse effect on cement and/or ready-mix concrete demand.

The Central and South American economies also pose a downside risk in terms of overall activity. The global financial downturn, lower exports to the U.S. and Europe, lower remittances and lower commodity prices represent an important negative risk for the region in the short term. This may translate into greater economic and financial volatility and lower growth rates, which could have a material adverse effect on cement and ready-mix concrete consumption and/or prices. Any significant political instability or economic volatility in the South American, Central American or the Caribbean countries in which we have operations may have an impact on cement prices and demand for cement and ready-mix concrete, which may adversely affect our business and results of operations.

The Asia-Pacific region will likely be affected by a further deterioration of the global economic landscape. An additional increase in country risk and/or decreased confidence among global investors would also limit capital flows and investments in the Asian region. Regarding the Middle East region, lower oil revenues and tighter credit conditions could moderate economic growth and adversely affect construction investments. In addition, the accumulated housing overhang, the rapid downfall in property prices and the radical change in the international financial situation could prompt a sudden adjustment of the residential markets in some of the countries in the region.

If the global economy were to continue to deteriorate and fall into an even deeper and longer lasting recession, or even a depression, our business, financial condition and results of operations would be adversely affected.

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

Our ability to realize the expected benefits from acquisitions depends, in large part, on our ability to integrate acquired operations with our existing operations in a timely and effective manner. These efforts may not be successful. The acquisition of Rinker substantially increased our exposure to the United States, which has been experiencing a sharp downturn in the housing and construction sectors. The downturn in the United States has had adverse effects on Rinker s U.S. operations, making it more difficult for us to achieve our goal of decreasing our acquisition-related leverage. We also may not be able to achieve all the anticipated cost savings from the Rinker acquisition. Our financial statements for the year ended December 31, 2008 include non-cash charges of approximately U.S.$1.5 billion for impairment losses in accordance with MFRS, of which approximately U.S.$1.3 billion relate to impairment of goodwill (mainly related to the Rinker acquisition). See notes 6, 9 and 10C to our audited financial statements included elsewhere or incorporated by reference in this prospectus supplement. Considering differences in the measurement of fair value, including the selection of economic variables, as well as the

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methodology for determining final impairment losses between MFRS and U.S. GAAP, our impairment losses in 2008 under U.S. GAAP amounted to approximately U.S.$4.9 billion, including the impairment losses determined under MFRS, of which approximately U.S.$4.7 billion refer to impairment of goodwill, as explained in note 25 to our audited financial statements included elsewhere or incorporated by reference in this prospectus supplement. During the six months ended June 30, 2008 and 2009, based on our assessments, there were no impairment charges under MFRS. Although we currently are seeking to dispose of assets to reduce our overall leverage, we may in the future acquire new operations and integrate such operations into our existing operations, and some of such acquisitions may have a material impact on our business, financial condition and results of operations. We cannot assure you that we will be successful in identifying or acquiring suitable assets in the future. If we fail to achieve the anticipated cost savings from any acquisitions, our business, financial condition and results of operations would be materially and adversely affected.

Our ability to repay debt and pay dividends depends on our subsidiaries ability to transfer income and dividends to us as well as contractual restrictions binding on us.

We are a holding company with no significant assets other than the stock of our subsidiaries and our holdings of cash and marketable securities. Our ability to repay debt and pay dividends depends on the continued transfer to us of dividends and other income from our subsidiaries. The ability of our subsidiaries to pay dividends and make other transfers to us is limited by various regulatory, contractual and legal constraints.

If we are unable to receive cash from our subsidiaries in the form of dividends or otherwise, our business, results of operations and financial condition could be materially adversely affected and we may not be able to service our debt, which could, in turn, adversely affect the market price of our CPOs and ADSs.

Our ability to receive funds from our subsidiaries may also be restricted by covenants in the debt instruments and other contractual obligations of those entities and applicable laws and regulations. We may also be subject to exchange controls on remittances by our subsidiaries from time to time in certain jurisdictions. Further, claims against our subsidiaries, their cash flows or their assets may further limit their ability to transfer funds. We cannot assure you that these subsidiaries will generate sufficient income to pay dividends to us, and without these dividends, we may be unable to service our debt.

Moreover, the ability of our subsidiaries to pay dividends may be restricted by the laws of the jurisdictions under which such subsidiaries are incorporated. For example, our subsidiaries in Mexico are subject to Mexican legal requirements, which provide that a corporation may declare and pay dividends only out of the profits reflected in the year-end financial statements that are approved by its stockholders after stockholders approve the payment of dividends. In addition, such payment can be approved by a subsidiary s stockholders after the creation of a required legal reserve (equal to one-fifth of the relevant company s capital) and satisfaction of losses, if any, incurred by such subsidiary in previous years. Therefore, our cash flows could be affected if we do not receive dividends or other payments from our subsidiaries.

As described above, the financing agreement effectively prohibits us from declaring and paying cash dividends or making other cash distributions to our shareholders. See Recent developments Recent developments relating to our indebtedness Global refinancing.

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Our ability to comply with our upcoming debt maturities may depend in large part on 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.

In the short term, we intend to use our capital resources, cash flow from operations, proceeds from capital markets debt and equity offerings and proceeds from the sale of assets to repay debt in order to reduce our leverage, strengthen our capital structure and regain our financial flexibility. Our ability to comply with our payment obligations under the financing agreement and other indebtedness may depend in large part on asset sales, and there is no assurance that we will be able to execute such sales on terms favorable to us or at all.

In connection with our asset divestment initiatives, in 2008, we sold our Canary Islands operations in Spain (consisting of cement and ready-mix concrete assets in Tenerife and our 50% equity interest in two joint ventures) for approximately 162 million (U.S.$227 million). In addition, during 2008 we sold our Italian operations (consisting of four grinding mills with an installed aggregate capacity of approximately 2,420,000 tons per year) for approximately 148 million (U.S.$210 million). On June 15, 2009, we sold three quarries (located in Nebraska, Wyoming and Utah) and our 49% joint venture interest in the operations of a quarry located in Granite Canyon, Wyoming, to Martin Marietta Materials, Inc. for U.S.$65 million. On June 15, 2009, we announced our agreement to sell all our assets in Australia (consisting of 249 ready-mix concrete plants, 83 aggregate quarries, 16 concrete pipe and precast products plants, and our 25% stake in Cement Australia) for approximately AUD$2.02 billion (U.S.$1.64 billion, with an exchange rate of AUD$1.2324 per U.S. Dollar). The transaction is subject to regulatory approval, due diligence and other closing conditions and is currently expected to close during the fourth quarter of 2009. All the net proceeds from the sale of assets will be used to repay existing indebtedness.

As a result of the global economic recession and uncertain market conditions, we may not be able to complete our planned divestitures on terms that we find economically attractive or at all. The current volatility of the credit and capital markets can significantly affect us due to the limited availability of funds to potential acquiring parties. The lack of acquisition financing in the current economic environment and existing relatively high levels of indebtedness among many industry peers will likely make it difficult for potential interested acquirers to purchase our assets. 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. Given our current level of indebtedness, liquidity constraints, depressed cash flows and the difficulties to conduct asset sales in the current market, we may be forced to sell our assets at prices substantially lower than their estimated fair value.

If we are unable to complete our planned divestitures and as a result our cash flow or capital resources prove inadequate, we could face additional liquidity problems and may not be able to comply with payment obligations under our indebtedness.

Our use of derivative financial instruments may adversely affect our operations, especially in a volatile and uncertain market.

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.

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Nonetheless, as a result of our financing agreement, our use of derivative instruments is constrained. For the year ended December 31, 2008, we had a net loss of approximately Ps15,172 million (U.S.$1,323 million) from financial instruments as compared to a net gain of Ps2,387 million (U.S.$218 million) in 2007. For the six months ended June 30, 2009, we had a net loss of approximately Ps2,091 million (U.S.$150 million) from financial instruments as compared to a net loss of Ps204 million (U.S.$19 million) during the six months ended June 30, 2008. These losses resulted from a variety of factors, including losses related to changes in the fair value of equity derivative instruments attributable to the generalized decline in price levels in the capital markets worldwide, losses related to changes in the fair value of cross-currency swaps and other currency derivatives attributable to the appreciation of the Dollar against the Euro, and losses related to changes in the fair value of interest rate derivatives primarily attributable to the decrease in the five-year interest rates in Euros and Dollars.

Since the beginning of 2009, we have been reducing the aggregate notional amount of our derivatives, thereby reducing the risk of cash margin calls. This initiative has included closing a significant portion of notional amounts of derivative instruments related to our debt (currency and interest rate derivatives) and the settlement of our inactive derivative financial instruments (see notes 11C and D to our audited consolidated financial statements included elsewhere or incorporated by reference in this prospectus supplement), which we finalized during April 2009. As a result, we settled derivatives contracts resulting in an aggregate loss in the first six months of this year of approximately U.S.$1,093 million, which, after netting approximately U.S.$624 million of cash margin deposits previously posted in favor of our counterparties and cash payments of approximately U.S.$48 million, was documented through our issuance of promissory notes for approximately U.S.$421 million, which increased our outstanding debt. The financing agreement restricts our ability to enter into derivative transactions. See Recent developments Recent developments relating to our indebtedness Global refinancing.

In addition, in order to eliminate our exposure to the Yen and to Yen interest rates, on May 22, 2009, we delivered the required notices under the documentation governing the dual-currency notes and the related perpetual debentures, informing the debenture holders of our decision to exercise our right to defer by one day the scheduled interest payment otherwise due and payable on June 30, 2009. As a result, during July 2009, the interest rate on the dual-currency notes converted from a Yen floating rate into a Dollar or Euro fixed rate, as applicable, as of June 30, 2009, and the associated Yen cross-currency swap derivatives were unwound, and the notes trustees received approximately U.S.$94 million that will be used to pay future coupons on the perpetual debentures. See Management s discussion and analysis of financial condition and results of operations for the six month periods ended June 30, 2008 and 2009 Liquidity and capital resources Our financial derivatives instruments.

Most derivative financial instruments are subject to margin calls in case the threshold set by the counterparties is exceeded. In several scenarios, 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. The mark-to-market changes in some of our derivative financial instruments are reflected in our income statement introducing volatility in our majority interest net income and our related ratios. In the current environment, the creditworthiness of our counterparties may deteriorate substantially, preventing them from honoring their obligations to us. We maintain equity derivatives that in a number of scenarios may require us to cover margin calls that could reduce our cash availability.

If we resume using derivative financial instruments, or with respect to our outstanding equity derivative positions, we may incur net losses from our derivative financial instruments. See

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Management s discussion and analysis of financial condition and results of operations for the six month periods ended June 30, 2008 and 2009 Liquidity and capital resources Our financial derivatives instruments.

A substantial amount of our total assets are intangible assets, including goodwill. We have recently recognized charges for goodwill impairment, and if market and industry conditions were to continue to deteriorate, further impairment charges may be required.

As of June 30, 2009 and December 31, 2008, approximately 34% of our total assets were intangible assets, of which, 78% on June 30, 2009 and 77% in 2008 corresponded to goodwill related primarily to our acquisitions of RMC and Rinker. Goodwill is recognized at the acquisition date based on the preliminary allocation of the purchase price. If applicable, goodwill is subsequently adjusted for any correction to the preliminary assessment given to the assets acquired and/or liabilities assumed within the twelve-month period following the purchase date.

Our consolidated financial statements have been prepared in accordance with MFRS, which differs significantly from U.S. GAAP with respect to the methodology used to determine the final impairment loss, when applicable, including the selection of key assumptions related to the determination of the assets fair value. Pursuant to our policy under MFRS, goodwill and other intangible assets of indefinite life are not amortized and are tested for impairment when impairment indicators exist or in the fourth quarter of each year, by determining the value of the reporting units in use (a unit that generates cash flow), which is the result of the discounted amount of estimated future cash flows expected to be generated by the reporting units to which those assets relate. An impairment loss is recognized under MFRS if the value in use is lower than the net book value of the reporting unit. We determine the discounted amount of estimated future cash flows over a period of five years, unless a longer period is justified in a specific country, considering the economic cycle of the reporting units and prevailing industry conditions. Impairment tests are sensitive to the projected future prices of our products, trends in operating expenses, local and international economic trends in the construction industry, as well as the long-term growth expectations in the different markets, among other factors. Likewise, the discount rates and the rates of growth in perpetuity used have an effect on such impairment tests. See note 2J to our financial statements for the six months ended June 30, 2009 included elsewhere in this prospectus supplement.

During the fourth quarter of 2008, the global economic crisis caused financing scarcity in almost all productive sectors, resulting in a decrease in economic activity in all our markets and a worldwide downturn in macroeconomic indicators. This effect has lowered the overall growth expectations within the countries in which we operate, particularly affecting the construction industry due to the cancellation or deferral of several investment projects. These conditions, which constitute an impairment indicator, coincided with our annual impairment tests under MFRS. For the year ended December 31, 2008, we recognized goodwill impairment losses under MFRS of approximately Ps18.3 billion (U.S.$1.3 billion), of which the impairment corresponding to the United States reporting unit was approximately Ps16.8 billion (U.S.$1.2 billion). The estimated impairment loss in the United States during 2008 is mainly related to the acquisition of Rinker in 2007 and overall is attributable to the negative economic situation expected in the markets during 2009 and 2010, particularly in the construction industry. Those factors significantly affected the variables included in the projections of estimated cash flows in comparison with valuations made at the end of 2007. See notes 2K and 10C to our audited

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consolidated financial statements included elsewhere or incorporated by reference in this prospectus supplement. During the periods ended June 30, 2008 and 2009, based on our analyses of impairment indicators and our determinations of the value in use valuations of our reporting units, we did not recognize goodwill impairment charges.

As mentioned above, differences between MFRS and U.S. GAAP with respect to the methodology used to determine the final impairment loss, when applicable, including the selection of key assumptions related to the determination of the assets fair value, has led to a materially greater impairment loss under U.S. GAAP, as compared to that recognized in our consolidated financial statements included elsewhere or incorporated by reference in this prospectus supplement under MFRS. For the year ended December 31, 2008, we recognized goodwill impairment losses under U.S. GAAP of approximately U.S.$4.7 billion (compared to U.S.$1.3 billion under MFRS), of which the impairment corresponding to the United States reporting unit was approximately U.S.$4.5 billion (compared to U.S.$1.2 billion of goodwill impairment losses recognized under MFRS).

Due to the important role that economic factors play in testing goodwill for impairment, a further downturn in the global economy in 2009 could necessitate new impairment tests and a possible downward readjustment of our goodwill for impairment under both MFRS and U.S. GAAP. Such an impairment test could result in additional impairment charges which could be material to our financial statements.

The announcement of the agreement for the sale our Australian assets for approximately AUD$2.02 billion (approximately $U.S.1.64 billion or Ps21.6 billion considering the exchange rates of AUD$1.2324 per U.S. Dollar and Ps13.18 per U.S. Dollar, respectively, at June 30, 2009) constitutes new evidence of fair value and represents, considering the related net assets carrying amount, an indicator of potential impairment. Under MFRS, for assets still in use, an impairment loss would arise if the carrying amount of the net assets exceeds both the estimated sale price and the value in use. The value in use corresponds to the net present value of the estimated cash flows related to such assets. We calculated the value in use of our Australian assets as of June 30, 2009, including variables that reflect the current economic conditions, and compared the value with the corresponding net assets carrying amount. As a result of our test, no impairment loss under MFRS was determined for the six months ended June 30, 2009. The net book value of our Australian assets was approximately Ps25,096 million (U.S.$1,826 million or AUD$2,570 million) and approximately Ps25,229 million (U.S.$1,914 million or AUD$2,359 million) as of December 31, 2008 and June 30, 2009, respectively.

Our independent auditors expressed substantial doubt about our ability to continue as a going concern in their report accompanying our audited consolidated financial statements included in our annual report on Form 20-F.

During the fourth quarter of 2008 and through the date of this prospectus supplement, our liquidity position and operating performance have been adversely affected by adverse economic and industry conditions as a result of the downturn in the global construction industry and the global credit market crisis.

In connection with the uncertainty related to the bank debt refinancing process and considering the facts and circumstances prevailing at the time as described in note 22 to our audited consolidated financial statements included elsewhere or incorporated by reference in this prospectus supplement, the independent auditors report accompanying our audited consolidated financial statements, included in our annual report on Form 20-F for the year ended December 31, 2008, filed with the SEC on June 30, 2009, contains a paragraph expressing substantial doubt as to our ability to continue as a going concern. Our audited consolidated financial statements for the year ended December 31, 2008 do not include any adjustments to reflect the possible future effects on the recoverability and classification of recorded assets or the amounts and classification of liabilities or any other adjustment that might result from the outcome of this uncertainty.

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

A substantial portion of our outstanding debt is denominated in Dollars. As of December 31, 2008 and June 30, 2009, our Dollar-denominated debt represented approximately 73% and 61%, respectively, of our total debt (after giving effect to our currency-related derivatives in 2008). Our existing Dollar-denominated debt, including the additional Dollar-denominated debt we incurred to finance the acquisition of Rinker, must be serviced with funds generated by our subsidiaries. Although the acquisition of Rinker increased our U.S. assets substantially, we nonetheless continue to rely on our non-U.S. assets to generate revenues to service our Dollar-denominated debt. Consequently, we have to use revenues generated in Pesos, Euros or other currencies to service our Dollar-denominated debt. See Management s discussion and analysis of financial condition and results of operations for the six month periods ended June 30, 2008 and 2009 Interest rate risk, foreign currency risk and equity risk Foreign currency risk. A devaluation or depreciation in the value of the Peso, Euro, Pound Sterling or any of the other currencies of the countries in which we operate, compared to the Dollar, could adversely affect our ability to service our debt. Mexico, Spain, the United Kingdom and the Rest of Europe region, our main non-Dollar-denominated operations, together generated approximately 52% during 2008 and 51% for the six months ended June 30, 2009 of our total net sales in Peso terms (approximately 17%, 7%, 8% and 20% during 2008; and 20%, 5%, 7% and 19% for the six months ended June 30, 2009, respectively), before eliminations resulting from consolidation. In 2008 and the six months ended June 30, 2009, approximately 21% and 18%, respectively, of our sales were generated in the United States. During 2008, the Peso depreciated approximately 26% against the Dollar, the Euro depreciated approximately 4% against the Dollar and the Pound Sterling depreciated approximately 36% against the Dollar. During the six months ended June 30, 2009, the Peso appreciated approximately 4% against the Dollar, the Euro appreciated approximately 0.4% against the Dollar and the Pound Sterling appreciated approximately 13% against the Dollar in each case, compared to December 31, 2008. Although we expect to enter into future currency hedges, they may not be effective in covering all our currency-related risks.

Our consolidated reported results for any period and our outstanding indebtedness as of any date are significantly affected by fluctuations in exchange rates between the Peso and other currencies, as those fluctuations influence the amount of our indebtedness when translated into Pesos and also result in foreign exchange gains and losses as well as gains and losses on derivative contracts we may have entered into to hedge our exchange rate exposure.

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

From time to time, we may become involved in litigation and other legal proceedings relating to claims arising from our operations in the normal course of business. As described in, but not limited to, Item 4 Information on the Company Regulatory Matters and Legal Proceedings of our annual report on Form 20-F for the year ended December 31, 2008 and Recent developments Recent developments relating to our regulatory matters and legal proceedings, we are currently subject to a number of significant legal proceedings, including, but not limited to, tax matters in Mexico, a legal proceeding initiated by the Texas General Land Office in respect of mineral rights as well as antitrust investigations in the U.K. and Germany. Litigation is subject to inherent uncertainties, and unfavorable rulings may occur. We cannot assure you that these or other legal proceedings will not materially affect our ability to conduct our business in the manner that we expect or otherwise adversely affect us should an unfavorable ruling occur.

Our operations are subject to environmental laws and regulations.

Our operations are subject to laws and regulations relating to the protection of the environment in the various jurisdictions in which we operate, such as regulations regarding the release of cement dust into the air or emissions of greenhouse gases. Stricter laws and regulations, or stricter interpretation of existing laws or regulations, may impose new liabilities on us or result in the need for additional investments in pollution control equipment, either of which could result in a material decline in our profitability.

In addition, our operations in the United Kingdom, Spain and the Rest of Europe are subject to binding caps on carbon dioxide emissions imposed by Member States of the European Union as a result of the European Commission s directive implementing the Kyoto Protocol on climate change. Under this directive, companies receive from the relevant Member States set limitations on the levels of carbon dioxide emissions from their industrial facilities. These allowances are tradable so as to enable companies that manage to reduce their emissions to sell their excess allowances to companies that are not reaching their emissions objectives. Failure to meet the emissions caps is subject to significant monetary penalties. For the years 2008 through 2012, the European Commission significantly reduced the overall availability of allowances. As a result of continuing uncertainty regarding final allowances, it is premature to draw conclusions regarding the overall position of all our European cement plants.

We believe we may be able to reduce the impact of any excess emissions by either reducing the level of carbon dioxide released in our facilities or by implementing clean development mechanism projects, or CDM projects, in emerging markets. If we are not successful in implementing emission reductions in our facilities or obtaining credits from CDM projects, we may have to purchase a significant amount of allowances in the market, the cost of which may have an impact on our operating results.

To date, the United States has pursued a voluntary greenhouse gas (GHG) emissions reduction program to meet its obligations as a signatory to the United Nations Framework Convention on Climate Change. As a result of increased attention to climate change in the U.S., numerous bills have been introduced in recent sessions of the U.S. Congress that would reduce GHG emissions in the U.S. and enactment of climate change legislation within the next several years now seems likely. However, there is still significant uncertainty about the cost of complying with any future GHG emission requirements. These costs will depend upon many factors, including the required

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levels of GHG emission reductions, the timing of those reductions, the impact on fuel prices, whether emission allowances will be allocated with or without cost to existing generators and whether flexible compliance mechanisms, such as a GHG offset program similar to those sanctioned under the Clean Air Act for conventional pollutants, will be part of the policy.

While debate continues at the national level over domestic climate policy and the appropriate scope and terms of any federal legislation, many states are developing state-specific measures or participating in regional legislative initiatives to reduce GHG emissions. At this point, we are unable to determine whether any of these proposals will be enacted into law or to estimate their potential effect on our operations.

Implementing regulations for such regional initiatives may be more stringent and costly than federal legislative proposals currently being debated in the U.S. Congress. It cannot yet be determined whether or to what extent any federal legislative system would preempt regional or state initiatives, although such preemption would greatly simplify compliance and eliminate regulatory duplication. If state and/or regional initiatives are allowed to stand together with federal legislation, generators could be required to purchase allowances to satisfy their state and federal compliance obligations.

Permits relating to some of Rinker s largest quarries in Florida, which represent a significant part of Rinker s business, are being challenged. A loss of these permits could adversely affect our business.

We are subject to restrictions due to minority interests in our consolidated subsidiaries.

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

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 during periods 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 adverse weather conditions can adversely affect our results of operations and profitability if they occur with unusual intensity, occur during abnormal periods, or last longer than usual in our major markets, especially during peak construction periods.

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

Our operations consume significant amounts of energy and fuel, the cost of which has significantly fluctuated in recent years. To mitigate high energy and fuel costs and volatility, we

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have implemented the use of alternative fuels which has resulted in less vulnerability to price spikes. We have also implemented technical improvements in several facilities and entered into long-term supply contracts for petcoke and electricity to mitigate price volatility. Despite these measures, we cannot assure you that our business, financial condition and result of operations would not be materially adversely affected in the future if energy and fuel costs increase.

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 results.

With the acquisitions of RMC in 2005 and Rinker in 2007, our geographic diversity has significantly increased. As of December 31, 2008 and June 30, 2009, we had operations in Mexico, the United States, the United Kingdom, Spain, the Rest of Europe region (including Germany and France), the South America, Central America and the Caribbean region, Africa and the Middle East, Australia and Asia. As of December 31, 2008 and June 30, 2009, our Mexican operations represented approximately 11% and 12%, respectively, of our total assets, our U.S. operations represented approximately 45% and 43%, respectively, of our total assets, our Spanish operations represented approximately 10% and 9%, respectively, of our total assets, our United Kingdom operations represented approximately 6% and 7%, respectively, of our total assets, our Rest of Europe operations represented approximately 10% and 10%, respectively, of our total assets, our South America, Central America and Caribbean operations represented approximately 5% and 5%, respectively, of our total assets, our Africa and the Middle East operations represented approximately 3% and 3%, respectively, of our total assets, our Australian and Asia operations represented approximately 7% and 8%, respectively, of our total assets and our other operations represented approximately 3% and 3%, respectively, of our total assets. For the year ended December 31, 2008 and the six months ended June 30, 2009, before eliminations resulting from consolidation, our Mexican operations represented approximately 17% and 20%, respectively, of our net sales, our U.S. operations represented approximately 21% and 18%, respectively, of our net sales, our Spanish operations represented approximately 7% and 5%, respectively, of our net sales, our United Kingdom operations represented approximately 8% and 7%, respectively, of our net sales, our Rest of Europe operations represented approximately 20% and 19%, respectively, of our net sales, our South America, Central America and Caribbean operations represented approximately 9% and 10%, respectively, of our net sales, our Africa and the Middle East operations represented approximately 5% and 7%, respectively, of our net sales, our Australian and Asia operations represented approximately 9% and 10%, respectively, of our net sales and our other operations represented approximately 4% and 4%, respectively, of our net sales. Adverse economic conditions in any of these countries or regions may produce a negative impact on our net income. For a geographic breakdown of our net sales for the year ended December 31, 2008 and the six months ended June 30, 2009, please see Item 4 Information on the Company Geographic Breakdown of Our 2008 Net Sales of our annual report on Form 20-F for the year ended December 31, 2008 and Summary Geographic breakdown of net sales for the period ended June 30, 2009.

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Our operations in South America, Central America and the Caribbean are faced with several risks that are more significant than in other countries. These risks include political instability and economic volatility. For example, on August 18, 2008, Venezuelan officials took physical control of the facilities of CEMEX Venezuela, S.A.C.A., or CEMEX Venezuela, following the issuance on May 27, 2008 of governmental decrees confirming the expropriation of all of CEMEX Venezuela s assets, shares and business. The government of Venezuela has paid no compensation to the CEMEX affiliates, CEMEX Caracas Investments B.V. and CEMEX Caracas Investments II B.V. (together, CEMEX Caracas), which held a 75.7% interest in CEMEX Venezuela, or to any other former CEMEX Venezuela shareholder. On October 16, 2008, CEMEX Caracas filed a request for arbitration against the government of Venezuela before the International Centre for Settlement of Investment Disputes, or ICSID, pursuant to the bilateral investment treaty between the Netherlands and Venezuela, seeking relief for the expropriation of their interest in CEMEX Venezuela. The ICSID arbitral tribunal has been constituted. We are unable at this preliminary stage to estimate the likely range of potential recovery (if any) or to determine what position the government of Venezuela will take in these proceedings, the nature of the award that may be issued by the Tribunal, and the difficulties of collection of any possible monetary award issued to CEMEX Caracas, among other matters. See Item 4 Information on the Company Business of CEMEX Regulatory Matters and Legal Proceedings Tax Matters Expropriation of CEMEX Venezuela and ICSID Arbitration of our annual report on Form 20-F for the year ended December 31, 2008 and Recent developments Recent developments relating to our regulatory matters and legal proceedings.

Our operations in Africa and the Middle East have faced instability as a result of, among other things, civil unrest, extremism, deterioration of Israeli-Palestinian relations and the war in Iraq. There can be no assurance that political turbulence in the Middle East will abate in the near future or that neighboring countries, including Egypt and the United Arab Emirates, will not be drawn into conflicts or experience instability.

There have been terrorist attacks in the United States, Spain and the United Kingdom, countries in which we maintain operations, and ongoing threats of future terrorist attacks in the United States and abroad. There can be no assurance that there will not be other attacks or threats in the United States or abroad that will lead to an economic contraction or erection of material barriers to trade in the United States or any other of our major markets. An economic contraction in the United States or any of our major markets could affect domestic demand for cement and have a material adverse effect on our operations.

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

We are a publicly traded stock corporation with variable capital (*sociedad anónima bursátil de capital variable*) organized under the laws of Mexico. Substantially all our directors and officers and some of the experts named in this prospectus supplement 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 investors 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 G. Villarreal, that there is doubt as to the enforceability in Mexico, of civil liabilities predicated on the United States federal securities laws, either in original actions or in actions for enforcement of judgments of United States courts.

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

ADS holders may only vote the series B shares represented by the CPOs deposited with the ADS 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 our bylaws, 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. An ADS holder may instruct the depositary to vote the series B shares represented by the CPOs deposited with the depositary. Otherwise, ADS holders will not be able to exercise their right to vote unless they withdraw the CPOs underlying their ADSs. However, an ADS holder may not receive voting materials in 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 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 depositary 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 depositary to give a proxy to a person we designate to vote the B shares underlying the CPOs represented by your ADSs in his/her discretion. The ADS depositary 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 A shares and the B shares represented by the CPOs at any meeting of holders of A shares or B shares even if no voting instructions have been received. By so attending, the ADS depositary, the custodian or the CPO trustee, as applicable, may contribute to the establishment of a quorum at a meeting of holders of CPOs, A shares or B shares, as appropriate. See Description of CPOs and Description of ADSs in the accompanying prospectus for further discussion regarding the CPO trust agreement, the deposit agreement and your voting rights.

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Preemptive rights may not be available to ADS holders.

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

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Use of proceeds

We estimate that the net proceeds from the global offering will be approximately U.S.$1,430 million (or approximately U.S.$1,645 million if the over-allotment options are exercised in full), after deducting estimated underwriting discounts and our expenses related to the global offering. These estimates are based on an assumed public offering price of U.S.$12.43 per ADS, or U.S.$1.24 per CPO, the last reported sales price of our ADSs on the NYSE on September 4, 2009, and an exchange rate of Ps13.38 per U.S. Dollar. We intend to use the net proceeds from the global offering to repay indebtedness as required under the financing agreement. See Recent developments Recent developments relating to our indebtedness Global refinancing.

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Mexican Peso exchange rates

Mexico has had no exchange control system in place since the dual exchange control system was abolished on November 11, 1991. The Mexican Peso has floated freely in foreign exchange markets since December 1994, when the Mexican Central Bank (*Banco de México*) abandoned its prior policy of having an official devaluation band. Since then, the Peso has been subject to substantial fluctuations in value. The Peso appreciated against the Dollar by approximately 1% and 5% in 2004 and 2005, respectively, depreciated against the Dollar by approximately 2% in 2006, depreciated against the Dollar by approximately 1% in 2007 and depreciated against the Dollar by approximately 26% in 2008. During the six months ended June 30, 2009, the Peso appreciated against the Dollar by approximately 4%. These percentages are based on the exchange rate that we use for accounting purposes, or the CEMEX accounting rate. CEMEX accounting rates represent the average of three different exchange rates that are provided to us by Banco Nacional de México, S.A., Integrante del Grupo Financiero Banamex, or Banamex. For any given date, the CEMEX accounting rate may differ from the noon buying rate for Pesos in New York City published by the U.S. Federal Reserve Bank of New York.

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

	CEMEX accounting rate				Noon buying rate			
	End of period	**Average(1)**	**High**	**Low**	**End of period**	**Average(1)**	**High**	**Low**
Year ended December 31,								
2004	11.14	11.29	11.67	10.81	11.15	11.29	11.64	10.81
2005	10.62	10.85	11.38	10.42	10.63	10.89	11.41	10.41
2006	10.80	10.91	11.49	10.44	10.80	10.90	11.46	10.43
2007	10.92	10.93	11.07	10.66	10.92	10.93	11.27	10.67
2008	13.74	11.21	13.96	9.87	13.83	11.15	13.92	9.92
Monthly (2009)								
January	14.35	13.89	14.36	13.37	14.31	13.89	14.31	13.35
February	15.26	14.64	15.25	14.20	15.09	14.61	15.09	14.13
March	14.17	14.66	15.57	13.96	14.21	14.65	15.41	14.02
April	13.80	13.43	14.05	13.02	13.80	13.39	13.89	13.05
May	13.14	13.21	13.86	12.97	13.18	13.19	13.82	12.88
June	13.18	13.98	13.62	13.17	13.17	13.33	13.64	13.04
July	13.21	13.37	13.74	13.13	13.20	13.37	13.80	13.10
August(2)	13.36	13.02	13.36	12.83	13.27	12.99	13.27	12.82

(1) The average of the CEMEX accounting rate or the noon buying rate for Pesos, as applicable, on the last day of each full month during the relevant period.
(2) The August noon buying rates are as of August 28, 2009.

On June 30, 2009, the CEMEX accounting rate was Ps13.18 to U.S.$1.00. Between June 30, 2009 and September 4, 2009, the Peso depreciated by 1% against the Dollar.

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Market price information

Our CPOs are listed on the BMV and trade under the symbol CEMEX.CPO. Our ADSs, each of which currently represents ten CPOs, are listed on the NYSE and trade under the symbol CX. The following table sets forth, for the periods indicated, the reported highest and lowest market quotations in nominal Pesos for CPOs on the BMV and the high and low market quotations in Dollars for ADSs on the NYSE. The information below gives effect to the two-for-one stock split in our CPOs and ADSs approved by our shareholders on April 27, 2006, which occurred on July 17, 2006, as well as prior stock splits.

Calendar period	**CPOs(1)**		**ADSs**	
	High	**Low**	**High**	**Low**
Yearly				
2004	Ps20.50	Ps14.57	U.S.$18.28	US$12.99
2005	33.25	18.88	30.99	17.06
2006	39.35	27.25	36.04	23.78
2007	44.50	27.23	41.34	24.81
2008	33.80	5.55	32.61	4.01
Quarterly				
2008				
First quarter	31.36	23.00	29.44	20.92
Second quarter	33.80	24.05	32.61	23.36
Third quarter	25.29	17.62	25.24	15.90
Fourth quarter	18.87	5.55	17.09	4.01
2009				
First quarter	14.36	6.16	10.74	3.94
Second quarter	15.31	8.51	11.39	6.17
Monthly				
2009				
January	14.36	10.50	10.74	7.33
February	13.11	8.00	9.24	5.20
March	9.50	6.16	6.60	3.94
April	11.23	8.51	8.63	6.17
May	14.10	10.66	10.79	7.39
June	15.31	11.60	11.39	8.65
July	13.09	10.40	10.00	7.63
August	18.10	12.53	13.66	9.49

Source: Based on data from the BMV and the NYSE.

(1) As of June 30, 2009, approximately 97.2% of our outstanding share capital was represented by CPOs.

On September 4, 2009, the last reported closing price for CPOs on the BMV was Ps16.63 per CPO, and the last reported closing price for ADSs on the NYSE was U.S.$12.43 per ADS.

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Capitalization

The following table sets forth our indebtedness and capitalization as of June 30, 2009 (i) on an actual basis, (ii) as adjusted to give effect to the financing agreement assuming such agreement had been entered into on such date, and (iii) as further adjusted to give effect to the sale of 1,200,000,000 CPOs in the global offering and the application of the estimated net proceeds as described under Use of proceeds, assuming such sale and application had been completed on such date and no exercise by the underwriters of the over-allotment options. The as further adjusted information is based on an assumed public offering price of U.S.$12.43 per ADS, or U.S.$1.24 per CPO, the last reported sales price of our ADSs on the NYSE on September 4, 2009, and an exchange rate of Ps13.38 per U.S. Dollar.

The financial information set forth below is based on information derived from our financial statements, which have been prepared in accordance with MFRS, which differ in significant respects from U.S. GAAP. For further information about our financial presentation, see Selected consolidated financial information.

	As of June 30, 2009		
	Actual	**As adjusted**	**As further adjusted**
		(Unaudited) **(in millions of Pesos)**	
Short-term debt(1)			
Payable in Dollars	Ps 60,809	Ps 14,545	Ps 7,495
Payable in Euros	8,120	3,101	839
Payable in British Pounds	766	766	766
Payable in Japanese Yen	681	8	0
Payable in Mexican Pesos	4,927	1,795	1,533
Payable in other currencies	899	899	899
Total short-term debt	76,203	21,115	11,531
Long-term debt			
Payable in Dollars	93,291	141,991	134,970
Payable in Euros	55,653	60,735	58,481
Payable in British Pounds	63	63	63
Payable in Japanese Yen	833	154	146
Payable in Mexican Pesos	27,656	30,340	30,079
Payable in other currencies	16	16	16
Total long-term debt	177,512	233,300	223,755
Total debt	253,715	254,414	235,286
Stockholders equity			
Minority interest(2)	43,776	43,776	43,776
Majority interest	183,235	183,235	202,364
Total stockholders equity	227,011	227,011	246,140
Total capitalization	Ps480,726	Ps481,425	Ps481,426

(1) Includes current portion of long-term debt.

(2) Minority interest includes the principal amounts of the perpetual debentures (approximately Ps39,856 million (U.S.$3,024 million) as of June 30, 2009) issued by special purpose vehicles in December 2006, and February and May 2007, because they are treated as equity in accordance with MFRS since they do not have a specified maturity date. Accordingly, interest payments on such debentures are treated as a component of other comprehensive income within majority interest stockholders equity. However, for purposes of our U.S. GAAP reconciliation, we record such debentures as debt and related interest payments as part of financial expenses in our income statement.

Except as disclosed above, there has been no material change in our capitalization since June 30, 2009.

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Selected consolidated financial information

The financial data set forth below as of and for each of the five years ended December 31, 2008 have been derived from, should be read in conjunction with, and are qualified in their entirety by reference to our audited consolidated financial statements and the notes thereto included elsewhere or incorporated by reference in this prospectus supplement. The financial data set forth below as of December 31, 2008 and 2007 and for each of the three years ended December 31, 2008, have been derived from, and should be read in conjunction with, and are qualified in their entirety by reference to, our audited consolidated financial statements and the notes thereto included elsewhere or incorporated by reference in this prospectus supplement. Our audited consolidated financial statements for the year ended December 31, 2008 were approved by our shareholders at the annual general meeting of shareholders held on April 23, 2009.

The financial data set forth below as of and for the six months ended June 30, 2008 and 2009 have been derived from, and should be read in conjunction with, and are qualified in their entirety by reference to, our unaudited consolidated financial statements as of and for the six months ended June 30, 2008 and 2009 and the notes thereto included elsewhere in this prospectus supplement. In the opinion of management, the unaudited consolidated financial statements reflect all adjustments (consisting of normal recurring items) that are necessary to present a fair statement of the results for the interim periods. The interim results of operations for the six months ended June 30, 2009 are not indicative of operating results to be expected for the entire year.

The operating results of newly acquired businesses are consolidated in our financial statements beginning on the acquisition date. Therefore, none of the periods presented include operating results corresponding to newly acquired businesses before we assumed operating control. As a result, the financial data for the years ended December 31, 2004, 2005, 2006, 2007 and 2008 may not be comparable to that of prior periods.

The acquisition date of RMC was March 1, 2005. Our consolidated financial information for the year ended December 31, 2005 includes RMC s results of operations for the ten-month period ended December 31, 2005.

The acquisition date of Rinker was July 1, 2007. Our consolidated financial information for the year ended December 31, 2007 includes Rinker s results of operations for the six month period ended December 31, 2007.

Our consolidated financial statements included elsewhere or incorporated by reference in this prospectus supplement have been prepared in accordance with MFRS, which differ in significant respects from U.S. GAAP. See note 25 to our audited consolidated financial statements, included elsewhere or incorporated by reference in this prospectus supplement, for a description of the principal differences between MFRS and U.S. GAAP as they relate to us.

Beginning on January 1, 2008, according to new MFRS B-10, inflationary accounting will only be applied in a high-inflation environment, defined by the MFRS B-10 as existing when the cumulative inflation for the preceding three years equals or exceeds 26%. Until December 31, 2007, inflationary accounting was applied to all our subsidiaries regardless of the inflation level in their respective countries. Beginning in 2008, only the financial statements of those subsidiaries whose functional currency corresponds to a country under high inflation will be restated to take account of inflation. Designation of a country as a high or low inflation

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environment takes place at the end of each year and inflation is applied prospectively. As of December 31, 2007, except for Venezuela and Costa Rica, all of our subsidiaries operated in low-inflation environments; therefore, restatement of their historical cost financial statements to take account of inflation was suspended starting on January 1, 2008.

Beginning in 2008, MFRS B-10 eliminates the restatement of financial statements for the period as well as the comparative financial statements for prior periods into constant values as of the date of the most recent balance sheet. Beginning in 2008, the amounts of the income statement, statement of cash flow and statement of changes in stockholders equity are presented in nominal values; meanwhile, amounts of financial statements for prior years are presented in constant Pesos as of December 31, 2007, the last date in which inflationary accounting was applied. Until such date, the restatement factors for current and prior periods were calculated considering the weighted average inflation of the countries in which we operate and the changes in the exchange rates of each of these countries relative to the Mexican Peso, weighted according to the proportion that our assets in each country represent of our total assets.

The following table reflects the factors that have been used to restate the originally reported Pesos to Pesos of constant purchasing power as of December 31, 2007:

	Annual weighted average factor	**Cumulative weighted average factor to December 31, 2007**
2004	0.9590	1.1339
2005	1.0902	1.1824
2006	1.0846	1.0846

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

The Dollar amounts provided below and, unless otherwise indicated elsewhere in this prospectus supplement, are translations of Peso amounts at an end-of-period exchange rate of Ps13.18 to U.S.$1.00, the CEMEX accounting rate as of June 30, 2009. However, in the case of transactions conducted in Dollars, we have presented the Dollar amount of the transaction and the corresponding Peso amount that is presented in our consolidated financial statements. These translations have been prepared solely for the convenience of the reader and should not be construed as representations that the Peso amounts actually represent those Dollar amounts or could be converted into Dollars at the rate indicated. The noon end-of-period buying rate for Pesos on June 30, 2009 was Ps13.17 to U.S.$1.00. From June 30, 2009 through September 4, 2009, the Peso depreciated by approximately 1% against the Dollar, based on the noon buying rate for Pesos.

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

Selected consolidated financial information

						As of and for the six months ended June 30,	
	As of and for the year ended December 31,						
	2004	2005	2006	2007	2008	2008	2009
	(in millions of Pesos, except ratios and share and per share amounts)					(Unaudited)	
Income Statement Information:							
Net sales	Ps102,945	Ps 192,392	Ps 213,767	Ps 236,669	Ps 243,201	Ps123,367	Ps109,396
Cost of sales(1)	(57,936)	(116,422)	(136,447)	(157,696)	(166,214)	(84,581)	(77,013)
Gross profit	45,009	75,970	77,320	78,973	76,987	38,786	32,383
Operating expenses	(21,617)	(44,743)	(42,815)	(46,525)	(49,103)	(24,549)	(22,137)
Operating income	23,392	31,227	34,505	32,448	27,884	14,237	10,246
Other expense, net(2)	(6,487)	(3,976)	(580)	(3,281)	(21,496)	1,570	(1,897)
Comprehensive financing result(3)	1,683	3,076	(505)	1,087	(28,725)	(4,483)	(8,474)
Equity in income of associates	506	1,098	1,425	1,487	1,098	411	66
Income before income tax	19,094	31,425	34,845	31,741	(21,239)	11,736	(59)
Minority interest	265	692	1,292	837	45	272	116
Majority interest net income	16,512	26,519	27,855	26,108	2,278	9,614	2,535
Basic earnings per share(4)(5)	0.82	1.28	1.29	1.17	0.10	1.07	(0.21)
Diluted earnings per share(4)(5)	0.82	1.27	1.29	1.17	0.10	1.07	(0.21)
Dividends per share(4)(6)(7)	0.25	0.27	0.28	0.29	N/A	N/A	N/A
Number of shares outstanding(4)(8)	20,372	21,144	21,987	22,297	22,985	22,585	23,393
Balance Sheet Information:							
Cash and temporary investments	4,324	7,552	18,494	8,670	13,604	7,340	12,890
Net working capital(9)	6,633	15,920	10,389	16,690	18,091	19,540	19,747
Property, machinery and equipment, net	121,439	195,165	201,425	262,189	281,858	256,976	273,362
Total assets	219,559	336,081	351,083	542,314	623,622	535,243	599,037
Short-term debt	13,185	14,954	14,657	36,257	95,270	37,568	76,203
Long-term debt	61,731	104,061	73,674	180,654	162,824	154,067	177,512
Minority interest and perpetual debentures(11)	4,913	6,637	22,484	40,985	46,575	49,962	43,776
Total majority stockholders equity	98,919	123,381	150,627	163,168	190,692	170,110	183,235
Book value per share(4)(8)(12)	4.86	5.84	6.85	7.32	8.30	7.53	7.83
Other Financial Information:							
Operating margin	22.7%	16.2%	16.1%	13.7%	11.5%	11.5%	9.4%
Operating EBITDA(13)	32,064	44,672	48,466	49,859	48,748	24,356	21,242
Ratio of Operating EBITDA to interest expense, capital securities dividends and preferred equity dividends(13)	6.82	6.76	8.38	5.66	4.77	4.59	3.66

Investment in property, machinery and equipment, net	5,483	9,862	16,067	21,779	21,248	9,922	4,128
Depreciation and amortization	10,830	13,706	13,961	17,666	20,864	10,133	11,006
Net cash flow provided by operating activities(14)	27,915	43,080	47,845	45,625	31,272	13,189	10,858

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	As of and for the year ended December 31,				
	2004	2005	2006	2007	2008
	(in millions of Pesos, except per share amounts)				
U.S. GAAP(15):					
Income Statement Information:					
Net sales	Ps100,163	Ps172,632	Ps203,660	Ps235,258	Ps242,341
Operating income (loss)(10)	18,442	27,038	32,804	29,844	(40,504)
Majority interest net income(loss)	20,027	23,933	26,384	21,367	(61,886)
Basic earnings (loss) per share(4)(5)	1.01	1.15	1.23	0.96	2.69
Diluted earnings (loss) per share	1.00	1.14	1.23	0.96	2.69
Balance Sheet Information:					
Total assets	230,027	317,896	351,927	563,565	605,081
Perpetual debentures(11)			14,037	33,470	41,495
Long-term debt(11)	48,645	89,402	69,375	164,515	162,829
Minority interest	5,057	6,200	7,581	8,010	5,105
Total majority stockholders equity	103,257	120,539	153,239	172,217	151,294

(1) Includes depreciation and excludes freight expenses of finished products from our producing plants to our selling points, the expenses related to personnel and equipment comprising our selling network and those expenses related to warehousing at the points of sale, which are included as part of our administrative and selling expenses line item. Likewise, cost of sales excludes freight expenses from the points of sale to the customers locations, which are included as part of our distribution expenses line item on our consolidated income statements.

(2) Beginning in 2007, current and deferred Employees Statutory Profit Sharing (ESPS) is included within Other expense, net. Until December 31, 2006, ESPS was presented in a specific line item within the income taxes section of the consolidated income statement. The Selected consolidated financial information data for 2004, 2005 and 2006 were reclassified to conform to the presentation required beginning in 2007.

(3) Includes financial expenses, financial income, results from financial instruments, including derivatives and marketable securities, foreign exchange result and monetary position result.

(4) Our capital stock consists of series A shares and series B shares. Each of our CPOs represents two series A shares and one series B share. As of June 30, 2009, approximately 97.2% of our outstanding share capital was represented by CPOs. Each of our ADSs represents ten CPOs.

(5) Earnings per share are calculated based upon the weighted average number of shares outstanding during the year, as described in note 18 to the consolidated financial statements included elsewhere or incorporated by reference in this prospectus supplement. Basic earnings per CPO is determined by multiplying the basic earnings per share for each period by three (the number of shares (two shares of our Series A common stock and one share of our Series B common stock) underlying each CPO). Basic earnings per CPO is presented solely for the convenience of the reader and does not represent a measure under MFRS.

(6) Dividends declared at each year s annual shareholders meeting are reflected as dividends of the preceding year.

(7) Except in respect of 2008, in recent years, our board of directors has proposed, and our shareholders have approved, dividend proposals, whereby our shareholders have had a choice between stock dividends or cash dividends declared in respect of the prior year s results, with the stock issuable to shareholders who receive the stock dividend being issued at a 20% discount from then current market prices. The dividends declared per share or per CPO in these years, expressed in Pesos, were as follows: 2004, Ps0.69 per CPO (or Ps0.23 per share); 2005, Ps0.75 per CPO (or Ps0.25 per share); 2006, Ps0.81 per CPO (or Ps0.27 per share); 2007, Ps0.84 per CPO (or Ps0.28 per share); and 2008, Ps0.87 per CPO (or Ps0.29 per share). As a result of dividend elections made by shareholders, in 2004, Ps191 million in cash was paid and approximately 300 million additional CPOs were issued in respect of dividends declared for the 2003 year; in 2005, Ps449 million in cash was paid and approximately 266 million additional CPOs were issued in respect of dividends declared for the 2004 year; in 2006, Ps161 million in cash was paid and approximately 212 million additional CPOs were issued in respect of dividends declared for the 2005 year; in 2007, Ps147

million in cash was paid and approximately 189 million additional CPOs were issued in respect of dividends declared for the 2006 year; and in 2008, Ps214 million in cash was paid and approximately 284 million additional CPOs were issued in respect of dividends declared for the 2007 year. For purposes of the table, dividends declared at each year s annual shareholders meeting for each period are reflected as dividends for the preceding year. We did not declare a dividend for year 2008. At the shareholders meeting held on April 23, 2009, our shareholders approved a recapitalization of retained earnings. New CPOs issued pursuant to the recapitalization have been allocated to shareholders on a pro-rata basis. As of June 3, 2009, a total of 334,415,200 CPOs, representing 99.97% of all CPOs authorized for issuance at the shareholders meeting, had been issued. 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.

(8) 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.

(9) Equals trade receivables, less allowance for doubtful accounts plus inventories, net, less trade payables.

(10) Operating loss under U.S. GAAP for the year ended December 31, 2008 includes impairment losses of approximately Ps67,202 million (U.S.$4,891 million). See note 25 to our audited consolidated financial statements for the year ended December 31, 2008, included elsewhere or incorporated by reference in this prospectus supplement.

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(11) Minority interest, as of December 31, 2006, 2007 and 2008 and June 30, 2008 and 2009, includes U.S.$1,250 million (Ps14,642 million), U.S.$3,065 million (Ps33,470 million), U.S.$3,020 million (Ps41,495 million), U.S.$3,150 million (Ps32,475 million) and U.S.$3,024 million (Ps39,856 million), respectively, that represents the nominal amount of the fixed-to-floating rate callable perpetual debentures, denominated in Dollars and Euros, issued by consolidated entities. In accordance with MFRS, these securities are accounted for as equity due to the fact that they do not have a specified maturity date and our option to defer payment of interest. However, for purposes of our U.S. GAAP reconciliation, we record these debentures as debt and interest payments thereon as part of financial expenses in our consolidated income statement.

(12) Calculated by dividing the total majority stockholders equity by the number of shares outstanding.

(13) Equals operating income before operating amortization expense and depreciation. Under MFRS, until December 31, 2004, amortization of goodwill was recognized as part of other expense, net. Commencing January 1, 2005, MFRS ceased amortization of goodwill and we assess goodwill for impairment annually unless events occur that require more frequent reviews. Discounted cash flow analyses are used to assess goodwill impairment, as described in note 10C to our audited consolidated financial statements, included elsewhere or incorporated by reference in this prospectus supplement. Operating EBITDA and the ratio of Operating EBITDA to interest expense are presented herein because we believe that they are widely accepted as financial indicators of our ability to internally fund capital expenditures and service or incur debt. Operating EBITDA and such ratios should not be considered as indicators of our financial performance, as alternatives to cash flow, as measures of liquidity or as being comparable to other similarly titled measures of other companies. Operating EBITDA is reconciled below to operating income under MFRS before giving effect to any minority interest, which we consider to be the most comparable measure as determined under MFRS. Interest expense under MFRS does not include coupon payments and issuance costs of the perpetual debentures issued by consolidated entities of approximately Ps152 million for 2006, approximately Ps1,847 million for 2007 and approximately Ps2,596 million for 2008, as described in note 15D to our consolidated financial statements. For the periods ended June 30, 2008 and 2009, coupon payments on the perpetual debentures amounted to approximately Ps1,070 million and Ps1,370 million, respectively.

	For the year ended December 31,					For the six months ended June 30,	
	2004	2005	2006	2007	2008	2008	2009
						(in millions of Pesos)	
Reconciliation of Operating EBITDA to operating income							
Operating EBITDA	Ps 32,064	Ps44,672	Ps48,466	Ps49,859	Ps48,748	Ps24,356	Ps21,242
Less:							
Depreciation and amortization expense	8,672	13,445	13,961	17,411	20,864	10,119	10,996
Operating income	Ps 23,392	Ps31,227	Ps34,505	Ps32,448	Ps27,884	Ps14,237	Ps10,246
Plus / minus:							
Changes in working capital, net of monetary position result, excluding interest expense and income taxes	(2,175)	2,448	6,830	7,685	825	(3,386)	(4,451)
Depreciation and amortization expense	8,672	13,445	13,961	17,411	20,864	10,119	10,996
Other cash expenses, net	3,414	4,156	761	943	(4,725)	351	(827)
Interest expense paid	(3,963)	(5,557)	(4,560)	(8,268)	(9,951)	(5,882)	(4,117)
Income taxes paid	(1,425)	(2,639)	(3,652)	(4,594)	(3,625)	(2,250)	(989)
Net cash flows provided by operating activities after interest expense and income taxes	Ps27,915	Ps43,080	Ps47,845	Ps45,625	Ps31,272	Ps13,189	Ps10,858

(14) For the four years ended December 31, 2007, statements of cash flows were not required under MFRS; therefore, net cash flow provided by operating activities included in this item for such years refer to our consolidated statements of changes in financial position and represent majority interest net income plus items not affecting cash flow, plus investment in working capital, and excluding effects from acquisitions and including inflation effects and unrealized foreign exchange effects. See note 2A to our audited consolidated financial statements, included elsewhere or incorporated by reference in this prospectus supplement.

(15) We have restated the information at and for the years ended December 31, 2004, 2005 and 2006 under U.S. GAAP using the inflation factor derived from the national consumer price index, or NCPI, in Mexico, as required by Regulation S-X under the Exchange Act instead of using the weighted average restatement factors used by us until December 31, 2007 according to MFRS and applied to the information presented under MFRS of prior years. These figures are presented in constant Pesos as of December 31, 2007, the last date on which inflationary accounting was applied (see note 2A to our audited consolidated financial statements included elsewhere or incorporated by reference in this prospectus supplement). The amounts for the year ended December 31, 2008 are presented in nominal Pesos.

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Management s discussion and analysis of financial condition and results of operations for the six month periods ended June 30, 2008 and 2009

The following discussion and analysis should be read in conjunction with, and are qualified in their entirety by reference to, our unaudited consolidated financial statements as of and for the six month periods ended June 30, 2008 and 2009 included elsewhere in this prospectus supplement. Our significant accounting policies are described in note 2 to our audited consolidated financial statements included in our annual report on Form 20-F, which is incorporated by reference in this prospectus supplement. The following discussion, which follows the same MFRS accounting policies, should also be read in conjunction with such financial statements and the notes thereto.

The percentage changes in cement and ready-mix concrete sales volumes described in this prospectus supplement 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 intercompany to our operations in other countries and regions. Likewise, unless otherwise indicated, the net sales financial information presented in this prospectus supplement for our operations in each country or region includes the Mexican Peso equivalent amount of revenues derived from intercompany sales of cement and ready-mix concrete to our operations in other countries and regions, which have been eliminated in the preparation of our unaudited consolidated financial statements for the six months ended June 30, 2008 and 2009 included elsewhere or incorporated by reference in this prospectus supplement.

On July 28, 2009, we announced our results for the six months ended June 30, 2009. The interim results of operations for the six months ended June 30, 2009 are not indicative of operating results to be expected for the entire year. The following is a discussion of our results for the six months ended June 30, 2009.

Results of operations

Consolidation of our results of operations

Our unaudited consolidated financial statements for the six month periods ended June 30, 2008 and 2009 included elsewhere in this prospectus supplement include those subsidiaries in which we hold a majority interest or which we otherwise control. All material intercompany balances and transactions have been eliminated as part of the consolidation.

For the six months ended June 30, 2008 and 2009, our consolidated results reflect the following transactions:

On December 26, 2008, we sold our Canary Islands operations (consisting of cement and ready-mix concrete assets in Tenerife and our 50% equity interest in two joint-ventures, Cementos Especiales de las Islas, S.A. (CEISA) and Inprocoi, S.L.) to several Spanish subsidiaries of Cimpor Cimentos de Portugal SGPS, S.A. for 162 million (approximately U.S.$227 million).

During 2008, we sold in several transactions our operations in Italy consisting of four cement grinding mill facilities for an aggregate amount of approximately 148 million (approximately U.S.$210 million).

On June 15, 2009, we sold three quarries (located in Nebraska, Wyoming and Utah) and our 49% joint venture interest in the operations of a quarry located in Granite Canyon, Wyoming, to Martin Marietta Materials, Inc. for approximately U.S.$65 million.

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Six months ended June 30, 2008 compared to six months ended June 30, 2009

Summarized in the table below are the percentage increases and decreases for the six months ended June 30, 2009 compared to the six months ended June 30, 2008 in our domestic cement and ready-mix concrete sales volumes as well as export sales volumes of cement and domestic cement in addition to ready-mix concrete average prices for each of our geographic segments.

	Domestic sales volumes		Export sales volumes	Average domestic prices in local currency(1)	
Geographic segment	**Cement**	**Ready-mix concrete**	**Cement**	**Cement**	**Ready-mix concrete**
North America					
Mexico	1%	(2)%	(67)%	4 %	1 %
United States	(35)%	(43)%	100 %	(5)%	(4)%
Europe					
Spain	(48)%	(51)%	32 %	(7)%	(6)%
U.K.	(23)%	(28)%	N/A	11 %	5 %
Rest of Europe	(23)%	(21)%	N/A	5 %	3 %
South/Central America and the Caribbean(2)					
Venezuela	N/A	N/A	N/A	N/A	N/A
Colombia	(11)%	(18)%	N/A	16 %	(2)%
Rest of South/Central America and the Caribbean(3)	(20)%	(24)%	N/A	15 %	12 %
Africa and the Middle East(4)					
Egypt	19 %	8 %	N/A	16 %	21 %
Rest of Africa and the Middle East(5)	N/A	(16)%	N/A	N/A	Flat
Australia and Asia(6)					
Australia	N/A	(21)%	N/A	N/A	9 %
Philippines	7 %	N/A	(26)%	11 %	N/A
Rest of Asia(7)	(34)%	(15)%	N/A	(1)%	10 %

N/A = Not Applicable

(1) Represents the average change in domestic cement and ready-mix concrete prices in local currency terms. For purposes of a geographic segment consisting of a region, the average prices in local currency terms for each individual country within the region are first translated into Dollar terms (except for the Rest of Europe region, where average prices 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 region, which represent the weighted average change of prices in Euros) based on total sales volumes in the region.

(2) Includes our operations in Venezuela, Colombia and the operations listed in note 3 below; however, in the above table, our operations in Venezuela and Colombia are presented separately from our other operations in the segment for purposes of the presentation of our operations in the region. Our consolidated financial statements for the six months ended June 30, 2008 include the results from our Venezuelan operations for the entire period while our consolidated financial statements for the six months ended June 30, 2009 do not include CEMEX Venezuela due to its expropriation.

(3) Includes our operations in Costa Rica, Panama, the Dominican Republic, Nicaragua, Puerto Rico, Jamaica and Argentina and our trading activities in the Caribbean.

(4) Includes our operations in Egypt and the operations listed in note 5 below.

(5) Includes the operations in the United Arab Emirates and Israel.

(6) Includes the operations in Australia as well as limited operations in China we acquired as a result of the Rinker acquisition, our operations in the Philippines and the operations described in note 7 below. On June 15, 2009, we announced the sale of our Australian operations to Holcim for approximately AUD$2.02 billion (approximately U.S.$1.64 billion or Ps21.6 billion considering the exchange rates of AUD$1.2324 per U.S. Dollar and Ps13.18 per U.S. Dollar, respectively, at June 30, 2009). See Recent developments Recent developments relating to our planned divestitures of assets.

(7) Includes our operations in Malaysia, Thailand, Bangladesh and other assets in the Asian region.

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On a consolidated basis, our cement sales volumes decreased approximately 22%, from 41.5 million tons in the six months ended June 30, 2008 to 32.3 million tons in the comparable period of 2009, and our ready-mix concrete sales volumes decreased approximately 26%, from 39.7 million cubic meters in the six months ended June 30, 2008 to 29.5 million cubic meters in the six months ended June 30, 2009. Our net sales decreased approximately 11%, from Ps123,367 million in the six months ended June 30, 2008 to Ps109,396 million in the comparable period of 2009, and our operating income decreased approximately 28%, from Ps14,237 million in the six months ended June 30, 2008 to Ps10,246 million in the comparable period in 2009.

The following tables present selected condensed financial information of net sales and operating income for each of our geographic segments for the six months ended June 30, 2008 and 2009. Variations in net sales determined on the basis of Mexican Pesos include the appreciation or depreciation between the local currencies of the countries in the regions vis-à-vis the Mexican Peso which occurred during the period; therefore, such variations differ substantially from those based solely on the countries local currencies:

Geographic segment	Variations in local currency(1)	Approximate currency fluctuations, net of inflation effects	Variations in Mexican Pesos	Net sales For the six months ended June 30, 2008	2009
				(in millions of Pesos)	
North America					
Mexico	8 %		8 %	Ps 21,002	Ps 22,705
United States	(41)%	21%	(20)%	25,712	20,561
Europe					
Spain	(51)%	8%	(43)%	10,312	5,861
United Kingdom	(23)%	2%	(21)%	10,139	7,980
Rest of Europe	(23)%	11%	(12)%	24,818	21,748
South/Central America and the Caribbean(2)					
Venezuela	(100)%		(100)%	3,394	
Colombia	(6)%	10%	4 %	3,138	3,276
Rest of South/Central America and the Caribbean(3)	(11)%	39%	28 %	5,817	7,428
Africa and Middle East(4)					
Egypt	37 %	44%	81 %	2,241	4,057
Rest of Africa and the Middle East(5)	(13)%	29%	16 %	3,008	3,488
Australia and Asia(6)					
Australia(7)	(9)%	1%	(8)%	8,828	8,127
Philippines	15 %	31%	46 %	1,378	2,011
Rest of Asia(8)	(19)%	30%	11 %	1,184	1,309
Others(9)	(56)%	20%	(36)%	6,930	4,457
			(12)%	127,901	113,008
Eliminations from consolidation				(4,534)	(3,612)
Consolidated net sales			(11)%	Ps123,367	Ps109,396

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Geographic segment	Variations in local currency(1)	Approximate currency fluctuations, net of inflation effects	Variations in Mexican Pesos	Operating income For the six months ended June 30, 2008	2009
				(in millions of Pesos)	
North America					
Mexico	10 %		10 %	Ps 6,903	Ps 7,588
United States	(659)%	(208)%	(867)%	432	(3,313)
Europe					
Spain	(81)%	3 %	(78)%	2,548	554
United Kingdom	13 %	(3)%	10 %	(237)	(213)
Rest of Europe	(60)%	4 %	(56)%	1,934	846
South/Central America and the Caribbean(2)					
Venezuela	(100)%		(100)%	698	
Colombia	3 %	11 %	14 %	1,082	1,235
Rest of South/Central America and the Caribbean(3)	(4)%	33 %	29 %	1,279	1,649
Africa and Middle East(4)					
Egypt	35 %	44 %	79 %	943	1,684
Rest of Africa and the Middle East(5)	112 %	66 %	178 %	180	501
Australia and Asia(6)					
Australia(7)	(9)%	1 %	(8)%	839	771
Philippines	57 %	41 %	98 %	340	674
Rest of Asia(8)	9 %	39 %	48 %	25	37
Others(9)	(1)%	36 %	35 %	(2,729)	(1,767)
Consolidated operating income			(28)%	Ps14,237	Ps10,246

(1) For purposes of a geographic segment consisting of a region, the net sales and operating income data in local currency terms for each individual country within the region are first translated into Dollars at the exchange rates in effect as of the end of the reporting period. Variations for a region represent the weighted average change in Dollar terms based on net sales and operating income for the region.

(2) Includes our operations in Venezuela, Colombia and the operations listed in note 3 below; however, in the above table, our operations in Venezuela and Colombia are presented separately from our other operations in the segment for purposes of the presentation of our operations in the region. Our consolidated financial statements for the six months ended June 30, 2008 include the results from operations relating to Venezuela for the entire period while our consolidated financial statements for the six months ended June 30, 2009 do not include CEMEX Venezuela due to its expropriation.

(3) Includes our operations in Costa Rica, Panama, the Dominican Republic, Nicaragua, Puerto Rico, Jamaica and Argentina and our trading activities in the Caribbean.

(4) Includes our operations in Egypt and the operations listed in note 5 below.

(5) Includes our operations in the United Arab Emirates and Israel.

(6) Includes our operations in Australia described in note 7 below, our operations in the Philippines and the operations described in note 8 below.

(7) Includes our operations in Australia acquired in the Rinker transaction. On June 15, 2009, we announced our agreement to sell our Australian operations to Holcim for approximately AUD$2.02 billion (approximately U.S.$1.64 billion or Ps21.6 billion considering the exchange rates of AUD$1.2324 per U.S. Dollar and Ps13.18 per U.S. Dollar, respectively, at June 30, 2009). See Recent developments Recent developments relating to our planned divestitures of assets.

(8) Includes our operations in Malaysia, Thailand, Bangladesh and other assets in the Asian region.

(9) Our Others segment includes our worldwide maritime trade operations, our information solutions company and other minor subsidiaries.

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Net sales. Our consolidated net sales decreased approximately 11%, from Ps123,367 million in the six months ended June 30, 2008 to Ps109,396 million in the comparable period of 2009. The decrease in net sales was primarily attributable to lower volumes, mainly from our U.S. and Spanish operations and the consolidation of CEMEX Venezuela and our Canary Islands operations for the six months ended June 30, 2008, neither of which was included in our operations during the six months ended June 30, 2009. This decrease was partially mitigated by price resiliency in many of our markets. The infrastructure sector was the main driver of demand in most of our markets despite the fact that we have not yet seen the anticipated positive impact of stimulus packages around the world. Set forth below is a quantitative and qualitative analysis of the effects of the various factors affecting our net sales on a geographic segment basis.

Mexico

Our Mexican operations net sales represented approximately 20% of our total net sales in the six months ended June 30, 2009, in Peso terms, before eliminations resulting from consolidation. Cement sales volumes in our Mexican operations increased approximately 1% in the six months ended June 30, 2009 compared to the comparable period of 2008, and ready-mix concrete sales volumes decreased approximately 2% in the six months ended June 30, 2009 compared to the comparable period of 2008. During the six months ended June 30, 2009, the infrastructure sector was the most active sector as a result of continuing federal and local government spending. State and local elections also had a positive effect on construction activity during the six months ended June 30, 2009. In addition, the self-construction trend remained stable, while the formal residential, industrial-and-commercial sectors continued to deteriorate, the former as a result of overall tighter credit conditions and the latter as a result of the challenging macroeconomic environment. Our Mexican operations cement export volumes, which represented approximately 3% of our Mexican cement sales volumes in the six months ended June 30, 2009, decreased approximately 67% in the six months ended June 30, 2009 compared to the comparable period of 2008, primarily as a result of lower export volumes to the United States. Of our Mexican operations total cement export volumes during the six months ended June 30, 2009, 14% was shipped to the United States, 79% to Central America and the Caribbean and 7% to South America. Our Mexican operations average domestic sales price of cement increased approximately 4% in Peso terms in the six months ended June 30, 2009 compared to the comparable period in 2008, and the average sales price of ready-mix concrete increased approximately 1% in Peso terms over the comparable period. For the six months ended June 30, 2009, cement represented approximately 55%, ready-mix concrete approximately 22% and our aggregates and other businesses approximately 23% of our Mexican operations net sales before eliminations resulting from consolidation.

As a result of the increases in cement sales volumes and average sales prices, partially offset by the decrease in the ready-mix concrete sales volumes, our Mexican net sales, in Peso terms, increased approximately 8% in the six months ended June 30, 2009 compared to the comparable period of 2008.

United States

Our United States operations represented approximately 18% of our total net sales in the six months ended June 30, 2009 in Peso terms, before eliminations resulting from consolidation. Our U.S. operations domestic cement sales volumes, which include cement purchased from our other operations, decreased approximately 35% in the six months ended June 30, 2009 compared to

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the comparable period in 2008, and ready-mix concrete sales volumes decreased approximately 43% during the comparable period. The decreases in our U.S. operations domestic cement and ready-mix concrete sales volumes resulted primarily from significantly weaker demand in all our U.S. markets, as decreased confidence and lower activity across all sectors resulted in lower demand. Overall construction activity continued to worsen as the macroeconomic situation deteriorated. All our markets and regions were adversely affected by the challenging economic downturn, as evidenced by the sharp decline in our volumes during the six months ended June 30, 2009. Average sales price of domestic cement for our U.S. operations decreased approximately 5% in Dollar terms in the six months ended June 30, 2009 compared to the comparable period of 2008, and the average sales price of ready-mix concrete decreased approximately 4% in Dollar terms over the comparable period. The decreases in average prices were primarily due to decreased demand as a result of recessionary economic conditions and tight credit availability. For the six months ended June 30, 2009, cement represented approximately 28%, ready-mix concrete approximately 29% and our aggregates and other businesses approximately 43% of our United States operations net sales before eliminations resulting from consolidation.

As a result of the decreases in cement and ready-mix concrete sales volumes and average sales prices, net sales from our United States operations, in Dollar terms, decreased approximately 41% in the six months ended June 30, 2009 compared to the comparable period in 2008.

Spain

Our Spanish operations net sales during the six months ended June 30, 2009 represented approximately 5% of our total net sales in Peso terms, before eliminations resulting from consolidation. Cement sales volumes in our Spanish operations decreased approximately 48% in the six months ended June 30, 2009 compared to the comparable period in 2008, while ready-mix concrete sales volumes decreased approximately 51% during the comparable period. The decreases in domestic cement and ready-mix concrete sales volumes were the result the continued challenging economic environment in Spain as well as reflecting the disposition of our Canary Islands operations, which had been included in our consolidated results for the six months ended June 30, 2008 (before their disposal in the fourth quarter of 2008). Overall construction activity continues to deteriorate as a result of the economic downturn. Volumes were affected by the ongoing decline in the residential sector, which has affected all demand segments and regions. No particular segment in the construction sector is experiencing growth. Additionally, infrastructure projects continue to be on hold given the lack of liquidity and overall tighter credit conditions. Our Spanish operations cement export volumes, which represented approximately 13% of our Spanish cement sales volumes in the six months ended June 30, 2009, increased by approximately 32% in the six months ended June 30, 2009 compared to the comparable period in 2008, primarily as a result of higher exports to the African region. Of our Spanish operations total cement export volumes in the six months ended June 30, 2009, 2% was shipped to Europe and the Middle East and 98% to Africa. Our Spanish operations average domestic sales price of cement decreased approximately 7% in Euro terms in the six months ended June 30, 2009 compared to the comparable period in 2008, and the average price of ready-mix concrete decreased approximately 6% in Euro terms over the comparable period. For the six months ended June 30, 2009, cement represented approximately 58%, ready-mix concrete approximately 22% and our other businesses approximately 20% of our Spanish operations net sales before eliminations resulting from consolidation.

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As a result of the decreases in domestic cement and ready-mix concrete sales volumes, and in average domestic cement and ready-mix concrete sales prices, our Spanish net sales, in Euro terms, decreased approximately 51% in the six months ended June 30, 2009 compared to the comparable period in 2008.

United Kingdom

Our United Kingdom operations net sales in the six months ended June 30, 2009 represented approximately 7% of our total net sales in Peso terms, before eliminations resulting from consolidation. Our United Kingdom operations domestic cement sales volumes decreased approximately 23% in the six months ended June 30, 2009 compared to the comparable period in 2008, and ready-mix concrete sales volumes decreased approximately 28% during the comparable period. The decreases in domestic cement and ready-mix concrete sales volumes resulted primarily from a deteriorating business environment in the United Kingdom. Construction activity was affected by the tight credit atmosphere that continues to prevail, as well as by lower consumer confidence. Activity across all sectors and regions continues to weaken. Our United Kingdom operations average domestic sales price of cement increased approximately 11% in Pound terms in the six months ended June 30, 2009 compared to the comparable period in 2008, and the average price of ready-mix concrete increased approximately 5% in Pound terms over the comparable period. For the six months ended June 30, 2009, cement represented approximately 16%, ready-mix concrete approximately 28% and our aggregates and other businesses approximately 56% of our United Kingdom operations net sales before eliminations resulting from consolidation.

As a result of the decreases in domestic cement and ready-mix concrete sales volumes, partially offset by increases in average domestic cement and ready-mix concrete sales prices, net sales from our United Kingdom operations, in Pound terms, decreased approximately 23% in the six months ended June 30, 2009 compared to the comparable period in 2008.

Rest of Europe

Our Rest of Europe operations net sales for the six months ended June 30, 2009 represented approximately 19% of our total net sales in Peso terms, before eliminations resulting from consolidation. Our operations in our Rest of Europe segment in the six months ended June 30, 2009 consisted of our operations in Germany, France, Croatia, Poland, Latvia, the Czech Republic, Ireland, Italy, Austria, Hungary, Portugal, Denmark, Finland, Norway and Sweden. Our Rest of Europe operations domestic cement sales volumes decreased approximately 23% in the six months ended June 30, 2009 compared to the comparable period in 2008, and ready-mix concrete sales volumes decreased approximately 21% during the comparable period. The decrease in domestic cement and ready-mix concrete sales volumes resulted primarily from a general decline in activity in the residential, non-residential and infrastructure sectors. Our Rest of Europe operations average domestic sales price of cement increased approximately 5% in Euro terms in the six months ended June 30, 2009 compared to the comparable period in 2008, and the average price of ready-mix concrete increased approximately 3% in Euro terms over the comparable period. For the six months ended June 30, 2009, cement represented approximately 22%, ready-mix concrete approximately 49% and our other businesses approximately 29% of our Rest of Europe operations net sales before eliminations resulting from consolidation.

As a result of the decreases in cement and ready-mix concrete sales volumes, partially offset by increases in average domestic cement and ready-mix concrete sales prices, net sales in the Rest of

Europe, in Euro terms, decreased approximately 23% in the six months ended June 30, 2009 compared to the comparable period in 2008. Set forth below is a discussion of sales volumes in Germany and France, the most significant countries in our Rest of Europe segment, based on net sales.

In Germany, domestic cement sales volumes decreased approximately 21% in the six months ended June 30, 2009 compared to the comparable period in 2008, and ready-mix concrete sales volumes in those operations decreased approximately 11% during the comparable period. The decrease in domestic cement and ready-mix concrete sales volumes resulted primarily from a continued recessionary environment that translated into a sharp decline in cement consumption. Our German operations average domestic sales price of cement increased approximately 9% in Euro terms in the six months ended June 30, 2009 compared to the comparable period in 2008, and the average price of ready-mix concrete increased approximately 29% in Euro terms over the comparable period. As a result of the decreases in domestic cement and ready-mix concrete sales volumes, partially offset by increases in average domestic cement and ready-mix concrete sales prices, net sales in Germany, in Euro terms, decreased approximately 13% in the six months ended June 30, 2009 compared to the comparable period in 2008.

In France, ready-mix concrete sales volumes decreased approximately 18% in the six months ended June 30, 2009 compared to the comparable period in 2008, primarily as a result of weaker economic conditions due to a decline of demand in all sectors. Our French operations average sales price of ready-mix concrete increased approximately 5% in Euro terms in the six months ended June 30, 2009 compared to the comparable period in 2008. As a result of the decrease in ready-mix concrete sales volumes, partially offset by the increase in the average ready-mix concrete sales price, net sales in France, in Euro terms, decreased approximately 14% in the six months ended June 30, 2009 compared to the comparable period in 2008.

South America, Central America and the Caribbean

Our operations in South America, Central America and the Caribbean in the six months ended June 30, 2009 consisted of our operations in Colombia, Costa Rica, the Dominican Republic, Panama, Nicaragua, Puerto Rico, Jamaica and Argentina, as well as several cement terminals and other assets in other Caribbean countries and our trading operations in the Caribbean region. Most of these trading operations consist of the resale in the Caribbean region of cement produced by our operations in Mexico.

On August 18, 2008, Venezuelan officials took physical control of the facilities of CEMEX Venezuela, S.A.C.A., or CEMEX Venezuela, following the issuance on May 27, 2008 of governmental decrees confirming the expropriation of all of CEMEX Venezuela s assets, shares and business. The government of Venezuela has paid no compensation to CEMEX Caracas, which held a 75.7% interest in CEMEX Venezuela, or to any other former CEMEX Venezuela shareholder. On October 16, 2008, CEMEX Caracas filed a request for arbitration against Venezuela before the International Centre for Settlement of Investment Disputes, or ICSID, pursuant to the bilateral investment treaty between the Netherlands and Venezuela, seeking relief for the expropriation of its interest in CEMEX Venezuela. The ICSID arbitral tribunal has been constituted. We are unable at this preliminary stage to estimate the likely range of potential recovery (if any) or to determine what position the government of Venezuela will take in these proceedings, any nature of the award that may be issued by the tribunal, and the difficulties of collection of any possible monetary award issued to CEMEX Caracas. See Item 4 Information on the Company Business of CEMEX Regulatory Matters and Legal Proceedings Tax Matters Expropriation of CEMEX Venezuela and ICSID Arbitration of our annual report on

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Form 20-F for the year ended December 31, 2008 and Recent developments Recent developments relating to our regulatory matters and legal proceedings.

For the six months ended June 30, 2009, our South America, Central America and Caribbean operations represented approximately 10% of our total net sales in Peso terms, before eliminations resulting from consolidation. Our South America, Central America and Caribbean operations domestic cement sales volumes decreased approximately 41% in the six months ended June 30, 2009 compared to the comparable period in 2008, and ready-mix concrete sales volumes decreased approximately 40% over the comparable period. The decrease in domestic cement and ready-mix concrete sales volumes is primarily attributable to the absence of our Venezuelan operations in the six months ended June 30, 2009 as compared to the consolidation of CEMEX Venezuela for the six months ended June 30, 2008 (before its expropriation) and lower economic activity in the region. Our South America, Central American and Caribbean operations average domestic sales price of cement increased approximately 10% in Dollar terms in the six months ended June 30, 2009 compared to the comparable period in 2008, while the average sales price of ready-mix concrete decreased approximately 10% in Dollar terms over the comparable period. For the reasons mentioned above, net sales in our South America, Central America and Caribbean operations, in Dollar terms, decreased approximately 37% in the six months ended June 30, 2009 compared to the comparable period in 2008. For the year six months ended June 30, 2009, cement represented approximately 69%, ready-mix concrete approximately 22% and our aggregates and other businesses approximately 9% of our South and Central America and Caribbean operations net sales before eliminations resulting from consolidation. Set forth below is a discussion of sales volumes in Colombia, the most significant country in our South America, Central American and Caribbean segment, based on net sales.

For the six months ended June 30, 2009, Colombia represented approximately 3% of our total net sales in Peso terms, before eliminations resulting from consolidation. Our Colombian operations cement volumes decreased approximately 11% in the six months ended June 30, 2009 compared to the comparable period in 2008, and ready-mix concrete sales volumes decreased approximately 18% during the comparable period. The decreases in sales volumes resulted primarily from the decline in the industrial and commercial sector partially mitigated by an increase in low-income housing and infrastructure spending. The government s role in reactivating the economy has spurred the initiation of new infrastructure projects around the country, while the self-construction sector continued its downward trend. Our Colombian operations average domestic sales price of cement increased approximately 16% in Colombian Peso terms in the six months ended June 30, 2009 compared to the comparable period in 2008, and the average price of ready-mix concrete decreased approximately 2% in Colombian Peso terms over the comparable period. As a result of the decreases in domestic cement, ready-mix concrete sales volumes and in the average sales price of ready-mix concrete, partially offset by the increase in the average domestic cement sales price, net sales of our Colombian operations, in Colombian Peso terms, decreased approximately 2% in the six months ended June 30, 2009 compared to the comparable period in 2008. For the six months ended June 30, 2009, cement represented approximately 61%, ready-mix concrete approximately 24% and our aggregates and other businesses approximately 15% of our Colombian operations net sales before eliminations resulting from consolidation.

For the six months ended June 30, 2009, the Rest of South and Central America and the Caribbean represented approximately 7% of our total net sales in Peso terms, before eliminations resulting from consolidation. Our Rest of South and Central America and Caribbean operations

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cement volumes decreased approximately 20% in the six months ended June 30, 2009 compared to the comparable period in 2008, and ready-mix concrete sales volumes decreased approximately 24% during the comparable period. Our Rest of South and Central America and Caribbean operations average domestic sales price of cement increased approximately 15% in Dollar terms in the six months ended June 30, 2009 compared to the comparable period in 2008, and the average sales price of ready-mix concrete increased approximately 12% in Dollar terms over the comparable period. As a result of the decreases in domestic cement, ready-mix concrete sales volumes, partially offset by the increase in the average domestic cement sales price and in the average sales price of ready-mix concrete, net sales of our Rest of South and Central America and Caribbean operations, in Dollar terms, decreased approximately 13% in the six months ended June 30, 2009 compared to the comparable period in 2008. For the six months ended June 30, 2009, cement represented approximately 73%, ready-mix concrete approximately 21% and our other businesses approximately 6% of our Rest of South and Central America and Caribbean operations net sales before eliminations resulting from consolidation.

For the reasons mentioned above, net sales before eliminations resulting from consolidation in our South and Central America and Caribbean operations, in Dollar terms, decreased approximately 40% in the six months ended June 30, 2009 compared to the comparable period in 2008.

Africa and the Middle East

For the six months ended June 30, 2009, Africa and the Middle East represented approximately 7% of our total net sales in Peso terms, before eliminations resulting from consolidation. Our operations in Africa and the Middle East consist of our operations in Egypt, the United Arab Emirates (UAE) and Israel. Our Africa and Middle East operations domestic cement sales volumes increased approximately 19% in the six months ended June 30, 2009 compared to the comparable period in 2008, and ready-mix concrete sales volumes decreased approximately 13% during the comparable period. The increases in domestic cement and sales volumes were primarily as a result of the demand in the informal housing and infrastructure sectors. Our Africa and the Middle East operations average domestic sales price of cement increased approximately 12% in Dollar terms in the six months ended June 30, 2009, and the average price of ready-mix concrete increased approximately 1% in Dollar terms over the comparable period. For the six months ended June 30, 2009, cement represented approximately 45%, ready-mix concrete approximately 38% and our other businesses approximately 17% of our African and the Middle East operations net sales before eliminations resulting from consolidation.

For the six months ended June 30, 2009, Egypt represented approximately 4% of our total net sales in Peso terms, before eliminations resulting from consolidation. Our Egyptian operations domestic cement sales volumes increased approximately 19% in the six months ended June 30, 2009 compared to the comparable period in 2008, and Egyptian ready-mix concrete sales volumes increased approximately 8% during the comparable period. The increases in volumes resulted primarily from lower steel prices which had a positive effect on cement consumption. The high-income housing sector started to slow down in response to the macroeconomic situation, while the self-construction sector maintained its stability. The average domestic sales price of cement increased approximately 16% in Egyptian pound terms in the six months ended June 30, 2009 compared to the comparable period in 2008, and ready-mix concrete sales prices increased approximately 22% in Egyptian pound terms. As a result of increases in domestic cement sales volumes and sales prices, net sales of our Egyptian operations, in Egyptian pound terms, increased approximately 37% in the six months ended June 30, 2009 compared to the comparable period in 2008. For the six months ended June 30, 2009, cement represented approximately 89%, ready-mix concrete approximately 9% and our other businesses approximately 2% of our Egyptian operations net sales before eliminations resulting from consolidation.

For the six months ended June 30, 2009, the UAE and Israel represented approximately 3% of our total net sales in Peso terms, before eliminations resulting from consolidation. Our Rest of Africa and the Middle East operations ready-mix concrete sales volumes decreased approximately 16% in the six months ended June 30, 2009 compared to the comparable period in 2008 primarily as a result of lower ready-mix concrete sales volumes in the UAE, while the average ready-mix concrete sales price remained flat, in Dollar terms, in the six months ended June 30, 2009 compared to the comparable period in 2008. As a result of a decrease of 22% in net sales in Israel, net sales of our Rest of Africa and the Middle East operations, in Dollar terms, decreased approximately 13% in the six months ended June 30, 2009 compared to the comparable period in 2008. For the six months ended June 30, 2009, ready-mix concrete represented approximately 66% and our other businesses approximately 34% of our Rest of Africa and the Middle East operations net sales before eliminations resulting from consolidation.

As a result of increases in average ready-mix concrete sales volumes and domestic cement and ready-mix concrete sales prices, net sales before eliminations resulting from consolidation in our Africa and the Middle East operations, in Dollar terms, increased approximately 7% in the six months ended June 30, 2009 compared to the comparable period in 2008.

Australia and Asia

For the six months ended June 30, 2009, Australia and Asia represented approximately 10% of our total net sales in Peso terms, before eliminations resulting from consolidation. Our operations in Australia and Asia consist of (i) our Rinker Australian operations, which we have recently agreed to sell to Holcim, and (ii) our operations in the Philippines, Thailand, Bangladesh, Taiwan, Malaysia, and the operations in China we acquired with the Rinker acquisition. Our Australian and Asian operations domestic cement sales volumes decreased approximately 6% in the six months ended June 30, 2009 compared to the comparable period in 2008. Our Australian and Asian operations ready-mix concrete sales volumes decreased approximately 19% in the six months ended June 30, 2009 compared to the comparable period in 2008, primarily due to weaker demand in most of our markets as a result of the economic downturn. In addition, adverse weather conditions, mainly in the eastern region of Australia, affected sales during the quarter. During the quarter, demand was driven by the public sector, while the residential and the industrial-and-commercial sectors remained weak. The average sales price of ready-mix concrete in our Australian and Asian operations decreased by approximately 15% in Dollar terms in the six months ended June 30, 2009 compared to the comparable period in 2008. For the reasons described above, our Australian and Asian operations net sales in Dollar terms decreased approximately 25% in the six months ended June 30, 2009 compared to the comparable period in 2008.

Our Asian operations cement export volumes, which represented approximately 21% of our Asian operations cement sales volumes in the six months ended June 30, 2009, decreased approximately 26% in the six months ended June 30, 2009 compared to the comparable period in 2008 primarily due to decreased cement demand in the European region. Of our Asian operations total cement export volumes during the six months ended June 30, 2009, approximately 48% was shipped to Africa and Middle East, 26% was shipped to Europe and 26% to the Southeast Asia region. For the six months ended June 30, 2009, cement represented approximately 18%, ready-mix concrete approximately 43% and our other businesses approximately 39% of our Australian and Asian operations net sales before eliminations resulting from consolidation.

Our Australian operations net sales for the six months ended June 30, 2009 represented approximately 7% of our total net sales in Peso terms, before eliminations resulting from consolidation. Our Australian operations ready-mix concrete sales volumes represented 8% in the six months ended June 30, 2009 of our total ready-mix concrete sales volumes. The main drivers of ready-mix concrete demand in Australia are the commercial and infrastructure sectors. For the six months ended June 30, 2009, ready-mix concrete represented approximately 49%, aggregates represented approximately 34% and our other businesses approximately 17% of our Australian operations net sales before eliminations resulting from consolidation. On June 15, 2009, we announced our agreement to sell our Australian operations to Holcim for approximately AUD$2.02 billion (approximately U.S.$1.64 billion or Ps21.6 billion considering the exchange rates of AUD$1.2324 per U.S. Dollar and Ps13.18 per U.S. Dollar, respectively, at June 30, 2009). See Recent developments Recent developments relating to our planned divestitures of assets.

For the six months ended June 30, 2009, the Philippines represented approximately 2% of our total net sales in Peso terms, before eliminations resulting from consolidation. Our Philippines operations domestic cement volumes increased approximately 7% in the six months ended June 30, 2009 compared to the comparable period in 2008. Our Philippines operations average domestic sales price of cement increased approximately 11% in Philippine Peso terms in the six months ended June 30, 2009 compared to the comparable period in 2008. As a result of the increase in domestic cement volumes, partially offset by the decrease in our domestic cement sales price, net sales of our Philippines operations, in Philippine Peso terms, increased approximately 23% in the six months ended June 30, 2009 compared to the comparable period in 2008. For the six months ended June 30, 2009, cement represented 100% of our Philippine operations net sales before eliminations resulting from consolidation.

Our Rest of Asia operations ready-mix concrete sales volumes, which include our Malaysian operations (representing nearly all our ready-mix concrete sales volumes in the Rest of Asia region), decreased approximately 15% in the six months ended June 30, 2009 compared to the comparable period in 2008. The average sales price of ready-mix concrete increased approximately 10%, in Dollar terms, during the six months ended June 30, 2009. For the reasons mentioned above, net sales of our Rest of Asia operations, in Dollar terms, decreased approximately 4% in the six months ended June 30, 2009 compared to the comparable period in 2008. For the six months ended June 30, 2009, cement represented approximately 26%, ready-mix concrete approximately 60% and our other businesses approximately 14% of our Rest of Asia operations net sales before eliminations resulting from consolidation.

Others

Our Others segment includes our worldwide cement, clinker and slag trading operations, our information technology solutions company and other minor subsidiaries. Net sales of our Others segment decreased approximately 56% before eliminations resulting from consolidation in the six months ended June 30, 2009 compared to the comparable period in 2008 in Dollar terms, primarily as a result of a decrease of approximately 56% in our worldwide cement, clinker and

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slag trading operations and a decrease of approximately 20% in our information technology solutions company. For the six months ended June 30, 2009, our trading operations net sales represented approximately 47% and our information technology solutions company represented approximately 31% of our Others segment s net sales.

Cost of sales. Our cost of sales, including depreciation, decreased approximately 9%, from Ps84,581 million in the six months ended June 30, 2008 to Ps77,013 million in the six months ended June 30, 2009, primarily due to the decrease in sales volumes and the absence of our Venezuelan and Canary Islands operations, which were included in our consolidated results for the six months ended June 30, 2008. These decreases in cost were partially offset by increases in energy costs. As a percentage of net sales, cost of sales increased from 69% in the six months ended June 30, 2008 to 70% in the six months ended June 30, 2009. In our cement and aggregates business, we have several producing plants and many points of sale. Our cost of sales excludes freight expenses of finished products from our producing plants to our selling points, the expenses related to personnel and equipment comprising our selling network and those expenses related to warehousing at the points of sale, which were included as part of our administrative and selling expenses line item in the amount of approximately Ps7,091 million in the six months ended June 30, 2008 and Ps7,135 million in the comparable period in 2009. Cost of sales includes the expenses related to warehousing at the producing plants as well as transfer costs within our producing plants.

Gross profit. For the reasons explained above, our gross profit decreased approximately 17%, from Ps38,786 million in the six months ended June 30, 2008 to Ps32,383 million in the six months ended June 30, 2009. As a percentage of net sales, gross profit decreased from approximately 31% in the six months ended June 30, 2008 to 30% in the six months ended June 30, 2009. In addition, our gross profit may not be directly comparable to those of other entities that include in cost of sales freight expenses of finished products from the producing plants to their selling points, and the costs related to their sales force and warehousing at the point of sale, which in our financial statements are included within administrative and selling expenses, and the cost associated with freight to the customers locations, which in our financial statements are included as part of our distribution expenses, and which in aggregate represented costs of approximately Ps7,091 million in the six months ended June 30, 2008 and Ps7,135 million in the comparable period in 2009.

Operating expenses. Our operating expenses decreased approximately 10%, from Ps24,549 million in the six months ended June 30, 2008 to Ps22,137 million in the six months ended June 30, 2009, mainly as a result of our cost-reduction initiatives and the absence of CEMEX Venezuela (as a result of its expropriation) and our Canary Islands operations. As a percentage of net sales, our operating expenses remained flat in the six months ended June 30, 2009 compared to the comparable period in 2008, reflecting our cost-reduction efforts. Operating expenses include administrative, selling and distribution expenses.

Operating income. For the reasons mentioned above, our operating income decreased approximately 28% from Ps14,237 million in the six months ended June 30, 2008 to Ps10,246 million in the six months ended June 30, 2009. As a percentage of net sales, operating income decreased from approximately 12% in the six months ended June 30, 2008 to 9% in the six months ended June 30, 2009. Additionally, set forth below is a quantitative and qualitative analysis of the effects of the various factors over our operating income on a geographic segment basis.

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Mexico

Our Mexican operations operating income increased approximately 10%, from Ps6,903 million in the six months ended June 30, 2008 to Ps7,588 million in the six months ended June 30, 2009 in Peso terms. The increase in operating income was primarily attributable to the increase in cement sales volumes and average sales prices, and to our cost control initiatives, partially offset by the decrease in ready-mix concrete sales volumes and the increase in energy costs.

United States

Our U.S. operations operating income decreased substantially, from an operating income of Ps432 million in the six months ended June 30, 2008 to an operating loss of Ps3,313 million in the six months ended June 30, 2009 in Peso terms. As mentioned above, the decrease in operating results was primarily attributable to the significant reduction in cement, ready-mix concrete and aggregates sales volumes, partially offset by our cost control initiatives.

Spain

Our Spanish operations operating income decreased approximately 78%, from Ps2,548 million in the six months ended June 30, 2008 to Ps554 million in the six months ended June 30, 2009 in Peso terms, and 81% in Euro terms. The decrease in operating income resulted primarily from the significant decline in cement and ready-mix concrete sales volumes and the decrease in average sales prices, partially mitigated by our cost control initiatives.

United Kingdom

Our United Kingdom operations operating loss improved approximately 10%, from an operating loss of Ps237 million in the six months ended June 30, 2008 compared to an operating loss of Ps213 million in the six months ended June 30, 2009 in Peso terms. In Pound terms, the decrease in the operating loss was approximately 13%. The decrease in the operating loss of our United Kingdom operations during the six months ended June 30, 2009 compared to the comparable period in 2008 primarily resulted from our cost control initiatives and the increase in average sales prices, partially offset by the significant reduction in cement and ready-mix concrete sales volumes.

Rest of Europe

Our Rest of Europe operations operating income decreased approximately 56%, from Ps1,934 million in the six months ended June 30, 2008 to Ps846 million in the six months ended June 30, 2009 in Peso terms, and 60% in Euro terms. The decrease in our Rest of Europe operations operating income resulted from significant decreases in our sales volumes of cement and ready-mix concrete throughout the region and energy and transportation costs, partially offset by our cost control initiatives.

In Germany, our operating loss improved from a loss of Ps28 million in the six months ended June 30, 2008 to a loss of Ps14 million in the six months ended June 30, 2009 in Peso terms. The decrease in the operating loss in Germany resulted primarily from our cost control initiatives and the increase in average sales prices, partially offset by the significant decreases in cement and ready-mix concrete sales volumes and the increase in energy and transportation costs.

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In France, operating income decreased approximately 11%, from Ps796 million in the six months ended June 30, 2008 to Ps712 million in the six months ended June 30, 2009 in Peso terms. In Euro terms, operating income decreased by 12%. The decrease in operating income in France resulted primarily from the decrease in ready-mix concrete sales volumes, partially offset by our cost control initiatives.

South America, Central America and the Caribbean

Our South America, Central America and Caribbean operations operating income decreased approximately 6%, from Ps3,059 million in the six months ended June 30, 2008 to Ps2,884 million in the six months ended June 30, 2009 in Peso terms. In Dollar terms, operating income decreased by approximately 30% for the comparable period. The decrease in operating income was primarily attributable to the absence of CEMEX Venezuela in the consolidated results for the six months ended June 30, 2009, partially offset by our cost control initiatives.

In Colombia, during the six months ended June 30, 2009, operating income increased approximately 3% in Colombian Pesos and approximately 14% in Pesos, from Ps1,082 million in the six months ended June 30, 2008 to Ps1,235 million in the six months ended June 30, 2009. The increase resulted primarily from our cost reduction initiatives and the increase in the average sales prices of cement and ready-mix concrete, partially offset by the reduction in cement and ready-mix concrete sales volumes.

Africa and the Middle East

Our Africa and the Middle East operations operating income increased approximately 94%, from Ps1,123 million in the six months ended June 30, 2008 to Ps2,185 million in the six months ended June 30, 2009 in Peso terms. In Dollar terms, the increase in operating income was approximately 43% during the comparable period. The increase in operating income resulted primarily from increases in ready-mix concrete sales volumes and average domestic cement and ready-mix concrete sales prices.

Operating income from our Egyptian operations increased approximately 79%, from Ps943 million in the six months ended June 30, 2008 to Ps1,684 million in the six months ended June 30, 2009 in Peso terms and increased 30% in Dollar terms, primarily as a result of the significant increase in sales volumes and average sales prices. Our Rest of Africa and the Middle East operations increased from an operating income of Ps180 million in the six months ended June 30, 2008 to Ps501 million in the six months ended June 30, 2009 in Peso terms. In Dollar terms, operating income in the Rest of Africa and Middle East increased 112%. The increase resulted primarily from cost reduction programs implemented in the UAE and Israel in 2009.

Australia and Asia

Our Australia and Asia operations operating income increased approximately 23%, from Ps1,204 million in the six months ended June 30, 2008 to Ps1,482 million in the six months ended June 30, 2009 in Peso terms, and decreased 9% in Dollar terms. The decrease in operating income in Dollar terms resulted primarily from the reduction in cement and ready-mix concrete sales volumes.

In Australia, operating income decreased 8%, from Ps839 million in the six months ended June 30, 2008 to Ps771 million in the six months ended June 30, 2009 in Peso terms. In Dollar terms, the decrease in operating income for the comparable period was approximately 31%. The decrease resulted primarily from the reduction in ready-mix concrete and aggregates sales volumes.

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Our Philippines operating income increased approximately 98%, in Peso terms, from Ps340 million in the six months ended June 30, 2008 to Ps674 million in the six months ended June 30, 2009, in Peso terms. In Dollar terms, operating income increased 39% in the comparable period.

Others

Operating loss in our Others segment improved by approximately 35%, from a loss of Ps2,729 million in the six months ended June 30, 2008 to a loss of Ps1,767 million in the six months ended June 30, 2009, in Peso terms. The decrease in the operating loss can be primarily explained by our cost reduction initiatives.

Other expenses, net. Our other expenses, net, increased from other income, net of Ps1,570 million in the six months ended June 30, 2008 to other expenses, net of Ps1,897 million in the six months ended June 30, 2009. The increase in other expenses, net during the period is primarily due to the recognition of restructuring costs during the six months ended June 30, 2009 and the recognition of gains on the sale of assets during the six months ended June 30, 2008.

The most significant items included under this caption in the six months ended June 30, 2008 and 2009 are as follows:

	For the six months ended June 30, 2008	2009
	(in millions of Pesos) (unaudited)	
Impairment losses	Ps (310)	Ps (8)
Restructuring costs	(7)	(134)
Non-operational donations	(144)	(112)
Current and deferred ESPS	(99)	(3)
Antidumping duties	(11)	(7)
Results in sales of assets and others, net	2,141	(1,633)
	Ps1,570	Ps(1,897)

Comprehensive financing result. Pursuant to MFRS, the comprehensive financing result should measure the real cost (gain) of an entity s financing, net of the foreign currency fluctuations and the inflationary effects on monetary assets and liabilities. In periods of high inflation or currency depreciation, significant volatility may arise and is reflected under this caption. Comprehensive financing income (expense) includes:

- financial or interest expense on borrowed funds;
- financial income on cash and temporary investments;
- appreciation or depreciation resulting from the valuation of financial instruments, including derivative instruments and marketable securities, as well as the realized gain or loss from the sale or liquidation of such instruments or securities;
- foreign exchange gains or losses associated with monetary assets and liabilities denominated in foreign currencies; and

beginning in 2008, gains and losses resulting from having monetary liabilities or assets exposed to inflation (monetary position result) in countries under high inflation environments. Until

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December 31, 2007, monetary position results were calculated on each country s net monetary position despite the level of inflation.

	For the six months ended June 30, 2008	2009
	(in millions of Pesos) (unaudited)	
Comprehensive financing result:		
Financial expense	Ps(5,304)	Ps(5,806)
Financial income	205	182
Results from financial instruments	(204)	(2,091)
Foreign exchange result	483	(937)
Monetary position result	337	178
Comprehensive financing result	Ps(4,483)	Ps(8,474)

Our comprehensive financing result deteriorated from a loss of Ps4,483 million in the six months ended June 30, 2008 to a loss of Ps8,474 million in the six months ended June 30, 2009. The components of the change are shown above. Our financial expense increased approximately 9% due to higher debt levels. Our financial income decreased 11%. The decrease was primarily attributable to the reduction in interest rates. The increase in our loss from financial instruments was primarily attributable to the settlement of a significant portion of our derivative instruments portfolio during the first six months of 2009. Our net foreign exchange result deteriorated mainly due to the appreciation of the Mexican Peso during the six months ended June 30, 2008. Our monetary position result (generated by the recognition of inflation effects over monetary assets and liabilities) in the six months ended June 30, 2009 decreased approximately 47% due to the absence of our Venezuelan operations, which had been part of consolidated results during the six months ended June 30, 2008.

Derivative financial instruments. For the six months ended June 30, 2008 and 2009, our derivative financial instruments that had a potential impact on our comprehensive financing result consisted of foreign exchange derivative instruments (excluding our foreign exchange forward contracts designated as hedges of our net investment in foreign subsidiaries), interest rate swaps, cross-currency swaps, including our derivative instruments related to the issuance of perpetual debentures by consolidated entities, equity forward contracts and interest rate derivatives related to energy projects.

As required in the context of our renegotiation of maturities with our bank lenders, during the six months ended June 30, 2009, we closed a significant portion of our derivative instruments. Furthermore, during July 2009, we closed the Yen cross-currency swap derivatives associated with our perpetual debentures. See note 11 to our selected consolidated financial statements included elsewhere in this prospectus supplement.

Income taxes. Income taxes decreased from an income tax expense of Ps1,849 million in the six months ended June 30, 2008 to an income tax revenue of Ps2,710 million in the six months ended June 30, 2009. The decrease is mainly attributable to higher operating losses in several countries during the six months ended June 30, 2009 as compared to taxable income in the six months ended June 30, 2008, as well as the increase in our deferred tax assets during the six months ended June 30, 2009.

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Consolidated net income. For the reasons described above, our consolidated net income (before deducting the portion allocable to minority interest) for the six months ended June 30, 2009 decreased approximately 73%, from Ps9,886 million in the six months ended June 30, 2008 to Ps2,651 million in the six months ended June 30, 2009. As a percentage of net sales, consolidated net income decreased from 8% in the six months ended June 30, 2008 to 2% in the comparable period in 2009.

Majority interest net income. Majority interest net income represents the difference between our consolidated net income and minority interest net income, which is the portion of our consolidated net income attributable to those of our subsidiaries in which non-affiliated third parties hold interests. Changes in minority interest net income in any period reflect changes in the percentage of the stock of our subsidiaries held by non-affiliated third parties as of the end of each month during the relevant period and the consolidated net income attributable to those subsidiaries.

Minority interest net income decreased approximately 57%, from Ps272 million in the six months ended June 30, 2008 to Ps116 million in the comparable period in 2009, mainly as a result of the absence of CEMEX Venezuela and our Canary Islands operations, which were included in our consolidated results in the six months ended June 30, 2008. Majority interest net income decreased by approximately 74%, from Ps9,614 million in the six months ended June 30, 2008 to Ps2,535 million in the comparable period in 2009. As a percentage of net sales, majority interest net income decreased from 8% in the six months ended June 30, 2008 to 2% in the comparable period in 2009.

Liquidity and capital resources

Operating activities

In the past, we have satisfied our operating liquidity needs primarily through operations of our subsidiaries, and we expect to continue to do so for both the short and long term. Although cash flow from our operations has overall historically met our liquidity needs for operations, by servicing debt and funding capital expenditures and acquisitions, our subsidiaries are exposed to risks from changes in foreign currency exchange rates, price and currency controls, interest rates, inflation, governmental spending, social instability and other political, economic and/or social developments in the countries in which they operate, any one of which may materially reduce our net income and cash from operations. Consequently, in order to meet our overall liquidity needs we also rely on cost-cutting and operating improvements to optimize capacity utilization and maximize profitability, as well as borrowings under credit facilities, proceeds of debt and equity offerings, and proceeds from asset sales. Our consolidated net cash flows provided by operating activities were approximately Ps12,608 million in the six months ended June 30, 2008 and Ps10,742 million in the comparable period in 2009. See our statement of cash flows for the six month periods ended June 30, 2008 and 2009 included elsewhere in this prospectus supplement.

Sources and uses of cash

Beginning in 2008, the new MFRS B-2, Statement of Cash Flows, or MFRS B-2, establishes the incorporation of a new cash flow statement, included elsewhere in this prospectus supplement, which presents cash inflows and outflows in nominal currency as part of the basic financial statements, replacing the statement of changes in financial position, which included inflation effects and foreign exchange effects not realized.

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Our review of sources and uses of resources presented below refers to nominal amounts included in our statement of cash flows for the six month periods ended June 30, 2008 and 2009.

Our primary sources and uses of cash during the six month periods ended June 30, 2008 and 2009 were as follows:

	Six months ended June 30,	
	2008	**2009**
	(in millions of Pesos) (Unaudited)	
OPERATING ACTIVITIES		
Majority net income	Ps 9,614	Ps 2,535
Non-cash items:		
Depreciation and amortization of assets	10,133	11,006
Impairment of assets	310	8
Equity in income of associates	(411)	(66)
Minority interest	272	116
Other expenses, net	(1,880)	874
Comprehensive financing result	4,483	8,474
Income taxes	1,849	(2,710)
Changes in working capital, excluding financial expense and income taxes	(3,049)	(4,273)
Net cash flows provided by operating activities before comprehensive financing results and income taxes	21,321	15,964
Financial expense paid in cash	(5,882)	(4,117)
Income taxes paid in cash	(2,250)	(989)
Net cash flows provided by operating activities	Ps13,189	Ps10,858
INVESTING ACTIVITIES		
Property, machinery and equipment, net	Ps (9,922)	Ps (4,128)
Disposal of subsidiaries and associates, net	5,315	952
Investment derivatives	110	
Intangible assets and other deferred charges	226	(1,301)
Long-term assets, net	198	558
Others, net	(400)	490
Net cash flows used in investing activities	Ps (4,473)	Ps (3,429)
FINANCING ACTIVITIES		
Issuance of common stock	Ps 1	Ps 5
Financing derivatives	(609)	(8,051)
Dividends paid	(213)	
Repayment of debt, net	(18,705)	3,683
Issuance of perpetual debentures, net of interest paid	10,039	
Non-current liabilities, net	237	(139)
Net cash flows used in financing activities	(9,250)	(4,502)
Cash and investments currency translation effect	(797)	(3,641)
Decrease in cash and investments	(1,331)	(714)

Cash and investments at beginning of year	8,671	13,604
CASH AND INVESTMENTS AT END OF YEAR	Ps 7,340	Ps12,890
Changes in working capital:		
Trade receivables, net	Ps (1,938)	Ps 649
Other accounts receivable and other assets	783	(221)
Inventories	(1,830)	3,364
Trade payables	906	(3,229)
Other accounts payable and accrued expenses	(970)	(4,836)
	Ps (3,049)	Ps (4,273)

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June 30, 2008. During the six months ended June 30, 2008, our cash and temporary investments decreased by Ps1,331 million after giving effect to the cash and investments currency translation effect of approximately Ps797 million, which is the currency translation effect that our cash and investments in currencies, other than the Mexican Peso, at the beginning of the period, generate at the end of the period as a result of exchange rate fluctuations. This decrease was due to our net cash flows used in investing and financing activities of approximately Ps4,473 million and Ps9,250 million, respectively, which were partially offset by our net cash flows provided by operating activities of approximately Ps13,189 million (after interest expense and income taxes of approximately Ps8,132 million paid in cash).

For the six months ended June 30, 2008, our net cash flows provided by operating activities included a net increase in working capital of approximately Ps3,049 million, which resulted primarily from increases in trade receivables and inventories and decreases in other accounts payable and accrued expenses for an aggregate amount of approximately Ps4,738 million. This amount was partially offset by decreases in other accounts receivable and other assets and increases in trade payables, which amounted to approximately Ps1,689 million.

During the six months ended June 30, 2008, our net cash flows provided by operating activities of approximately Ps13,189 million, after interest expense and income taxes paid, coupled with amounts of cash and investments at the beginning of the period, new borrowings of approximately Ps18,695 million, the issuance of perpetual obligations, net of interest paid, of approximately Ps10,039 million and funds obtained from the sale of subsidiaries and affiliates of approximately Ps5,315 million, were used, among other minor uses of cash flows, mainly to: (a) fund net capital expenditures of approximately Ps9,922 million; (b) repay debt of approximately Ps37,400 million; and (c) pay for net losses of approximately Ps499 million realized in derivative financial instruments.

The sale of subsidiaries and affiliates, which generated funds of approximately Ps5,315 million, consisted mainly of the sale of a 9.5% interest in Axtel, S.A.B. de C.V., or AXTEL, and the sale of assets obtained through the acquisition of Rinker to our associate, Ready Mix USA, LLC, which was completed in 2008. For additional information, see notes 8A and 10A to our consolidated financial statements included elsewhere or incorporated by reference in this prospectus supplement.

June 30, 2009. During the six months ended June 30, 2009, our cash and temporary investments decreased by approximately Ps714 million after giving effect to the cash and investments conversion effect of Ps3,641 million. Our net cash flows provided by operating activities (after interest expense and income taxes paid in cash of approximately Ps5,106 million) of approximately Ps10,858 million were offset by net cash flow used in investing activities of approximately Ps3,429 million and by net cash flows used in financing activities for approximately Ps4,502 million.

For the six months ended June 30, 2009, our net cash flows provided by operating activities included a net increase in working capital of approximately Ps4,273 million, which resulted primarily from increases in trade receivables, other accounts receivable and other assets, and decreases in trade payables and other accounts payable, for an aggregate amount of approximately Ps7,637 million. This amount was partially offset by a decrease in inventories of approximately Ps3,364 million.

During the six months ended June 30, 2009, our net cash flows provided by operating activities, after interest expense and income taxes paid, of approximately Ps10,858 million, coupled with new borrowings of approximately Ps58,402 million and several other minor sources of cash flows,

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including the sale of subsidiaries and affiliates of approximately Ps952 million, were used, among other minor uses of cash flows, mainly to: (a) repay debt of approximately Ps54,719 million; (b) fund net capital expenditures of approximately Ps4,128 million; and (c) pay for net losses of Ps8,051 million realized in derivative financial instruments.

The disposals of subsidiaries and affiliates, which generated funds of approximately Ps952 million during the six months ended June 30, 2009, consisted mainly of the sale of some of our aggregates quarries in the United States and a lime operation in Mexico and are detailed in notes 8A and 10A to our consolidated financial statements included elsewhere or incorporated by reference in this prospectus supplement.

Capital expenditures

At June 30, 2009, in connection with our significant projects, we had contractually committed capital expenditures of approximately U.S.$635 million, including our base capital expenditures expected to be incurred during the second half of 2009. This amount is now expected to be incurred over the next 2.5 years, according to the evolution of the related projects. Our capital expenditures incurred for the six months ended June 30, 2008 and 2009 and our expected capital expenditures during the second half of 2009, which include an allocation to 2009 of a portion of our total future committed amount, are as follows:

	Six months ended June 30,		Estimated in second half of
	2008	**2009**	**2009**
	(in millions of U.S. dollars)		
North America(1)	U.S.$ 552	U.S.$ 85	U.S.$ 52
Europe(2)	364	170	104
Central and South America and the Caribbean(3)	78	61	36
Africa and the Middle East	52	10	15
Asia and Australia	43	9	10
Others(4)	67	42	6
Total consolidated	U.S.$1,156	U.S.$377	U.S.$223
Of which:			
Expansion capital expenditures(5)	925	287	125
Base capital expenditures(6)	231	90	98

(1) In North America, our estimated capital expenditures during the second half of 2009 include amounts related to the expansion of the Yaqui and Tepeaca plants in Mexico, and the expansion of the Balcones and Brooksville South plants in the U.S.

(2) In Europe, our estimated capital expenditures during the second half of 2009 include amounts related to the construction of the new cement production facility in Teruel, Spain, the new grinding mill and blending facility at the Port of Tilbury in the United Kingdom and the expansion of our cement plants in Poland and Latvia.

(3) In Central and South America and the Caribbean, our estimated capital expenditures during the second half of 2009 include the construction of the new kiln in Panama.

(4) Our Others capital expenditures expected during the second half of 2009 include expenditures for our trading activities as well as our corporate requirements.

(5) Expansion capital expenditures refer to the acquisition or construction of new assets intended to increase our current operating infrastructure and which are expected to generate additional amounts of operating cash flows.

(6) Base capital expenditures refer to the acquisition or construction of new assets that would replace portions of our operating infrastructure and which are expected to maintain our operating continuity.

As reflected in the prior table, during the six months ended June 30, 2009, in response to the continued severe deterioration of the economic environment, we have substantially reduced our capital expenditures budget. We may revise our planned capital expenditures if conditions deteriorate further during the second half of 2009 in order to stay within the capital expenditure limitations set forth in the financing agreement. These limitations require that we cannot make aggregate capital expenditures in excess of (i) U.S.$600 million (plus an additional U.S.$50 million contingency to account for currency fluctuations and certain additional costs and expenses) for the year ended December 31, 2009, (ii) U.S.$700 million for the year ended December 31, 2010 and (iii) U.S.$800 million for each year thereafter until the debt under the financing agreement has been repaid in full.

Our indebtedness

As of June 30, 2009, we had approximately U.S.$19.2 billion (Ps253.7 billion) of total debt, of which approximately 30% was short-term (including current maturities of long-term debt) and 70% was long-term. As of June 30, 2009, before giving effect to our cross-currency swap arrangements, approximately 61% of our consolidated debt was Dollar-denominated, approximately 13% was Peso-denominated, approximately 25% was Euro-denominated, approximately 1% was Japanese Yen-denominated, and immaterial amounts were denominated in other currencies. The weighted average interest rates of our debt as of June 30, 2009 in our main currencies were 2.3% on our Dollar-denominated debt, 6.7% on our Peso-denominated debt, 3.0% on our Euro-denominated debt, and 1.9% on our Yen-denominated debt. The foregoing debt information does not include the Ps39,856 million (U.S.$3,024 million) of perpetual debentures issued by C5 Capital (SPV) Limited, C8 Capital (SPV) Limited, C10 Capital (SPV) Limited and C10-EUR Capital (SPV) Limited in December 2006 and February and May 2007 described below. See Our perpetual debentures.

Most of our outstanding indebtedness has been incurred to finance acquisitions and capital expenditure programs. CEMEX México, S.A. de C.V. and Empresas Tolteca de México, S.A. de C.V., two of our principal Mexican subsidiaries, have provided guarantees of our indebtedness in the amount of approximately U.S.$7,037 million (Ps92,747 million) and U.S.$4,130 million (Ps54,429 million), respectively, as of June 30, 2009. After giving effect to the financing agreement, however, all of the financing agreement debt obligors and guarantors (other than CEMEX, Inc. and CEMEX Australia Holdings Pty Ltd.) have provided cross-guarantees over all the financing agreement debt.

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, bank loans, credit facilities, sale-leaseback transactions, forward contracts, forward lending facilities and equity swap transactions, proceeds from of debt offerings (including notes, commercial paper, bonds, preferred equity and putable capital securities), equity offerings and proceeds from asset sales. The global stock and credit markets in the last year and a half have experienced significant price volatility, dislocations and liquidity disruptions, which have caused market prices of many stocks to fluctuate substantially and the spreads on prospective and outstanding debt financings to widen considerably. These circumstances have materially impacted liquidity in the financial markets, making terms for financings materially less attractive, and at various times have resulted in the unavailability of certain types of financing. This volatility and illiquidity has negatively impacted a broad range of fixed income securities. As a result, the market for fixed income securities has experienced decreased liquidity, increased price volatility, credit downgrade events, and increased defaults. Global equity markets have also been experiencing heightened volatility

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and turmoil, with issuers exposed to the credit markets most seriously affected. These factors and the continuing market disruption have had, and may continue to have, an adverse effect on us, including on our ability to refinance future maturities, in part because we, like many public companies, from time to time raise capital in debt and equity capital markets.

In addition, continued uncertainty in the stock and credit markets may adversely impact our ability to access additional short-term and long-term financing, including accounts receivable securitizations, on reasonable terms or at all, which would negatively impact our liquidity and financial condition. See Our receivables financing arrangements.

On October 31, 2008 and January 21, 2009, Fitch and S&P respectively downgraded our credit rating from BBB- (investment grade) to BB+ (below investment grade). On March 10, 2009, both agencies further downgraded our rating, S&P to B- and Fitch to B. These ratings actions have materially and adversely affected and will continue to adversely affect the availability of financing to us and our subsidiaries and the terms on which we could refinance our debt, including the imposition of more restrictive covenants and higher interest rates on our existing debt. The disruptions in the financial and credit markets may continue to adversely affect our credit rating and the market value of our common stock. If the current pressures on credit continue or worsen, we may not be able to refinance, if necessary, our outstanding debt when due, which could have a material adverse effect on our business and financial condition. On August 10, 2009, S&P revised its outlook on us from negative to developing, and again on August 27, 2009 from developing to positive. Fitch also revised its outlook on August 17, 2009, from negative to stable.

We and our subsidiaries have sought and obtained, through the financing agreement, amendments to our debt instruments that contain financial ratios. Testing of financial covenants has been suspended and will resume again June 30, 2010 at revised ratio levels, but we may need to seek waivers or amendments in the future. We cannot assure you that any future waivers, if requested, will be obtained. If we or our subsidiaries are unable to comply with the provisions of our debt instruments, and are unable to obtain a waiver or amendment, the indebtedness outstanding under such debt instruments could be accelerated. Acceleration of these debt instruments would have a material adverse effect on our financial condition.

In connection with our consolidated financial statements for the year ended December 31, 2008, included in our annual report on Form 20-F, filed with the SEC on June 30, 2009, we included our assessment of factors present at that time, as further described in Note 22 to those consolidated financial statements, relative to our ability to comply with debt maturities due in the next 12 months and hence our ability to continue as a going concern, which were dependent on the completion of the refinancing described therein, proceeds from asset sales or otherwise obtaining additional debt or equity financial resources to pay our obligations as they became due. On August 14, 2009, we completed our global refinancing and substantially reduced the amount of our debt coming due during the remainder of 2009 and extended our overall debt amortization schedule. Our current assessment is that the factors that gave rise to the uncertainty about our ability to continue as a going concern at June 30, 2009, have been resolved. See Recent developments Recent developments related to our indebtedness Global refinancing for further details.

On August 14, 2009, we entered into a financing agreement that extends the maturities of approximately U.S.$15.0 billion in syndicated and bilateral bank and private placement obligations and provides for a semi-annual amortization schedule, with a final maturity of

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approximately U.S.$6.8 billion on February 14, 2014. We intend to meet such semi-annual amortization requirements prior to maturity using funds from a variety of sources, including from free cash flow and net cash proceeds from asset sales and debt and/or equity security issuances, the receipt of which will trigger mandatory prepayments. Free cash flow used to prepay the debt, for any period for which it is being calculated, is the aggregate amount of cash we have on hand and the amount of any unutilized commitments under any liquidity facility permitted by the financing agreement in excess of U.S.$650 million. In addition, under the financing agreement, we are required to privately place or publicly sell common equity or, with the prior approval of participating creditors representing greater than 66.67% of the exposures under the financing agreement, equity-linked securities for net cash proceeds of at least U.S.$1.0 billion. If we do not issue such securities prior to June 30, 2010, participating creditors representing at least 25% of all exposures under the financing agreement can require us upon written notice between May 1, 2010 and September 1, 2010, at any time prior to December 31, 2010, to issue equity and/or debt securities for a total amount of net cash proceeds equal to U.S.$1.0 billion less the amount of net cash proceeds received from any issuance prior to June 30, 2010. In addition, the debt subject to the financing agreement is now secured by pledges of the stock of certain of our subsidiaries and guaranteed by us and certain of our subsidiaries.

The financing agreement also includes tighter covenants and restrictions on our ability to do certain things, including but not limited to, incurring debt, granting security, engaging in acquisitions and joint ventures, granting guarantees, declaring and paying cash dividends and distributions to shareholders, making capital expenditures and issuing shares (subject to negotiated baskets and exceptions and carve-outs). See Risk factors The financing agreement contains several restrictive covenants and limitations that could significantly affect our ability to operate our business. In addition, we pledged or transferred to trustees under security trusts the capital stock of several of our major subsidiaries as collateral to secure our payment obligations under the financing agreement and under a number of other financing arrangements for the benefit of the participating creditors and holders of debt and other obligations that benefit from provisions in their debt instruments requiring that their obligations be equally and ratably secured. The guarantors under our existing bank facilities (other than CEMEX, Inc. (our subsidiary in the United States) and CEMEX Australia Holdings Pty Ltd.) provided guarantees guaranteeing the obligations to the participating creditors under the financing agreement.

Of our total debt as of June 30, 2009 (approximately pro forma Ps254,414 million (U.S.$19,303 million), which does not include our perpetual debentures), including our debt not subject to the financing agreement (approximately Ps57,320 million (U.S.$4,349 million)) and after giving pro forma effect to the extended amortization requirements contained in the financing agreement, we had debt with an aggregate principal amount of approximately Ps16,104 million (U.S.$1,222 million) maturing during the second half of 2009, and Ps38,065 million (U.S.$2,888 million) maturing during 2010, Ps37,369 million (U.S.$2,835 million) maturing during 2011, Ps21,224 million (U.S.$1,610 million) maturing during 2012, Ps31,567 million (U.S.$2,395 million) maturing during 2013 and Ps110,085 million (U.S.$8,353 million) maturing during 2014 and thereafter. See Recent developments Recent developments relating to our indebtedness Global financing.

Financing activities

As of June 30, 2009, we had approximately U.S.$19.2 billion of total outstanding debt, not including approximately U.S.$3 billion of perpetual debentures issued by special purpose vehicles, which are not accounted for as debt under MFRS but are considered to be debt for purposes of U.S. GAAP. Our financing activities through December 31, 2008 are described in our previous

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annual report on Form 20-F. The following is a description of our financings for the six months ended June 30, 2009:

During the first half of 2009, we issued various short-term notes under our Short-Term Bond Program (*Certificados Bursátiles de Corto Plazo*), with the partial guarantee of *Nacional Financiera S.N.C.*, or NAFIN, having an outstanding amount of Ps863 million at June 30, 2009.

See Recent developments Recent developments relating to our indebtedness Global refinancing.

Our equity forward arrangements

In connection with the sale of shares of AXTEL and in order to benefit from a future increase in the prices of shares of such entity, on March 31, 2008, we entered into forward contracts with net cash settlement covering 119 million CPOs (each for 59.5 million CPOs) of AXTEL with maturity in April 2011. The fair value of such contracts as of June 30, 2009 was a gain of approximately U.S.$12 million (Ps158 million). Changes in the fair value of these instruments generated a loss in our income statement for the six months ended June 30, 2009 of approximately Ps119 million (U.S.$9 million). These contracts mature in October 2009.

Our perpetual debentures

As of June 30, 2008 and 2009, minority interest stockholders equity includes approximately Ps32,477 million (U.S.$3,150 million) and Ps39,856 million (U.S.$3,024 million), respectively, representing the principal amount of perpetual debentures. These debentures have no fixed maturity date and do not represent a contractual payment obligation for us. In connection with the issuance of these debentures, New Sunward Holding Financial Ventures B.V., an indirect, wholly-owned subsidiary of ours, issued dual-currency notes to the debenture issuers, which were unconditionally and irrevocably guaranteed by us and two of our subsidiaries, CEMEX México, S.A. de C.V. and New Sunward Holding B.V. Based on their characteristics, these debentures, issued through special purpose vehicles, or SPVs, qualify as equity instruments under MFRS and are classified within minority interest as they were issued by consolidated entities. Considering that there is no contractual obligation to deliver cash or any other financial asset, the debentures do not have any maturity date, meaning that they were issued to perpetuity, and we, at our sole discretion, have the right to defer indefinitely the payment of interest due on the debentures subject to, among other things, certain dividend restrictions on our common stock. The classification of the debentures as equity instruments for accounting purposes under MFRS was made under applicable International Financial Reporting Standards, or IFRS, which were applied to these transactions in compliance with the supplementary application of IFRS in Mexico. Issuance costs, as well as the interest expense, which is accrued based on the principal amount of the perpetual debentures outstanding, are included within Other equity reserves on our consolidated balance sheets and represented expenses of approximately Ps1,370 million in the six months ended June 30, 2009 and Ps1,070 million in the six months ended June 30, 2008. The different SPVs were established solely for purposes of issuing the perpetual debentures and are included in our consolidated financial statements. As of June 30, 2009, our perpetual debentures are as follows:

Issuer	Issuance date	Nominal amount (in millions)	Option to Redeem	Interest rate
C10-EUR Capital (SPV) Ltd.	May 2007	730	December 2017	6.3%
C8 Capital (SPV) Ltd.	February 2007	U.S.$750	December 2014	6.6%
C5 Capital (SPV) Ltd.	December 2006	U.S.$350	December 2011	6.2%
C10 Capital (SPV) Ltd.	December 2006	U.S.$900	December 2016	6.7%

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Under U.S. GAAP, these perpetual debentures are recognized as debt and interest payments are included as financing expense, as part of the comprehensive financial result in the income statement.

As described below and in note 11C to our audited financial statements included elsewhere or incorporated by reference in this prospectus supplement, there have been derivative instruments associated with the debentures issued by C5 Capital (SPV) Limited, C8 Capital (SPV) Limited, C10 Capital (SPV) Limited and C10-EUR Capital (SPV) Limited through which we had changed the risk profile associated with interest rates and currency in respect of these debentures. In order to eliminate our exposure to Yen and to Yen interest rates, on May 22, 2009, we delivered the required notices under the documentation governing the dual-currency notes and the related perpetual debentures, informing debenture holders our decision to exercise our right to defer by one day the scheduled interest payment otherwise due and payable on June 30, 2009, the then next scheduled interest payment date under the dual-currency notes and the related perpetual debentures. As a result, the interest rate on the dual-currency notes converted from a Yen floating rate into a Dollar or Euro fixed rate, as applicable, as of June 30, 2009, and the associated Yen cross-currency swap derivatives were unwound on July 15, 2009.

Our receivables financing arrangements

We have established sales of trade accounts receivable programs with financial institutions, referred to as securitization programs. These programs were originally negotiated by our subsidiary in Spain during 2000, our subsidiary in the United States during 2001, our subsidiaries in Mexico during 2002, and our subsidiary in France during 2006. Through the securitization programs, our subsidiaries effectively surrender control, risks and the benefits associated with the accounts receivable sold; therefore, the amount of receivables sold is recorded as a sale of financial assets and the balances are removed from the balance sheet at the moment of sale, except for the amounts that the counterparties have not paid, which are reclassified to other accounts receivable. See notes 4 and 5 to our consolidated financial statements included elsewhere or incorporated by reference in this prospectus supplement. The balances of receivables sold pursuant to these securitization programs as of June 30, 2008 and 2009 were Ps13,834 million (U.S.$1,342 million) and Ps9,254 million (U.S.$701 million), respectively. The accounts receivable qualifying for sale do not include amounts over specified days past due or concentrations over specified limits to any one customer, according to the terms of the programs. Expenses incurred under these programs, originated by the discount granted to the acquirers of the accounts receivable, are recognized in the income statements as financial expense and were approximately Ps346 million (U.S.$33 million) in the six months ended June 30, 2008 and Ps334 million (U.S.$24 million) in the comparable period in 2009. The proceeds obtained through these programs have been used primarily to reduce net debt. On June 24, 2009, the securitization program in France was extended until May 24, 2010. On June 26, 2009, we entered into a one-year accounts receivable securitization program for our U.S. operations for up to U.S.$300 million in funded amounts, replacing our prior program.

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Our financial derivatives instruments

As required in the context of our renegotiation of maturities with our bank lenders, since the beginning of 2009, we have been reducing our aggregate derivatives notional amount, thereby reducing our risk to cash margin calls. During April 2009, we closed out a significant portion of our active and inactive derivative financial instruments held as of December 31, 2008. By means of this termination, we realized an aggregate loss of approximately U.S.$1,093 million, which after netting approximately U.S.$624 million of cash margin deposits already posted in favor of our counterparties and cash payments of approximately U.S.$48 million, was documented through promissory notes for approximately U.S.$421 million, which increased our outstanding debt. Most of these promissory notes are included in the financing agreement entered into on August 14, 2009. A comparison of our derivative instruments portfolio between December 31, 2008 and June 30, 2009 is as follows:

	December 31, 2008		June 30, 2009	
	Nominal	Fair value(1)	Nominal	Fair value(1)
			(in millions of U.S. dollars)	
Active positions				
Derivative financial instruments related to debt	U.S.$16,416	(4)		
Other derivative financial instruments	877	(36)	298	42
Derivative financial instruments related to equity instruments(2)	3,520	222	3,884	122
	20,813	182	4,182	164
Inactive positions(3)				
Short-term and long-term cross-currency swaps		(113)		
Short-term and long-term foreign exchange forwards		(272)		
		(385)		
	U.S.$20,813	(203)	4,182	164

(1) At December 31, 2008 and June 30, 2009, the fair value of our derivative instruments is presented net of cash margin deposits of approximately U.S.$570 million and U.S.$50 million, respectively, and excludes approximately U.S.$193 million in 2008 and U.S.$176 million in June 2009, of cash margin deposits related with our obligations under put option transactions on our CPOs.

(2) At June 30, 2009, the nominal amount of Derivative financial instruments related to equity instruments includes approximately U.S.$360 million of put options on our CPOs mentioned above. These instruments at such date represent an estimated fair value loss of approximately U.S.$175 million, which net of cash margin deposits of approximately U.S.$176 million results in a net asset of approximately U.S.$1 million. At December 31, 2008, these instruments were recognized at fair value and disclosed as a guarantee obligation rather than as a derivative instrument.

(3) The nominal amounts of the original derivative positions and the opposite derivative positions at December 31, 2008 are not aggregated considering that the effects of one instrument are proportionally inverse to the effects of the other instrument, and therefore, eliminated.

As a result of this initiative, our outstanding debt profile as of June 30, 2009 reflects the original contractual conditions of our obligations. As of June 30, 2009, our total debt was approximately U.S.$19,250 million, not including our perpetual debentures, of which approximately 61% was Dollar-denominated, approximately 25% was denominated in Euros, approximately 13% was denominated in Pesos, approximately 1% was Yen-denominated and approximately 1% was denominated in other currencies. As of such date, approximately 87% of our total debt was at

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floating rates and 13% at fixed interest rates, and approximately U.S.$5,782 million was short term and U.S.$13,468 million was long term. On July 15, 2009, we concluded the unwinding process of the last tranche of the Yen cross-currency swap derivatives. See Liquidity and capital resources Recent developments Our financial derivatives instruments.

Stock repurchase program

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

In connection with our 2006 and 2007 annual shareholders meetings held on April 26, 2007, and April 24, 2008, respectively, our shareholders approved stock repurchase programs in an amount of up to Ps6,000 million (nominal amount) to be implemented between April 2007 and April 2009. No shares were purchased under these programs, and no stock repurchase program is outstanding as of the date of this prospectus supplement. Under the financing agreement, we are subject to contractual limitations on our ability to repurchase stock.

Research and development, patents and licenses, etc.

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

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

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

R&D activities comprise part of the daily routine of the departments and divisions mentioned above; therefore, the costs associated with such activities are expensed as incurred. However, the

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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 four years.

During the six months ended June 30, 2008 and 2009, the combined total expense of the departments of the Vice President of Energy and the Vice President of Technology, which includes R&D activities, amounted to approximately U.S.$16.8 million and U.S.$12.5 million, respectively. In addition, in the six months ended June 30, 2008, we capitalized approximately U.S.$37 million related to internal use software development; no amount was capitalized during the six months ended June 30, 2009. The items capitalized refer to direct costs incurred in the development phase of the software and relate mainly to professional fees, direct labor and related travel expenses.

Summary of material contractual obligations and commercial commitments

As of June 30, 2009, we had commitments for the purchase of raw materials for an approximate amount of U.S.$130 million.

Starting on June 30, 2008, Ready Mix USA has had the right to require us to acquire Ready Mix USA s interest in CEMEX Southeast, LLC and Ready Mix USA, LLC at a price equal to the greater of (a) eight times the companies EBITDA during the fiscal year immediately preceding the date the option is exercised, (b) eight times the average of the companies EBITDA for the previous three years minus the companies debt on the date the option is exercised or (c) the adjusted book value of the combined companies assets. We estimate this price would have been approximately U.S.$490 million as of June 30, 2009. This option will expire on July 1, 2030.

In March 1998, we entered into a 20-year contract with PEMEX providing that PEMEX s refinery in Cadereyta would supply us with 0.9 million tons of petcoke per year, commencing in 2003. In July 1999, we entered into a second 20-year contract with PEMEX providing that PEMEX s refinery in Madero would supply us with 0.85 million tons of petcoke per year, commencing in 2002. We expect the PEMEX petcoke contracts to reduce the volatility of our fuel costs and provide us with a consistent source of petcoke throughout their 20-year terms (which expire in July 2023 for Cadereyta s refinery contract and October 2022 for the Madero s refinery contract).

In 1999, we reached an agreement with ABB Alstom Power and Sithe Energies, Inc. (currently Excelon Generation Company LLC) requiring Alstom and Sithe to finance, build and operate Termoeléctrica del Golfo, a 230 megawatt energy plant in Tamuin, San Luis Potosi, Mexico and to supply electricity to us for a period of 20 years. Pursuant to the agreement, we are obligated to purchase the full electric capacity generated by the power plant during the 20-year period. We are also obligated to supply Alstom and Sithe with 1.2 million tons of petcoke per year for the 20-year period for the consumption of this power plant and another power plant built and operated by Alstom and Sithe for Peñoles, a Mexican mining company. We expect to meet our petcoke delivery requirements through several petcoke supply agreements, including our petcoke supply contract with PEMEX. Pursuant to the agreement, we may be obligated to purchase the Termoeléctrica del Golfo plant upon the occurrence of specified material defaults or events, such as failure to pay when due, bankruptcy or insolvency, and revocation of permits necessary to operate the facility, and upon termination of the 20-year period, we will have the right to purchase the assets of the power plant. We expect this arrangement to reduce the volatility of our energy costs. The power plant commenced commercial operations on April 29, 2004. In February 2007, ABB Alstom Power and Excelon Generation Company LLC sold their participations in the project to a subsidiary of The AES Corporation. For the years ended December 31, 2007 and 2008, TEG supplied 59.7% and 60.4%, respectively, of our electricity needs in Mexico during such years.

Off-balance sheet arrangements

We do not have any off-balance sheet arrangements that are reasonably likely to have a material effect on our financial condition, operating results, liquidity or capital resources.

CEMEX Venezuela

As of and for the periods ended December 31, 2007 and July 31, 2008, measured in Pesos, our Venezuelan operations accounted for approximately 2.9% and 3.0% of our consolidated revenues, respectively, and 2.1% in both periods of our consolidated total assets. In the event certain of our affiliates receive compensation as a result of proceedings they have initiated against Venezuela for the expropriation of their investment in CEMEX Venezuela, it is expected that the award of such relief will enable us to reduce consolidated debt and/or to expand total installed capacity. Accordingly, we believe that the expropriation of our affiliates investment in CEMEX Venezuela will not have a material impact on our consolidated financial position, liquidity or results of operations. At the present time, however, it is not possible to predict the timing or amount of any award of restitution and/or compensation, the extent to which any order of restitution can be enforced, or the extent to which any monetary relief can be collected following an award. Until restitution and/or compensation is received, we will be adversely affected, although we do not expect such adverse effect to be significant in light of our overall consolidated financial position.

We consolidated the income statement of CEMEX Venezuela in our results of operations for the seven-month period ended July 31, 2008. For balance sheet purposes, as of December 31, 2008, our investment in Venezuela was presented within Other investments and non current accounts receivable. As of June 30, 2008 and 2009, the net book value of our investment in Venezuela was approximately Ps7,168 million and Ps6,327 million, respectively, corresponding to the interest of our affiliates of approximately 75.7%.

See Item 4 Information on the Company Business of CEMEX Regulatory Matters and Legal Proceedings Tax Matters Expropriation of CEMEX Venezuela and ICSID Arbitration of our annual report on Form 20-F for the year ended December 31, 2008 and Recent developments Recent developments relating to our regulatory matters and legal proceedings.

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Qualitative and quantitative market disclosure

Our derivative financial instruments

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 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 its 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 can not 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.

Derivative instruments	At June 30, 2008 Notional amount	Estimated fair value	At June 30, 2009 Notional amount	Estimated fair value	Maturity date
			(in millions of U.S. dollars)		
Equity forward contracts	U.S.$ 461	U.S.$ (45)	U.S.$ 53	U.S.$ 12	Oct-2009
Other forward contracts			40	(1)	Oct-2009
Other equity derivatives	500	(16)	860	(72)	Apr-2013
Foreign exchange forward contracts	3,705	54			
Derivatives related to perpetual debentures	3,150	37	3,024	194	Jul-2009*
Interest rate swaps	7,009	103			
Cross-currency swaps	5,291	211			
Derivatives related to energy	211	15	205	30	Sep-2022

* See Liquidity and capital resources Our financial derivatives instruments.

Our equity derivative forward contracts. As of June 30, 2008, in order to hedge future exercises of options under our executive stock option programs, we had an equity forward contract covering approximately 81 million CPOs for a notional amount of U.S.$203 million and a fair value of a loss of U.S.$2 million. During October 2008, a significant decrease in the price of CPOs accelerated the anticipated settlement of these contracts, which generated a loss of approximately U.S.$153 million (Ps2,102 million), recognized during the fourth quarter of 2008.

In addition, in connection with the sale of shares of AXTEL and in order to benefit from a future increase in the prices of such entity, on March 31, 2008, we entered into forward contracts with net cash settlement covering 119 million CPOs (each for 59.5 million CPOs) of AXTEL with maturity in April 2011. The notional amount as of June 30, 2008 was U.S.$258 million, and the fair value of such contract was a loss of approximately U.S.$43 million. During 2009, we carried out an early settlement of a portion of these contracts and the notional amount as of June 30, 2009 was U.S.$53 million. The fair value of such contracts as of June 30, 2009 was a gain of

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approximately U.S.$12 million (Ps158 million). Changes in the fair value of these instruments generated a loss in our income statement for the six months ended June 30, 2009 of approximately U.S.$9 million (Ps119 million). These contracts mature in October 2009. For accounting purposes, our equity forward contracts have been designated as trading instruments and the changes in their fair value are recognized directly in the income statement.

Our other forward contracts. During 2008, we negotiated a forward contract over the TRI (Total Return Index) of the Mexican Stock Exchange, maturing in October 2009, through which we maintain exposure to increases or decreases of such index. TRI expresses the market return on stock based on market capitalization of the issuers comprising the index. For accounting purposes our other forward contracts have been designated as trading instruments and the changes in the fair value are recognized directly in the income statement.

Our other equity derivative contracts. These derivatives are described as options over the CPO price. In June 2008, we entered into a structured transaction, under which we issued debt for U.S.$500 million (Ps6,870 million) paying an interest expense of LIBOR plus 132.5 basis points (1.325%), which includes options over the price of our CPOs. In case the CPO price exceeds U.S.$32, the net interest rate under the debt is considered to be zero. This rate increases as the price of the CPO decreases, with a maximum rate of 12% when the CPO price is lower than U.S.$23. We measure the option over the price of the CPO at fair value, recognizing the amount in the income statement. As of June 30, 2008, the fair value of these derivatives was a loss of U.S.$16 million. As of June 30, 2009, the fair value was a loss of U.S.$71 million, including a deposit in margin accounts of U.S.$50 million, which is presented within net liabilities as a result of an offsetting agreement with the counterparty.

In addition, as of June 30, 2009, our other equity derivative contracts included approximately U.S.$360 million in connection with a guarantee we gave under a financial transaction of our employee s pension fund trust involving put options on our CPOs. This financial guarantee presented an estimated fair value loss of approximately U.S.$176 million, which net of cash margin deposits of approximately U.S.$175 million results in a net liability of approximately U.S.$1 million. At June 30, 2009, this guarantee was recognized at fair value and disclosed in the notes to the unaudited financial statements included elsewhere in this prospectus supplement as a guarantee obligation rather than as a derivative instrument.

In connection with the guarantee described above, in April 2008, Citibank entered into put option transactions on our CPOs with a Mexican trust that we established on behalf of our Mexican pension fund and certain of our directors and current and former employees (the participating individuals). The transaction was structured with two main components. Under the first component, the trust sold, for the benefit of our Mexican pension fund, put options to Citibank in exchange for a premium of approximately U.S.$38 million. The premium was deposited into the trust and was used to purchase, on a prepaid forward basis, securities that track the performance of the Mexican Stock Exchange. Under the second component, the trust sold, on behalf of the participating individuals, additional put options to Citibank in exchange for a premium of approximately U.S.$38 million, which was used to purchase prepaid forward CPOs. These prepaid forward CPOs, together with additional CPOs representing an equal amount in U.S. dollars, were deposited into the trust by the participating individuals as security for their obligations, and represent the maximum exposure of the participating individuals under this transaction. The put options gave Citibank the right to require the trust to purchase, in April 2013, approximately 112 million CPOs at a price of U.S.$3.2086 per CPO (120% of the initial CPO price in dollars). If the value of the assets held in the trust (28.6 million CPOs and the securities

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that track the performance of the Mexican Stock Exchange) is insufficient to cover the obligations of the trust, a guarantee will be triggered and we will be required to purchase in April 2013 all of the CPOs at a price per CPO equal to the difference between U.S.$3.2086 and the market value of the assets of the trust. The purchase price per CPO in Dollars and the corresponding number of CPOs under this transaction are subject to dividend and anti-dilutive adjustments. For accounting purposes, our other equity derivative contracts have been designated as trading instruments and the changes in their fair value are recognized directly in the income statement.

Our foreign exchange forward contracts. As of June 30, 2008, in order to hedge financial risks associated with variations in foreign exchange rates versus the Peso of certain net investments in foreign countries denominated in Euros and Dollars, and consequently reducing volatility in the value of stockholders equity in our reporting currency, we negotiated foreign exchange forward contracts with different maturities until 2010. Changes in the estimated fair value of these instruments were recorded in stockholders equity as part of the foreign currency translation effect. In October 2008, as part of the closing process of positions exposed to fluctuations in exchange rates vis-à-vis the Peso previously described, we entered into foreign exchange forward contracts with opposite exposure to the original contracts. As a result of these new positions, changes in the fair value of the original instruments will be offset in results by an equivalent opposite amount generated by these new derivative positions. The designation of original positions as hedges of our net exposure over investment in foreign subsidiaries in stockholders equity ended when the contracts of new offsetting derivative positions ended in October 2008. Therefore, changes in fair value of original positions and new offsetting derivative positions were recognized in the income statement within the inactive derivative financial instruments. Valuation effects were registered within comprehensive income until the accounting hedge was revoked, adjusting for the cumulative effect for translation of foreign subsidiaries. Between January and April 2009, we settled these positions. For the six months ended June 30, 2009, the income statement includes a loss of approximately U.S.$1 million related to changes in fair value of these positions. For accounting purposes, our foreign exchange forward contracts have been designated as trading instruments and the changes in their fair value are recognized directly in the income statement.

Our cross-currency swaps. As of June 30, 2008, we held cross-currency swap contracts related to our short-term and long-term financial debt portfolio. Through these contracts, we carried out the exchange of the originally contracted currencies and interest rates, over a determined amount of underlying debt. During the life of these contracts, the cash flows originated by the exchange of interest rates under the cross-currency swap contracts matched the interest payment dates and conditions of the underlying debt. Likewise, at maturity of the contracts and the underlying debt, we would exchange with the counterparty notional amounts provided by the contracts so that we would receive an amount of cash flow equal to cover our primary obligation under the underlying debt. In exchange, we would pay the notional amount in the exchanged currency. As a result, we effectively exchanged the risks related to interest rates and foreign exchange variations of the underlying debt to the rates and currencies negotiated in the cross-currency swap contracts. Between January and April 2009, we settled these positions.

The periodic cash flows on the cross-currency swap instruments arising from the exchange of interest rates were recorded in comprehensive financing result as part of the effective interest rate of the related debt. We recognized the estimated fair value of our cross-currency swap contracts as assets or liabilities in the balance sheet, with changes in the estimated fair value being recognized through the income statement. All financial assets and liabilities with the same maturity, for which our intention is to simultaneously realize or settle, were offset for presentation purposes, in order to reflect the cash flows that we expect to receive or pay upon settlement of the financial instruments.

In respect of the estimated fair value recognition of the cross-currency swap contracts, as of June 30, 2008, we recognized net assets of U.S.$303 million. For the six month periods ended June 30, 2008 and 2009, changes in the fair value of cross-currency swaps generated losses of U.S.$83 million (Ps856 million) and U.S.$74 million (Ps975 million), respectively.

The periodic interest rate cash flows under the cross-currency swaps were recognized within financial expense as part of the effective interest rate of the related debt. For accounting purposes our other cross-currency swaps have been designated as trading instruments and the changes in the fair value are recognized directly in the income statement.

Our interest rate swaps. As of June 30, 2008, we held interest rate swaps for notional amounts of approximately U.S.$7,009 million entered into in order to hedge contractual cash flows (interest payments) of underlying debt negotiated at floating rates. Although these interest rate swap contracts are part of, and complement, our financial strategy, they generally do not meet the accounting hedge criteria. Consequently, changes in the estimated fair value of these instruments were recognized in earnings. Between January and April 2009, we settled these positions. For the six months in the period ended June 30, 2009, changes in the estimated fair value of these instruments were recognized in earnings representing a gain of approximately U.S.$27 million. For accounting purposes, our interest rate swaps have been designated as trading instruments and the changes in their fair value are recognized directly in the income statement.

Our derivatives related to energy projects. As of June 30, 2008 and 2009, we had an interest rate swap maturing in September 2022, for notional amounts of U.S.$211 million and U.S.$205 million, respectively, negotiated to exchange floating for fixed interest rates, in connection with agreements we entered into for the acquisition of electric energy for a 20-year period commencing in 2003. During the life of the derivative contract and over its notional amount, we will pay LIBOR rates and receive a 5.4% fixed rate until maturity in September 2022. As of June 30, 2008 and 2009, the fair value of the swap represented a gain of U.S.$15 million (Ps155 million) and U.S.$30 million (Ps395 million), respectively. For the six month periods ended June 30, 2008 and 2009, changes in the fair value of these derivatives generated a gain of approximately U.S.$1.0 million (Ps10 million) and a loss of approximately U.S.$24 million (Ps316 million), respectively. For accounting purposes, our derivatives contracts related to energy projects have been designated as trading instruments and the changes in their fair value are recognized directly in the income statement.

Our derivative instruments related to perpetual equity instruments. In connection with the issuance of the debentures by C5 Capital (SPV) Limited and C10 Capital (SPV) Limited in December 2006 described above, pursuant to which we paid a fixed Dollar rate of 6.196% on a notional amount of U.S.$350 million and a fixed Dollar rate of 6.722% on a notional amount of U.S.$900 million, respectively, we decided to change the foreign exchange exposure on the coupon payments from Dollars to Yen. In order to do so, we contemporaneously entered into two cross-currency swaps: a U.S.$350 million notional amount cross-currency swap, pursuant to which, for a five-year period, we were to receive a fixed rate in Dollars of 6.196% of the notional amount and pay six month Yen LIBOR multiplied by a factor of 4.3531, and a U.S.$900 million notional

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amount cross-currency swap, pursuant to which, for a ten-year period, we were to receive a fixed rate in Dollars of 6.722% of the notional amount and pay six month Yen LIBOR multiplied by a factor of 3.3878. Each cross-currency swap included an extinguishable swap, which provided that if the relevant debentures are extinguished for certain stated conditions but before the maturity of the cross-currency swap, such cross-currency swap would be automatically extinguished, with no amounts payable by the swap counterparties. In addition, in order to eliminate variability during the first two years in the Yen-denominated payments due under the cross-currency swaps, we entered into foreign exchange forwards for a notional amount of U.S.$89 million, under which we paid Dollars and received payments in Yen. Changes in fair value of all the derivative instruments associated with the perpetual debentures were recognized in the income statement as part of the comprehensive financing result.

In connection with the issuance of the debentures by C8 Capital (SPV) Limited and C10-EUR Capital (SPV) Limited in February and May 2007 described above, pursuant to which we paid a fixed Dollar rate of 6.640% on a notional amount of U.S.$750 million and a fixed Euro rate of 6.277% on a notional amount of 730 million, respectively, we decided to change the foreign exchange exposure on the coupon payments from Dollars and Euros to Yen. In order to do so, we contemporaneously entered into two cross-currency swaps: a U.S.$750 million notional amount cross-currency swap, pursuant to which, for an eight-year period, we received a fixed rate in Dollars of 6.640% of the notional amount and paid six month Yen LIBOR multiplied by a factor of 3.55248, and a 730 million notional amount cross-currency swap, pursuant to which, for a ten-year period, we received a fixed rate in Euros of 6.277% of the notional amount and paid twelve-month Yen LIBOR multiplied by a factor of 3.1037. Each cross-currency swap included an extinguishable swap, which provided that if the relevant debentures are extinguished for certain stated conditions but before the maturity of the cross-currency swap, such cross-currency swap would be automatically extinguished, with no amounts payable by the swap counterparties. In addition, in order to eliminate variability during the first two years in the Yen-denominated payments due under the cross-currency swaps, we entered into foreign exchange forwards for notional amounts of U.S.$273 million, under which we paid Dollars and received payments in Yen. Changes in fair value of all the derivative instruments associated with the perpetual debentures were recognized in the income statement as part of the comprehensive financing result. For accounting purposes, our derivatives instruments related to perpetual equity instruments have been designated as trading instruments and the changes in their fair value are recognized directly in the income statement.

The above described derivative instruments related to the perpetual debentures have been terminated. See Liquidity and capital resources Our financial derivatives instruments.

During the six month period ended June 30, 2009, we significantly decreased the volatility in our derivatives strategy. The notional amount (in Dollars) of our foreign exchange forward derivatives, and of our equity and rates derivatives, decreased 100%, 26% and 99% respectively, compared to the six month period ended June 30, 2008.

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 June 30, 2009. It includes the effects generated by the interest rate swaps and the cross-currency swap contracts that we have entered into, covering a portion of our financial debt originally negotiated in Pesos and Dollars. Average floating interest rates are calculated based on forward rates in the yield curve as of June 30,

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2009. 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 June 30, 2009 and is summarized as follows:

Long-term debt(1)	2009	2010	2011	2012	2013	After 2014	Total	Fair value
			Expected maturity dates as of June 30, 2009					
		(millions of dollar equivalents of debt denominated in foreign currencies)						
Variable rate	4,013	2,090	7,696	1,214	3	51	15,068	14,918
Average interest rate	2.49%	2.61%	3.07%	4.23%	8.35%	8.60%		
Fixed rate	62	169	163	115	106	1,861	2,475	2,651
Average interest rate	5.51%	5.41%	5.52%	5.42%	5.05%	5.39%		

(1) Total debt does not include U.S.$3,024 million (approximately Ps39,856 million) of perpetual debentures, issued by consolidated entities.

Foreign currency risk. Due to our geographic diversification, our revenues are generated in various countries and settled in different currencies. However, some of our production costs, including fuel and energy, and some of our cement prices, are periodically adjusted to take into account fluctuations in the Dollar/Peso exchange rate. For the six month period ended June 30, 2009, approximately 20% of our net sales, before eliminations resulting from consolidation, were generated in Mexico, 18% in the United States, 5% in Spain, 7% in the United Kingdom, 19% in our Rest of Europe segment, 10% in South America, Central America and the Caribbean, 7% in Africa and the Middle East, 10% in Australia and Asia and 4% from other regions and our cement and clinker trading activities. As of June 30, 2009, our debt amounted to Ps253,715 million (approximately U.S.$19,250 million), of which approximately 61% was Dollar-denominated, 13% was Peso-denominated, 25% was Euro-denominated, 1% was Yen-denominated and immaterial amounts were denominated in other currencies; therefore, we had foreign currency exposure arising from the Dollar-denominated debt, the Euro-denominated debt and the Yen-denominated debt, versus the currencies in which our revenues are settled in most countries in which we operate. See Liquidity and capital resources Our indebtedness, and Risk factors We have to service our Dollar-denominated obligations with revenues generated in Pesos or other currencies, as we do not generate sufficient revenue in Dollars from our operations to service all our Dollar-denominated obligations. This could adversely affect our ability to service our obligations in the event of a devaluation or depreciation in the value of the Peso, or any of the other currencies of the countries in which we operate, compared to the Dollar. In addition, our consolidated reported results and outstanding indebtedness are significantly affected by fluctuations in exchange rates between the Peso and other currencies. Although we also have a small portion of our debt in other currencies, we have generated enough cash flow in those currencies to service that debt. Therefore, we believe there is no material foreign currency risk exposure with respect to that debt. As previously mentioned, we entered into cross-currency swap contracts, designed to change the original profile of interest rates and currencies over a portion of our financial debt, which affected our financial results for the six month periods ended June 30, 2008 and 2009. However, as of June 30, 2009, we had no such swap contracts in effect. See Liquidity and capital resources Our derivative financial instruments.

Equity risk. As described above, we have entered into equity forward contracts on our own stock. Upon liquidation and at our option, the equity forward contracts provide for physical settlement or net cash settlement of the estimated fair value and the effects are recognized in the income statement. At maturity, if these forward contracts are not settled or replaced, or if

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we default on these agreements, our counterparties may sell the shares underlying the contracts. Such sales may have an adverse effect on our stock market price. Under our equity forward contracts, there is a direct relationship in the change in the fair value of the derivative with the change in value of the underlying asset.

Investments, acquisitions and divestitures

The transactions described below represent our principal investments, acquisitions and divestitures completed during 2008 and the six months ended June 30, 2009.

Investments and acquisitions

Our net investment in property, machinery and equipment, as reflected in our consolidated financial statements, excluding acquisitions of equity interests in subsidiaries and associates, was approximately U.S.$1,156 million and U.S.$377 million in the six months ended June 30, 2008 and 2009, respectively. This net investment in property, machinery and equipment has been applied to the construction and upgrade of plants and equipment, to the maintenance of plants and equipment, including environmental controls and technology updates.

Divestitures

On June 15, 2009, we announced our agreement to sell all our Australian operations to Holcim for approximately AUD$2.02 billion (approximately U.S.$1.64 billion using the exchange rate of AUD$1.2324 per U.S. Dollar at June 30, 2009). All the net proceeds of the sale will be used to reduce debt. The transaction is subject to regulatory approval, due diligence and other closing conditions. Our facilities in Australia include 249 ready-mix concrete plants, 83 aggregate quarries, 16 concrete pipe and precast products plants, and our 25% stake in Cement Australia.

On June 12, 2009, we sold three quarries (located in Nebraska, Wyoming and Utah) and our 49% joint venture interest in the operations of a quarry located in Granite Canyon, Wyoming, to Martin Marietta Materials, Inc. for U.S.$65 million.

On December 26, 2008, we sold our Canary Islands operations (consisting of cement and ready-mix concrete assets in Tenerife and 50% of the shares in two joint-ventures, Cementos Especiales de las Islas, S.A. (CEISA) and Inprocoi, S.L.) to several Spanish subsidiaries of Cimpor Cimentos de Portugal SGPS, S.A. for 162 million (approximately U.S.$227 million using the exchange rate of 1.4028 per Dollar at December 26, 2008).

On July 31, 2008, we agreed to sell our operations in Austria (consisting of 26 aggregates and 41 ready-mix concrete plants) and Hungary (consisting of six aggregates, 29 ready-mix concrete and four paving stone plants) to Strabag SE, one of Europe s leading construction and building materials groups, for 310 million (approximately U.S.$433 million using the exchange rate of 0.7154 per U.S. Dollar at December 31, 2008). On February 11, 2009, the Hungarian Competition Commission (HCC) approved the sale subject to the condition that the purchaser sell the ready-mix concrete plant operating in Salgótarján to a third party within the next year. On April 28, 2009, the Austrian Cartel Court (Kartellgericht) approved the sale subject to the implementation of certain remedies. On June 9, 2009, Strabag SE filed an appeal against the decision of the Austrian Cartel Court. As a result of this appeal, the merger control proceeding was extended. On June 8, 2009, the Austrian Competition Authority also filed an appeal against the same decision. On July 1, 2009, we received notice from Strabag SE of its withdrawal from the Share Purchase Agreement since merger control approval could not be obtained by June 30,

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2009. On July 8, 2009, Strabag SE withdrew its appeal against the decision of the Austrian Cartel Court. Since then we have provided Strabag SE written notice that we consider its withdrawal from the Share Purchase Agreement invalid due to Strabag SE s continued breach of the Share Purchase Agreement. We believe the Share Purchase Agreement still is valid and enforceable and are considering taking appropriate legal action.

During 2008, we sold in a series of transactions our operations in Italy consisting of four cement grinding mill facilities for an aggregate amount of approximately 148 million (approximately U.S.$210 million or Ps2,447 million).

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Outlook for our major markets

Outlook

The following discussion contains forward-looking statements that reflect our current expectations and projections about future events based on our knowledge of present facts and circumstances and assumptions, including sales volumes expected for the full year. Such statements necessarily involve risks and uncertainties that could cause actual results to differ materially from those anticipated in the discussion herein, or otherwise. The information set forth below is subject to change without notice, and we are not obligated to publicly update or revise forward-looking statements.

Our four major markets (excluding Australia) are the United States, Mexico, Spain and the United Kingdom, which together generated approximately 53% and 50% of our net sales before eliminations from consolidations in 2008 and the six months ended June 30, 2009, respectively.

The demand for our products (cement, ready-mix concrete and aggregates) is mainly driven by residential and non-residential (commercial and industrial) construction activities in the private sector and public investment in infrastructure in the markets in which we operate.

United States

The residential construction sector has continued to contract during the six months ended June 30, 2009. According to the U.S. Census Bureau, housing starts decreased 48% during the six months ended June 30, 2009, and the public nominal residential construction spending decreased 33% compared to the comparable period in 2008.

The current U.S. administration has adopted several actions intended to reactivate the U.S. economy, including approving a stimulus package of approximately U.S.$787 billion, of which approximately U.S.$85 billion is earmarked for infrastructure spending. Overall, we believe an economic recovery in the second half of 2009 and in 2010 will be driven by a combination of low interest rates and the federal government s stimulus plan (complemented by demand from state and local governments).

As a result of the federal government s stimulus package and infrastructure needs, we expect that the demand for cement and related building material products in the U.S. will increase as consumer confidence, residential demand, industrial production and access to credit start to recover, supplementing the increased spending on infrastructure that is now underway.

Given our leading position in the U.S. market, we believe we are poised to benefit from any turnaround in construction and infrastructure spending and to maintain and expand our current market share in the U.S. market.

Mexico

Mexico has suffered a greater impact from the current global economic crisis than other Latin American countries, primarily as a result of its close relationship with the U.S. economy.

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Nevertheless, given measures adopted by the Mexican government, such as a substantial credit facility from the International Monetary Fund, or IMF, an aggressive stimulus package and currency swap arrangements with the U.S. Federal Reserve, we expect that to a significant extent the Mexican economy should recover as the U.S. economy recovers.

According to the Mexican Housing Authority, CONAVI, investment in the overall formal residential sector is expected to increase by about 6% from Ps281 billion in 2008 to Ps297 billion in 2009. Investment in new housing is expected to decline by approximately 12% in 2009, as more spending is directed toward the purchase and renovation of existing homes. According to CONAVI and INFONAVIT, the number of residential mortgages granted by INFONAVIT decreased by 17% during the six months ended June 30, 2009 versus the comparable period in 2008.

Historically, Mexico has suffered from low levels of investment in infrastructure as compared to other countries. The Mexican government estimates that approximately U.S.$38 billion of its national infrastructure investment program for the period from 2007 to 2012 will be allocated to projects in the highway, railway, port, airports, water supply, sanitation, irrigation and flood control sectors, where our products are a critical input.

Given our leading position in the production of cement, ready-mix concrete and aggregates in Mexico, we believe that our business and operational results will benefit from any increase in the overall construction and infrastructure investment in Mexico.

Spain

The severe economic recession in Spain is expected to reduce GDP in 2009 and 2010 despite the Spanish government s efforts to address the economic problems that have arisen as a result of the deflation of the housing bubble and the global economic crisis. We expect overall construction activity will deteriorate further in the short term as a result of the economic crisis and continued tight credit conditions affecting construction spending.

The Spanish housing market continues to deteriorate, with housing starts expected to fall by approximately 60% to 70% in 2009. Despite currently low interest rates, we do not foresee a recovery in the housing market in the medium term given the stricter conditions in place for mortgage concessions as well as the overhang of the existing housing stock, which may take over three years to be absorbed.

We believe that the fiscal stimulus package adopted by the Spanish government will increase the demand for cement in the medium term, particularly as a result of the expected increase in infrastructure projects.

Economic recovery in Spain is expected to be slow as investors are uncertain as to whether the economic cycle has bottomed out. We will continue to strategically position our business in Spain to help improve our pricing conditions.

United Kingdom

The U.K. economy, along with Spain s, was one of the most affected by the global economic downturn and the financial crisis. The U.K. economy has been severely affected by the global financial crisis, with the virtual disappearance of credit and a sharp decline in residential property prices. Although all sectors have been shrinking since 2007, the housing sector has been the most adversely impacted, suggesting this sector will remain depressed for a longer period than the overall economy. The number of housing transactions and constructions declined considerably in 2008 and are not expected to improve until credit conditions become more favorable and property prices recover.

We do not expect that public funding resulting from the stimulus plan approved in the U.K. will have a significant impact on the construction sector. Only approximately U.S.$4.3 billion of the U.S.$29 billion economic stimulus package was allocated to infrastructure work.

We expect continued weakness across all of our U.K. businesses in 2009 and do not expect any recovery in the construction sector until at least 2011.

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Recent developments

Recent developments relating to our indebtedness

Global refinancing

On August 14, 2009, we entered into a financing agreement that extends the maturities of approximately U.S.$15.0 billion in syndicated and bilateral bank and private placement obligations and provides for the following semi-annual amortization schedule, with a final maturity of approximately U.S.$6.8 billion on February 14, 2014:

Repayment Date	Cumulative repayment amount %	Repayment amount %	Approximate required payment (in millions)
December 2009	3.18%	3.18%	U.S.$ 476
June 2010	4.77%	1.59%	U.S.$ 238
December 2010	19.10%	14.33%	U.S.$2,144
June 2011	20.69%	1.59%	U.S.$ 238
December 2011	33.11%	12.42%	U.S.$1,858
June 2012	35.75%	2.64%	U.S.$ 395
December 2012	38.39%	2.64%	U.S.$ 395
June 2013	46.35%	7.96%	U.S.$1,191
December 2013	54.31%	7.96%	U.S.$1,191
February 2014	100.00%	45.69%	U.S.$6,835

We intend to meet such requirements using funds from a variety of sources, including from free cash flow and net cash proceeds from asset sales and debt and/or equity security issuances, the receipt of which will trigger mandatory prepayments. Free cash flow used to prepay the debt, for any period for which it is being calculated, is the aggregate of the amount of cash we have on hand and the amount of any unutilized commitments under any liquidity facility permitted by the financing agreement in excess of U.S.$650 million.

Under the financing agreement, we are required to privately place or publicly sell common equity or, with the prior approval of participating creditors representing greater than 66.67% of the exposures under the financing agreement, equity-linked securities for net cash proceeds of at least U.S.$1.0 billion. If we do not issue such securities prior to June 30, 2010, participating creditors representing at least 25% of all exposures under the financing agreement can require us, upon written notice between May 1, 2010 and September 1, 2010, at any time prior to December 31, 2010, to issue equity and/or debt securities or convertibles for a total amount of net cash proceeds equal to U.S.$1.0 billion less the amount of net cash proceeds previously received by a participating auditor from any issuance prior to June 30, 2010. The net cash proceeds of the offering contemplated in this prospectus supplement will be applied to satisfy this requirement under the financing agreement.

The financing agreement also includes, until the time that we satisfy certain requirements described below (see Covenant reset date), covenants and certain restrictions on our ability to do certain things, including but not limited to, incurring debt, granting security, engaging in acquisitions and joint ventures, granting guarantees, declaring and paying cash dividends and distributions to shareholders, making capital expenditures and issuing shares (subject, in each case, to negotiated baskets and customary exceptions and carve-outs). In addition, we agreed to

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pledge or transfer to security trustees the shares of certain of our subsidiaries as collateral for the equal and ratable benefit of the participating creditors and the holders of certain other obligations (including holders of publicly-placed *certificados bursatiles*) that contain provisions requiring holders that they be equally and ratably secured.

Guarantees and security. We and certain of our subsidiaries were obligors as borrowers or guarantors under our various credit facilities and other indebtedness prior to the effectiveness of the financing agreement. These obligations continue to be in full force and effect under the financing agreement. In addition, those obligors, other than CEMEX, Inc. (our subsidiary in the United States) and CEMEX Australia Holdings Pty Ltd., as well as certain additional subsidiaries provided cross guarantees to all or part of the debt under the financing agreement.

We have also granted security interests in the shares of our material operating subsidiaries in Mexico as well as the shares of all the entities with material direct or indirect ownership interests in CEMEX España S.A. CEMEX España S.A. holds our operating assets in Spain and owns, directly or indirectly, all our operating assets outside of Mexico. Specifically, we granted security interests in the shares of CEMEX México, S.A. de C.V., Centro Distribuidor de Cemento, S.A. de C.V., Mexcement Holdings S.A. de C.V., Corporación Gouda S.A. de C.V., Sunward Investments B.V., Sunward Acquisitions N.V., Sunward Holdings B.V., CEMEX Dutch Holdings B.V., New Sunward Holding B.V., CEMEX Trademarks Holdings Ltd. and CEMEX España, S.A. The share security is to secure the financing agreement debt, as well as certain of our indebtedness placed in different markets with existing contractual terms that require that the relevant holders will share equally and ratably in such security. The secured parties will share pro rata in the proceeds from the sale of the shares subject to security on enforcement.

The share security may be enforced if: (i) an Event of Default has occurred and is continuing under the financing agreement; (ii) the debt has been accelerated under the financing agreement (which requires a 66.67% majority decision of the participating creditors); and (iii) 75% by exposure of creditors participating in the financing agreement and those that have provided funds to refinance the debt of participating creditors and 66.67% by exposure of participating creditors, determine to enforce.

Provided that no default has occurred which is continuing, the share security shall be released automatically in the following circumstances:

- collateral consisting of shares issued by entities incorporated in Mexico shall be released if debt representing 41.4% (approximately U.S.$6.2 billion) of exposures of the participating creditors is repaid and total debt to EBITDA is 3.5:1 for at least one semi-annual testing period; and

- remainder of collateral shall be released if debt representing 50.96%, approximately U.S.$7.6 billion, of exposures of the participating creditors is repaid and total debt to EBITDA is 3.5:1 for at least two consecutive semi-annual testing periods.

The guarantee package and security package may be shared with lenders/holders of new debt, to the extent that the proceeds of such new debt are used to refinance the exposures of the participating creditors, subject to specified conditions.

In addition, participating creditors have agreed to share the benefits of the security package with (i) holders of our securities constituting capital markets debt with the benefit of an equal and ratable (or similar) provision and (ii) lenders/holders of new debt, to the extent that the proceeds of such new debt are used to refinance specified capital markets debt, in each case subject to the terms of the financing agreement.

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Interest rate. In general, our existing bank facilities bear interest at a base rate plus an applicable margin, a LIBOR rate plus an applicable margin or a Euribor rate plus an applicable margin. The base rates, LIBOR rates and Euribor rates applicable to our existing facilities remain in place, and under the financing agreement the applicable margin for each facility is set at 4.5% per annum, which is subject to adjustment as follows:

- If we do not issue common equity for net cash proceeds of at least U.S.$1 billion before June 30, 2010, we shall pay a fee in an amount equal to 0.75% of the amount of each participating creditor s exposure as of August 14, 2009 and the applicable margin will increase by an additional 0.75% per annum thereafter.

- If we are unable to repay at least 31.85%, approximately U.S.$4.8 billion, of the aggregate initial exposures of the participating creditors between the closing of the financing agreement and December 31, 2010, the applicable margin will increase by an additional 0.5% or 1.0% per annum, depending upon the difference between such target repayment amount and the actual repayment amounts paid as of December 31, 2010.

- If we are unable to repay at least 50.96%, approximately U.S.$7.6 billion of the aggregate initial exposures of the participating creditors between the closing of the financing agreement and December 31, 2011, the applicable margin will increase by an additional 0.5% or 1.0% per annum, depending upon the difference between such target repayment amount and the actual repayment amounts paid as of December 31, 2011.

The adjustments in the second and third bullets above to the applicable margin are canceled on the Covenant Reset Date.

The facility fee and utilization fee requirements in our existing financing agreement facilities have been canceled.

The new private placement debt bears interest at a rate of 8.91% (except for the debt denominated in Yen, which bears a corresponding rate of 6.625%). The interest rate on the new private placement debt is subject to the same adjustments as described above, on the same terms.

Maturity. The maturity of all our financing agreement facilities has been extended until February 14, 2014. Any further extension of the maturity date will require the consent of all participating creditors.

Mandatory prepayments. Under the financing agreement, we must comply with certain mandatory prepayment requirements to pay down the exposures of participating creditors. Specifically, we must prepay the financing agreement debt with proceeds from disposals in the aggregate exceeding U.S.$50 million, subject to certain exceptions, and free cash flow in excess of U.S.$650 million. In addition, proceeds from equity or debt issuances, or other fundraising, will trigger mandatory prepayments. Generally, we must make mandatory prepayments pro rata to all participating creditors. However, if we dispose of all the shares of a particular borrower or issuer under the financing agreement, the exposures of the participating creditors under relevant facilities of that borrower or issuer must be paid before we prepay any other exposures. The same requirements apply if we dispose of all the shares in a holding company of a particular borrower or issuer.

Other than with respect to disposals of all the shares of a borrower (or holding company thereof), the financing agreement requires that we apply mandatory prepayments to reduce the

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base currency exposures of all participating creditors ratably, and that such mandatory prepayments be applied towards amortization payments due on or before December 31, 2011, in order of those amortizations. After December 31, 2011, any additional amounts must be applied pro rata across all remaining amortization payments. We must make mandatory prepayments from disposal proceeds, permitted fundraising proceeds and permitted securitization proceeds promptly upon (and in any event within 30 days of) receipt of those proceeds, or promptly upon (and in any event within 30 days) the receipt of cash from those proceeds.

Covenants. The financing agreement contains financial conditions that require us, beginning June 30, 2010, to satisfy, on a consolidated basis, specified semi-annual tests, including:

- a minimum consolidated coverage ratio of EBITDA to consolidated interest expense of not less than (i) 1.75:1 for each semi-annual period through the period ending June 30, 2011, (ii) 2.00:1 for each semi-annual period through the period ending December 31, 2012 and (iii) 2.25:1 for the remaining semi-annual periods through the period ending 31 December 2013; and

- a maximum consolidated leverage ratio for each semi-annual period not to exceed 7.75:1 for the period ending June 30, 2010 and decreasing incrementally for subsequent semi-annual periods to 3.50:1 for the period ending December 31, 2013.

Furthermore, pursuant to the financing agreement we cannot make aggregate capital expenditures in excess of (i) U.S.$600 million (plus an additional U.S.$50 million contingency to account for currency fluctuations and certain additional costs and expenses) for the year ended December 31, 2009, (ii) U.S.$700 million for the year ended December 31, 2010 and (iii) U.S.$800 million for each year thereafter until the debt under the financing agreement has been repaid in full.

The financing agreement contains a number of negative covenants (subject to certain exceptions, customary carve-outs and agreed baskets) that, among other things, restrict our ability, and the ability of our subsidiaries, under certain circumstances to:

- create or incur any liens on any of its property or assets;

- incur additional debt;

- change the general nature of our business or the business of any obligor or material subsidiary;

- enter into mergers;

- enter into agreements that restrict our subsidiaries ability to pay dividends or repay intercompany debt;

- acquire assets or any shares or securities;

- enter into or invest in joint venture agreements;

- dispose of certain assets;

grant additional guarantees or indemnities;

declare or pay cash dividends and distributions to shareholders, or make other payments;

issue shares;

enter into certain derivatives transactions, other than certain transactions for hedging purposes;

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- exercise any call option on the perpetual debentures issued by special purpose vehicles that are consolidated; and

- transfer assets from subsidiaries or more than ten percent of our shares in subsidiaries into or out of CEMEX España or its subsidiaries.

The financing agreement restricts the payment of dividends, distributions and/or share redemptions except that the following payments are permissible:

- on or in respect of share capital to us or our subsidiaries;

- a recapitalization of earnings on or in respect of our share capital pursuant to which we issue additional share capital to our existing shareholders on a pro rata basis, or by way of the issuance of common equity securities or the right to subscribe for such common equity securities to our existing shareholders on a pro rata basis, provided that we may not make cash payments or transfer assets outside of CEMEX;

- interest on the perpetual debentures, or certain other permitted transactions;

- payments to minority shareholder of our subsidiaries on a pro rata basis, provided that all other shareholders of the relevant subsidiaries receive their equivalent pro rata share of such payment;

- pursuant to a disposal required, financial indebtedness incurred, guarantee, indemnity or security given, or other transaction arising under the financing agreement;

- pursuant to the solvent liquidation or reorganization of any of our subsidiaries that are not obligors under the financing agreement, so long as payments or assets distributed as a result of such liquidation or reorganization are distributed among us or our subsidiaries; or

- pursuant to certain transactions conducted in the ordinary course of trading on arm s length terms.

Covenant reset date. If we satisfy all the following conditions:

- we receive an investment-grade rating from two of S&P, Moody s and Fitch;

- we reduce the exposures under the financing agreement by at least an amount equal to at least 50.96% of the aggregate exposures or, approximately, U.S.$7.6 billion;

- our consolidated leverage ratio for the two most recently completed semi-annual testing periods is less than or equal to 3.50:1; and

- no default under the financing agreement is continuing, then, certain basket limits under the financing agreement will be increased and the following restrictive covenants will automatically cease to apply:

- any applicable margin step-ups that were applicable due to a failure to meet amortization targets;
- certain asset sale restrictions;
- capital expenditure limits;
- quarterly free cash flow sweep;

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- certain mandatory prepayment provisions; and
- dividend restrictions, share issuance restrictions, capital raise obligations and certain other restrictions.

However, the participating creditors will continue to receive the benefit of any restrictive covenants that other creditors receive relating to other financial indebtedness of ours in excess of U.S.$75 million.

Events of default. The financing agreement contains events of default, including defaults based on:

- non-payment of principal, interest, or fees when due;
- material inaccuracy of representations and warranties;
- breach of financial covenants;
- bankruptcy, *concurso mercantil*, or insolvency of CEMEX, any borrower under an existing facility or any other of our material subsidiaries;
- inability to pay debts as they fall due or by reason of actual financial difficulties suspends or threatens to suspend payments on debts exceeding U.S.$50 million or commences negotiations to reschedule debt exceeding U.S.$50 million;
- a cross default in relation to financial indebtedness in excess of U.S.$50 million;
- a change to the ownership of any of our subsidiary obligors, unless the proceeds of such disposal are used to prepay financing agreement debt;
- enforcement of the share security;
- final judgments or orders in excess of U.S.$50 million that are neither discharged nor bonded in full within 60 days thereafter;
- any restrictions not already in effect as of August 14, 2009 limiting transfers of foreign exchange by any obligor for purposes of performing material obligations under the financing agreement;
- any material adverse change arises in the financial condition of CEMEX, which greater than 66.67% of the participating creditors reasonably determine would result in our failure to perform payment obligations under the existing facilities or the financing agreement;