Building the future™

moving forward

2009 ANNUAL REPORT

PROFILE

CEMEX is a global building materials company that provides high-quality products and reliable service to customers and communities in more than 50 countries throughout the world. CEMEX has a rich history of improving the well-being of those it serves through its efforts to pursue innovative industry solutions and efficiency advancements and to promote a sustainable future.

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In the face of the worst crisis to hit our industry—and our company— **we took decisive steps** to adapt our business to the current market realities. Moving forward, we are now **better positioned** to take advantage of the coming **market recovery**.

moving FORWARD

As a result of our efforts, we are emerging from the crisis leaner, more agile, and more focused on our core business operations. We are in a better position to regain our financial flexibility and to take advantage of the recovery of the global economy.

Dear fellow stockholders:

Last year was one of the most challenging we have faced in our history, as we coped with the worst crisis to hit the global economy, our industry, and our company in 75 years. I am pleased to report to you that, because we aggressively adapted our business to the current market realities, we not only overcame those challenges, but are now positioned to take advantage of the coming economic recovery.

Our results reflect the exceptionally challenging business environment that we faced in 2009. While leading indicators in several of our markets showed signs of stabilization, our performance was mainly affected by the steep downturn in demand in the United States and Spain, which offset the strong performance of some of our other operations. For the year, our net sales decreased 28% to US$14.5 billion, and our EBITDA declined 35% to US$2.7 billion. Our free cash flow after maintenance capital expenditures decreased 53% to US$1.2 billion.

Even during an exceptionally difficult year, we achieved some significant accomplishments. Over the course of 2009, we executed an integrated financial and operating strategy designed to reposition the company. Key elements of the strategy included:

First, we implemented a US$900 million cost-reduction program. Approximately 60% of these cost savings are recurrent—including initiatives to improve our operating efficiency. The remaining 40% consists of steps taken to align our operations with current market demand.

Second, we substantially reduced our maintenance- and expansion-capital expenditures by US$1.5 billion to US$636 million in 2009. To achieve this reduction, we stopped work on several major projects, cancelled all new expansion projects, and completed only those projects that would immediately contribute to free cash flow.

Lorenzo H. Zambrano
Chairman of the Board
and Chief Executive Officer

Third, we reduced our net debt by US$2.9 billion during 2009. Furthermore, we worked closely with the financial community to refinance the majority of our outstanding debt. The refinancing plan extends the maturities of approximately US$15 billion in debt, with a final maturity of February 2014. As a result, we significantly improved our debt maturity profile and diversified our sources of funding. In addition, after we completed the financing agreement in August 2009, we have already prepaid US$4.8 billion of our outstanding principal under the plan, with proceeds from asset sales and capital market transactions.

Fourth, we raised approximately US$1.8 billion through the completion of a global equity offering. The proceeds from this offering were used to pay down debt.

Fifth, we sold our Australian operations for approximately US$1.7 billion. The proceeds from this sale reduced our debt and strengthened our liquidity.

In addition—despite the crisis—we reinforced our commitment to sustainable development. Among our initiatives, we continued to reduce our company's carbon footprint and to lower our costs by improving the energy efficiency of our operations and increasing our use of alternative fuels and renewable sources of energy. We reaffirmed our corporate-wide goal of "zero accidents," further improving our safety performance. We also continued to develop more sustainable products and expanded our initiatives to promote green construction, while we kept implementing various programs throughout the world to improve the quality of life in our communities.

Our ability to produce positive free cash flow, under adverse economic conditions, not only highlights the quality and dedication of our management and employees, but also the underlying strength of our business model. We reinforced our long-term commitment to our customers and suppliers, and the geographic diversity of our market portfolio helped to offset the declines in the U.S. and Spain. Indeed, we posted record operating cash flow in some countries in the Americas, Africa, and Asia.

FINANCIAL HIGHLIGHTS

(in millions of US dollars[1], except per-ADS data)

	2009	2008	%
Net sales[2]	**14,544**	20,131	(28)
Operating income[2]	**1,165**	2,327	(50)
EBITDA[2]	**2,657**	4,080	(35)
Controlling interest net income	**104**	203	(49)
Earnings per ADS[3]	**0.13**	0.27	(51)
Free cash flow after maintenance capital expenditures	**1,215**	2,600	(53)
Total assets	**44,483**	45,387	(2)
Net debt[2,4]	**15,053**	17,958	(16)
Total controlling stockholders' equity	**16,339**	13,879	17

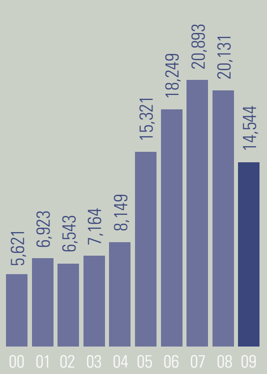
1 For your convenience, nominal Mexican peso results for 2009 and 2008 were translated to US dollars using the average exchange rate of the year of 13.60 MXN/US$ and 11.21 MXN/US$, respectively. For balance sheet accounts, US dollar amounts were calculated by converting the peso amounts at the end of each year using the end-of-year exchange rate of 13.09 MXN/US$ and 13.74 MXN/US$, respectively.

2 Amounts have been adjusted to reflect the effect of the divestment of our Australian operations.

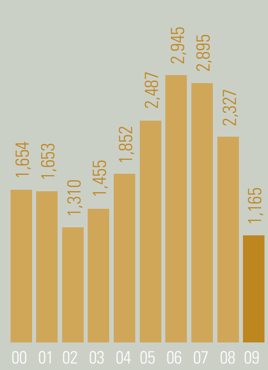
3 Based on an average of 854.8 and 766.1 million American depositary shares (ADSs) for 2009 and 2008, respectively.

4 As of December 31, 2008, net debt includes the fair value of cross currency swaps associated with debt for US$114 million.

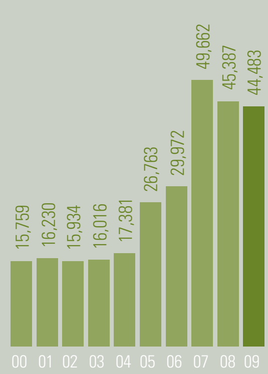
CONSOLIDATED NET SALES
millions of US dollars



OPERATING INCOME
millions of US dollars



TOTAL ASSETS
millions of US dollars



As a result of our efforts, we are emerging from the crisis leaner, more agile, and more focused on our core business operations. We are in a better position to take advantage of the recovery of the global economy, when it comes.

As we look to the future, we expect the key drivers of demand will ultimately come from the implementation of approximately US$1 trillion of government infrastructure programs in our main markets, positive demographic trends, pent-up demand for housing, and underlying economic recovery, particularly in the United States.

The steep downturn of the U.S. construction market underscores the upside potential of the recovery. Because the contraction was so dramatic—our pro forma cement volumes have dropped by more than 50% from 2006 through 2009—we expect that the U.S. market will provide significant rates of organic growth over the medium term. Since we have substantial operating leverage in this market, we expect to deliver accelerating cash flow growth as our volumes recover.

Our near-term priority is to regain our financial flexibility, which is the key to our long-term success. Thus, we will continue to implement cost-reduction and right-sizing initiatives, maintain tight discipline on our capital expenditures, and use as much of our free cash flow as possible to reduce debt. We will also continue to make extra efforts to anticipate and meet our customers' changing demands and to foster our company's sustainable development.

Moving forward, I am confident that we are well positioned for the eventual upturn in the business cycle. Our products are fundamental for economic growth, and we are in the right markets with the right assets. Most importantly, the way we have managed the crisis has reinforced our relationship with key stakeholders and proven that CEMEX management and employees are among the best in our industry.

On behalf of the board and our management team, I thank our stockholders, employees, customers, banks, note holders, and suppliers for their continued support.

Sincerely,

Lorenzo H. Zambrano
Chairman of the Board and
Chief Executive Officer

STRENGTHENING our balance sheet

Completed in the third quarter of 2009, the refinancing of the majority of our company's outstanding debt is an important step in our integrated strategy to strengthen our balance sheet, reinforce our business model, and take full advantage of the recovery of the global economy. The plan's new debt maturity profile provides us with the time and flexibility to deleverage our balance sheet—through cash flow generation, asset sales, equity and debt issuances, and other capital market initiatives—as our markets and the financial environment recover.

The financing agreement, with approximately 75 banks and private placement investors, extends the final maturities of approximately US$15 billion in syndicated and bilateral obligations up to February 2014. The refinancing plan includes the following core terms and conditions:

- We agreed to a revised debt maturity schedule running through February 2014, with semi-annual amortization requirements prior to the plan's final maturity. The debt carries a 450 basis point margin over the reference rate (LIBOR, Euribor, and TIIE) to our bank creditors and a fixed rate of 8.91% to our private placement creditors that represent US$895 million of the total refinancing package, subject to adjustments.

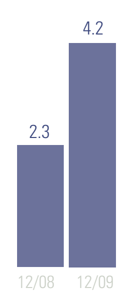
- We are required to maintain certain consolidated coverage and leverage ratios, starting in June 2010.

- We agreed to limit our total capital expenditures (CAPEX), including maintenance and expansion CAPEX, to US$700 million in 2010 and US$800 million per year from 2011 through 2013.

- We extended the share pledges required by the refinancing institutions to our public securities which carry that contractual right.

We intend to meet the plan's amortization requirements prior to its final maturity with funds from a variety of sources, including our free cash flow from operations, net cash proceeds from asset sales, and capital market transactions. Indeed, with the net proceeds from our global equity offering, the sale of our Australian operations, and our issuance of notes since the refinancing, we have already prepaid US$4.8 billion of our outstanding principal under the agreement, achieving its year-end 2010 milestone in advance. As a result of the refinancing and these related transactions, we have lengthened the company's debt maturity profile and put CEMEX in a much stronger position to regain its financial flexibility.

AVERAGE DEBT LIFE
years



Regaining flexibility

As a result of the refinancing, we have lengthened the company's debt maturity profile and put CEMEX in a much stronger position to regain its financial flexibility.

US$2.9

BILLION REDUCTION IN NET DEBT DURING 2009

Cost reduction - We implemented a US$900 million cost-reduction program. Approximately 60% of our total cost savings are recurrent. The remainder consists of steps taken to align our operations with market demand.

Innovation - We launched a new area to develop and foster a culture of innovation across our company. This global function will enable us to enhance our customer service, improve our productivity, and better prepare us for future challenges.

40%

LESS ENERGY USED IN OUR OPERATIONS AT THE PORT OF TILBURY IN THE UK

ADAPTING
our operations

We continue adapting our global operations network to meet current market dynamics and to prepare for the coming market recovery. During the year, we implemented a number of initiatives to increase our productivity, to improve our operating efficiency, and to exceed our customers' needs.

Among these initiatives, we right-sized our cement, ready-mix concrete, and aggregates operations. To align our capacity with local market demand, we selectively suspended operations at numerous facilities across our worldwide network. We also made significant corresponding workforce reductions. All of these were painful, but necessary decisions given the adverse business environment.

We integrated our operations network across North, Central, and South America and the Caribbean. To facilitate this process, we formed 11 task forces, comprised of executives from across the region, to enhance the exchange of best practices and the realization of synergies. These task forces—which included not only our cement, ready-mix concrete, and aggregates operations, but also our commercial, logistics, human resources, and communication and public affairs functions—were assigned three main objectives: develop new demand for our products, detect operating efficiencies, and define an integrated business model. During the three-month integration process, we identified more than 600 initiatives, with an additional annual benefit of more than US$80 million. More importantly, we strengthened our network across the Americas.

To remain at the forefront of our industry, we launched a new area to develop and foster a culture of innovation across our company. The main goal of this global function is to build on the considerable knowledge and experience of all of our employees in order to define, support, and execute innovative initiatives that will enable us to enhance our customer service, improve our productivity, and better prepare us for future challenges. We have already embarked on a number of initiatives, including the design and development of new products and processes and the maximum use of sustainable alternative fuels and raw materials. To expedite the creation, exchange, and utilization of ideas, our employees are interacting on a new Web-based platform called Shift. Ultimately, we anticipate that this new function and platform will enable us to collaborate and share knowledge more readily and will provide us with a significant competitive advantage going forward.

We also lowered our energy consumption and provided our customers with a wider array of blended cements by continuing to increase our operations' use of alternative raw materials—including industrial byproducts such as slag and fly ash—instead of clinker. Beyond the economic and commercial attributes of blended cements, our growing use of alternative cementitious materials lessens our environmental impact by reducing our operations' raw material requirements. In Europe, to expand our capacity to produce blended cements, we opened a new cement grinding and blending plant at the Port of Tilbury in the Southeast of England. The plant's vertical cement mill—the first of its kind in the UK—uses up to 40% less energy than a conventional mill. Moreover, with its shipping, barge, and rail loading facilities, the plant is ideally positioned to serve the London and southeastern markets of England with the most efficient, sustainable means of transport.

Taken together, these initiatives, among others, have made CEMEX a leaner, more agile, and more efficient company. As a result, we are well positioned to address the challenges of the present market environment and better prepared to capitalize on the benefits of the coming market recovery.

COMMITMENT
to address climate change

Our commitment to sustainable and responsible business practices not only enables us to build a better world for future generations, but also ensures our company's long-term competitiveness. As part of our global sustainability strategy, we are undertaking a number of initiatives to address the challenges posed by climate change.

We actively collaborate with stakeholders—inside and outside of our industry—to advance innovative ways to design, construct, and operate more sustainable, energy-efficient buildings. A prime example is our involvement in the World Business Council for Sustainable Development (WBCSD). Through our work with the WBCSD, we participated in the three-year Energy Efficiency in Buildings initiative up to and including the publication of its final report in April 2009.

Among the findings of this joint effort, we determined that buildings are responsible for as much as 40% of the energy used in most countries, and approximately 88% of this energy is consumed during their life span for operation, maintenance, and renovation. That is precisely the area in which our industry can make one of the biggest contributions: to develop ready-mix concrete products that help save energy during the lifetime of a building. When properly designed and constructed, concrete buildings can improve energy efficiency and can last for decades with little or no maintenance. Led by our Global Center for Technology and Innovation in Switzerland, our research labs are working every day to design and develop more sustainable building materials, such as our high-insulation concrete forms that help keep heat out in hot climates and prevent it from escaping in cold weather, thus saving energy. Moreover, the improved strength and density of our self-compacting concrete increase the life of a building and reduce its maintenance costs.

Additionally, we are on track to achieve our goal of a 25% reduction in specific CO_2 emissions by 2015 from 1990 levels. Indeed, in 2009 we achieved a 20.7% reduction in our CO_2 emissions. To this end, we continued to expand our use of more economical, environmentally friendly alternative fuels and renewable sources of energy. In 2009, we completed the Eurus wind farm in Oaxaca, Mexico. Jointly developed by CEMEX and ACCIONA Energía, Eurus is one of the largest wind farms in the world and the largest wind power generator in Latin America. With 167 wind turbines, each generating up to 1.5 megawatts (MW) of power, the Eurus wind farm has a production capacity of 250 MW of power and can supply approximately 25% of our Mexican plants' energy needs. Financed, constructed, and managed by ACCIONA, the wind farm will achieve the second largest reduction of CO_2 emissions—approximately 600 thousand metric tons each year—of any project registered under the United Nations' Clean Development Mechanism.

Furthermore, we substantially increased our use of alternative fuels from 10.3% of our cement plants' total energy consumption in 2008 to 16.4% in 2009—thus saving the fossil fuel equivalent of one million tons of coal and avoiding 1.2 million tons of CO_2 emissions. In Europe, our plants' use of alternative fuels is even higher. Thanks to our shared best practices, today, alternative fuels account for close to 70% of the total fuel consumption in our Chelm cement plant in Poland. This plant primarily uses refuse-derived fuel (RDF), obtained from specialized waste management plants that collect, treat, and turn municipal and commercial waste into a solid, safe fuel. In the UK, regulators recently granted us permission to work with a joint-venture partner to construct and operate an RDF facility near our Rugby plant. In 2009 we replaced more than 40% of fossil fuels, such as coal, with RDF and tires at our Rugby plant, creating significant environmental and sustainability benefits such as a marked reduction of nitrogen oxide emissions.

At CEMEX, we acknowledge the global challenges posed by climate change and are committed to applying our ideas, our skills, our technologies, and our determination to engage in developing a pathway to a low-carbon economy.

For more information about our sustainability strategy and practices, please visit our website at www.cemex.com/sustainability.

Active collaboration

Through our work with the WBCSD, we participated in the three-year Energy Efficiency in Buildings initiative up to and including the publication of its final report in April 2009.

1.2

MILLION TONS OF CO_2 EMISSIONS AVOIDED BY THE USE OF ALTERNATIVE FUELS

Sustainable construction

Our research labs work every day to design and develop more sustainable building materials, such as our high-insulation concrete forms that help keep heat out in hot climates and prevent it from escaping in cold weather—thus saving energy.

SELECTED CONSOLIDATED financial information

In millions of US dollars, except ADSs and per-ADS amounts

CEMEX, S.A.B. DE C.V. AND SUBSIDIARIES

	1999	2000	2001	2002	2003	2004	2005	2006
OPERATING RESULTS								
Net sales	4,828	5,621	6,923	6,543	7,164	8,149	15,321	18,249
Cost of sales[(1)(2)]	(2,690)	(3,141)	(3,894)	(3,656)	(4,130)	(4,586)	(9,271)	(11,649)
Gross profit	2,138	2,480	3,029	2,888	3,034	3,563	6,050	6,600
Operating expenses[(2)]	(702)	(826)	(1,376)	(1,577)	(1,579)	(1,711)	(3,563)	(3,655)
Operating income	1,436	1,654	1,653	1,310	1,455	1,852	2,487	2,945
Other expenses, net[(3)]	(334)	(270)	(441)	(425)	(474)	(514)	(316)	(49)
Financial expense	(488)	(467)	(412)	(333)	(381)	(372)	(526)	(494)
Financial income	31	25	41	45	17	23	39	46
Comprehensive financing result[(4)]	(29)	(174)	265	(329)	(267)	133	239	(32)
Income before taxes	1,136	1,271	1,522	617	766	1,541	2,495	2,989
Discontinued operations[(5)]	-	-	-	-	-	-	-	-
Non-controlling interest[(6)(7)(8)(9)]	56	78	153	37	30	21	55	110
Controlling interest net income	973	999	1,178	520	629	1,307	2,112	2,378
Millions of ADSs outstanding[(10)(11)]	546	556	584	608	648	678	704	733
Earnings per ADS from continued operations[(5)(11)(12)]	1.94	1.83	2.07	0.87	1.00	1.96	3.05	3.31
Dividends per ADS[(10)(11)(13)]	0.40	0.49	0.51	0.52	0.51	0.61	0.60	0.90
BALANCE SHEET INFORMATION								
Cash and temporary investments	326	308	428	361	291	342	601	1,579
Net working capital[(14)]	669	813	933	699	576	525	1,268	887
Property, plant, and equipment, net	6,922	9,034	8,940	8,963	9,265	9,613	15,542	17,196
Total assets	11,864	15,759	16,230	15,934	16,016	17,381	26,763	29,972
Short-term debt	1,030	2,962	1,028	1,393	1,329	1,044	1,191	1,252
Long-term debt	3,341	2,709	4,345	4,374	4,537	4,887	8,287	6,290
Total liabilities	5,430	8,111	8,078	8,983	9,250	9,161	16,409	15,193
Non-controlling interest[(6)(7)(8)(9)]	1,253	2,398	1,975	1,207	532	389	529	1,920
Total controlling stockholders' equity	5,182	5,251	6,177	5,744	6,234	7,831	9,825	12,859
Total stockholders' equity	6,435	7,649	8,152	6,951	6,766	8,220	10,354	14,779
Book value per ADS[(10)(11)]	9.48	9.45	10.58	8.63	8.78	11.55	13.94	17.55
OTHER FINANCIAL DATA								
Operating margin	29.80%	29.40%	23.90%	20.00%	20.30%	22.70%	16.20%	16.10%
EBITDA margin[(14)]	37.10%	36.10%	32.60%	29.30%	29.40%	31.10%	23.20%	22.70%
EBITDA[(14)]	1,791	2,030	2,256	1,917	2,108	2,538	3,557	4,138
Free cash flow[(14)(15)]	860	886	1,145	948	1,143	1,478	2,198	2,689

2007	2008	2009	Compounded annual growth 08-09	99-09
20,893	20,131	14,544	(28%)	12%
(13,868)	(13,735)	(10,270)		
7,025	6,396	4,274		
(4,130)	(4,069)	(3,109)		
2,895	2,327	1,165	(50%)	(2%)
(273)	(1,909)	(407)		
(807)	(910)	(994)		
75	46	28		
93	(2,527)	(1,111)		
2,851	(2,031)	(341)		
26	187	(314)		
77	4	18		
2,391	203	104	(49%)	(20%)
751	777	960		
3.21	0.27	0.13	(51%)	(24%)
0.83	n.a	n.a		
743	939	1,077		
1,383	1,191	946		
22,895	19,671	19,776		
49,662	45,387	44,483		
3,311	6,934	565		
16,542	11,849	15,565		
30,967	28,119	24,806		
3,753	3,390	3,338		
14,942	13,879	16,339		
18,695	17,268	19,677		
19.90	17.85	17.03		
13.85%	11.56%	8.01%		
21.60%	20.29%	18.28%		
4,512	4,080	2,657	(35%)	4%
2,455	2,600	1,215	(53%)	4%

Notes to Selected Consolidated Financial Information

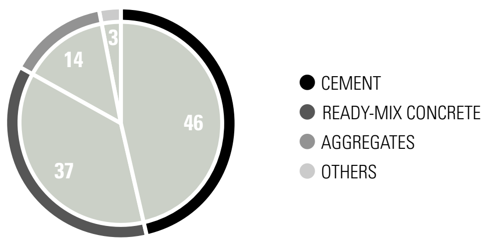
1. Cost of sales includes depreciation.
2. For the periods ending December 31, 2002 through 2007, and partially during 2001, the expenses related to the distribution of the company's products were classified as selling expenses on the income statement. Partially during 2001 and fully between the years 1999 and 2000, such expenses were recognized as part of cost of sales.
3. In accordance with Mexican Financial Reporting Standards ("MFRS"), starting from 2007 new presentation requirements apply for the income statement. For the purposes of the table, the years from 1999 through 2006 have been adjusted to comply with the new presentation requirements for 2007.
4. Comprehensive financing result includes financial expense, financial income, realized and unrealized gains and losses on derivative financial instruments and marketable securities, foreign exchange results, and the net monetary position result.
5. In October 2009, we completed the sale of our Australian operations for approximately A$2,020 million (approx. US$1,700 million). The consolidated income statements present the results of operations of the Australian assets, net of income tax, for the years 2007, 2008, and 2009 in a single line item as "Discontinued Operations" (see note 4B to the 2009 Annual Report's Financial Statements).
6. During 1995 and until August 2000, a minority interest was created in the consolidated stockholders' equity due to a financial transaction implying the ownership transfer of 24.77% of the common stock of CEMEX España. Such shares were treated as owned by a third party, although CEMEX retained dividends and voting rights over such shares during the life of the transaction.
7. In 2000 a Dutch subsidiary of CEMEX issued preferred stock for US$1.5 billion in connection with the financing required for the CEMEX, Inc. (formerly Southdown) acquisition. After redemptions of preferred stock made during the life of this transaction, the outstanding amount of preferred stock included as minority interest as of December 31, 2000, 2001, and 2002, was US$1,500 million, US$900 million, and US$650 million, respectively. In October 2003, CEMEX early redeemed the total outstanding amount of the preferred stock.
8. In 1998 a subsidiary of CEMEX in Spain issued US$250 million of capital securities. In April 2002, through a tender offer, US$184 million of capital securities were redeemed. The balance outstanding as of December 31, 2003 and 2002, was US$66 million and was liquidated during 2004. This transaction was recorded as minority interest during its validity.
9. As of December 31, 2006, 2007, 2008, and 2009 non-controlling interest includes US$1,250 million, US$3,065 million, US$3,020 million, and US$3,045 million, respectively, of aggregate notional amount of perpetual debentures issued by consolidated entities. For accounting purposes, these debentures represent equity instruments (see note 17D to the 2009 Annual Report's Financial Statements).
10. The number of ADSs outstanding represents the total ADS equivalent units outstanding at the close of each year, stated in millions of ADSs, and includes the total number of ADS equivalents issued by CEMEX in underlying derivative transactions, and excludes the total number of ADS equivalents issued by CEMEX and owned by subsidiaries. Each ADS listed on the New York Stock Exchange represents 10 CPOs.
11. Our shareholders approved stock splits in 2006, 2005, and 1999. As a result, each of our existing series A shares was surrendered in exchange for two new series A shares, each of our existing series B shares was surrendered in exchange for two new series B shares, and each of our existing CPOs was surrendered in exchange for two new CPOs, with each new CPO representing two new series A shares and one new series B. The proportional equity interest participation of the stockholders in CEMEX's common stock did not change as a result of the exchange offer and the stock splits mentioned above. The number of our outstanding ADSs did not change as a result of the stock splits of the years 2005 and 1999. Instead, the ratio of CPOs to ADSs was modified so that each ADS represented 10 new CPOs; as a result of the stock split approved during 2006, one additional ADS was issued in exchange for each existing ADS, each ADS representing 10 new CPOs. Earnings per ADS and the number of ADSs outstanding for the years ended December 31, 1999 through 2005, have been adjusted to make the effect of the stock splits retroactive for the correspondent years. In order to comply with Mexico's accounting principles, in the Financial Statements these figures are presented on a per-share basis (see note 19 to the 2007 Annual Report's Financial Statements).
12. For the periods ended December 31, 1999 through 2009, the earnings-per-ADS amounts were determined by considering the average number of ADS equivalent units outstanding during each year, i.e., 549.8, 568.6, 598.3, 630.4, 665.8, 691.9, 718.4, 743.2, 766.2, and 854.8 million, respectively.
13. Dividends declared at each year's annual stockholders' meeting for each period are reflected as dividends for the preceding year. We did not declare a dividend for the year 2008, instead, at our 2009 annual shareholders' meeting, a recapitalization of retained earnings was approved. New CPOs issued pursuant to the recapitalization were allocated to shareholders on a pro-rata basis. As a result, shares equivalent to approximately 334 million CPOs were issued and paid. CPO holders received one new CPO for each 25 CPOs held, and ADS holders received one new ADS for each 25 ADSs held. There was no cash distribution and no entitlement to fractional shares.
14. Please refer to page 87 for the definition of terms.
15. Beginning in 2005, free cash flow is calculated after maintenance capital expenditures only.

GLOBAL OPERATIONS
as of December 31, 2009

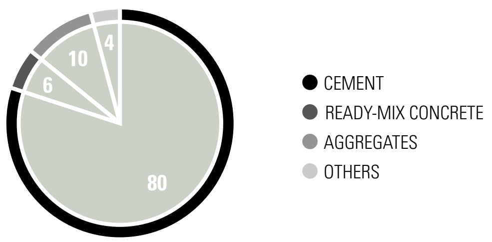
	CEMENT PRODUCTION CAPACITY MILLION METRIC TONS/YEAR	CEMENT PLANTS CONTROLLED	CEMENT PLANTS MINORITY PART.	READY-MIX PLANTS	AGGREGATES QUARRIES	LAND DISTRIBUTION CENTERS	MARINE TERMINALS
Mexico	29.3	15	3	326	16	84	7
USA[1]	17.9	14	5	524	95	42	6
Spain	11.0	8	0	102	27	8	15
UK	2.8	3	0	235	59	15	5
Rest of Europe[2]	12.4	8	1	646	162	43	22
South / Central America and Caribbean[3]	12.8	11	3	87	18	15	11
Africa & Middle East[4]	5.4	1	0	77	10	7	1
Asia[5]	5.7	3	0	19	4	9	5
Total	**97.3**	**63**	**12**	**2,016**	**391**	**223**	**72**

1 Includes operations from joint venture with Ready Mix USA
2 Includes operations in Austria, Croatia, Czech Republic, Finland, France, Germany, Hungary, Ireland, Latvia, Lithuania, Norway, Poland, and Sweden
3 Includes operations in Argentina, Colombia, Costa Rica, the Dominican Republic, Guatemala, Nicaragua, Panama, Puerto Rico, as well as other operations in the Caribbean region
4 Includes operations in Egypt, Israel, and the United Arab Emirates
5 Includes operations in Bangladesh, China, Malaysia, the Philippines, Taiwan, and Thailand

SALES DISTRIBUTION BY PRODUCT
percentage



EBITDA DISTRIBUTION BY PRODUCT
percentage



management discussion and ANALYSIS

BUSINESS

CEMEX is a global building materials company that provides products of consistently high quality and reliable service to customers and communities across the world. We advance the well-being of those we serve through our relentless focus on continuous improvement and our efforts to promote a sustainable future.

Our company was founded in Mexico in 1906, and we have grown from a local player to one of the top global companies in our industry, with close to 47,000 employees worldwide. Today we are strategically positioned in the Americas, Europe, Africa, the Middle East, and Asia. Our operations network produces, distributes, and markets cement, ready-mix concrete, aggregates, and related building materials to customers in over 50 countries, and we maintain trade relationships in close to 100 nations.

BUSINESS STRATEGY

We have built a portfolio of assets with sustainable, profitable, long-term growth potential. Looking forward, we will:

- Focus on our core business of cement, ready-mix concrete, and aggregates
- Provide our customers with the best value proposition
- Regain our financial flexibility
- Maximize our operating efficiency
- Foster our sustainable development

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

Our geographically diverse portfolio of cement, ready-mix concrete, and aggregates assets well positions us for the recovery of the global economy, providing us with the opportunity for significant organic growth over the medium and long term. By managing our cement, ready-mix concrete, and aggregates assets as one integrated business rather than as distinct businesses, we further improve their efficiency and profitability.

Provide our customers the best value proposition

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

We also see abundant opportunities to deepen our customer relationships by focusing on more vertically integrated building solutions rather than separate products. By developing our integrated offerings, we can provide customers with more reliable, higher-quality service and more consistent product quality.

Regain our financial flexibility

While we continually look to produce profitable growth over the short, medium, and long term, given the environment in which we are living, our priority is to regain our financial flexibility—which is key to our long-term growth.

Completed in the third quarter of 2009, our US$15 billion financing agreement provides us with the time and flexibility to deleverage our balance sheet—through free cash flow generation, asset sales, equity and debt issuances, and other capital market initiatives—as our markets and the financial environment recover. Indeed, with the net proceeds from our global equity offering, the sale of our Australian operations, and our issuance of notes achieved after the completion of the financing agreement, as of January 2010, we had prepaid US$4.8 billion of principal outstanding under this agreement, achieving its year-end 2010 milestone in advance.

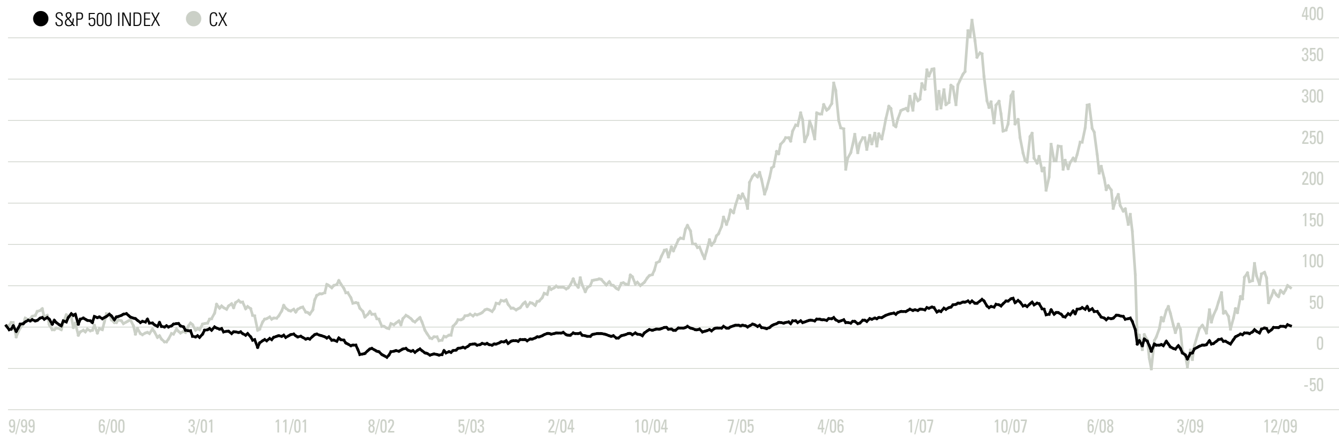
Maximize our operating efficiency

We constantly look for ways to reduce our costs and maximize our operating efficiency. In 2009, we implemented a US$900 million cost-reduction program. Approximately 60% of these cost savings are recurrent—including initiatives to improve our operating efficiency. The remaining 40% is a result of the steps taken to align our operations with market demand, which we will reverse as the market eventually recovers. Moving ahead, we will continue to implement our cost-reduction and right-sizing initiatives and maintain tight discipline on our capital expenditures.

Foster our sustainable development

We are committed to the sustainable growth and development of our company. Our approach is based on working closely with our stakeholders—our employees and their families, our neighbors, our business partners, and our world at large—to help solve the local and global sustainability challenges of our business. To this end, we focus on three areas:

CX vs. S&P 500 Index
total cumulative return



First, we continuously work to increase our competitiveness. We improve our operational excellence and efficiency and follow high ethical standards to achieve long-term sustainable growth. We also offer innovative products and services for a sustainable, energy-efficient construction industry.

Second, we reduce the negative impacts of our operations. We provide a safe and healthy workplace and work to minimize our environmental footprint and inconvenience to our neighbors. We also encourage our business partners to take the same approach.

Third, we reach out to our stakeholders, whose support is crucial for our success. Creating long-term relationships with these groups increases our competitiveness and helps us to find new ways to reduce our negative impacts.

ALIGNMENT WITH INVESTOR INTERESTS

Employee stock-ownership plan

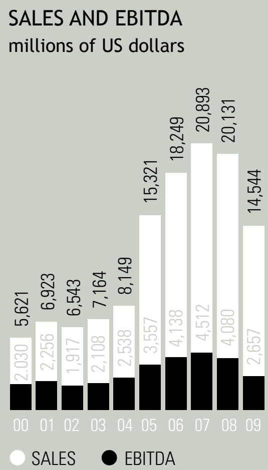
To better align our executives' interests with those of our stockholders, we began offering executives a new stock-ownership program in 2005. The plan's goal is to move our company's long-term incentives from stock options to programs based on restricted stock, which we believe is more highly valued by our executives and stockholders. As of December 31, 2009, our executives held 32,226,001 restricted CPOs, representing 0.3% of our total CPOs outstanding.

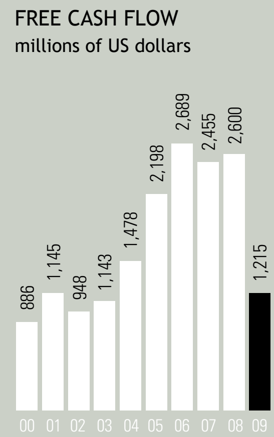
Corporate governance

We are committed to the highest standards of corporate governance. Our company's board of directors is composed of qualified directors who provide appropriate oversight. The requirement of independence of the audit committee members satisfies applicable law, and one member of our audit committee meets the requirements of a "financial expert" as defined by the Sarbanes-Oxley Act of 2002 (SOX).

We also have designed and deployed 1) a formal internal process to support the certification by our chief executive officer and our executive vice president of planning and finance of the information that we present in CEMEX's periodic reports to the U.S. Securities and Exchange Commission; 2) a system to ensure that relevant information reaches senior management in a timely manner; 3) a system for anonymously and confidentially communicating to the audit committee complaints and concerns regarding accounting and audit issues; 4) a process for anonymously and confidentially submitting complaints related to unethical conduct and misuse of assets; and 5) a task force to follow legal requirements and best corporate-governance practices and, when appropriate, propose further improvements. Our code of ethics reflects the requirements of SOX.

We are in compliance with the applicable sections of SOX, including section 404.





CONSOLIDATED RESULTS

Net sales decreased 28% to US$14.5 billion compared with 2008. The decline in sales was the result of lower volumes and prices mainly from our U.S. and Spanish operations.

Cost of sales as a percentage of sales increased 2.4 percentage points, from 68.2% to 70.6%. **Selling, general, and administrative (SG&A) expenses** as a percentage of sales increased 1.2 percentage points, from 20.2% to 21.4%. The increase in costs and expenses was mainly the result of lower economies of scale due to lower volumes, especially in the U.S., Spain, and Mexico, as well as higher transportation costs, which were partially offset by savings from our cost-reduction initiatives.

Operating income was down 50% to US$1.2 billion, while **EBITDA** totaled US$2.7 billion, 35% less than that in 2008. The decrease was due mainly to lower contributions from our U.S. and Spanish operations; the exclusion of our Venezuelan operations starting August 1, 2008; and the sale of our assets in the Canary Islands during the fourth quarter of 2008. Our **EBITDA margin** decreased 2.0 percentage points, from 20.3% in 2008 to 18.3% in 2009.

Financial expenses increased 9% to US$994 million as a result of the financing agreement and the closing of our debt-related derivative instruments.

We reported a **loss on financial instruments** of US$156 million in 2009 compared with a loss of US$1.4 billion in 2008. This positive variation resulted mainly from the unwinding of the majority of our derivative instruments, as well as the gain in our equity derivatives related to CEMEX and Axtel shares.

Our **majority interest net income** for the year decreased 49% to US$104 million. This sum includes the result of the sale of our Australian assets, which amounted to a loss, net of income tax. This loss represents the difference between the selling price of approximately US$1.7 billion and the book value of the net assets, including foreign currency translation effects, accrued in equity.

Free cash flow decreased 53% to US$1.2 billion, which we used mainly to pay down debt, pay expansion capital expenditures, pay the coupons on perpetual notes, pay fees related to debt refinancing, cover the cost of closing out derivative positions, and for other uses.

Net debt was US$15.1 billion at the end of 2009 compared with US$18.0 billion at year-end 2008.

GLOBAL REVIEW OF OPERATIONS

Mexico

In 2009 our Mexican operations' net sales were US$3.1 billion, a decrease of 19% compared with those of 2008, and EBITDA declined 20% to US$1.2 billion.

Cement and ready-mix concrete volumes declined 4% and 14%, respectively, for the year. The decline reflected the challenging macroeconomic environment, which negatively affected construction sector activity. The main driver of demand for the year was the infrastructure sector.

United States

Our U.S. operations' net sales decreased 40% year over year to US$2.8 billion in 2009. EBITDA was US$143 million, representing an 80% decline from that in 2008.

Our U.S. operations' cement, ready-mix concrete, and aggregates volumes decreased 32%, 38%, and 36%, respectively, for 2009. Overall construction activity weakened considerably as a result of the country's economic slowdown. The industrial-and-commercial sector continued its downward trend throughout the course of the year. Main indicators from the residential construction sector showed signs of stabilization during the second half of the year. In the fourth quarter, economic stimulus funds began being disbursed, setting the groundwork for the initiation of new infrastructure-related projects in 2010.

Spain

Our net sales in Spain decreased 47% year over year to US$831 million in 2009. EBITDA was US$204 million, down 56% from that in 2008.

Cement and ready-mix concrete volumes decreased 40% and 44%, respectively, for the year. On a like-to-like basis, adjusting for the divestitures during 2008, cement and ready-mix concrete volumes declined 30% and 37%, respectively, for the year. The country continued to face a challenging economic environment and tight credit conditions, negatively affecting overall construction activity. The infrastructure sector was the main driver of demand, supported by the government's stimulus plan and fueled by the initiation of new projects.

United Kingdom

Although our UK operations' net sales decreased 31% year over year to US$1.2 billion, our EBITDA increased 62% to US$43 million in 2009.

For the year, cement, ready-mix concrete, and aggregates volumes decreased 19%, 25%, and 19%, respectively. Construction activity remained muted as a result of the challenging macroeconomic environment. The infrastructure sector outperformed all of the other construction sectors, supported by the initiation of projects under the government's stimulus programs. However, this performance did not offset the declines from other sectors, particularly the private non-residential and industrial-and-commercial sectors.

Rest of Europe

In the rest of our European operations, net sales decreased 23% year over year to US$3.3 billion, and EBITDA declined 34% to US$349 million for 2009. As a whole, our regional operations' domestic cement, ready-mix concrete, and aggregates volumes decreased 17%, 17%, and 13%, respectively, for the year.

In Germany, our domestic cement volumes decreased 18% for the year. Although there were some indicators of economic recovery, the overall economic environment remained difficult. While activity in the non-residential sector was weak, the residential sector showed signs of stabilization during the second half of the year. Government programs to stimulate infrastructure spending were the main drivers of demand for building materials.

In France, our ready-mix concrete and aggregates volumes decreased 18% and 16%, respectively, for the year. Construction activity remained weak as a result of the challenging macroeconomic environment.

South/Central America and Caribbean

Our net sales in the region decreased 32% year over year to US$1.4 billion, and EBITDA declined 25% to US$494 million in 2009. As a whole, our regional operations' domestic cement, ready-mix concrete, and aggregates volumes decreased 30%, 34%, and 40%, respectively, for the year.

Our Colombian operations' cement volumes decreased 6% for 2009. Weakness in the residential and industrial-

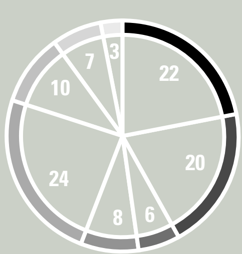
GLOBAL OPERATIONS

millions of US dollars (as of December 31, 2009)

	SALES	OPERATING INCOME	EBITDA	ASSETS [6]
Mexico	3,113	1,022	1,160	4,949
United States [1]	2,825	(457)	143	19,083
Spain	831	148	204	5,112
United Kingdom	1,184	(63)	43	2,928
Rest of Europe [2]	3,345	163	349	4,426
South/ Central America & Caribbean [3]	1,368	403	494	2,512
Africa & Middle East [4]	1,049	287	333	1,462
Asia [5]	474	95	116	830
Other	356	(434)	(184)	3,181
Total	**14,544**	**1,165**	**2,657**	**44,483**

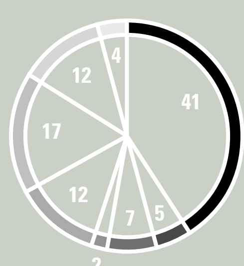
1 Includes operations from joint venture with Ready Mix USA
2 Includes operations in Austria, Croatia, Czech Republic, Finland, France, Germany, Hungary, Ireland, Latvia, Lithuania, Norway, Poland, and Sweden
3 Includes operations in Argentina, Colombia, Costa Rica, the Dominican Republic, Guatemala, Nicaragua, Panama, Puerto Rico, as well as other operations in the Caribbean region
4 Includes operations in Egypt, Israel, and the United Arab Emirates
5 Includes operations in Bangladesh, China, Malaysia, the Philippines, Taiwan, and Thailand
6 Includes assets in associated participation

SALES GEOGRAPHIC DISTRIBUTION
percentage



- MEXICO
- UNITED STATES
- SPAIN
- UNITED KINGDOM
- REST OF EUROPE
- SOUTH / CENTRAL AMERICA AND CARIBBEAN
- AFRICA AND MIDDLE EAST
- ASIA

EBITDA GEOGRAPHIC DISTRIBUTION
percentage



- MEXICO
- UNITED STATES
- SPAIN
- UNITED KINGDOM
- REST OF EUROPE
- SOUTH / CENTRAL AMERICA AND CARIBBEAN
- AFRICA AND MIDDLE EAST
- ASIA

and-commercial sectors negatively affected demand for the year. Nonetheless, infrastructure spending, as part of the government's stimulus program, showed modest growth through public and private investments.

Africa and the Middle East

Although net sales from our operations in Africa and the Middle East declined 2% year over year to US$1.0 billion, EBITDA increased 12% to US$333 million in 2009. As a whole, our regional operations' domestic cement volumes increased 22%, while our ready-mix concrete and aggregates volumes decreased 14% and 10%, respectively, for the year.

In Egypt, our operations' cement volumes grew 13% in 2009. The country's encouraging business and investment environment positively affected construction activity during the year. The positive trends in the informal residential and infrastructure sectors led to higher demand for building materials.

Asia

Although our regional operations' net sales declined 4% year over year to US$474 million, our EBITDA grew 25% to US$116 million in 2009. As a whole, our regional domestic cement volumes remained flat, while our ready-mix concrete and aggregates volumes decreased 18% and 15%, respectively, for the year.

In the Philippines, our operations' cement volumes increased 9% in 2009. Overall, the primary drivers of demand for the year were the residential and public infrastructure sectors, supported by strong remittances and the government's stimulus package.

Trading

Our global trading network is one of the largest in the industry. Our trading operations help us to optimize our worldwide production capacity, deliver excess cement to where it is most needed, and explore new markets without the necessity of making immediate capital investments. Our worldwide network of strategically located marine terminals and broad third-party customer base also provide us with the added flexibility to fully place contracted supplies in an optimal way.

In 2009 we had trading relationships in 96 countries. Our trading volume totaled almost 8.3 million metric tons of cementitious materials—including approximately 7.3 million metric tons of cement and clinker. We also maintained a sizeable trading position of 1.0 million metric tons of granulated blast furnace slag, a non-clinker cementitious material.

In 2009 our trading network continued to rapidly redirect excess capacity from our operations affected by reduced local demand. It also enabled us to promptly adjust our product purchases from third parties in light of declining cement and clinker import requirements.

Freight rates, which have been extremely volatile in recent years, account for a large share of our total import supply cost. However, we have obtained significant savings by timely contracting maritime transportation and by using our own and chartered fleets—which transported approximately 31% of our cement and clinker import volume in 2009.

In addition, we provide freight service to third parties when we have spare fleet capacity. This not only provides us with valuable shipping market information, but also generates additional profit for our operations.

DIVESTITURES, CAPITAL MARKET INITIATIVES, AND OTHER RELEVANT EVENTS

CEMEX prices US$500 million reopening of 9.50% notes due 2016

On January 13, 2010, CEMEX announced the pricing of a US$500 million reopening of its 9.50% notes due 2016, which were originally issued on December 14, 2009, in the amount of US$1.25 billion. The additional US$500 million of notes were issued at a price of US$105.25 plus accrued interest from December 14, 2009, and have a yield to maturity of 8.477%.

Of the net proceeds from the offering, US$411 million were used to prepay principal outstanding under CEMEX's financing agreement completed on August 14, 2009. The remaining proceeds are being used for general corporate purposes, including debt reduction. This prepayment resulted in accumulated prepayments under the financing agreement in excess of the first financial milestone of US$4.8 billion, thereby allowing CEMEX to maintain the current applicable margin under the financing agreement until at least December 2011. The notes share in the collateral pledged to the lenders under the financing agreement and are guaranteed by CEMEX and the subsidiaries which have provided guarantees under the financing agreement.

CEMEX issues notes in excess of US$1.75 billion

On December 9, 2009, CEMEX announced the pricing of offerings of US-dollar-denominated notes in the aggregate principal amount of US$1.25 billion and euro-denominated notes in the aggregate principal amount of €350 million. The US-dollar-denominated notes mature in seven years and pay a coupon of 9.50% annually. The euro-denominated notes mature in eight years and pay a coupon of 9.625% annually. The notes were issued at par and will be callable commencing on their fourth anniversary. CEMEX used a majority of the net proceeds from the offerings of the notes to prepay principal outstanding under the company's debt financing agreement completed on August 14, 2009, while approximately US$400 million of the net proceeds were used for general corporate purposes, including debt reduction. Each series of notes share in the collateral pledged to the lenders under the financing agreement and are guaranteed by CEMEX and the subsidiaries which have provided guarantees under the financing agreement.

CEMEX announces completion of approximately MXN4.1 billion in convertible securities transaction

On December 9, 2009, CEMEX announced the closing of its offer to exchange Certificados Bursátiles issued by CEMEX in Mexico into mandatorily convertible securities. The securities are mandatorily convertible into CEMEX's Ordinary Participation Certificates ("CPOs"). As a result of this offer, approximately MXN4.1 billion (approximately US$320 million) in securities were issued on December 10, 2009, and upon conversion, will represent approximately 172.5 million CPOs. CEMEX cancelled approximately MXN4.1 billion (approximately US$320 million) in Certificados Bursátiles, approximately MXN325 million of which had been scheduled to mature in 2010, MXN1.7 billion in 2011, and MXN2.1 billion in 2012. Key terms of the securities include:

1. A conversion price of MXN23.92 per CPO, calculated as the volume-weighted average price of the CPO for the 10 trading days prior to the closing of the offer, multiplied by a conversion premium of approximately 1.65
2. An annual coupon of 10%, payable quarterly
3. Final maturity on November 28, 2019
4. Mandatory conversion events include, among others, the price of the CPO reaching MXN35.88, or upon maturity
5. Holders have the option to voluntarily convert, after one year of issuance, on interest payment dates
6. The securities have trading restrictions until March 30, 2010.

The transaction did not result in any cash proceeds to CEMEX or any of its subsidiaries.

CEMEX completes the sale of Australian operations

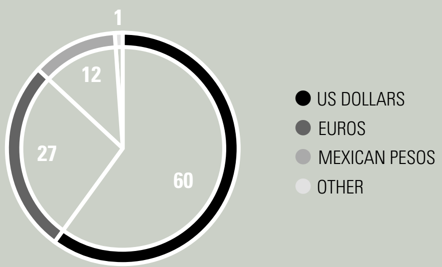
On October 1, 2009, CEMEX completed the sale of its Australian operations to Holcim Group. The proceeds from this sale were approximately A$2.02 billion (approximately US$1.7 billion) and were used to reduce debt and to strengthen CEMEX's liquidity position.

CEMEX announces completion of global equity offering

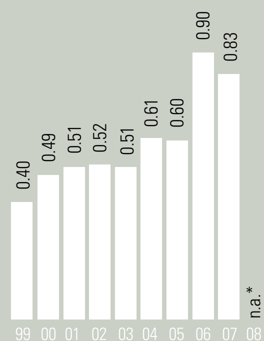
On September 28, 2009, CEMEX announced that a total of 1,495,000,000 Ordinary Participation Certificates (CPOs), directly or in the form of American Depositary Shares (ADSs), were sold in a global offering.

Of the 1,495,000,000 CPOs offered, 1,121,250,000 CPOs, directly or in the form of ADSs, were sold in the United States and elsewhere outside of Mexico and 373,750,000

CURRENCY DENOMINATION OF DEBT
percentage as of fourth quarter 2009



DIVIDENDS
US dollars per ADS



*During 2008, a recapitalization of retained earnings was approved. For more information, read note 13 on page 13.

CPOs were sold in Mexico. The ADSs were offered to the public at a price of US$12.50 per ADS, and the CPOs were offered to the public at a price of MXN16.65 per CPO.

The estimated net aggregate proceeds from the global offering, including proceeds from the exercise of the over-allotment option, were approximately US$1.8 billion.

CEMEX announces resolutions of Extraordinary General Shareholders Meeting

On September 4, 2009, CEMEX stockholders approved a resolution to increase the variable portion of its capital stock by up to 4.8 billion shares (equivalent to 1.6 billion CPOs or 160 million ADSs). This increase in capital could be accomplished through a public offering of common stock or through the issuance of convertible bonds. This issuance was required to be completed within a period of 24 months.

CEMEX announces completion of comprehensive financing agreement

On August 14, 2009, CEMEX announced that it completed its previously announced refinancing of the majority of the company's outstanding debt. The new financing agreement extended the maturities of approximately US$15 billion in syndicated and bilateral obligations with approximately 75 banks and private placement note holders, providing for a semi-annual amortization schedule, with a final maturity of February 14, 2014. Final documentation was signed, and all conditions precedent were satisfied in full.

Derivative instruments

CEMEX uses derivative financial instruments such as interest rate and currency swaps, currency and equity-forward contracts, options, and futures, among others, to change the risk profile associated with changes in interest rates and foreign exchange rates of debt agreements; reduce financing costs; and hedge highly probable forecasted transactions, net assets in foreign subsidiaries, and CEMEX's stock-option plans.

Under Mexican FRS (Financial Reporting Standards), we recognize all derivative financial instruments on the balance sheet as assets or liabilities, at their estimated fair market value, with changes in such fair values recorded on the income statement, except for changes in the fair value of derivative instruments designated, and that are effective, as hedges of the variability in the cash flows associated with existing assets or liabilities and/or forecasted transactions. These effects are initially recognized in stockholders' equity and subsequently reclassified to earnings as the effects of the underlying hedged instruments or transactions impact the income statement. As required in the context of our renegotiation with our major lenders prior to entering into the financing agreement, during the first half of 2009, we closed a significant portion of our derivative instruments. Therefore, as of December 31, 2009, our remaining derivative financial instruments consisted of equity forward contracts, a forward instrument over the Total Return Index (TRI) of the Mexican Stock Exchange, and interest-rate derivatives related to energy projects. Arising from the fair market value recognition of its derivatives portfolio as of December 31, 2009, CEMEX has recognized increases in assets and liabilities, which resulted in a net asset of US$3 million, including deposited cash collateral of US$195 million. The notional amounts of derivatives substantially match the amounts of underlying assets, liabilities, or equity transactions into which the derivatives are being entered.

	Notional amounts
Equity derivatives	969
Interest-rate derivatives	202

Millions of US dollars as of December 31, 2009

financial STATEMENTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
CEMEX, S.A.B. de C. V.:

(Millions of Mexican pesos)

We have audited the accompanying consolidated and the parent company-only balance sheets of CEMEX, S.A.B. de C.V. and subsidiaries (the Company) and CEMEX, S.A.B. de C.V. as of December 31, 2009 and 2008, and the related consolidated and parent company-only income statements and statements of stockholders' equity for the years ended December 31, 2009, 2008 and 2007, and the consolidated and parent company-only statements of cash flows for the years ended December 31, 2009 and 2008 and the consolidated and parent company-only statement of changes in financial position for the year ended December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Mexico. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements and are prepared in accordance with Mexican Financial Reporting Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the reporting standards used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in note 12 B) to the consolidated and parent company-only financial statements, for the year ended December 31, 2008, the Company recognized in its consolidated income statement a goodwill impairment loss of approximately $18,314, mainly related to its operations in the United States of America, Ireland, Thailand and Venezuela.

In our opinion, the consolidated and parent company-only financial statements referred to above present fairly, in all material respects, the financial position of CEMEX, S.A.B. de C.V. and subsidiaries and CEMEX, S.A.B. de C.V. as of December 31, 2009 and 2008, and the results of their operations and the changes in their stockholders' equity for the years ended December 31, 2009, 2008 and 2007, their cash flows for the years ended December 31, 2009 and 2008 and changes in their financial position for the year ended December 31, 2007, in conformity with Mexican Financial Reporting Standards.

KPMG CÁRDENAS DOSAL, S.C.

C.P.C. Celin Zorrilla Rizo

Monterrey, N.L., México
January 29, 2010.

CONSOLIDATED BALANCE SHEETS

CEMEX, S.A.B. DE C.V. AND SUBSIDIARIES
(Millions of Mexican pesos)

	Notes		December 31, 2009	2008
ASSETS				
CURRENT ASSETS				
Cash and investments	5	$	14,104	12,900
Trade receivables less allowance for doubtful accounts	6		13,383	15,921
Other accounts receivable	7		9,340	9,537
Inventories, net	8		17,191	21,215
Other current assets	9		2,752	3,950
Current assets of discontinued operations	4B		–	4,672
Total current assets			56,770	68,195
NON-CURRENT ASSETS				
Investments in associates	10A		11,113	11,893
Other investments and non-current accounts receivable	10B		21,031	23,809
Property, machinery and equipment, net	11		258,863	270,281
Goodwill, intangible assets and deferred charges, net	12		234,509	224,587
Non-current assets of discontinued operations	4B		–	24,857
Total non-current assets			525,516	555,427
TOTAL ASSETS		**$**	**582,286**	**623,622**
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Short-term debt including current maturities of long-term debt	13A	$	7,393	95,269
Other financial obligations	13A and D		375	3,462
Trade payables			18,194	20,778
Other accounts payable and accrued expenses	14		23,251	30,673
Current liabilities of discontinued operations	4B		–	2,555
Total current liabilities			49,213	152,737
NON-CURRENT LIABILITIES				
Long-term debt	13A		203,751	162,805
Other financial obligations	13B and D		1,715	1,823
Employee benefits	15		7,458	6,791
Deferred income taxes	16B		32,642	38,045
Other non-current liabilities	14		29,937	22,710
Long-term liabilities of discontinued operations	4B		–	1,444
Total non-current liabilities			275,503	233,618
TOTAL LIABILITIES			**324,716**	**386,355**
STOCKHOLDERS' EQUITY				
Controlling interest:				
Common stock and additional paid-in capital	17A		102,761	74,288
Other equity reserves	17B		28,647	28,730
Retained earnings	17C		81,056	85,396
Net income			1,409	2,278
Total controlling interest			213,873	190,692
Non-controlling interest and perpetual debentures	17D		43,697	46,575
TOTAL STOCKHOLDERS' EQUITY			**257,570**	**237,267**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**$**	**582,286**	**623,622**

The accompanying notes are part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENTS

CEMEX, S.A.B. DE C.V. AND SUBSIDIARIES
(Millions of Mexican pesos, except for earnings per share)

	Note		Years ended December 31, 2009	2008	2007
Net sales	3P	$	197,801	225,665	228,152
Cost of sales	3Q		(139,672)	(153,965)	(151,439)
Gross profit			**58,129**	**71,700**	**76,713**
Administrative and selling expenses			(28,611)	(32,262)	(32,031)
Distribution expenses			(13,678)	(13,350)	(13,072)
Total operating expenses	3Q		(42,289)	(45,612)	(45,103)
Operating income			**15,840**	**26,088**	**31,610**
Other expenses, net	3S		(5,529)	(21,403)	(2,984)
Operating income after other expenses, net			**10,311**	**4,685**	**28,626**
Comprehensive financing result:					
Financial expense	13		(13,513)	(10,199)	(8,808)
Financial income			385	513	823
Results from financial instruments	13		(2,127)	(15,172)	2,387
Foreign exchange results			(266)	(3,886)	(274)
Monetary position result	3R		415	418	6,890
Comprehensive financing result			(15,106)	(28,326)	1,018
Equity in income of associates			154	869	1,487
Income (loss) before income tax			**(4,641)**	**(22,772)**	**31,131**
Income tax	16		10,566	22,998	(4,474)
Income before discontinued operations			**5,925**	**226**	**26,657**
Discontinued operations	4B		(4,276)	2,097	288
Consolidated net income			1,649	2,323	26,945
Non-controlling interest net income			240	45	837
CONTROLLING INTEREST NET INCOME		**$**	**1,409**	**2,278**	**26,108**
BASIC EARNINGS PER SHARE OF CONTINUING OPERATIONS	19	**$**	**0.22**	**0.01**	**1.16**
Basic earnings per share of discontinued operations	19	**$**	**(0.16)**	**0.09**	**0.01**
DILUTED EARNINGS PER SHARE OF CONTINUING OPERATIONS	19	**$**	**0.22**	**0.01**	**1.16**
Diluted earnings per share of discontinued operations	19	**$**	**(0.16)**	**0.09**	**0.01**

The accompanying notes are part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

CEMEX, S.A.B. DE C.V. AND SUBSIDIARIES
(Millions of Mexican pesos)

	Notes		Years ended December 31, 2009	2008
OPERATING ACTIVITIES				
Consolidated net income		**$**	**1,649**	**2,323**
Discontinued operations			(4,276)	2,097
Net income from continuing operations			**5,925**	**226**
Non-cash items:				
Depreciation and amortization of assets	11 and 12		20,313	19,699
Impairment losses	3S		889	21,125
Equity in income of associates	10A		(154)	(869)
Other expenses (income), net			9,015	(4,728)
Comprehensive financing result			15,106	28,326
Income taxes	16		(10,566)	(22,998)
Changes in working capital, excluding income taxes			(2,599)	1,299
Net cash flow provided by continuing operations before income taxes			37,929	42,080
Income taxes paid in cash			(4,201)	(3,625)
Net cash flow provided by continuing operations			**33,728**	**38,455**
Net cash flow provided by discontinued operations			1,023	2,817
Net cash flows provided by operating activities			**34,751**	**41,272**
INVESTING ACTIVITIES				
Property, machinery and equipment, net	11		(6,655)	(20,511)
Disposal of subsidiaries and associates, net	10 and 12		21,115	10,845
Intangible assets and other deferred charges	12		(8,440)	(1,975)
Long term assets and others, net			186	(1,622)
Net cash flows provided by (used in) investing activities of continuing operations			**6,206**	**(13,263)**
Net cash flows used in investing activities of discontinued operations			(491)	(1,367)
Net cash flows provided by (used in) investing activities			**5,715**	**(14,630)**
FINANCING ACTIVITIES				
Issuance of common stock	17A		23,953	–
Financial expense paid in cash including coupons on perpetual debentures	17D		(14,607)	(11,784)
Derivative instruments			(8,513)	(9,909)
Dividends paid	17A		–	(215)
Repayment of debt, net	13A		(35,812)	(3,611)
Non-current liabilities, net			(2,795)	1,471
Net cash flows used in financing activities of continuing operations			**(37,774)**	**(24,048)**
Net cash flows provided by financing activities of discontinued operations			628	359
Net cash flows used in financing activities			**(37,146)**	**(23,689)**
Increase in cash and investments of continuing operations			2,160	1,144
Increase in cash and investments of discontinued operations			1,160	1,809
Cash conversion effect, net			(2,116)	1,277
Cash and investments at beginning of year			12,900	8,670
CASH AND INVESTMENTS AT END OF YEAR	5	**$**	**14,104**	**12,900**
Changes in working capital:				
Trade receivables, net		$	3,530	3,897
Other accounts receivable and other assets			510	825
Inventories			3,911	(630)
Trade payables			(2,422)	(2,931)
Other accounts payable and accrued expenses			(8,128)	138
Changes in working capital, excluding income taxes		**$**	**(2,599)**	**1,299**

The accompanying notes are part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

CEMEX, S.A.B. DE C.V. AND SUBSIDIARIES
(Millions of Mexican pesos)

	Notes		Year ended December 31, 2007
OPERATING ACTIVITIES			
Controlling interest net income		**$**	**26,108**
Non-cash items:			
Depreciation of property, machinery and equipment	11		14,876
Amortization of intangible assets and deferred charges	12		2,790
Impairment of assets	8,11 and 12		195
Pensions and other postretirement benefits	15		995
Deferred income taxes	16		(427)
Deferred employees' statutory profit sharing			25
Equity in income of associates	9A		(1,487)
Non-controlling interest			837
Net resources provided by operating activities			**43,912**
Changes in working capital, excluding acquisition effects:			
Trade receivables, net			2,837
Other accounts receivable and other assets			422
Inventories			(1,185)
Trade payables			(566)
Other accounts payable and accrued expenses			205
Net change in working capital			1,713
Net resources provided by operating activities			**45,625**
FINANCING ACTIVITIES			
Proceeds from debt, net, excluding debt assumed through business acquisitions			114,065
Decrease of treasury shares owned by subsidiaries			158
Dividends paid			(6,636)
Issuance of common stock under stock dividend elections and stock option programs			6,399
Issuance of perpetual debentures, net of coupons paid	17D		16,981
Other financing activities, net			(618)
Net resources provided by financing activities			**130,349**
INVESTING ACTIVITIES			
Property, machinery and equipment, net	11		(21,779)
Investment in subsidiaries and associates	9A and 12		(146,663)
Non-controlling interest			(1,166)
Goodwill, intangible assets and other deferred charges	12		(1,408)
Other investments and monetary foreign currency effect			(14,782)
Net resources used in investing activities			**(185,798)**
Decrease in cash and investments			(9,824)
Cash and investments at beginning of year			18,494
CASH AND INVESTMENTS AT END OF YEAR	5	**$**	**8,670**

The accompanying notes are part of these consolidated financial statements.

BALANCE SHEETS

CEMEX, S.A.B. DE C.V.
(Millions of Mexican pesos)

	Note 25		December 31, 2009	2008
ASSETS				
CURRENT ASSETS				
Other accounts receivable	C	$	2,183	3,209
Accounts receivable from related parties	I		2,677	508
Total current assets			4,860	3,717
NON-CURRENT ASSETS				
Investment in subsidiaries and associates	D		281,003	269,097
Other investments and non-current accounts receivable			562	1,384
Long-term accounts receivable from related parties	I		13,943	13,943
Land and buildings, net	E		1,983	1,989
Goodwill and deferred charges, net	F		14,311	7,204
Total non-current assets			311,802	293,617
TOTAL ASSETS		**$**	**316,662**	**297,334**
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Short-term debt including current maturities of long-term debt	H	$	3,986	18,414
Other financial obligations	H and N2		375	2,294
Other accounts payable and accrued expenses	G and J		1,275	1,722
Accounts payable from related parties	I		547	4,235
Total current liabilities			6,183	26,665
NON-CURRENT LIABILITIES				
Long-term debt	H		53,005	58,443
Other financial obligations	H and N2		1,715	1,326
Long-term accounts payable from related parties	I		31,776	18,476
Other liabilities	J		10,110	1,732
Total non-current liabilities			96,606	79,977
TOTAL LIABILITIES			**102,789**	**106,642**
STOCKHOLDERS' EQUITY	K			
Common stock and additional paid-in capital			102,761	74,288
Other equity reserves			28,647	28,730
Retained earnings			81,056	85,396
Net income			1,409	2,278
TOTAL STOCKHOLDERS' EQUITY			**213,873**	**190,692**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**$**	**316,662**	**297,334**

The accompanying notes are part of these financial statements.

CEMEX, S.A.B. DE C.V.
(Millions of Mexican pesos, except for earnings per share)

	Note 25		Years ended December 31, 2009	2008	2007
Equity in income of subsidiaries and associates	D	$	11,621	4,091	28,863
Rental income	I		272	271	278
License fees	I		1,002	1,197	1,177
Total revenues			**12,895**	**5,559**	**30,318**
Administrative expenses			(37)	(45)	(28)
Operating income			**12,858**	**5,514**	**30,290**
Other expenses, net			(1,285)	(825)	(1,310)
Operating income after other expenses, net			**11,573**	**4,689**	**28,980**
Comprehensive financing result:					
Financial expense			(7,163)	(4,993)	(3,425)
Financial income			1,197	1,670	693
Results from financial instruments			(4,650)	(4,792)	(1,280)
Foreign exchange result			993	593	(311)
Monetary position result	B		–	–	1,608
Comprehensive financing result			(9,623)	(7,522)	(2,715)
Income (loss) before income tax			**1,950**	**(2,833)**	**26,265**
Income tax	J		(541)	5,111	(157)
NET INCOME		**$**	**1,409**	**2,278**	**26,108**
BASIC EARNINGS PER SHARE	M	**$**	**0.06**	**0.10**	**1.17**
DILUTED EARNINGS PER SHARE	M	**$**	**0.06**	**0.10**	**1.17**

The accompanying notes are part of these financial statements.

STATEMENTS OF CASH FLOWS

CEMEX, S.A.B. DE C.V.
(Millions of Mexican pesos)

	Note 25		Years ended December 31, 2009	2008
OPERATING ACTIVITIES				
Net income		**$**	**1,409**	**2,278**
Non-cash items:				
Depreciation and amortization of assets	E		6	6
Amortization of deferred charges	F		287	28
Equity in income of subsidiaries and associates	D		(11,621)	(4,091)
Comprehensive financing result			9,336	7,494
Income taxes	J		541	(5,111)
Changes in working capital, excluding financial expenses and income tax			(7,076)	(16,848)
Net cash flows used in operating activities before income taxes			(7,118)	(16,244)
Income taxes paid in cash	J		–	738
Net cash flows used in operating activities			**(7,118)**	**(15,506)**
INVESTING ACTIVITIES				
Investment derivatives			–	1,916
Dividends obtained from associates			–	70
Investment in subsidiaries	D		4,359	(54)
Deferred charges			(2,678)	(14)
Long-term assets, net			490	(43)
Others, net			–	1,679
Net cash flows provided by investing activities			**2,171**	**3,554**
FINANCING ACTIVITIES				
Long-term related parties, net	I		14,293	25,788
Financial expenses paid in cash			(4,645)	(4,844)
Issuance of common stock	K		23,953	–
Financing derivatives			(7,585)	(6,252)
Dividends paid			–	(215)
Repayment of debt, net	H		(19,373)	(2,647)
Long-term liabilities, net			(1,696)	122
Net cash flows provided by financing activities			**4,947**	**11,952**
Decrease in cash and investments			–	–
Net conversion effect			–	–
Cash and investments at beginning of year			–	–
CASH AND INVESTMENTS AT END OF YEAR		**$**	**–**	**–**
Changes in working capital:				
Other accounts receivable		$	2,867	(239)
Short-term related parties, net	I		(9,484)	(16,705)
Other accounts payable and accrued expenses	G		(459)	96
Changes in working capital, excluding income taxes		**$**	**(7,076)**	**(16,848)**

The accompanying notes are part of these financial statements.

CEMEX, S.A.B. DE C.V.
(Millions of Mexican pesos)

	Note 25		Year ended December 31, 2007
OPERATING ACTIVITIES			
Net income		**$**	**26,108**
Non-cash items:			
Depreciation of property and buildings			6
Amortization of deferred charges			82
Deferred income taxes	J		957
Equity in income of subsidiaries and associates			(28,863)
Resources used in operating activities			**(1,710)**
Changes in working capital:			
Other accounts receivable			(994)
Short-term related parties, net	I		26,817
Other accounts payable and accrued expenses			(169)
Net change in working capital			25,654
Net resources provided by operating activities			**23,944**
FINANCING ACTIVITIES			
Proceeds from debt, net			38,387
Dividends paid			(6,636)
Issuance of common stock under stock dividend elections and stock option programs			6,399
Other financing activities, net			1,236
Net resources provided by financing activities			**39,386**
INVESTING ACTIVITIES			
Long-term related parties, net	I		(32,435)
Investment in subsidiaries and associates			(31,581)
Goodwill and deferred charges			171
Other long-term investments and accounts receivable			515
Net resources used in investing activities			**(63,330)**
Change in cash and investments			–
Cash and investments at beginning of year			–
CASH AND INVESTMENTS AT END OF YEAR		**$**	**–**

The accompanying notes are part of these financial statements.

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

CEMEX, S.A.B. DE C.V. AND CEMEX, S.A.B. DE C.V. AND SUBSIDIARIES
(Millions of Mexican pesos)

	Note		Common stock	Additional paid-in capital
Balance at December 31, 2006		**$**	**4,113**	**56,982**
Results from holding non-monetary assets	17B		–	–
Currency translation of foreign subsidiaries	17B		–	–
Hedge derivative financial instruments	13		–	–
Deferred income tax recognized directly in equity	16		–	–
Net income			–	–
Comprehensive income for the period			–	–
Dividends ($0.28 pesos per share)	17A		–	–
Issuance of common stock	17A		2	6,397
Treasury shares owned by subsidiaries	17		–	–
Issuance and effects of perpetual debentures	17D		–	–
Changes in non-controlling interest	17D		–	–
Balance at December 31, 2007			**4,115**	**63,379**
Currency translation of foreign subsidiaries	17B		–	–
Hedge derivative financial instruments	13		–	–
Deferred income tax recognized directly in equity	16		–	–
Net income			–	–
Comprehensive income for the period			–	–
Adoption of Mexican Financial Reporting Standards			–	–
Dividends ($0.29 pesos per share)	17A		–	–
Issuance of common stock	17A		2	6,792
Treasury shares owned by subsidiaries	17		–	–
Issuance and effects of perpetual debentures	17D		–	–
Changes in non-controlling interest	17D		–	–
Balance at December 31, 2008			**4,117**	**70,171**
Currency translation of foreign subsidiaries	17B		–	–
Hedge derivative financial instruments	13		–	–
Deferred income tax recognized directly in equity	16		–	–
Net income			–	–
Comprehensive income for the period			–	–
Adoption of Mexican Financial Reporting Standards	3N		–	–
Dividends	17A		–	–
Issuance of common stock	17A		10	18,840
Treasury shares owned by subsidiaries	17		–	9,623
Issuance and effects of convertible securities	17B		–	–
Issuance and effects of perpetual debentures	17D		–	–
Changes in non-controlling interest	17D		–	–
Balance at December 31, 2009		**$**	**4,127**	**98,634**

The accompanying notes are part of these consolidated and Parent Company-only financial statements.

Other equity reserves	Retained earnings	Total controlling interest	Non-controlling interest	Total stockholders' equity
(91,244)	**180,776**	**150,627**	**22,484**	**173,111**
(13,910)	–	(13,910)	–	(13,910)
2,927	–	2,927	–	2,927
(117)	–	(117)	–	(117)
(427)	–	(427)	–	(427)
–	26,108	26,108	837	26,945
(11,527)	26,108	14,581	837	15,418
–	(6,636)	(6,636)	–	(6,636)
–	–	6,399	–	6,399
44	–	44	–	44
(1,847)	–	(1,847)	18,828	16,981
–	–	–	(1,164)	(1,164)
(104,574)	**200,248**	**163,168**	**40,985**	**204,153**
30,987	–	30,987	–	30,987
(297)	–	(297)	–	(297)
558	–	558	–	558
–	2,278	2,278	45	2,323
31,248	2,278	33,526	45	33,571
104,640	(107,843)	(3,203)	–	(3,203)
–	(7,009)	(7,009)	–	(7,009)
–	–	6,794	–	6,794
12	–	12	–	12
(2,596)	–	(2,596)	8,025	5,429
–	–	–	(2,480)	(2,480)
28,730	**87,674**	**190,692**	**46,575**	**237,267**
(741)	–	(741)	–	(741)
450	–	450	–	450
941	–	941	–	941
–	1,409	1,409	240	1,649
650	1,409	2,059	240	2,299
–	(2,245)	(2,245)	–	(2,245)
–	(4,373)	(4,373)	–	(4,373)
–	–	18,850	–	18,850
–	–	9,623	–	9,623
1,971	–	1,971	–	1,971
(2,704)	–	(2,704)	(1,636)	(4,340)
–	–	–	(1,482)	(1,482)
28,647	**82,465**	**213,873**	**43,697**	**257,570**

(Millions of Mexican pesos)

1. DESCRIPTION OF BUSINESS

CEMEX, S.A.B. de C.V. is a Mexican corporation, a holding company (parent) of entities whose main activities are oriented to the construction industry, through the production, marketing, distribution and sale of cement, ready-mix concrete, aggregates and other construction materials. CEMEX is a public stock corporation with variable capital (S.A.B. de C.V.) organized under the laws of the United Mexican States, or Mexico.

CEMEX, S.A.B. de C.V. was founded in 1906 and was registered with the Mercantile Section of the Public Register of Property and Commerce in Monterrey, N.L., Mexico in 1920 for a period of 99 years. In 2002, this period was extended to the year 2100. The shares of CEMEX, S.A.B. de C.V. are listed on the Mexican Stock Exchange ("MSE") as Ordinary Participation Certificates ("CPOs"). Each CPO represents two series "A" shares and one series "B" share of common stock of CEMEX, S.A.B. de C.V. In addition, CEMEX, S.A.B. de C.V. shares are listed on the New York Stock Exchange ("NYSE") as American Depositary Shares or "ADSs" under the symbol "CX." Each ADS represents ten CPOs.

The terms "CEMEX, S.A.B. de C.V." or the "Parent Company" used in these accompanying notes to the financial statements refer to CEMEX, S.A.B. de C.V. without its consolidated subsidiaries. The terms the "Company" or "CEMEX" refer to CEMEX, S.A.B. de C.V. together with its consolidated subsidiaries. The issuance of Parent Company only and consolidated financial statements was authorized by the Company's management on January 29, 2010, and they will be submitted for approval in the next stockholders' meeting.

2. OUTSTANDING EVENTS DURING 2009

CEMEX concludes global financing agreement

As detailed in note 13A, on August 14, 2009, CEMEX entered into a Financing Agreement with its major creditors (the "Financing Agreement"), which extended the maturity of approximately 14,961 million U.S. dollars of syndicated and bilateral loans and private placement obligations. The Financing Agreement contains several restrictive covenants and limitations detailed in note 13A, including restrictions on CEMEX's ability to incur additional debt, enter into acquisitions or make investments in joint ventures (in each case, subject to negotiated baskets, exceptions and carve-outs), and a requirement to apply any cash on hand in excess of 650 million U.S. dollars, for any period for which it is being calculated, to prepay debt. Likewise, as part of the Financing Agreement, CEMEX is also prohibited from making aggregate capital expenditures in excess of 600 million U.S. dollars in 2009 (plus an additional 50 million U.S. dollars contingency to account for currency fluctuations and certain additional costs and expenses), 700 million U.S. dollars in 2010 and 800 million U.S. dollars beginning in 2011 and each year thereafter until the debt under the Financing Agreement has been repaid in full. This Financing Agreement completed a partial debt renegotiation made on January 27, 2009.

On December 10, 2009, CEMEX completed its offer to exchange promissory notes (Certificados Bursátiles) issued in Mexico ("CBs") with maturities between 2010 and 2012, into mandatorily convertible securities for approximately $4,126 (315 million U.S. dollars). The securities issued are mandatorily convertible into CEMEX's CPOs and are scheduled to mature in ten years. In accordance with Mexican Financial Reporting Standards ("MFRS"), approximately 50% of the new issuance represented an increase in stockholders' equity (notes 13A and 17A).

In addition, in order to prepay a portion of the amounts due in 2011 under the Financing Agreement, on December 14, 2009, CEMEX completed the issuance of US dollar-denominated and euro-denominated notes for an aggregate amount of approximately 1,750 million U.S. dollars, which are scheduled to mature in 7 and 8 years, respectively (notes 13A and 23).

Equity offering

On September 28, 2009, through a global offering in Mexico and the United States, CEMEX sold CPOs and ADSs for an aggregate amount of approximately 1,782 million U.S. dollars (note 17A). Pursuant to the Financing Agreement, the net proceeds obtained from the global equity offering were used to repay debt.

Sale of australian assets

As described in note 4B, on October 1, 2009, CEMEX completed the sale of its entire Australian assets for approximately 2,020 million Australian dollars (approximately 1,700 million U.S. dollars). CEMEX used the proceeds obtained from the sale primarily for the repayment of debt under the requirements of the Financing Agreement. The consolidated income statements present the results of operations of the Australian assets, net of income tax, for the nine-month period ended September 30, 2009, the twelve-month period ended December 31, 2008 and the six-month period ended December 31, 2007 in a single line item as "Discontinued operations." Accordingly, the consolidated statement of cash flows for the year ended December 31, 2008 was reclassified.

3. SIGNIFICANT ACCOUNTING POLICIES

A) Basis of presentation and disclosure

The Parent Company-only financial statements and their accompanying notes (note 25), complementary to CEMEX's consolidated financial statements, are presented herein to comply with requirements to which CEMEX, S.A.B. de C.V. is subject as an independent legal entity.

The financial statements are prepared in accordance with MFRS issued by the Mexican Board for Research and Development of Financial Reporting Standards ("CINIF"), which recognized the effects of inflation on the financial information until December 31, 2007. Changes in inflationary accounting effective beginning on January 1, 2008 are detailed below.

Inflationary accounting

Beginning on January 1, 2008, pursuant to MFRS B-10, "Inflation Effects" ("MFRS B-10"), the financial statements subject to restatement are those related to an entity whose functional currency corresponds to a country in which the cumulative inflation rate over the preceding three years equals or exceeds 26% (i.e., a high-inflation environment). Until 2007, inflationary accounting was applied to all CEMEX subsidiaries regardless of the inflation level of their respective countries. Designation of a country as operating in a high-inflation environment takes place at the end of each year, and inflation restatement is applied prospectively. In 2009, CEMEX restated the financial statements of its subsidiaries in Egypt, Nicaragua, Latvia and Costa Rica, and in 2008, the financial statements of CEMEX's subsidiaries in Costa Rica and Venezuela were restated.

Beginning in 2008, MFRS B-10 eliminated the restatement of the financial statements for the period as well as the comparative financial statements for prior periods into constant amounts as of the most recent balance sheet date. In addition, beginning in 2008, the amounts in the income statements, the statements of cash flows and the statement of changes in stockholders' equity have been presented in nominal pesos. The amounts in the income statement, the statement of changes in financial position and the statement of changes in stockholders' equity for 2007 are presented in constant pesos as of December 31, 2007, the last date in which inflationary accounting was applied to all subsidiaries. The restatement adjustments as of the date that the inflationary accounting was discontinued are part of the carrying amounts. Pursuant to MFRS B-10, beginning in 2008, when moving back from a low-inflation to a high-inflation environment, the initial restatement factor should consider the cumulative inflation since the last time in which inflationary accounting was applied.

Upon adoption of MFRS B-10 on January 1, 2008, the accumulated result for holding non-monetary assets as of December 31, 2007 included in "Other equity reserves" (note 17B) was reclassified to "Retained earnings," representing a decrease in this caption of approximately $97,722.

Statement of cash flows

Based on MFRS B-2, "Statement of cash flows" ("MFRS B-2"), beginning in 2008, the statement of cash flows was incorporated as part of the basic financial statements. This statement presents cash inflows and outflows in nominal currency, replacing the statement of changes in financial position, which included inflation effects and unrealized foreign exchange effects. Pursuant to MFRS B-2, CEMEX presents statements of cash flows for 2009 and 2008, and the statement of changes in financial position for 2007, as originally reported, in constant pesos as of December 31, 2007. Considering the classification of CEMEX's operations in Australia as discontinued operations, for comparison purposes, the statement of cash flows for 2008 was reclassified accordingly. Considering it is not comparable information, the originally reported statement of changes in financial position for 2007 was not reclassified.

The statements of cash flows exclude the following transactions that did not represent sources or uses of cash: a) in 2009, the effects of the exchange of CBs into mandatorily convertible securities (note 13A), which represented a net reduction in debt of $2,036 and an increase in stockholders' equity of $1,971 (net of issuance expenses); b) in 2009 and 2008, the increase in stockholders' equity associated with the capitalization of retained earnings for $4,373 and $6,794, respectively (note 17A); and c) in 2009, the increase in stockholders' equity associated with CPOs issued as part of the executive stock-based compensation for $147 (note 17A). For 2009 and 2008, the statements of cash flows include the financial expenses paid in cash as part of the financing activities.

Definition of terms

When reference is made to pesos or "$," it means Mexican pesos. Except when specific references are made to "earnings per share" and "prices per share", the amounts in the financial statements and the accompanying notes are stated in millions of pesos. When reference is made to "US$" or dollars, it means millions of dollars of the United States of America ("United States"). When reference is made to "£" or pounds, it means millions of British pounds sterling. When reference is made to "€" or euros, it means millions of the currency in circulation in a significant number of European Union countries.

When it is deemed relevant, certain amounts presented in the notes to the financial statements include between parentheses a translation into dollars, into pesos, or both, as applicable. These translations are provided as informative data and should not be construed as representations that the amounts in pesos or dollars, as applicable, actually represent that those peso or dollar amounts could be converted into pesos or dollars at the rate indicated. The translation procedures used are detailed as follows:

- When the amounts between parentheses are the peso and the dollar, it means the disclosed amounts were originated in other currencies. Such amounts were determined by translating the foreign currency figures into dollars using the respective closing exchange rates at year-end, and then translated into pesos using the closing exchange rates of $13.09 pesos per dollar in 2009, $13.74 pesos per dollar in 2008 and $10.92 pesos per dollar in 2007.
- When the amount between parentheses is in dollars, the amount was originated in pesos or other currencies. In 2009 and 2008, such dollar translations were calculated using the closing exchange rates of $13.09 and $13.74 pesos per dollar for balance sheet amounts, respectively, and using the average exchange rates of $13.60 and $11.21 pesos for the income statement amounts for 2009 and 2008, respectively. For 2007, the constant peso amounts as of December 31, 2007, were translated using the closing exchange rate as of the same date for balance sheet and income statement accounts. Likewise, when the amount between parentheses is in pesos, the amount was originated in dollars. For 2009 and 2008, translation to pesos was calculated using the closing exchange rates of $13.09 and $13.74 pesos per dollar for balance sheet accounts, respectively, and the average exchange rates of $13.60 and $11.21 pesos per dollar for income statement accounts, respectively. In 2007, translation to pesos was calculated using the exchange rate as of December 31, 2007 for balance sheet and income statement accounts.

B) Principles of consolidation

The consolidated financial statements include those of CEMEX, S.A.B. de C.V. and the entities in which the Parent Company holds, directly or through subsidiaries, more than 50% of their common stock and/or has control. Control exists when CEMEX has the power, directly or indirectly, to govern the administrative, financial and operating policies of an entity in order to obtain benefits from its activities. Balances and operations between related parties are eliminated in consolidation.

Investments in associates are accounted for by the equity method when CEMEX has significant influence, which is generally presumed with an equity interest between 10% and 50% in public companies, and between 25% and 50% in non-public companies, unless it is proven in each specific case that CEMEX has significant influence with a lower percentage. The equity method reflects in the financial statements the investment's original cost and the proportional interest of the holding company in the associate's equity and earnings after acquisition, considering, if applicable, the effects of inflation.

Considering the new MFRS B-8, "Consolidated or Combined Financial Statements," beginning in 2009, the financial statements of joint ventures, which are those entities in which CEMEX and other third-party investors have agreed to exercise joint control, are recorded under the equity method. Until December 31, 2008, financial statements of such joint ventures were consolidated through the proportional integration method, considering CEMEX's interest in the results of operations, assets and liabilities of such entities, based on International Accounting Standard No. 31, "Interest in Joint Ventures." No significant effects resulted from the adoption of MFRS B-8 in 2009, considering that CEMEX sold its joint venture investments in Spain during 2008 (note 12A).

C) Use of estimates

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

The main captions subject to estimates and assumptions include, among others, long-lived assets, allowances for doubtful accounts and inventories, deferred income tax assets, the measurement of financial instruments at fair value, and the assets and liabilities related to employee benefits.

D) Foreign currency transactions and translation of foreign currency financial statements

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the dates of their execution. Monetary assets and liabilities denominated in foreign currencies are translated into pesos at the exchange rates prevailing at the balance sheet date, and the resulting foreign exchange fluctuations are recognized in earnings, except for exchange fluctuations arising from: 1) foreign currency indebtedness directly related to the acquisition of foreign entities; and 2) fluctuations associated with related parties' balances denominated in foreign currency that are of a long-term investment nature. These fluctuations are recorded against stockholders' equity, as part of the foreign currency translation adjustment of foreign subsidiaries (note 17B).

Starting in 2008, the financial statements of foreign subsidiaries, which are determined using the functional currency applicable in each country, are translated to pesos at the closing exchange rate for balance sheet accounts and at the average exchange rates of each month for income statement accounts. The corresponding translation adjustment is included within "Other equity reserves" in the balance sheet. Until December 31, 2007, the financial statements of foreign subsidiaries were restated in their functional currency based on the subsidiary country's inflation rate and subsequently translated by using the foreign exchange rate at the end of the reporting period for balance sheet and income statement accounts.

The following table presents the closing exchange rates used to translate the financial statements of the Company's main foreign subsidiaries in 2009 and 2008 for balance sheet accounts, in 2007 for balance sheet and income statement accounts, and in 2009 and 2008 the approximate average exchange rates for income statement accounts:

	2009		2008		2007
Currency	Closing	Average	Closing	Average	Closing
United States Dollar	13.0900	13.6000	13.7400	11.2100	10.9200
Euro	18.7402	18.9186	19.2060	16.4394	15.9323
British Pound Sterling	21.1436	21.2442	20.0496	20.4413	21.6926
Colombian Peso	0.0064	0.0062	0.0061	0.0056	0.0054
Venezuelan Bolivar	N/A	N/A	N/A	4.8738	5.1000
Egyptian Pound	2.3823	2.4483	2.4889	2.0578	1.9802
Philippine Peso	0.2833	0.2845	0.2891	0.2509	0.2645

The financial statements of foreign subsidiaries are initially translated from their functional currencies into dollars and subsequently into pesos. Therefore, the foreign exchange rates presented in the table above between the functional currency and the peso represent the exchange rates resulting from this methodology. The peso to U.S. dollar exchange rate used by CEMEX is an average of free market rates available to settle its foreign currency transactions. No significant differences exist, in any case, between the foreign exchange rates used by CEMEX and those exchange rates published by the Mexican Central Bank.

E) Cash and investments (note 5)

The balance in this caption is comprised of available amounts of cash and cash equivalents available for CEMEX's operations, mainly represented by short-term securities of high liquidity, which are easily convertible into cash, are not subject to significant risks for changes in their values, including overnight investments, which yield fixed returns and have maturities of less than three months from the investment date. Those investments in fixed-income securities are recorded at cost plus accrued interest. Investments in marketable securities are easily convertible into cash and are recorded at market value. Gains or losses resulting from changes in market values and accrued interest are included as part of the Comprehensive Financing Result.

F) Inventories (note 8)

Starting in 2008, based on the changes to MFRS B-10, inventories are valued using the lower of their production cost and market value. Until 2007, inventories were valued using the lower of their replacement cost and market value. Production cost may correspond to the latest purchase price, the average price of the last purchases or the last production cost. CEMEX analyzes its inventory balances to determine if, as a result of internal events, such as physical damage, or external events, such as technological changes or market conditions, certain portions of such balances have become obsolete or impaired. When an impairment situation arises, the inventory balance is adjusted to its net realizable value, whereas, if an obsolescence situation occurs, the inventory obsolescence reserve is increased. In both cases, these adjustments are recognized against the results of the period.

G) Other investments and non-current receivables (note 10B)

Other investments and non-current accounts receivable include CEMEX's collection rights with respect to investments with maturities of more than twelve months as of the balance sheet date. Non-current assets resulting from the valuation of derivative financial instruments, as well as investments in private funds and other investments which are recognized at their estimated fair value as of the balance sheet date, and their changes in valuation are included in the income statement as part of the Comprehensive Financing Result.

H) Property, machinery and equipment (note 11)

Property, machinery and equipment are recognized at their acquisition or construction cost, as applicable. Starting on January 1, 2008, when inflationary accounting is applied during high-inflation periods, such assets should be restated using the factors derived from the general price index of the countries where the assets are held. Until December 31, 2007, property, machinery and equipment were presented at their restated values, using the inflation index of each country, except for those assets of foreign origin which were restated using the inflation index of the fixed assets' origin country and the variation in the foreign exchange rate between the currency of the country of origin and the functional currency of the country holding the asset.

Depreciation of fixed assets is recognized within "Cost of sales" and "Administrative and selling expenses," depending on the utilization of the respective assets, and is calculated using the straight-line method over the estimated useful lives of the assets, except for mineral reserves, which are depleted using the units-of-production method. The maximum average useful lives by category of assets are as follows:

	Years
Administrative buildings	38
Industrial buildings	33
Machinery and equipment in plant	21
Ready-mix trucks and motor vehicles	8
Office equipment and other assets	9

For the years ended December 31, 2009, 2008 and 2007, CEMEX capitalized, as part of the historical cost of fixed assets, the Comprehensive Financing Result, which includes interest expense, and until December 31, 2007 or when inflationary accounting is applied during periods of high inflation, the monetary position result, arising from existing debt incurred during the construction or installation period of significant fixed assets, considering CEMEX's average interest rate and the average balance of investments in process for the period.

Costs incurred in respect of operating fixed assets that result in future economic benefits, such as an extension in their useful lives, an increase in their production capacity or in safety, as well as those costs incurred to mitigate or prevent environmental damage, are capitalized as part of the carrying amount of the related assets. These capitalized costs are depreciated over the remaining useful lives of the related fixed assets. Other costs, including periodic maintenance on fixed assets, are expensed as incurred.

I) Business combinations, goodwill, other intangible assets and deferred charges (note 12)

In accordance with MFRS B-7, "Business Combinations," CEMEX applies the following accounting principles following a business acquisition: a) the purchase method is applied as the sole recognition alternative; b) the purchase price is allocated to all assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date; c) intangible assets acquired are identified and recognized at fair value; d) any unallocated portion of the purchase price is recognized as goodwill; and e) goodwill is not amortized and is subject to periodic impairment tests (note 3J).

CEMEX capitalizes intangible assets acquired, as well as costs incurred in the development of intangible assets, when future economic benefits associated with the assets are identified and there is evidence of control over such benefits. Intangible assets are presented at their acquisition or development cost, and are restated during high inflation periods to comply with MFRS B-10. Such assets are classified as having a definite or indefinite life; the latter are not amortized since the period cannot be accurately established in which the benefits associated with such intangibles will terminate. Amortization of intangible assets of definite life is calculated under the straight-line method.

Direct costs incurred in debt issuances or borrowings are capitalized and amortized as part of the effective interest rate of each transaction over its maturity. These costs include commissions and professional fees. Direct costs incurred in the development stage of computer software for internal use are capitalized and amortized through the operating results over the useful life of the software, which on average is approximately 5 years.

Pre-operational expenses are recognized in the income statement as they are incurred. Costs associated with research and development activities ("R&D"), performed by CEMEX to create new products and services, as well as to develop processes, equipment and methods to optimize operational efficiency and reduce costs, are recognized in the operating results as incurred. The Technology and Energy departments in CEMEX undertake all significant R&D activities as part of their daily activities. In 2009, 2008 and 2007, total combined expenses of these departments were approximately $408 (US$30), $348 (US$31) and $437 (US$40), respectively.

J) Impairment of long lived assets (notes 11 and 12)

Property, machinery and equipment, intangible assets of definite life and other investments

According to MFRS C-15, "Impairment and disposal of long-lived assets" ("MFRS C-15"), property, machinery and equipment, intangible assets of definite life and other investments are tested for impairment upon the occurrence of factors such as the occurrence of a significant adverse event, changes in the operating environment in which CEMEX operates, changes in projected use or in technology, as well as expectations of lower operating results for each cash generating unit, in order to determine whether their carrying amounts may not be recovered, in which case an impairment loss is recorded in the income statement for the period when such determination is made within "Other expenses, net." The impairment loss results from the excess of the carrying amount over the net present value of estimated cash flows related to such assets.

Goodwill and intangible assets of indefinite life

Goodwill and other intangible assets of indefinite life are tested for impairment when needed and at least once a year, during the last quarter of the period, by determining the value in use of the reporting units, which consists in the discounted amount of estimated future cash flows to be generated by the reporting units to which those assets relate. CEMEX determines the discounted amount of estimated future cash flows over a period of 5 years, unless a longer period is justified in a specific country considering its economic cycle and the situation of the industry. A reporting unit refers to a group of one or more cash generating units. An impairment loss is recognized if the value in use is lower than the net book value of the reporting unit.

The geographic segments reported by CEMEX (note 4A), each integrated by multiple cash generating units, also represent the reporting units for purposes of testing goodwill for impairment, considering that: a) the operating components that comprise the reported segment have similar economic characteristics; b) the reported segments are the level used by CEMEX to organize and evaluate its activities in its internal information system; c) the homogeneous nature of the items produced and traded in each operative component, which are all used by the construction industry; d) the vertical integration in the value chain of the products comprising each component; e) the type of clients, which are substantially similar in all components; f) the operative integration among components; and g) the compensation system of a specific country is based on the consolidated results of the geographic segment and not on the particular results of the components.

Impairment tests are significantly sensitive, among other factors, to the estimation of future prices of CEMEX's products, the development of operating expenses, local and international economic trends in the construction industry, the long-term growth expectations in the different markets, as well as the discount rates and the growth rates in perpetuity applied. CEMEX uses specific after-tax discount rates for each reporting unit, which are applied to after-tax cash flows. The amounts of estimated undiscounted future cash flows are significantly sensitive to the growth rate in perpetuity applied. Likewise, the amounts of discounted estimated future cash flows are significantly sensitive to the weighted average cost of capital (discount rate) applied. The higher the growth rate in perpetuity applied, the higher the amount obtained of undiscounted future cash flows by reporting unit. Conversely, the higher the discount rate applied, the lower the amount obtained of discounted estimated future cash flows by reporting unit.

K) Derivative financial instruments (notes 13B, C and D)

In compliance with the guidelines established by its Risk Management Committee, CEMEX uses derivative financial instruments ("derivative instruments"), in order to change the risk profile associated with changes in interest rates, the exchange rates of debt, or both; as an alternative source of financing, in connection with CEMEX's stock option programs, and as hedges of: (i) highly probable forecasted transactions and (ii) CEMEX's net investments in foreign subsidiaries.

CEMEX recognizes derivative financial instruments as assets or liabilities in the balance sheet at their estimated fair values, and the changes in such fair values are recognized in the income statement within "Results from financial instruments" for the period in which they occur, except for hedges of cash flows and the net investment in foreign subsidiaries. Some derivative instruments have been designated as hedges. The accounting rules applied to specific derivative instruments are as follows:

a) Changes in the fair value of interest rate swaps to exchange floating rates for fixed rates, designated and that are effective as hedges of the variability in the cash flows associated with the interest expense of a portion of the debt, are recognized in stockholders' equity. These effects are reclassified to earnings as the interest expense of the related debt is accrued.

b) Changes in the fair value of foreign currency forwards, designated as hedges of a portion of CEMEX's net investment in foreign subsidiaries, whose functional currency is different from the peso, are recognized in stockholders' equity, as part of the foreign currency translation result (notes 3D and 17B). The reversal of the cumulative effect in stockholders' equity to earnings would take place upon disposal of the foreign investment. When the hedging condition for these instruments is suspended, the subsequent valuation effects are recognized prospectively in the income statement.

c) Changes in the fair value of forward contracts in the Company's own shares are recognized in the income statement as incurred, including those contracts designated as hedges of executive stock option programs.

d) Changes in the fair value of foreign currency options and forward contracts, negotiated to hedge an underlying firm commitment, are first recognized in stockholders' equity and are subsequently reclassified to earnings starting when the firm commitment takes place and is recognized in the balance sheet, over the period in which the effects from the hedged item are recognized in the income statement.

e) The valuation effects of interest rate swaps and cross currency swaps ("CCS") are recognized and presented separately from the related short-term and long-term debt in the balance sheet; consequently, debt associated with the CCS is presented in the currencies originally negotiated. Accrued interest generated by interest rate swaps and CCS is recognized as financial expense in the relevant period, adjusting the effective interest rate of the related debt.

In addition, CEMEX reviews its different contracts to identify the existence of embedded derivatives. Identified embedded derivatives are analyzed to determine if they need to be separated from the host contract, and recognized in the balance sheet as assets or liabilities, applying the same valuation rules used with other derivative instruments.

Derivative instruments are negotiated with institutions with significant financial capacity; therefore, CEMEX believes the risk of non-performance of the obligations agreed to by such counterparties to be minimal. The estimated fair value represents the amount at which a financial asset could be bought or sold, or a financial liability could be extinguished, between willing parties in an arm's length transaction. Occasionally, there is a reference market that provides the estimated fair value; in the absence of such market, such value is determined by the net present value of projected cash flows or through mathematical valuation models. The estimated fair values of derivative instruments determined by CEMEX and used for valuation, recognition and disclosure purposes in the financial statements and their notes, are supported as well by the confirmations of these values received from the financial counterparties, which act as valuation agents in these transactions.

L) Provisions

CEMEX recognizes provisions when it has a legal or constructive obligation resulting from past events, whose resolution would imply cash outflows or the delivery of other resources owned by the Company.

Restructuring (note 14)

CEMEX recognizes a provision for restructuring costs only when the restructuring plans have been properly finalized and authorized by CEMEX's management, and have been communicated to the third parties involved and/or affected by the restructuring prior to the balance sheet date. These provisions may include costs not associated with CEMEX's ongoing activities.

Asset retirement obligations (note 14)

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

Asset retirement obligations are related mainly to future costs of demolition, cleaning and reforestation, so that the sites for the extraction of raw materials, the maritime terminals and other production sites are left in acceptable condition at the end of their operation.

Costs related to remediation of the environment (notes 14 and 21)

CEMEX recognizes a provision when it is probable that an environmental remediation liability exists and that it will represent an outflow of resources. The provision represents the estimated future cost of remediation. Provisions for environmental remediation costs are recognized at their nominal value when the time schedule for the disbursement is not clear, or when the economic effect for the passage of time is not significant; otherwise, such provisions are recognized at their discounted values. Reimbursements from insurance companies are recognized as assets only when their recovery is practically certain. In that case, such reimbursement assets are not offset against the provision for remediation costs.

Contingencies and commitments (notes 20 and 21)

Obligations or losses related to contingencies are recognized as liabilities in the balance sheet when present obligations exist resulting from past events that are expected to result in an outflow of resources and the amount can be measured reliably. Otherwise, a qualitative disclosure is included in the notes to the financial statements. The effects of long-term commitments established with third parties, such as supply contracts with suppliers or customers, are recognized in the financial statements on the incurred or accrued basis, after taking into consideration the substance of the agreements. Relevant commitments are disclosed in the notes to the financial statements. The Company does not recognize contingent revenues, income or assets.

M) Employee benefits (note 15)

Employees' statutory profit sharing

Under new MFRS D-3, "Employee Benefits" ("MFRS D-3"), beginning on January 1, 2008, current and deferred employees' statutory profit sharing ("ESPS") is not considered an element of income taxes. Likewise, deferred ESPS shall be calculated applying the ESPS rate to the total temporary differences resulting from comparing the book values and the taxable values for ESPS purposes of assets and liabilities according to applicable legislation. Until December 31, 2007, deferred ESPS was determined considering temporary differences of a non-recurring nature, arising from the reconciliation of net income and the taxable income of the period for ESPS purposes. The cumulative initial effect for the adoption of new MFRS D-3 as of January 1, 2008, represented an expense of approximately $2,283, which was included within "Retained earnings." Current and deferred ESPS is presented within "Other expenses, net."

Defined contribution plans

The costs of defined contribution pension plans are recognized in the operating results as they are incurred. Liabilities arising from such plans are settled through cash transfers to the employees' retirement accounts, without generating future obligations.

Defined benefit plans, other postretirement benefits and termination benefits

CEMEX recognizes the costs associated with employees' benefits for: a) defined benefit pension plans; b) other postretirement benefits, basically comprised of health care benefits, life insurance and seniority premiums, granted pursuant to applicable law or by Company grant; and c) termination benefits, not associated with a restructuring event, which mainly represent ordinary severance payments by law. These costs are recognized in the operating results, as services are rendered, based on actuarial estimations of the benefits' present value. The actuarial assumptions upon which the Company's employee benefit liabilities are determined consider the use of real rates (nominal rates discounted by inflation). For certain pension plans, irrevocable trust funds have been created to cover future benefit payments. These assets are valued at their estimated fair value at the balance sheet date.

The actuarial gains and losses ("actuarial results"), which exceed the greater of 10% of the fair value of the plan assets, and 10% of the present value of the plan obligations, the prior service cost and the transition liability, are amortized to the operating results over the employees' estimated active service life. In accordance with the transition rules of new MFRS D-3, beginning January 1, 2008, the actuarial results, prior service costs and the transition liability recognized as of December 31, 2007, should be amortized to the income statement in a maximum period of five years. The net periodic cost for the years ended December 31, 2009 and 2008 includes a portion of this transition amortization.

The net periodic cost recognized in the operating results includes: a) the increase in the obligation resulting from additional benefits earned by employees during the period; b) interest cost, which results from the increase in the liability by the passage of time; c) the amortization of the actuarial gains and losses, prior service cost and transition liability; and d) the expected return on plan assets for the period. Beginning in 2008, the excess of amortization expense in the net periodic pension cost resulting from the transition rule is recognized within "Other expenses, net."

N) Income taxes (note 16)

According to MFRS D-4, "Accounting for Income Taxes" ("MFRS D-4"), the effects reflected in the income statements for income taxes include the amounts incurred during the period as well as the amounts of deferred income taxes, in both cases determined according to the income tax law applicable to each subsidiary. Consolidated deferred income taxes represent the addition of the amounts determined in each subsidiary under the assets and liabilities method, by applying the enacted statutory income tax rate to the total temporary differences resulting from comparing the book and taxable values of assets and liabilities, taking into account and subject to a recoverability analysis, tax loss carryforwards as well as other recoverable taxes and tax credits. According to MFRS, all items charged or credited directly in stockholders' equity are recognized net of their deferred income tax effects. The effect of a change in enacted statutory tax rates is recognized in the income statement for the period in which the change occurs and is officially enacted.

For the recognition of deferred tax assets derived from net operating losses and their corresponding valuation reserve, CEMEX makes an assessment of: a) the aggregate amount of self-determined tax loss carryforwards included in its income tax returns in each country that CEMEX believes the tax authorities would not reject based on available evidence; and b) the likelihood of the recoverability of such tax loss carryforwards prior to their expiration through an analysis of estimated future taxable income. If CEMEX believes that it is more-likely-than-not that the tax authorities would reject a self-determined deferred tax asset, it would decrease its deferred tax assets. Likewise, if CEMEX believes that it would not be able to use a deferred tax carryforward asset before its expiration, CEMEX would increase its valuation reserve. Both situations would result in additional income tax expense in the income statement for the period in which such determination is made.

CEMEX takes into consideration all available positive and negative evidence, including factors such as market conditions, industry analysis, expansion plans, projected taxable income, carryforward periods, current tax structure, potential changes or adjustments in tax structure, tax planning strategies, future reversals of existing temporary differences, etc., in the determination of whether it is more likely than not that such deferred tax assets will ultimately be realized. Likewise, every reporting period, CEMEX analyzes its actual results versus the Company's estimates, and adjusts, as necessary, its tax asset valuations. If actual results vary from CEMEX's estimates, the deferred tax asset and/or valuations may be affected and necessary adjustments will be made based on relevant information. Any adjustments recorded will affect CEMEX's net income in such period.

On January 1, 2008, CEMEX adopted the new MFRS D-4, which: a) transferred the rules pertaining the accounting for current and deferred ESPS to MFRS D-3; b) ratified that a deferred tax asset can only be recognized when it is probable that such tax asset will be recovered against future income tax; c) required the cumulative effect at December 31, 2007 for the initial recognition of deferred income tax effects from the adoption of the assets and liabilities method to be reclassified from "Other equity reserves" to "Retained earnings" (note 3O); and d) eliminated the exception not to calculate deferred income tax for investments in associates. CEMEX recognized the cumulative initial effect as of January 1, 2008 against the caption of "Retained Earnings" in the consolidated stockholders' equity.

In connection with the new tax law approved in Mexico during November 2009, enacted and published on December 7, 2009 and that is effective beginning January 1, 2010 (note 16A), on December 15, 2009, CINIF issued for its immediate application Interpretation of Financial Reporting Standards 18, "Effects on income taxes arising from the tax reform 2010" ("Interpretation 18"), which establishes the accounting treatment of the tax liability that would be generated by the changes to the tax consolidation regime in Mexico included in the new tax law. These changes to the consolidation require entities, among other things, to determine income taxes as if the tax consolidation provisions in Mexico did not exist from 1999 and onward. Interpretation 18 establishes that the portion of the liability related to the tax effects on intercompany dividends, losses on the sale of shares and certain special tax items, should be recognized against retained earnings. Interpretation 18 also establishes that the tax liabilities associated with the tax loss carryforwards used in the tax consolidation of the Mexican subsidiaries should not be offset with deferred tax assets in the balance sheet; therefore, beginning as of December 31, 2009, CEMEX recognizes separately deferred income tax assets and liabilities associated with this concept. The realization of these tax assets is subject to the generation of future tax earnings in the controlled subsidiaries that generated the tax loss carryforwards in the past.

O) Stockholders' equity

Beginning on January 1, 2008, inflationary accounting was suspended in Mexico during low-inflation periods. Until 2007, stockholders' equity was restated using the restatement factors that considered the weighted averaged inflation and the changes between the exchange rates of the countries in which CEMEX operates and the Mexican peso. In compliance with Mexican regulations, common stock and additional paid-in capital were restated using the Mexican inflation factor. The corresponding inflation adjustment was included until December 31, 2007 within "Other equity reserves" in the balance sheet.

Common stock and additional paid-in capital (note 17A)

These items represent the value of stockholders' contributions.

Other equity reserves (note 17B)

This caption groups the cumulative effects of items and transactions that are, temporarily or permanently, recognized directly to stockholders' equity, and includes the elements of "Comprehensive income for the period," which is presented in the statement of changes in stockholders' equity. Comprehensive income includes, in addition to net income, certain changes in stockholders' equity during a period, not resulting from investments by owners and distributions to owners. The most important items within "Other equity reserves" are as follows:

Items of "Other equity reserves" included within comprehensive income:

- Results from holding non-monetary assets until December 31, 2007, which referred to the difference between the revaluation effect of non-monetary assets (inventories, fixed assets, intangible assets) using specific restatement factors, and the effect that would have resulted using inflation-only restatement factors;
- Currency translation effects from the translation of foreign subsidiaries' financial statements, net of changes in the estimated fair value of foreign currency forward contracts related to net investment in foreign subsidiaries (note 3K), and exchange results from foreign currency debt directly related to the acquisition of foreign subsidiaries, as well as from foreign currency related parties balances that are of a long-term investment nature (note 3D);
- The effective portion of the valuation and liquidation effects from derivative instruments under cash flow hedging relationships, which are recorded temporarily in stockholders' equity (note 3K); and
- The deferred income tax arising from items whose effects are directly recognized in stockholders' equity.

Items of "Other equity reserves" not included in comprehensive income:

- Effects related to controlling stockholders' equity for changes or transactions affecting non-controlling interest stockholders in CEMEX's consolidated subsidiaries;
- Effects attributable to controlling stockholders' equity for financial instruments issued by consolidated subsidiaries that qualify for accounting purposes as equity instruments, such as the interest expense paid on perpetual debentures;
- The component of equity of mandatorily convertible securities into shares of the Parent Company (note 13A). Upon conversion, this amount will be reclassified to common stock and additional paid-in capital;
- The cancellation of the Parent Company's shares held by consolidated subsidiaries; and
- Until December 31, 2007, included the cumulative initial effect of deferred income taxes arising from the adoption of the assets and liabilities method.

Retained earnings (note 17C)

Represents the cumulative net results of prior accounting periods, net of dividends declared to stockholders, and includes in 2009 a portion of the liability resulting from changes in the Mexican tax consolidation rules of approximately $2,245 (note 3N), and charges for the adoption of new MFRS in 2008 for: a) the reclassification of the accumulated results from holding non-monetary assets (note 3A); b) the reclassification of the cumulative initial deferred income tax effect (note 3N); c) the cumulative initial deferred income tax recognition in investments in associates; and d) the cumulative initial deferred income tax recognition based on the assets and liabilities method (note 3M), which decreased retained earnings by $97,722, $6,918, $920 and $2,283, respectively.

Non-controlling interest and perpetual debentures (note 17D)

Includes the share of non-controlling stockholders in the results and equity of consolidated subsidiaries. Likewise, this caption includes the notional amount of financial instruments (perpetual notes) issued by consolidated entities that qualify as equity instruments because there is: a) no contractual obligation to deliver cash or another financial asset; b) no predefined maturity date; and c) an unilateral option to defer interest payments or preferred dividends for indeterminate periods.

P) Revenue recognition

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

Revenue from the sale of goods and services is recognized upon shipment of products or through goods delivered or services rendered to customers, when there is no condition or uncertainty implying a reversal thereof, and they have assumed the risk of loss. Income generated from trading activities, in which CEMEX acquires finished goods from a third party and subsequently sells the good to another third party, are recognized on a gross basis, considering that CEMEX assumes the total risk of property on the goods purchased, not acting as agent or commissioner. Costs and expenses incurred in trading activities are recognized within either cost of sales, administrative, selling and distribution expenses, as appropriate.

Q) Cost of sales, administrative expenses and selling and distribution expenses

In 2009 and 2008, cost of sales represents the production cost of inventories at the moment of sale. Until 2007, cost of sales represented the lower of the replacement or production cost of inventories. Such cost of sales includes depreciation, amortization and depletion of assets involved in production, expenses related to storage in producing plants and freight of raw material between plants. Cost of sales excludes expenses related to personnel, equipment and services involved in sale activities, storage of product at points of sales as well as freight of finished product between plants and points of sale, which are recognized within administrative and selling expenses. Likewise, cost of sales excludes freight expenses between points of sales and customers' facilities, which are recognized within distribution expenses.

The "Administrative and selling expenses" line item in the income statements includes transfer costs from CEMEX's producing plants to its selling points, as well as costs related to warehousing of products at the selling points. For the years ended December 31, 2009, 2008 and 2007, selling expenses amounted to $9,310, $11,079 and $10,371, respectively. Distribution expenses refer to freight of finished products between points of sale and the customers' facilities.

R) Monetary position result

The monetary position result, which represents the gain or loss from holding monetary assets and liabilities in high-inflation environments, is determined by applying the inflation rate of the country of each subsidiary in a high-inflation environment to its net monetary position (difference between monetary assets and liabilities). Until December 31, 2007, this effect was determined for all subsidiaries without considering the inflation level.

S) Other expenses, net

The caption "Other expenses, net" in the income statement consists primarily of revenues and expenses derived from transactions or events not directly related to CEMEX's main activity, or which are of an unusual or non-recurring nature. The most significant items included under this caption for the years ended December 31, 2009, 2008 and 2007, were the following:

		2009	2008	2007
Impairment losses (notes 8, 9, 11 and 12)	$	(889)	(21,125)	(195)
Restructuring costs (note 14)		(1,100)	(3,141)	(1,058)
Charitable contributions		(264)	(174)	(367)
Current and deferred ESPS (note 3M)		(8)	2,283	(246)
Results from the sale of assets and others, net		(3,268)	754	(1,118)
Other expenses, net	$	(5,529)	(21,403)	(2,984)

T) Executive stock option programs (note 18)

Beginning on January 1, 2009, CEMEX applies MFRS D-8, "Share-based payments" ("MFRS D-8"), to recognize its executive stock-based compensation programs. Until December 31, 2008, CEMEX applied International Financial Reporting Standard 2 "Shared-based payments" ("IFRS 2"). There were no effects upon the adoption of MFRS D-8 in 2009. Awards granted to executives are defined as equity instruments, in which services received from employees are settled through the delivery of shares; or as liability instruments, in which the Company incurs a liability by committing to make cash payments to the executives on the exercise date of the awards based on changes in the Company's own stock (intrinsic value). The cost of equity instruments represents their estimated fair value at the date of grant and is recognized in earnings during the period in which the exercise rights of the employees become vested. In respect of liability instruments, these instruments are valued at their estimated fair value at each reporting date, recognizing the changes in valuation through the income statement. CEMEX determines the estimated fair value of options using the binomial financial option-pricing model.

CEMEX has concluded that the options in its "Fixed program" (note 18A) represent equity instruments considering that services received are settled through the issuance of new shares upon exercise; meanwhile, options granted under its other programs (note 18B, C and D) represent liability instruments.

U) Emission rights: european emission trading system to reduce greenhouse gas emissions

CEMEX, as a cement producer, is involved in the European Emission Trading Scheme ("EU ETS"), which aims to reduce carbon-dioxide emissions ("CO_2"). Under this directive, governments of the European Union ("EU") countries grant, currently at nil cost, CO_2 emission allowances ("EUAs"). If CO_2 emissions were to exceed EUAs received, CEMEX would then be required to purchase the deficit of EUAs in the market, which would represent an additional production cost. The EUAs granted by any member state of the EU can be used to settle emissions in another member state. Consequently, CEMEX manages its portfolio of EUAs held on a consolidated basis for its cement production operations in the EU. In addition, the United Nations environmental agency grants Certified Emission Reductions ("CERs") to qualified CO_2 emission reduction projects. These certificates may be used in specified proportions to settle EUAs obligations with the EU ETS. As of December 31, 2009, CEMEX is developing several projects to reduce CO_2 emissions that generate CERs.

CEMEX's accounting policy to recognize the effects derived from the EU ETS, in the absence of a MFRS or an IFRS that defines an accounting recognition for these schemes, is the following: a) EUAs received from different EU countries are recognized at cost; this presently means at zero value; b) any revenues received from the sale of any surplus of EUAs are recognized, decreasing cost of sales; c) EUAs and/or CERs acquired to hedge current CO_2 emissions for the period are recognized at cost as intangible assets, and are amortized to cost of sales during the remaining compliance period; d) EUAs and/or CERs acquired for trading purposes are recognized at cost as financial assets and are restated at their market value as of the balance sheet date, recognizing changes in valuation within "Results from financial instruments"; e) CEMEX accrues a provision against cost of sales when the estimated annual emissions of CO_2 are expected to exceed the number of EUAs, net of any benefit in the form of EUAs and/or CERs obtained through exchange transactions; and f) forward purchase and sale transactions of EUAs and/or CERs to hedge deficits, or to dispose of certain surpluses, are treated as contingencies and are recognized at the amount paid or received upon physical settlement; meanwhile, forward transactions entered into for trading purposes are treated as financial instruments and are recognized as assets or liabilities at their estimated fair value. Changes in valuation are recognized within "Results from financial instruments."

The second phase of the EU ETS began on January 1, 2008, comprising 2008 through 2012. CEMEX originally expected to receive from the governments an insufficient number of EUAs for the complete phase. However, even though there were reductions in some countries of the number of EUAs received as compared to phase one, the combined effect of alternate fuels that help reduce the emission of CO_2 and the downturn in production estimates in the European region during the second phase, as a result of the global economic crisis, which deepened beginning in September 2008, has generated an excess of EUAs received over the estimated CO_2 emissions during the second phase. From the consolidated surplus, nearly 13.1 million EUAs were sold during 2009 and 2008, with the Company receiving revenues of approximately $961 and $3,666, respectively, recognized in the cost of sales by decreasing energy costs.

As of December 31, 2008, CEMEX had contracts for the sale of 220,000 EUAs to be physically settled in December 2012 and a net aggregate amount of approximately €42 (US$59 or $807), as well as contracts for the exchange of EUAs for CERs, to be physically settled in December 2012, having a positive effect on CEMEX of approximately 1 million CERs. During 2009, CEMEX anticipatively settled these contracts in cash for the exchange of EUAs for CERs, resulting in no significant gains or losses. In addition, as of December 31, 2008, there were contracts for the sale of approximately 2.5 million EUAs settled during the first quarter of 2009, and the number of EUAs is included in the aggregate amount disclosed in the preceding paragraph. As of December 31, 2007, at the end of phase one of the EU ETS, CEMEX maintained a consolidated excess of EUAs over CO_2 emissions. During 2007 CEMEX purchase and sale transactions of EUAs were not significant.

V) Concentration of credit

CEMEX sells its products primarily to distributors in the construction industry, with no specific geographic concentration within the countries in which CEMEX operates. As of December 31, 2009, 2008 and 2007, no single customer individually accounted for a significant amount of the reported amounts of sales or in the balances of trade receivables. In addition, there is no significant concentration of a specific supplier relating to the purchase of raw materials.

W) Newly issued financial reporting standards

In 2009, the CINIF issued the following MFRS, effective beginning January 1, 2010 or 2011, as indicated below:

MFRS C-1, "Cash and cash equivalents" ("MFRS C-1")

New MFRS C-1, which supersedes Bulletin C-1, "Cash," becomes effective beginning January 1, 2010. The main change is, in addition to certain changes to the terminology, the presentation within the caption of "Cash and cash equivalents" in the balance sheet of restricted cash and cash equivalents. CEMEX does not anticipate any material impact as a result of the adoption of new MFRS C-1 in 2010.

MFRS B-5, "Financial information by segments" ("MFRS B-5")

New MFRS B-5 supersedes Bulletin B-5, "Financial information by segments." The most significant changes beginning on January 1, 2011 are the following: (i) companies should disclose information by operating segment which is usually used by top management, in addition to the current disclosure of information by products or services and geographical segments; (ii) the requirement that companies disclose information by primary and secondary segments will be eliminated; (iii) a business in pre-operative stage may be considered as an operating segment; (iv) disclosure by segments of financial income and expenses will be required, as well as other components of Comprehensive Financial Result; and (v) disclosure of liabilities by operating segment will be required. CEMEX does not anticipate any material impact as a result of the adoption of new MFRS B-5 in 2011.

MFRS B-9, "Interim Financial Reporting" ("MFRS B-9")

New MFRS B-9 supersedes Bulletin B-9, "Interim Financial Reporting." The most significant changes beginning on January 1, 2011 are the following: (i) MFRS B-9 requires the statement of changes in stockholders' equity and the statement of cash flows in addition to the balance sheet and the income statements; and (ii) requires for all financial statements that information presented for interim periods be compared to the equivalent interim period for the immediate previous year, and in the case of the balance sheet also to be compared to the balance sheet as of the end of the immediate prior year. CEMEX does not anticipate any material impact as a result of the adoption of new MFRS B-9 in 2011.

4. SELECTED FINANCIAL INFORMATION BY GEOGRAPHIC OPERATING SEGMENT AND DISCONTINUED OPERATIONS

4A) Geographic operating segments

Operating segments are defined as the components of an entity oriented to the production and sale of goods and services, which are subject to risks and benefits different from those associated with other business segments. CEMEX operates principally in the construction industry segment through the production, distribution, marketing and sale of cement, ready-mix concrete and aggregates.

CEMEX operates geographically on a regional basis. Each regional manager supervises and is responsible for all the business activities in the countries comprising the region. These activities refer to the production, distribution, marketing and sale of cement, ready-mix concrete and aggregates. The country manager, who is one level below the regional manager in the organizational structure, reports his business unit operating results, including all the operating sectors, to the regional manager. CEMEX's management internally evaluates the results and performance of each country and region for decision-making purposes, following a vertical integration approach. According to this approach, in the daily operations, management allocates economic resources on a country basis rather than on an operating component basis.

The main indicator used by CEMEX's management to evaluate the performance of each country is operating EBITDA, which CEMEX defines as operating income plus depreciation and amortization. This indicator, which is presented in the selected financial information by geographic operating segment, is consistent with the information used by CEMEX's management for decision-making purposes. The accounting policies applied to determine the financial information by geographic operating segment are consistent with those described in note 3. CEMEX recognizes sales and other transactions between related parties based on market values.

Selected income statement information by geographic operating segment for the years ended December 31, 2008 and 2007 has been modified as a result of the presentation of discontinued operations. Information for the years ended December 31, 2009, 2008 and 2007 was as follows:

2009	Net sales (including related parties)	Related parties	Consolidated net sales	Operating income (loss)	Operating depreciation and amortization	Operating EBITDA
North America						
Mexico	$ 42,339	(730)	41,609	13,965	1,878	15,843
United States	38,472	–	38,472	(6,731)	8,505	1,774
Europe [2]						
Spain	11,308	(127)	11,181	1,836	911	2,747
United Kingdom	16,126	–	16,126	(481)	1,001	520
Rest of Europe	46,532	(1,454)	45,078	2,827	2,388	5,215
Central and South America and the Caribbean [3]						
Colombia	6,766	(2)	6,764	2,662	406	3,068
Rest of Central and South America and the Caribbean	14,031	(1,710)	12,321	3,002	1,129	4,131
Africa and Middle East [4]						
Egypt	8,371	–	8,371	3,335	311	3,646
Rest of Africa and Middle East	6,425	–	6,425	715	322	1,037
Asia [5]						
Philippines	3,867	(287)	3,580	1,180	327	1,507
Rest of Asia	2,566	–	2,566	81	148	229
Others [6]	8,334	(3,026)	5,308	(6,551)	2,987	(3,564)
Total	$ 205,137	(7,336)	197,801	15,840	20,313	36,153

Selected income statement information by geographic operating segment – continued.

2008		Net sales (including related parties)	Related parties	Consolidated net sales	Operating income (loss)	Operating depreciation and amortization	Operating EBITDA
North America							
Mexico	$	42,856	(1,221)	41,635	14,254	1,880	16,134
United States		52,040	–	52,040	(111)	7,950	7,839
Europe [2]							
Spain		17,493	(306)	17,187	3,883	883	4,766
United Kingdom		19,225	–	19,225	(801)	986	185
Rest of Europe		49,819	(1,332)	48,487	3,781	2,833	6,614
Central and South America and the Caribbean [3]							
Venezuela		4,443	(157)	4,286	958	392	1,350
Colombia		6,667	(3)	6,664	2,235	735	2,970
Rest of Central and South America and the Caribbean		13,044	(1,267)	11,777	2,622	401	3,023
Africa and Middle East [4]							
Egypt		5,219	–	5,219	2,104	240	2,344
Rest of Africa and Middle East		6,831	–	6,831	494	271	765
Asia [5]							
Philippines		2,928	(256)	2,672	711	283	994
Rest of Asia		2,626	–	2,626	27	117	144
Others [6]		12,362	(5,346)	7,016	(4,069)	2,728	(1,341)
Total	$	235,553	(9,888)	225,665	26,088	19,699	45,787

2007		Net sales (including related parties)	Related parties	Consolidated net sales	Operating income (loss)	Operating depreciation and amortization	Operating EBITDA
North America [1]							
Mexico	$	41,814	(816)	40,998	12,549	1,869	14,418
United States		54,607	–	54,607	5,966	6,848	12,814
Europe [2]							
Spain		23,781	(205)	23,576	6,028	889	6,917
United Kingdom		22,432	(1)	22,431	(446)	1,130	684
Rest of Europe		47,100	(1,344)	45,756	3,281	2,033	5,314
Central and South America and the Caribbean [3]							
Venezuela		7,317	(494)	6,823	1,971	832	2,803
Colombia		6,029	–	6,029	2,038	413	2,451
Rest of Central and South America and the Caribbean		10,722	(727)	9,995	1,975	839	2,814
Africa and Middle East [4]							
Egypt		3,723	–	3,723	1,533	232	1,765
Rest of Africa and Middle East		4,666	–	4,666	(51)	117	66
Asia [5]							
Philippines		3,173	(405)	2,768	851	304	1,155
Rest of Asia		2,068	–	2,068	33	83	116
Others [6]		17,872	(13,160)	4,712	(4,118)	1,553	(2,565)
Total	$	245,304	(17,152)	228,152	31,610	17,142	48,752

All significant balances and transactions between related parties have been eliminated in the preparation of the selected balance sheet information by operating geographic segments. As of December 31, 2009 and 2008, the information was as follows:

December 31, 2009		Investments in associates	Other segment assets	Total assets	Total liabilities	Net assets by segment	Capital expenditures
North America							
Mexico	$	790	63,995	64,785	13,983	50,802	1,157
United States		3,025	246,772	249,797	24,479	225,318	817
Europe [2]							
Spain		212	66,701	66,913	8,751	58,162	1,028
United Kingdom		257	38,074	38,331	17,324	21,007	781
Rest of Europe		944	56,988	57,932	17,721	40,211	2,446
Central and South America and the Caribbean [3]							
Colombia		–	11,203	11,203	4,530	6,673	66
Rest of Central and South America and the Caribbean		25	21,648	21,673	4,618	17,055	1,354
Africa and Middle East [4]							
Egypt		–	8,982	8,982	3,979	5,003	324
Rest of Africa and Middle East		–	10,150	10,150	2,401	7,749	69
Asia [5]							
Philippines		–	8,657	8,657	1,852	6,805	85
Rest of Asia		–	2,202	2,202	567	1,635	15
Corporate [6]		4,925	29,264	34,189	211,426	(177,237)	–
Others [6]		935	6,537	7,472	13,085	(5,613)	512
Total	$	11,113	571,173	582,286	324,716	257,570	8,654

Selected balance sheet information by geographic operating segment – continued.

December 31, 2008	Investments in associates	Other segment assets	Total assets	Total liabilities	Net assets by segment	Capital expenditures
North America						
Mexico	$ 731	64,967	65,698	11,805	53,893	5,422
United States	3,573	274,199	277,772	34,038	243,734	4,265
Europe [2]						
Spain	288	61,277	61,565	23,041	38,524	2,037
United Kingdom	443	37,437	37,880	16,929	20,951	1,492
Rest of Europe	911	60,664	61,575	18,154	43,421	5,345
Central and South America and the Caribbean [3]						
Venezuela	–	–	–	–	–	57
Colombia	–	10,538	10,538	4,206	6,332	220
Rest of Central and South America and the Caribbean	26	21,741	21,767	4,773	16,994	1,663
Africa and Middle East [4]						
Egypt	–	9,271	9,271	3,018	6,253	646
Rest of Africa and Middle East	–	11,282	11,282	3,222	8,060	280
Asia [5]						
Philippines	–	8,821	8,821	1,698	7,123	175
Rest of Asia	–	2,575	2,575	648	1,927	73
Corporate [6]	4,443	9,837	14,280	234,042	(219,762)	–
Others [6]	1,478	9,591	11,069	26,782	(15,713)	1,488
Total [7]	$ 11,893	582,200	594,093	382,356	211,737	23,163

Total consolidated liabilities in 2009 and continuing operations in 2008 include debt of $211,144 in 2009 and $258,074 in 2008. Of such balances, 27% in 2009 and 30% in 2008 is in the Parent Company, 40% and 45% in Spain, 14% in both years in finance Dutch subsidiaries, 15% in 2009 and 4% in 2008 in a financial company in the United States, and 4% in 2009 and 7% in 2008 in other countries.

Net sales by sector and geographic segment for the years ended December 31, 2009, 2008 and 2007 were as follows:

2009	Cement	Concrete	Aggregates	Others	Eliminations	Net sales
North America						
Mexico	$ 27,991	11,344	1,472	9,952	(9,150)	41,609
United States	13,736	13,773	8,354	8,706	(6,097)	38,472
Europe [2]						
Spain	8,448	3,205	985	1,873	(3,330)	11,181
United Kingdom	3,421	5,886	5,576	6,793	(5,550)	16,126
Rest of Europe	12,460	25,783	10,206	5,961	(9,332)	45,078
Central and South America and the Caribbean [3]						
Colombia	5,314	2,032	284	672	(1,538)	6,764
Rest of Central and South America and the Caribbean	11,504	3,188	318	1,518	(4,207)	12,321
Africa and Middle East [4]						
Egypt	7,604	754	49	88	(124)	8,371
Rest of Africa and Middle East	940	4,970	920	707	(1,112)	6,425
Asia [5]						
Philippines	3,850	–	–	17	(287)	3,580
Rest of Asia	739	1,534	168	227	(102)	2,566
Others [6]	–	–	–	8,335	(3,027)	5,308
Total	$ 96,007	72,469	28,332	44,849	(43,856)	197,801

2008	Cement	Concrete	Aggregates	Others	Eliminations	Net sales
North America						
Mexico	$ 28,666	13,017	1,355	7,597	(9,000)	41,635
United States	17,429	19,601	11,379	17,258	(13,627)	52,040
Europe [2]						
Spain	11,900	5,267	1,224	3,526	(4,730)	17,187
United Kingdom	3,773	7,427	6,574	8,208	(6,757)	19,225
Rest of Europe	14,222	27,124	9,815	6,483	(9,157)	48,487
Central and South America and the Caribbean [3]						
Venezuela	3,046	1,398	204	106	(468)	4,286
Colombia	4,656	2,340	450	1,159	(1,941)	6,664
Rest of Central and South America and the Caribbean	10,518	3,234	249	810	(3,034)	11,777
Africa and Middle East [4]						
Egypt	4,728	485	39	80	(113)	5,219
Rest of Africa and Middle East	–	5,449	799	1,263	(680)	6,831
Asia [5]						
Philippines	2,919	–	–	9	(256)	2,672
Rest of Asia	791	1,533	166	229	(93)	2,626
Others [6]	–	–	–	12,355	(5,339)	7,016
Total	$ 102,648	86,875	32,254	59,083	(55,195)	225,665

Net sales by sector and geographic segment – continued.

2007		Cement	Concrete	Aggregates	Others	Eliminations	Net sales
North America [1]							
Mexico	$	29,221	13,618	1,128	6,745	(9,714)	40,998
United States		20,476	22,675	10,674	12,230	(11,448)	54,607
Europe [2]							
Spain		16,007	6,873	1,561	6,379	(7,244)	23,576
United Kingdom		4,366	9,289	7,503	8,695	(7,422)	22,431
Rest of Europe		12,531	25,663	9,499	6,695	(8,632)	45,756
Central and South America and the Caribbean [3]							
Venezuela		5,106	2,179	246	321	(1,029)	6,823
Colombia		4,313	2,223	385	1,209	(2,101)	6,029
Rest of Central and South America and the Caribbean		8,551	2,674	139	506	(1,875)	9,995
Africa and Middle East [4]							
Egypt		3,430	294	–	32	(33)	3,723
Rest of Africa and Middle East			4,142	–	774	(250)	4,666
Asia [5]							
Philippines		3,173	–	–	–	(405)	2,768
Rest of Asia		720	1,026	151	247	(76)	2,068
Others [6]		–	–	–	17,872	(13,160)	4,712
Total	$	107,894	90,656	31,286	61,705	(63,389)	228,152

Footnotes to the geographic segment tables presented above:

1 In 2007, "United States" includes Rinker's operations in that country for the period from July 1 to December 31, 2007.

2 For the reported periods, the segment "Rest of Europe" refers primarily to operations in Germany, France, Ireland, the Czech Republic, Austria, Poland, Croatia, Hungary and Latvia.

3 For the reported periods, the segment "Rest of Central and South America and the Caribbean" includes CEMEX's operations in Costa Rica, Panama, Puerto Rico, the Dominican Republic, Nicaragua, other countries in the Caribbean, Guatemala, and small ready-mix concrete operations in Jamaica and Argentina. As mentioned in note 12A, in August 2008 the Government of Venezuela nationalized CEMEX's operations in that country, therefore, operations reported in 2008 refer to the seven-month period ended July 31, 2008.

4 The segment "Rest of Africa and Middle East" includes the operations in the United Arab Emirates and Israel.

5 For the reported periods, the segment "Rest of Asia" includes the operations in Thailand, Bangladesh, China and Malaysia, and, in 2007, Rinker's operations in China for the period from July 1 to December 31, 2007.

6 These segments refer to: 1) cement trade maritime operations, 2) the subsidiary involved in the development of information technology solutions (Neoris, N.V.), 3) the Parent Company and other corporate entities, and 4) other minor subsidiaries with different lines of business.

7 In 2008, the amounts of "Total assets" and "Total liabilities" presented in this table are not directly comparable to the total amounts presented in the corresponding captions of the consolidated balance sheet, due to the presentation of the Australia operations as a discontinued operation.

4B) Discontinued operations

On October 1, 2009, after all the agreed upon conditions precedent were satisfied, CEMEX completed the sale of its Australian operations to a subsidiary of Holcim Ltd. for approximately 2,020 million Australian dollars (approximately US$1,700). The assets divested consisted of 249 ready-mix concrete plants, 83 aggregate quarries and 16 concrete pipe plants. The sale also included CEMEX's 25% interest in Cement Australia, which assets include four cement plants, one grinding mill and several works under construction, with an aggregate cement production capacity of 5.1 million tons. As a result of this significant divestiture, the assets and liabilities associated with the Australian operations are presented in the balance sheet as of December 31, 2008 as "Discontinued operations" in the corresponding captions within current or non-current assets and liabilities, as the case may be. Likewise, Australian operations included in the income statements for the years ended December 31, 2009, 2008 and 2007, were reclassified to the single line item of "Discontinued operations," which includes in 2009, a loss on sale, net of income tax, and the reclassification of foreign currency translation effects accrued in equity for an aggregate amount of approximately $5,901 (US$446). The 2009 loss on the sale of CEMEX's Australian assets includes an expense of approximately $1,310 (US$99) resulting from the reclassification to the income statements of foreign currency translation effects accrued in equity until the moment of sale, as well as an income tax benefit of approximately $2,528 (US$191).

Selected condensed balance sheet information of discontinued operations of CEMEX in Australia as of September 30, 2009 and December 31, 2008 was as follows:

		(unaudited) September 30, 2009	December 31, 2008
Current assets	$	6,027	4,672
Investment in associates		2,870	2,307
Property, machinery and equipment, net		13,343	11,577
Goodwill		8,657	7,067
Intangible assets, net		3,885	3,082
Other non-current assets		850	824
Total assets from discontinued operations		**35,632**	**29,529**
Short-term debt		1,634	1
Other current liabilities		2,634	2,554
Long-term debt		140	19
Other non-current liabilities		2,324	1,425
Total liabilities from discontinued operations		**6,732**	**3,999**
Net assets from discontinued operations	**$**	**28,900**	**25,530**

The following table presents condensed income statement information of the discontinued operations of CEMEX Australia for the nine-month period ended September 30, 2009, as well as the twelve-month and six-month periods ended December 31, 2008 and 2007, respectively:

		2009	2008	2007
Sales	$	13,015	17,536	8,517
Cost of sales and operating expenses		(11,817)	(15,740)	(7,679)
Operating income		1,198	1,796	838
Other expenses, net		(87)	(92)	(297)
Comprehensive financial result		(179)	(399)	69
Equity in income of associates		208	229	–
Income before income tax		1,140	1,534	610
Income tax		512	563	(322)
Net income	$	1,652	2,097	288
Depreciation	$	631	856	330
Amortization	$	256	309	159
Capital expenditures	$	128	737	336

5. CASH AND INVESTMENTS

As of December 31, 2009 and 2008, consolidated cash and investments consisted of:

		2009	2008
Cash and bank accounts	$	11,295	10,336
Fixed-income securities		2,783	1,962
Investments in marketable securities		26	602
	$	14,104	12,900

The balance of cash and investments excludes amounts deposited in margin accounts that guarantee several obligations of CEMEX for approximately $3,962 in 2009 and $10,484 in 2008, of which approximately $2,553 in 2009 and the total amount in 2008, associated with derivative financial instruments, were offset against the liabilities of CEMEX with its counterparties.

6. TRADE ACCOUNTS RECEIVABLE

As of December 31, 2009 and 2008, consolidated trade accounts receivable consisted of:

		2009	2008
Trade accounts receivable	$	15,954	18,182
Allowances for doubtful accounts		(2,571)	(2,261)
	$	13,383	15,921

As of December 31, 2009 and 2008, trade receivables exclude trade accounts receivable of $9,624 (US$735) and $14,667 (US$1,068), respectively, that were sold to financial institutions under securitization programs for the sale of trade receivables, established in Mexico, the United States, Spain and France. Under these programs, CEMEX effectively surrenders control associated with the trade receivables sold and there is no guarantee or obligation to reacquire the assets; therefore, the amount of receivables sold is removed from the balance sheet at the moment of sale, except for the amounts owed by the counterparties, which are reclassified to other short-term accounts receivable. Trade receivables qualifying for sale do not include amounts over certain days past due or concentrations over certain limits to any one customer, according to the terms of the programs. The discount granted to the acquirers of the trade receivables is recognized as financial expense and amounted to approximately $645 (US$47) in 2009, $656 (US$58) in 2008 and $673 (US$62) in 2007.

During June and July 2009, CEMEX renewed its expiring prior securitization programs for the sale of trade receivables in Mexico and the United States. The new programs mature in December 2011 in Mexico and June 2010 in the United States. In addition, in June 2009, CEMEX extended its securitization program in France until May 2010.

Allowances for doubtful accounts are established according to the credit history and risk profile of each customer. Changes in the valuation allowance for doubtful accounts in 2009, 2008 and 2007, were as follows:

		2009	2008	2007
Allowances for doubtful accounts at beginning of period	$	2,261	1,991	1,526
Charged to selling expenses		777	602	384
Deductions		(454)	(523)	(69)
Business combinations		–	63	173
Foreign currency translation and inflation		(13)	128	(23)
Allowances for doubtful accounts at end of period	$	2,571	2,261	1,991

7. OTHER ACCOUNTS RECEIVABLE

As of December 31, 2009 and 2008, consolidated other accounts receivable consisted of:

		2009	2008
Non-trade accounts receivable	$	3,650	4,470
Current portion of valuation of derivative instruments		1,259	2,650
Interest and notes receivable		3,700	1,253
Loans to employees and others		375	629
Refundable taxes		356	535
	$	9,340	9,537

Non-trade accounts receivable are mainly attributable to the sale of assets. The caption "Interests and notes receivable" include $3,083 in 2009 and $1,057 in 2008, arising from uncollected trade receivables sold under securitization programs (note 6), and $235 in 2009 arising from the settlement of derivative instruments related to perpetual debentures issued by CEMEX (notes 13C and 17D).

8. INVENTORIES

As of December 31, 2009 and 2008, consolidated balances of inventories are summarized as follows:

		2009	2008
Finished goods	$	5,168	6,828
Work-in-process		3,207	3,718
Raw materials		3,005	3,711
Materials and spare parts		5,729	6,391
Advances to suppliers		331	676
Inventory in transit		233	429
Allowance for obsolescence		(482)	(538)
	$	17,191	21,215

CEMEX recognized inventory impairment losses of approximately $91 in 2009, $81 in 2008 and $131 in 2007.

9. OTHER CURRENT ASSETS

As of December 31, 2009 and 2008, consolidated other current assets consisted of:

		2009	2008
Advance payments	$	1,497	1,416
Assets held for sale		1,255	2,534
	$	2,752	3,950

Assets held for sale are stated at their estimated realizable value and include real state properties received in payment of trade receivables. During 2009, CEMEX recognized impairment losses in connection with assets held for sale in the United States for approximately $253.

10. INVESTMENTS IN ASSOCIATES AND OTHER INVESTMENTS AND NON-CURRENT ACCOUNTS RECEIVABLE

10A) Investments in associates

As of December 31, 2009 and 2008, consolidated investments in shares of associates are summarized as follows:

		2009	2008
Book value at acquisition date	$	5,179	5,764
Changes in stockholders' equity since acquisition		5,934	6,129
	$	11,113	11,893

As of December 31, 2009 and 2008, investments in shares of associates were as follows:

	Activity	Country	%		2009	2008
Control Administrativo Mexicano, S.A. de C.V.	Cement	Mexico	49.0	$	4,491	4,439
Ready Mix USA, LLC	Concrete	United States	49.9		2,194	2,586
Trinidad Cement Ltd	Cement	Trinidad	20.0		591	660
Cancem, S.A. de C.V.	Cement	Mexico	10.3		478	480
Société Méridionale de Carrières	Aggregates	France	33.3		331	320
Société d'Exploitation de Carrières	Aggregates	France	50.0		227	254
ABC Capital S.A. de C.V.S.F.O.M.	Financing	Mexico	49.0		301	221
Société des Ciments Antillais	Cement	French Antilles	26.1		173	231
Huttig Building Products Inc.	Materials	United States	28.1		98	228
Lehigh White Cement Company	Cement	United States	24.5		214	224
Other companies	–	–	–		2,015	2,250
				$	11,113	11,893

In 2005, CEMEX, Inc., the Company's subsidiary in the United States, and Ready Mix USA, Inc., a ready-mix concrete producer in the southeastern United States, established two limited liability companies, CEMEX Southeast, LLC and Ready Mix USA, LLC. Pursuant to the relevant agreements, CEMEX contributed to CEMEX Southeast, LLC the cement plants in Demopolis, AL and Clinchfield, GA and 11 cement terminals, representing approximately 98% of the contributed capital, while Ready Mix USA's contributions represented approximately 2% of the contributed capital. To Ready Mix USA, LLC, CEMEX contributed ready-mix concrete, aggregates and concrete block plants in Florida and Georgia, representing approximately 9% of the contributed capital, while Ready Mix USA contributed all of its ready-mix concrete and aggregates operations in Alabama, Georgia, the Panhandle region in Florida and Tennessee, as well as its concrete block plants in Arkansas, Tennessee, Mississippi, Florida and Alabama, representing approximately 91% of the contributed capital. CEMEX owns a 50.01% interest, and Ready Mix USA owns a 49.99% interest, in the profits and losses and voting rights of CEMEX Southeast, LLC; whereas Ready Mix USA owns a 50.01% interest and CEMEX owns a 49.99% interest, in the profits and losses and voting rights of Ready Mix USA, LLC. CEMEX has control and fully consolidates CEMEX Southeast, LLC. CEMEX's interest in Ready Mix USA, LLC is accounted for by the equity method.

In January 2008, in connection with the assets acquired from Rinker and as part of the agreements with Ready Mix USA, CEMEX contributed and sold to Ready Mix USA, LLC certain assets located in the sites of Georgia, Tennessee and Virginia, at a fair value of approximately US$437, receiving an established value of US$380, which included the value of the contribution of US$260 and the value of the sale of US$120 received in cash. As part of the same transaction, Ready Mix USA contributed US$125 in cash to Ready Mix USA, LLC which, in turn, received bank loans of US$135 and made a special distribution to CEMEX in cash of US$135. Ready Mix USA manages all the assets acquired. Following this transaction, Ready Mix USA, LLC continues to be owned 50.01% by Ready Mix USA and 49.99% by CEMEX. The difference between the fair value and the established value of approximately US$57 is included within investment in associates.

In March 2008, CEMEX announced the sale, through a subsidiary, of 119 million of CPOs of AXTEL, S.A.B. de C.V. ("AXTEL"), which represented 9.5% of the equity capital of AXTEL for approximately $2,738, recognizing a net gain of approximately $1,463 in 2008 within "Other expenses, net." The sale represented approximately 90% of CEMEX's position in AXTEL, which had been part of the Company's investments in associates.

In June 2009, CEMEX sold its 49% interest in an aggregates joint venture in Wyoming to Martin Marietta Materials, Inc., as well as three quarries located in Nebraska, Wyoming and Utah in the United States for approximately US$65 and recognized a loss related to the sale of these assets of approximately US$64.

10B) Other investments and non-current accounts receivable

As of December 31, 2009 and 2008, other investments and non-current accounts receivable are summarized as follows:

		2009	2008
Non-current portion of valuation of derivative financial instruments	$	6,512	8,002
Non-current accounts receivable and other assets		13,987	15,314
Investments in private funds		532	493
	$	21,031	23,809

In 2009 and 2008, "Non-current accounts receivable and other assets" include approximately $6,147 and $6,877, respectively, corresponding to CEMEX's net investment in its expropriated assets in Venezuela (note 12A), $156 in 2009 and $98 in 2008 of the remaining portion of CPOs of AXTEL, as well as $916 in 2009 of an investment restricted for acquisitions in cement, concrete and/or aggregates businesses, and $1,011 in 2009 resulting from the settlement of derivative instruments associated with the perpetual debentures, which will be used to pay coupons under such instruments (notes 13C and 17D).

In 2009, 2008 and 2007, proceeds were contributed to private funds for US$5 ($65), US$1 ($14) and US$4 ($44), respectively.

11. PROPERTY, MACHINERY AND EQUIPMENT

As of December 31, 2009 and 2008, consolidated property, machinery and equipment consisted of:

		2009	2008
Land and mineral reserves	$	83,568	82,299
Buildings		65,285	67,029
Machinery and equipment		253,797	260,538
Construction in progress		18,433	17,663
Accumulated depreciation and depletion		(162,220)	(157,248)
	$	258,863	270,281

Changes in property, machinery and equipment in 2009, 2008 and 2007, excluding the discontinued operations in Australia (note 4B), were as follows:

		2009	2008	2007
Cost of property, machinery and equipment at beginning of period	$	427,529	403,967	340,265
Accumulated depreciation and depletion at beginning of period		(157,248)	(153,953)	(138,840)
Net book value at beginning of period		270,281	250,014	201,425
Capital expenditures		8,307	22,554	21,885
Capitalization of comprehensive financing result		347	609	68
Total additions		8,654	23,163	21,953
Disposals [1]		(4,040)	(5,084)	(509)
Reclassifications [2]		3,603	(11,656)	–
Contribution and sale to associates [3]		–	(4,588)	–
Additions through business combinations		733	98	41,821
Depreciation and depletion for the period		(15,963)	(15,611)	(14,522)
Impairment losses		(503)	(1,045)	(64)
Foreign currency translation and inflation effects [4]		(3,902)	34,990	(90)
Cost of property, machinery and equipment at end of period		421,083	427,529	403,967
Accumulated depreciation and depletion at end of period		(162,220)	(157,248)	(153,953)
Net book value at end of period	$	258,863	270,281	250,014

[1] In 2008, includes approximately $4,200 of the carrying amount of fixed assets sold in Italy and Spain (note 12A).

[2] In 2008, includes the reclassification to "Other non-current assets" for the expropriation of assets in Venezuela for $8,053 and the reclassification of fixed assets of Austria and Hungary as assets held for sale to the item of "Other non-current accounts receivable" for $3,603 (note 12A).

[3] Refers to the contribution and sale of assets to Ready Mix USA, LLC detailed in note 10A.

[4] The effects presented in this caption refer to fluctuations in exchange rates for the period between the functional currency of the reporting unit and the peso, and, until December 31, 2007, to the restatement adjustment to constant pesos.

During 2009, in connection with impairment tests conducted considering certain triggering events, such as the closing of ready-mix plants resulting from adjusting the supply to current demand conditions and the transferring of installed capacity to more efficient plants, among other factors, impairment losses in machinery and equipment were recognized in Puerto Rico for $282, the United States for $154 and other countries for $67. In 2008, considering the same factors, impairment losses were recognized in the United States for $511, Poland for $322 and other countries for $212. In 2007, impairment losses were mainly attributable to idle assets in the United Kingdom, Mexico and Philippines. The related assets were adjusted to their estimated realizable value.

12. GOODWILL, INTANGIBLE ASSETS AND DEFERRED CHARGES

As of December 31, 2009 and 2008, consolidated goodwill, intangible assets and deferred charges are summarized as follows:

		2009			2008	
	Cost	Accumulated amortization	Carrying amount	Cost	Accumulated amortization	Carrying amount
Intangible assets of indefinite useful life:						
Goodwill	$ 150,827	–	150,827	$ 157,541	–	157,541
Intangible assets of definite useful life:						
Extraction rights	28,986	(2,286)	26,700	30,466	(1,644)	28,822
Cost of internally developed software	7,807	(5,075)	2,732	7,997	(3,807)	4,190
Industrial property and trademarks	3,317	(1,908)	1,409	3,619	(1,564)	2,055
Customer relationships	4,936	(1,224)	3,712	5,281	(781)	4,500
Mining projects	2,161	(431)	1,730	1,219	(24)	1,195
Others intangible assets	7,635	(4,665)	2,970	8,007	(3,466)	4,541
Deferred charges and others:						
Deferred income taxes (notes 16A and 16B)[1]	36,751	–	36,751	20,909	–	20,909
Deferred financing costs	9,333	(1,655)	7,678	1,280	(446)	834
	$ 251,753	(17,244)	234,509	$ 236,319	(11,732)	224,587

[1] The balance of deferred taxes includes $3 and $11 of deferred ESPS in 2009 and 2008, respectively.

During 2009, CEMEX sold its assets in Australia. Goodwill and intangible assets in Australia for 2008 were reclassified to "Non-current assets from discontinued operations" (note 4B).

The amortization of intangible assets of definite useful life was approximately $4,350 in 2009, $4,088 in 2008 and $2,654 in 2007, recognized within operation costs and expenses, except for approximately $215 in 2007 as a result of intangible assets related to customers, which were recognized within "Other expenses, net." During 2009, impairment losses related to intangible assets of definite life were recognized for approximately $42.

During 2009, CEMEX capitalized financing costs associated with its Financing Agreement (note 13A) for approximately $8,378 (US$616). Under MFRS, CEMEX's debt Financing Agreement qualified as the issuance of new debt and the extinguishment of the old facilities. Consequently, approximately $608 (US$45) of deferred financing costs associated with the extinguished debt were recognized immediately in the income statement.

In April 2008, in connection with the purchase of Rinker Group Limited ("Rinker") (note 12A), considering information and evidence which was unavailable at the end of 2007, CEMEX defined as intangible assets of definite useful life, extraction permits in the cement and aggregates sector in the United States for an amount of $10,156, and assigned an average useful life of 30 years. Amortization of these assets was recorded prospectively from the change in definition. In 2007, those assets were identified as having indefinite life.

Goodwill

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 after purchase. Goodwill balances by reporting unit as of December 31, 2009 and 2008, are the following:

	2009	2008
North America		
United States	$ 116,784	123,428
Mexico	6,354	6,412
Europe		
Spain	9,217	9,069
United Kingdom	4,569	4,350
France	3,635	3,638
Rest of Europe [1]	587	697
Central and South America and the Caribbean		
Colombia	5,109	5,063
Dominican Republic	226	231
Rest of Central and South America and the Caribbean [2]	951	985
Africa and Middle East		
United Arab Emirates	1,373	1,557
Egypt	231	231
Asia		
Philippines	1,425	1,505
Others		
Other reporting units [3]	366	375
	$ 150,827	157,541

[1] This segment includes reporting units in Czech Republic and Latvia.

[2] This segment includes reporting units in Costa Rica, Panama and Puerto Rico.

[3] This segment primarily consists of CEMEX's subsidiary in the information technology and software development business.

Changes in goodwill in 2009, 2008 and 2007, excluding effects from the discontinued Australian assets (note 4B), are as follows:

		2009	2008	2007
Balance at beginning of period	$	157,541	142,344	56,546
Increase for business acquisitions		504	1,289	88,440
Disposals		(414)	(187)	–
Impairment losses (note 12B)		–	(18,314)	–
Inflation effects and foreign exchange translation adjustments [1]		(6,804)	32,409	(2,642)
Balance at end of period	$	150,827	157,541	142,344

[1] The amounts presented in this line item refer to the effects on goodwill from foreign exchange fluctuations during the period between the reporting units' currencies and the Mexican peso, and the effect of the restatement into constant pesos until December 31, 2007.

Based on impairment tests made during the last quarter of the year, no goodwill impairment losses were determined in 2009. As mentioned in note 12B, during 2008, based on impairment tests made during the last quarter of such year, goodwill impairment losses were determined in reporting units located in the United States, Ireland and Thailand for approximately $17,476 (US$1,272). In addition, considering that the investment in CEMEX Venezuela expected to be recovered through means different from use (note 12A), in 2008, CEMEX recognized an impairment loss of approximately $838 (US$61) associated with the goodwill of this investment. The increase in goodwill in 2007 resulted from the acquisition of Rinker.

Intangible assets of definite life

Changes in balances of intangible assets of definite life in 2009, 2008 and 2007, excluding effects from the discontinued Australian assets (note 4B), were as follows:

		2009	2008	2007
Balance at beginning of period	$	45,303	40,577	8,610
Increase for business acquisitions [1]		5	404	30,794
Additions (disposals), net [2]		47	1,445	3,440
Amortization		(4,350)	(4,088)	(2,654)
Impairment losses [3]		(42)	(1,598)	–
Inflation effects and foreign exchange translation adjustments		(1,710)	8,563	387
Balance at end of period	$	39,253	45,303	40,577

[1] Through the acquisition of Rinker in 2007, CEMEX identified and valued intangible assets in the United States related to extraction permits in the cement, aggregates and ready-mix concrete sectors for approximately $22,426 with an estimated useful life of 30 years; trademarks and commercial names for approximately $3,981 with an estimated useful life of 5 years; and intangibles based on customer relations for approximately $4,387 which were assigned a useful life of 10 years.

[2] CEMEX capitalized the costs incurred in the development stage of internal-use software for $161 in 2009, $1,236 in 2008 and $3,034 in 2007, respectively, related to the replacement of the technological platform in which CEMEX executes the most important processes of its business model. 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.

[3] Considering impairment indicators, during the last quarter of 2008, CEMEX tested intangible assets of definite life for impairment in the United States, and determined that the carrying amount of names and commercial trademarks exceeded their value in use, resulting in an impairment loss of approximately $1,598.

12A) Main acquisitions and divestitures in 2009, 2008 and 2007

Sale of assets in Australia

During 2009, CEMEX sold its Australian operations (notes 2 and 4B).

Nationalization of CEMEX Venezuela

On June 18, 2008, the Government of Venezuela promulgated a presidential decree (the "Nationalization Decree") which set forth that the cement production industry in Venezuela had been reserved to the State and ordered the conversion of foreign-owned cement companies, including CEMEX Venezuela, S.A.C.A. ("CEMEX Venezuela"), into state controlled companies with Venezuela holding an equity interest of at least 60%. The Nationalization Decree established August 17, 2008 as the deadline for the controlling stockholders of foreign-owned companies to reach an agreement with the Government of Venezuela on the compensation for the nationalization. The Nationalization Decree stipulated that if an agreement was not reached, Venezuela shall assume exclusive operational control of the relevant cement company and the Venezuelan National Executive shall decree the expropriation of the relevant shares according to the Venezuelan expropriation law. CEMEX controlled and operated CEMEX Venezuela until August 17, 2008. Afterwards, the Government of Venezuela ordered the confiscation of all business, assets and shares of CEMEX Venezuela and took control of its facilities on August 18, 2008.

In August 2008, CEMEX received from the Government of Venezuela a compensation proposal for US$650. CEMEX decided not to accept such proposal, believing that it significantly undervalued its business in Venezuela. This proposal was significantly lower than those offered to other foreign companies for their assets in Venezuela, considering price per ton of installed capacity as well as operating cash flow multiples. In October 2008, CEMEX's subsidiaries in Holland, which held CEMEX's shares in CEMEX Venezuela, submitted a complaint seeking international arbitration to the International Centre for Settlement of Investment Disputes following the Venezuelan Government's confiscation of assets, deprivation of rights of CEMEX Venezuela and the initiation of the expropriation of CEMEX's Venezuelan business. At December 31, 2009 and 2008, except for the goodwill impairment loss recognized in 2008 (note 12B), CEMEX has not made any impairment adjustments to its investment in Venezuela, remaining confident that it will eventually reach an agreement and obtain fair compensation. Nevertheless, CEMEX carefully evaluates the evolution of the arbitration process and other negotiations to determine if the carrying amount requires an impairment adjustment.

CEMEX's consolidated income statements for the years ended December 31, 2008 and 2007 include the results of CEMEX Venezuela for the seven-month period ended July 31, 2008 and for the year ended December 31, 2007, respectively. For balance sheet purposes, as of December 31, 2009 and 2008, the investment of CEMEX in Venezuela was presented within "Other investments and non current accounts receivable" (note 10B). As of December 31, 2009 and 2008, the net book value of CEMEX's investment in Venezuela was approximately $6,147 and $6,877, respectively, corresponding to CEMEX's equity interest of approximately 75.7%.

Based on MFRS, significant disposals should be treated as discontinued operations in the income statement for all the periods presented. For the years ended December 31, 2008 and 2007, including the recognition of Australia as a discontinued operation, CEMEX measured the materiality of CEMEX Venezuela during each period presented, considering a threshold of 5% of consolidated net sales, operating income, net income and total assets. Considering the results of the quantitative tests, CEMEX concluded that the nationalized Venezuelan operations did not reach the materiality thresholds to be classified as discontinued operations. The results of CEMEX's quantitative tests for the seven-month period ended July 31, 2008 (unaudited) and for the year ended December 31, 2007 were as follows:

	July 31, 2008	2007
Net sales	**3.2%**	**3.0%**
CEMEX consolidated from continuing operations	$ 134,836	228,152
CEMEX Venezuela	4,286	6,823
Operating income	**4.8%**	**4.3%**
CEMEX consolidated from continuing operations	$ 16,003	31,610
CEMEX Venezuela [2]	775	1,358
Net income	**0.1%**	**3.2%**
CEMEX consolidated from continuing operations	$ 10,557	26,657
CEMEX Venezuela	11	852
Total assets	**2.1%**	**2.1%**
CEMEX consolidated	$ 525,756	542,314
CEMEX Venezuela	11,010	11,515

In addition, as of December 31, 2007, CEMEX Venezuela was the holding entity of several of CEMEX's investments in the region, including the operations in the Dominican Republic and Panama, as well as CEMEX's non-controlling investment in Trinidad. Before the nationalization of its assets in Venezuela, in April 2008, CEMEX concluded the transfer of all material non-Venezuelan investments to CEMEX España, S.A. for approximately US$355 plus US$122 of net debt, having distributed all accrued profits from the non-Venezuelan investments to the stockholders of CEMEX Venezuela amounting to approximately US$132.

As of July 31, 2008 (unaudited), the condensed balance sheet of CEMEX's operations in Venezuela was as follows:

	July 31, 2008
Current assets	$ 2,532
Non-current assets	8,478
Total assets	11,010
Current liabilities	2,753
Non-current liabilities	1,384
Total liabilities	4,137
Total net assets	6,873
Non-controlling interest	(1,507)
CEMEX's interest in total net assets [1]	$ 5,366

The following table presents condensed selected income statement information for CEMEX's operations in Venezuela for the seven-month period ended July 31, 2008 (unaudited) and for the year ended December 31, 2007:

	July 31, 2008	2007
Sales	$ 4,286	6,823
Operating income [2]	775	1,358
Net income	$ 11	852

[1] Changes in the net investment between July 31, 2008 and December 31, 2009 and 2008 are attributable to foreign currency fluctuations.

[2] Operating income in these tables excludes the margin realized in related-party transactions; therefore, it is not directly comparable to selected financial information from the "Venezuela" segment presented in note 4A.

Sale of operations in Canary Islands

On December 26, 2008, CEMEX sold assets in the cement and concrete sectors in the Canary Islands through its subsidiary in Spain, including its 50% interest in Cementos Especiales de Las Islas, S.A. ("CEISA") to Cimpor Inversiones S.A. ("Cimpor"), a subsidiary of Cimpor Cimentos de Portugal SGPS SA, for €162 (US$227 or $3,113), of which €5 were held in escrow in a special deposit account to cover any price adjustments as guarantee of possible contingencies, and were finally received by CEMEX during 2009 in addition to a payment for the transmitted working capital. Until the sale, CEMEX controlled CEISA together with another stockholder (Grupo Tudela Beguin) and the financial statements were consolidated through the proportional integration method (note 3B) considering its 50% interest. CEMEX's 2008 consolidated income statement includes the results of operations of the assets sold, calculated through the proportional integration method for assets related to CEISA, for the twelve-month period ended on December 31, 2008. Sale of the CEISA interest and other assets generated a net gain in 2008 of approximately $920, including the cancellation of the related goodwill for approximately $18, which was recognized within "Other expenses, net." The condensed combined balance sheet of the assets sold and the CEISA interest as of December 31, 2008, is as follows:

		2008
Current assets	$	455
Non-current assets		1,992
Total assets		2,447
Current liabilities		303
Non-current liabilities		33
Total liabilities		336
Total net assets	$	2,111

Selected condensed combined information of income statement of the assets sold and the CEISA interest in 2008 and 2007, is as follows:

		2008	2007
Sales	$	2,317	2,962
Operating income		283	529
Net income	$	371	494

Agreement to sell operations in Austria and Hungary

On July 31, 2008, CEMEX reached an agreement to sell its operations in Austria and Hungary to the European building materials group Strabag SE ("Strabag"), for approximately €310 (US$433 or $5,949). On July 1, 2009, Strabag SE gave notice of purported rescission from the share purchase agreement ("SPA"). In October 2009, CEMEX filed a claim before the International Arbitration Court requesting that it declare invalid the termination of the SPA by Strabag and claiming the payment of damages caused to CEMEX (note 21C).

Sale of operations in Italy

In several transactions during 2008, CEMEX sold its cement mill operations in Italy for approximately €148 (US$210 or $2,447), generating a gain on sale of approximately €8 (US$12 or $119), which was recognized within "Other expenses, net."

Rinker acquisition

CEMEX acquired 100% of the shares of Rinker, an Australian producer of aggregates, cement, concrete and other construction materials, through a public cash tender offer, which closed in July 2007. The purchase price paid for the Rinker shares, including direct acquisition costs, was approximately US$14,245 ($155,559), excluding approximately US$1,277 ($13,943) of assumed debt. For its fiscal year ended March 31, 2007, Rinker reported consolidated revenues of approximately US$5,300 (unaudited) of which approximately US$4,100 (unaudited) of these revenues were generated in the United States, and approximately US$1,200 (unaudited) were generated in Australia and China. As mentioned in note 4B, in October 2009, CEMEX sold the operations in Australia that had been acquired with the Rinker acquisition. CEMEX's consolidated income statement in 2007 includes the results of operations of Rinker for the six-month period ended December 31, 2007; however, the portion corresponding to the Australian operations was reclassified to "Discontinued operations."

The Rinker acquisition was in line with CEMEX's strategy to invest in the construction industry value chain and increased CEMEX's aggregates and ready-mix concrete business investment in the United States. Rinker's operations in the U.S. are a complement for CEMEX, increasing its presence in the states of Florida, California, Arizona and Nevada. Rinker was also the second largest building materials company in Australia. Through the Rinker acquisition CEMEX increased its aggregate reserves in the United States, estimated for approximately 30 years of production, where an important number of quarries are strategically located nearby population centers. Authorized aggregate quarries are scarce in many areas of the United States considering the nature of resources, costs and necessary approvals to establish and operate such quarries.

The preliminary goodwill assigned as of December 31, 2007 was of approximately $97,448 (US$8,924). From January 1 to June 30, 2008, CEMEX completed the allocation of the purchase price of Rinker to the fair values of the assets acquired and liabilities assumed, and modified certain amounts determined in the preliminary allocation, resulting in adjustments to the preliminary goodwill. The final amount of goodwill was $96,812 (US$8,866). CEMEX believes the Rinker goodwill was mainly generated by: a) the existence of intangible assets that could not be easily separated and quantified, so they were transferred to goodwill, such as those related to human capital, industry potential and synergies, as well as those related to Rinker's business model; and b) a significant portion of the value in perpetuity of the acquired business is transferred to goodwill as a result of the use, for the valuation of the specific assets acquired, of models based on expected cash flows that are determined over an estimated useful life.

As required by the Department of Justice of the United States, pursuant to a divestiture order in connection with the Rinker acquisition, in December 2007, CEMEX sold to Irish producer CRH plc, ready-mix concrete and aggregate plants in Arizona and Florida for approximately US$250, of which approximately US$30 corresponded to the sale of assets from CEMEX's pre-Rinker acquisition operations, which generated a gain in 2007 of approximately $142, recognized within "Other expenses, net."

CEMEX presents condensed *pro forma* income statements for the year ended December 31, 2007 giving effect to the Rinker acquisition as if it had occurred at the beginning of the year. The *pro forma* financial information is presented solely for the convenience of the reader and is not indicative of the results that CEMEX would have reported, nor should such information be taken as representative of CEMEX's future results. *Pro forma* adjustments consider the fair values of the net assets acquired, under assumptions that CEMEX believes reasonable.

Year ended December 31, 2007		CEMEX [1]	Rinker [2] (Unaudited)	Adjustments [3] (Unaudited)	CEMEX pro forma (Unaudited)
Sales	$	228,152	19,845	–	247,997
Cost of sales and operating expenses		(196,542)	(16,507)	–	(213,049)
Operating income		31,610	3,338	–	34,948
Other expenses, net		(2,984)	(161)	–	(3,145)
Comprehensive financing result		1,018	(270)	(3,463)	(2,715)
Equity in income of associates		1,487	13	–	1,500
Income before income taxes		31,131	2,920	(3,463)	30,588
Income taxes		(4,474)	(993)	970	(4,497)
Consolidated net income before discontinued operations		26,657	1,927	(2,493)	26,091
Discontinued operations		288	561	–	849
Consolidated net income		26,945	2,488	(2,493)	26,940
Non-controlling interest net income		837	15	–	852
Controlling interest net income	$	26,108	2,473	(2,493)	26,088
Basic and diluted EPS for continuing operations	$	1.16	–	–	1.25
Basic and diluted EPS for discontinued operations	$	0.01	–	–	0.03

[1] Includes Rinker's operations for the six-month period from July 1 to December 31, 2007, considering the Australian operations as part of discontinued operations.

[2] Refers to the *pro forma* six-month period from January 1 to June 30, 2007, prepared under IFRS by Rinker's management and adjusted to reclassify the Australian operations to discontinued operations, which was translated from U.S. dollars into pesos at the average exchange rate of $10.95 per dollar, and then restated into constant pesos at December 31, 2007. The *pro forma* information was adjusted to include the effects of the purchase price allocation and application of MFRS. *Pro forma* adjustments in 2007 are as follows:

Item		2007
Recomputed depreciation expense	$	(457)
Intangible assets amortization		(911)
Monetary position result		84
Deferred income taxes *		449
Total adjustments from continuing operations		(835)
Discontinued operations		(121)
Total adjustments	$	(956)

* The income tax effect for *pro forma* adjustments was determined using the approximate average effective tax rate of 33%.

[3] Refers to *pro forma* adjustments for the six-month period in 2007 related to the financing to acquire Rinker and include: (i) financial interest for $4,522 on the basis of US$14,159 of debt incurred for the purchase using an interest rate of 5.65%; (ii) monetary gain on the debt of $1,059; and (iii) the income tax effect resulting from applying the statutory tax rate of 28% in Mexico. There are no foreign exchange fluctuations from debt considering that the exchange rate at June 30, 2007 and December 31, 2006 of $10.80 per dollar was the same.

12B) Analysis of goodwill impairment

Goodwill amounts are allocated to the multiple cash generating units, which together comprise a geographic operating segment commonly comprising all of the operations in each country as explained in the financial information by geographic segments presented in note 4A. CEMEX's geographic segments also represent its reporting units for purposes of impairment testing. An impairment loss would be recognized for the amount that the carrying amount of the reporting unit exceeds the respective value in use attributable to such reporting unit.

The fair value of each reporting unit is determined through the value in use method (discounted cash flows). Cash flow projection models for valuation of long-lived assets include long-term economic variables. CEMEX believes that its cash flow projections and the discount rates used for discounted cash flows reasonably capture current economic conditions at the time of the calculations, considering that: a) the starting point of the future cash flow models is the operating cash flow for the previous period; b) the cost of capital reflects current risks and volatility in the markets; and c) the cost of debt represents CEMEX's specific interest rates observed in recent transactions.

Impairment tests are significantly sensitive to, among other factors, the estimation of future prices of CEMEX's products, the development of operating expenses, local and international economic trends in the construction industry, long-term growth expectations in the different markets, as well as the discount rates and the rates of growth in perpetuity used. CEMEX uses after-tax discount rates, which are applied to after-tax cash flows for each reporting unit. Undiscounted cash flows are significantly sensitive to the growth rates in perpetuity used. Likewise, discounted cash flows are significantly sensitive to the discount rate used. The higher the growth rate in perpetuity applied, the higher the amount obtained of undiscounted future cash flows by reporting unit. Conversely, the higher the discount rate applied, the lower the amount obtained of discounted estimated future cash flows by reporting unit.

During the last quarter of 2008, the global economic environment was negatively affected by the intensification of the turmoil in several major financial institutions, which caused a liquidity shortage for companies in almost all productive sectors and resulted in a significant decrease in overall economic activity and a worldwide downturn in the main stock markets. These situations generated a reduction of growth expectations in the countries in which CEMEX operates, motivated by the cancellation or deferral of several investment projects, particularly affecting the construction industry. These conditions remained during a significant portion of 2009. During the last quarter of 2009 and 2008, CEMEX executed its annual impairment testing of goodwill. These tests coincided with the negative economic environment previously described.

The discount rate and the cash flows from each country include their respective income tax rates. Discount rates and growth rates in perpetuity used in the reporting units that represent most of the consolidated balance of goodwill in 2009 and 2008 are as follows:

	Discount rates		Growth rates	
Reporting units	2009	2008	2009	2008
United States	8.5%	9.2%	2.9%	2.9%
Spain	9.4%	10.8%	2.5%	2.5%
Mexico	10.0%	12.0%	2.5%	2.5%
Colombia	10.2%	11.8%	2.5%	2.5%
France	9.6%	11.2%	2.5%	2.5%
United Arab Emirates	11.4%	13.0%	2.5%	2.5%
United Kingdom	9.4%	9.8%	2.5%	2.5%
Egypt	10.0%	12.8%	2.5%	2.5%
Range of discount rates in other countries	9.6% – 14.6%	11.3% – 15.0%	2.5%	2.5%

For the year ended December 31, 2009, CEMEX did not recognize impairment losses of goodwill despite the economic conditions prevailing during the year, considering that in such period, the main global stock markets started their stabilization and achieved growth as compared to the closing pricing levels in 2008. Likewise, the reference interest rates at the end of 2009 decreased with respect to their level in 2008 due to an increase in liquidity in the debt and equity markets, which slightly reduced the risk premium in the countries where CEMEX has operations. These elements jointly generated a decrease in the discount rates in 2009 in comparison with the discount rates of the immediate prior year and consequently generated an increase in the value in use of the reporting units.

For the year ended December 31, 2008, CEMEX recognized within "Other expenses, net" goodwill impairment losses for a total amount of $18,314 (US$1,333). In compliance with MFRS C-15, CEMEX tested goodwill for impairment at least once a year during the last quarter of 2008 using discounted cash flows to determine the value in use of the reporting units and compared them against their carrying amounts. The results of the impairment tests indicated that the carrying amount of the reporting units in the United States, Ireland and Thailand exceeded their respective value in use by approximately $16,790 (US$1,222), $233 (US$17) and $453 (US$33), respectively. The estimated impairment loss in the United States in 2008 was mainly attributable to the acquisition of Rinker in 2007, and overall such losses were attributable to the negative economic environment prevailing at the end of 2008 and expected in the construction industry worldwide during 2009. Those factors significantly affected the variables included in the projections of estimated cash flows in comparison with valuations made at the end of 2007. In addition, considering that CEMEX's investment in Venezuela is expected to be recovered through different means other than use, CEMEX recognized an impairment loss of approximately $838 (US$61) associated with the goodwill of this investment.

For the year ended December 31, 2007, CEMEX did not recognize impairment losses of goodwill, considering that all annual impairment tests presented an excess of the value in use over the net book value of the reporting units. The reporting units acquired from Rinker were not tested for impairment in 2007 considering that the related net assets were recorded at their estimated fair values as of the acquisition date of July 1, 2007 and there were no significant changes in such values as of December 31, 2007.

13. DEBT AND FINANCIAL INSTRUMENTS

13A) Short-term and long-term debt

As of December 31, 2009 and 2008, consolidated debt according to the interest rates and the currencies in which it was negotiated is summarized as follows:

	Carrying amounts		Effective rate [1]	
	2009	2008	2009	2008
Short-term				
Floating rate	$ 7,373	92,432	5.1%	2.2%
Fixed rate	20	2,837	5.7%	9.1%
	7,393	95,269		
Long-term				
Floating rate	150,273	60,189	5.0%	3.8%
Fixed rate	53,478	102,616	7.8%	3.7%
	203,751	162,805		
	$ 211,144	258,074		

	2009				2008			
Currency	Short-term	Long-term	Total	Effective rate [1]	Short-term	Long-term	Total	Effective rate [1]
Dollars	$ 950	125,441	126,391	5.7%	$ 78,652	94,890	173,542	2.7%
Euros	431	57,261	57,692	5.6%	5,838	42,835	48,673	4.1%
Pesos	4,379	20,877	25,256	6.5%	6,201	23,197	29,398	5.6%
Pounds sterling	287	44	331	2.8%	797	194	991	4.7%
Japanese yen	–	120	120	6.6%	2,924	1,676	4,600	1.6%
Other currencies	1,346	8	1,354	5.8%	857	13	870	1.5%
	$ 7,393	203,751	211,144		$ 95,269	162,805	258,074	

[1] Represents the weighted average effective interest rate and includes the effects of interest rate swaps and derivative instruments that exchange interest rates and currencies (note 13C).

As of December 31, 2009 and 2008, consolidated debt according to the type of instrument in which it was negotiated is summarized as follows:

2009	Short-term	Long-term	2008	Short-term	Long-term
Bank loans			**Bank loans**		
Lines of credit in Mexico	$ –	–	Lines of credit in Mexico	$ 8,215	–
Lines of credit in foreign countries	2,275	–	Lines of credit in foreign countries	28,054	–
Syndicated loans, 2010 to 2014	–	100,594	Syndicated loans, 2009 to 2012	–	94,189
Other bank loans, 2010 to 2014	–	37,189	Other bank loans, 2009 to 2013	–	66,296
	2,275	137,783		36,269	160,485
Notes payable			**Notes payable**		
Euro medium term notes, 2010 to 2014	–	16,866	Euro medium term notes, 2009 to 2014	–	18,130
Medium-term notes, 2010 to 2017	–	50,396	Medium-term notes, 2009 to 2017	–	38,134
Other notes payable	1,177	2,647	Other notes payable	1,640	3,416
	1,177	69,909		1,640	59,680
Total bank loans and notes payable	3,452	207,692	Total bank loans and notes payable	37,909	220,165
Current maturities	3,941	(3,941)	Current maturities	57,360	(57,360)
	$ 7,393	203,751		$ 95,269	162,805

Relevant transactions during 2009 and 2008

As detailed at the end of the note 13A, on August 14, 2009, CEMEX entered into the Financing Agreement with its major creditors. The Financing Agreement extended the maturity of approximately US$14,961 ($195,839) in syndicated and bilateral loans, private placement obligations and other obligations. The Financing Agreement included the portion of short-term debt as of December 31, 2008 that was previously extended in January 2009.

On December 14, 2009, CEMEX issued U.S. dollar-denominated notes for US$1,250, which mature in 7 years and pay an annual coupon of 9.5%, as well as euro-denominated notes for €350 (US$501), which mature in 8 years and pay an annual coupon of 9.625% (note 23). The proceeds obtained from the offerings were mainly used to prepay principal outstanding maturing in 2011 under the Financing Agreement detailed in this note.

On December 10, 2009, CEMEX completed its offer to exchange CBs issued in Mexico with maturities between 2010 and 2012, into mandatorily convertible securities for approximately $4,126 (US$315). At their mandatory scheduled conversion in ten years or earlier if the price of the CPO reaches $35.88, the securities will be mandatorily convertible into approximately 172.5 million CPOs, at a conversion price of $23.92 per CPO. During their tenure, the securities yield a 10% interest payable quarterly. Holders have an option to voluntarily convert their securities, after the first anniversary of their issuance, on any interest payment date into CPOs. Based on MFRS, the convertible securities represent a compound instrument which has a liability component and an equity component. The liability component, which amounted to $2,090, represents the net present value of interest payment on the principal amount, without assuming any early conversion, and was recognized within "Other financial obligations." The equity component, which represents the difference between the principal amount and the liability component was recognized within "Other equity reserves" net of commissions (note 17B).

In June 2008, CEMEX closed two US$525 facilities with a group of banks. Upon origination, each facility allowed the principal amount to be automatically extended for consecutive six-month periods indefinitely after a period of three years, including an option of CEMEX to defer interest at any time (with certain limitations). The facilities were treated as equity instruments, in the same manner as CEMEX's outstanding perpetual debentures described in note 17D. In December 2008, as a result of negotiations with banks intended to obtain certain modifications in the credit contracts related to other debt transactions described in note 13A, CEMEX exercised the option to convert these two US$525 facilities into credit contracts without the option to differ interest and the payment of principal under such facilities, which eliminated the equity treatment of these facilities prospectively. As of December 31, 2009 and 2008, the notional amount of these facilities, which mature in 2014, was included within debt in the balance sheet and was part of the Financing Agreement.

The most representative exchange rates for the financial debt as of December 31, 2009 and 2008 and as of January 29, 2010 are as follows:

	As of January 29, 2010	2009	2008
Mexican pesos per dollar	13.09	13.09	13.74
Euros per dollar	0.7210	0.6985	0.7154
Pounds sterling per dollar	0.6248	0.6191	0.6853
Japanese yen per dollar	90.29	92.97	90.75

Changes in consolidated debt as of December 31, 2009, 2008 and 2007 are as follows:

	2009	2008	2007
Debt at beginning of year	$ 258,074	216,895	88,331
Proceeds from new debt instruments	40,223	59,568	206,690
Debt repayments	(76,035)	(63,179)	(84,412)
Exchange of debt into convertible securities	(4,126)	–	–
Increase (decrease) from business combinations	–	(776)	13,927
Foreign currency translation and inflation effects	(6,992)	45,566	(7,641)
Debt at end of year	$ 211,144	258,074	216,895

The maturities of consolidated long-term debt as of December 31, 2009, which reflect the amortization of debt under the Financing Agreement, are as follows:

	2009
2011	$ 18,021
2012	19,040
2013	32,133
2014	108,784
2015 and thereafter	25,773
	$ 203,751

As of December 31, 2009, CEMEX has the following lines of credit, the majority of which are subject to the banks' availability, at annual interest rates ranging between 1.3% and 12.0%, depending on the negotiated currency:

		Lines of credit	Available
Other lines of credit in foreign subsidiaries	$	5,331	1,251
Other lines of credit from banks		131	–
	$	5,462	1,251

Financing Agreement

On January 27, 2009, as a starting point for the subsequent global renegotiation of its principal credit facilities, CEMEX and its creditors agreed to: a) extend until February 2011 its short-term bilateral loans for approximately US$2,314, including amortizations of US$607 in 2009 and US$536 in 2010; b) extend until December 2010, US$1,700 principal amount of the syndicated loan facility of US$3,000 negotiated for the Rinker acquisition, which had been originally due in December 2009; and c) modify the consolidated leverage ratio, among other conditions, of several syndicated loans. This agreement was concluded on December 19, 2008 and is further described in this note 13A.

On March 9, 2009, CEMEX initiated negotiations with its core bank lenders in order to extend the maturity of approximately US$15,000 in syndicated and bilateral loans, as well as private placement obligations, under the Conditional Waiver and Extension Agreement ("CWEA"). CEMEX entered into the CWEA to have time to negotiate the comprehensive Financing Agreement. While the discussions were ongoing, CEMEX met its interest payment obligations under both its bank and capital markets debt. The lenders party to the CWEA agreed to extend to July 31, 2009, the date by which the Financing Agreement was expected to be completed, scheduled principal payment obligations which were originally due between March 24, 2009 and July 31, 2009. The term of the CWEA was subsequently extended to August 14, 2009 in order to complete the Financing Agreement. Completion of the comprehensive Financing Agreement required consent from all the lenders party to the CWEA. During 2009, certain consolidated entities, including CEMEX, S.A.B. de C.V. and CEMEX España, S.A., operated under the CWEA with their lenders through August 14, 2009.

On August 14, 2009, upon completion of necessary documentation and satisfaction of conditions precedent, CEMEX entered into the Financing Agreement with its major creditors, by means of which the maturities of approximately US$14,961 ($195,839) in syndicated and bilateral loans, private placements and other obligations were extended, providing for a semi-annual amortization schedule. As of December 31, 2009, after the application of the net proceeds obtained from the sale of assets in Australia, the equity offering (note 17A), and the issuance of dollar and euro-denominated notes described above, there was a remaining debt balance under the Financing Agreement of $141,621 (US$10,819), with payments due for approximately US$764 in December 2011, US$794 in 2012, US$2,393 in 2013 and US$6,868 in 2014.

Under the Financing Agreement, in addition to several covenants and restrictions and subject in each case to the permitted negotiated amounts and other exceptions, 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 stockholders, CEMEX became obligated to several financial ratios and tests described below.

The Financing Agreement requires, in addition to the predefined debt amortization, the application of cash on hand for any period for which it is being calculated in excess of US$650 to prepay debt. Pursuant to the Financing Agreement, CEMEX is prohibited from making aggregate capital expenditures in excess of US$600 in 2009 (plus an additional 50 million U.S. dollars contingency to account for currency fluctuations and certain additional costs and expenses), US$700 in 2010 and US$800 for each year after 2011 until debt under the Financing Agreement has been repaid in full.

Covenants

Most debt contracts of CEMEX, S.A.B. de C.V. contain restrictive covenants calculated on a consolidated basis requiring, among others, the compliance with financial ratios, which mainly include: a) the ratio of net debt to operating EBITDA ("leverage ratio"); and b) the ratio of operating EBITDA to financial expense. Financial ratios are calculated according to formulas established in the debt contracts using definitions that differ from terms defined under MFRS. These financial ratios require in most cases, *pro forma* adjustments. Beginning on August 14, 2009, even though the financial ratios under the Financing Agreement use similar terminology, they are calculated differently as compared to the financial ratios effective until December 31, 2008 and before the completion of the Financing Agreement.

Upon completion of the Financing Agreement, CEMEX agreed to comply with several financial ratios and tests, including a consolidated ratio of operating EBITDA to financial expense of not less than: (i) 1.75 times for each semi-annual period beginning on June 30, 2010 through the period ending on June 30, 2011; (ii) 2.0 times for each semi-annual period through the period ending on December 31, 2012; and (iii) 2.25 times for the subsequent semi-annual periods until December 31, 2013. In addition, the Financing Agreement allows CEMEX a maximum consolidated leverage ratio for each semi-annual period beginning on June 30, 2010 of 7.75 times, decreasing gradually in subsequent semi-annual periods until reaching 3.50 times for the period ending December 31, 2013. As of December 31, 2009, such financial ratios under the Financing Agreement were not applicable.

In 2008 and 2007, the consolidated financial ratios remained in effect until negotiation of the CWEA and were replaced upon completion of the Financing Agreement. In 2007, as a result of the modification of certain clauses in the credit contracts entered into between CEMEX and its creditors, the leverage ratio of 3.5 times remained without effect as of December 31, 2007, being reactivated on September 30, 2008, on which CEMEX was in compliance. Afterwards, on December 19, 2008, CEMEX and its creditors agreed on new modifications to the credit contracts, including changes to the calculation formula and the increase to the leverage ratio to 4.5 times for December 31, 2008 and March 31, 2009, increasing to 4.75 times on June 30, 2009, decreasing to 4.5 times at the end of September and December 2009, decreasing to 4.25 times for the closing of March and June 2010, decreasing to 4 times on September 30, 2010, decreasing to 3.75 for the closing of December 2010, March and June 2011 and returning to 3.5 on September 30, 2011 and thereafter. All ratios after June 30, 2009 however were superseded by the Financing Agreement ratios. CEMEX and its creditors also agreed to modify the credit contracts of its subsidiary in Spain to increase the leverage ratio, which did not include certain maturities of such subsidiary during the first months of 2009 and whereby CEMEX obtained required waivers from its creditors. As of December 31, 2008 and 2007, considering the amendments to the credit contracts and the waivers obtained, CEMEX, S.A.B. de C.V. and its subsidiaries were in compliance with the restrictive covenants imposed by its debt contracts. As of December 31, 2008 and 2007, the main consolidated financial ratios were as follows:

Consolidated financial ratios		2008	2007
Leverage ratio [1, 2]	Limit	=< 4.5	=< 3.5
	Calculation	4.04	3.54
Operating EBITDA to financial expenses ratio [3]	Limit	> 2.5	> 2.5
	Calculation	4.82	5.79

[1] The leverage ratio was calculated by dividing net debt by *pro forma* operating EBITDA for the last twelve months as of the calculation date. Pursuant to the debt contracts, net debt was calculated using total debt plus the negative fair value or minus the positive fair value of cross currency swap derivative financial instruments associated with debt, minus cash and temporary investments.

[2] For purposes of the leverage ratio, the *pro forma* operating EBITDA represents, calculated in pesos, operating income plus depreciation and amortization, plus financial income, plus the portion of operating EBITDA (operating income plus depreciation and amortization) referring to such twelve-month period of any significant acquisition made in the period before its consolidation in CEMEX's financial statements, minus operating EBITDA (operating income plus depreciation and amortization) referring to such twelve-month period of any significant disposal that had already been liquidated, all calculated in pesos. Beginning with the calculation as of December 31, 2008, the monthly-consolidated amounts in pesos were translated into U.S. dollars using the respective monthly closing exchange rates, and were translated again into pesos at the closing exchange rate as of the balance sheet date. Until September 30, 2008, calculations were determined with constant pesos coming from the financial statements.

[3] The operating EBITDA to financial expense ratio was calculated using the peso amounts arising from the financial statements, by dividing the*pro forma* operating EBITDA by the financial expense for the last twelve months as of the calculation date. For purposes of the coverage ratio, for all periods, *pro forma* operating EBITDA represents operating income plus depreciation and amortization for the last twelve months, plus financial income.

CEMEX will classify all of its outstanding debt as current debt in the Company's balance sheet: 1) as of any relevant measurement date on which CEMEX fails to comply with financial ratios agreed upon under the Financing Agreement; or 2) as of any date prior to a subsequent measurement date on which the Company expects not to be in compliance with its financial ratios agreed upon under the Financing Agreement, in the absence of: a) amendments and/or waivers covering the next succeeding 12 months; b) high probability that the violation will be cured during any agreed upon remediation period and be sustained for the next succeeding 12 months; and/or c) a signed refinancing agreement to refinance the relevant debt on a long-term basis. The aforementioned classification of debt in the short-term could have a material adverse effect on CEMEX's liquidity and financial position.

13B) Fair value of assets, financial instruments and derivative financial instruments

Assets and financial instruments

CEMEX's carrying amounts of cash, trade accounts receivable, other accounts receivable, trade accounts payable, other accounts payable and accrued expenses, as well as short-term debt, approximate their corresponding estimated fair values due to the short-term maturity and revolving nature of these financial assets and liabilities. Temporary investments (cash equivalents) and long-term investments are recognized at fair value, considering quoted market prices for the same or similar instruments.

The estimated fair value of long-term debt is either based on estimated market prices for such or similar instruments, considering interest rates currently available for CEMEX to negotiate debt with the same maturities, or determined by discounting future cash flows using interest rates currently available to CEMEX. As of December 31, 2009 and 2008, the carrying amounts of long-term debt (including current maturities) and their respective fair values were as follows:

	2009		2008	
	Carrying amounts	Fair value	Carrying amounts	Fair value
Bank loans	$ 137,783	137,783	160,485	160,302
Notes payable	69,909	68,503	59,680	73,652

Derivative financial instruments

CEMEX has negotiated interest rate swaps, cross currency swaps ("CCS"), forward contracts and other foreign exchange derivative instruments, as well as forward contracts and other derivative instruments on CEMEX's own shares and third parties' shares, with the objective, depending in each case on: a) changing the profile of the interest rates and/or the interest rates and currencies originally negotiated in a portion of the debt; b) changing the mix of currencies of the debt; c) hedging certain net investments in foreign subsidiaries; d) changing the risk profile associated with the price of raw materials and other energy projects; and e) other corporate purposes.

The estimated fair value of derivative instruments fluctuates over time and is determined by measuring the effect of future relevant economic variables according to the yield curves shown in the market as of the balance sheet date. These values should be analyzed in relation to the fair values of the underlying transactions and as part of CEMEX's overall exposure attributable to fluctuations in interest rates and foreign exchange rates. The notional amounts of derivative instruments do not necessarily represent amounts exchanged by the parties, and consequently, there is no direct measure of CEMEX's exposure to the use of these derivatives. The amounts exchanged are determined based on the basis of the notional amounts and other terms included in the derivative instruments.

During October 2008, many companies experienced a period of greater volatility in the global securities and exchange markets, as part of the further worsening financial institutions' crisis. The crisis affected the availability of financing and companies' perceived risks, resulting from expectations of entering into an extended economic recession. Particularly in Mexico, during the period from October 1 to 16, 2008, the peso depreciated against the dollar by approximately 19%, representing two thirds of the total depreciation of the peso vis-à-vis the dollar during the full year 2008, which was approximately 26%. Meanwhile, the price of CEMEX's CPO decreased 58% in that same period. These two factors had a significant negative effect on the valuation of CEMEX's derivative instruments portfolio, particularily the valuation of foreign exchange forward contracts that hedged CEMEX's net investment in foreign subsidiaries and cross currency swaps related to debt, as well as forward contracts in CEMEX's CPOs, among others. In the aforementioned period, changes in the fair value of the derivative instruments portfolio represented losses of approximately US$976 ($13,410), which affected the availability of CEMEX's lines of credit and triggered the need to make deposits in margin accounts with the counterparties. These deposits in margin accounts as of October 31, 2008 amounted to approximately US$750 ($10,305), negatively affecting CEMEX's liquidity. In light of an uncertain economic outlook and the expectation of further worsening of the economic variables, CEMEX decided to neutralize all of its derivative instruments positions that were sensitive to fluctuations of the exchange rate of the peso vis-à-vis foreign currencies and the price of its shares.

In order to close those positions and considering contractual limitations to settle the contracts before their maturity date, in October 2008, CEMEX entered into new derivative instruments with the same counterparties, which represented the opposite position to the exposure resulting from fluctuations of the economic variables included in the original derivative instruments. As a result, from the date of the negotiation of the new opposite positions, any changes in the fair value of the original instruments is effectively offset by an equivalent inverse amount generated by the new positions. Since December 31, 2008, CEMEX has designated the derivative instruments portfolio in which CEMEX is still exposed to changes in fair value as "Active derivative financial instruments." In addition, CEMEX has designated the portfolio of original and opposite derivative positions as "Inactive derivative financial instruments."

As of December 31, 2009 and 2008, the balance of deposits in margin accounts with financial institutions that guarantee CEMEX's obligations through derivative financial instruments amounted to US$195 ($2,553) and US$570 ($7,832), respectively. In 2008, US$372 ($5,111) were related to active positions and US$198 ($2,720) to inactive positions. Pursuant to net balance settlement agreements included in the derivative instrument contracts, the deposits in margin accounts have been offset within CEMEX's liabilities with the counterparties.

During April 2009, in connection with the CWEA, CEMEX completed the settlement of a significant portion of its active and inactive derivative financial instruments held as of December 31, 2008 (notes 13C and D) in order to reduce the risk of further margin calls. By means of this settlement, CEMEX fixed an aggregate loss of approximately US$1,093, which after netting US$624 of cash margin deposits already posted in favor of CEMEX's counterparties and cash payments of approximately US$48, was documented through promissory notes for approximately US$421, which increased CEMEX's outstanding debt. Previously, in February 2009, CEMEX and its counterparties agreed the settlement of a portion of the obligations incurred through derivative instruments. The counterparties permanently withdrew part of the amounts deposited in such margin accounts for an amount of approximately US$392, of which approximately US$102 referred to active positions and approximately US$290 referred to inactive positions.

In connection with the portfolio of derivative instruments as of December 31, 2009, the main exposure of CEMEX is related to the prices of the CPOs and the third party shares. A significant decrease in the market price of CEMEX's CPOs and the third party shares would negatively affect CEMEX's liquidity and financial position. The following table presents CEMEX's derivative instruments outstanding as of December 31, 2009 and 2008.

(U.S. dollars millions)		2009 Notional amount	2009 Fair value	2008 Notional amount	2008 Fair value
Active derivative financial instruments [1]	US$	1,171	3	21,173	185
Inactive derivative financial instruments [1, 2]		–	–	–	(385)
	US$	1,171	3	21,173	(200)

[1] As of December 31, 2009 and 2008, the fair value of derivative instruments is presented net of cash deposits in margin accounts.

[2] Notional amounts of the original derivative positions and the opposite derivative positions were not aggregated, considering that the effects of one instrument is proportionally inverse to the effect of the other instrument, and therefore, eliminated.

For the years ended December 31, 2009 and 2008, the caption "Results from financial instruments" includes the losses related to the recognition of changes in fair values of the derivative instruments portfolio during the period, for both active and inactive positions.

13C) Active derivative financial instruments

As of December 31, 2009 and 2008, the notional amounts, the fair values and the characteristics of these derivative instruments were as follows:

(U.S. dollars millions)		2009 Notional amount	2009 Fair value	2008 Notional amount	2008 Fair value
I. Interest rate swaps	US$	202	27	15,527	36
II. Cross currency swaps		–	–	528	(57)
III. Foreign exchange forward contracts		–	–	940	(2)
IV. Equity forwards on third party shares		54	54	258	(12)
V. Forward instruments over indexes		55	1	40	(5)
VI. Options on CEMEX's own shares		860	(79)	860	(41)
VII. Derivative instruments related to perpetual debentures		–	–	3,020	266
	US$	1,171	3	21,173	185

I. Interest rate swap contracts

All outstanding interest rate swaps related to debt as of December 31, 2008 were settled in April 2009 (note 13B). Changes in fair value of interest rate swaps, which were recognized in the results for the period, generated losses of US$2 ($27) in 2009, US$170 ($1,906) in 2008 and US$21 ($229) in 2007. As of December 31, 2009 and 2008, a summary of these instruments was as follows:

				2009		
(U.S. dollars millions)	Notional amount	Fair value	Effective rate	Maturity	CEMEX receives*	CEMEX pays*
Energy projects [1]	202	27	–	September 2022	Dollar 5.4%	LIBOR

				2008		
(U.S. dollars millions)	Notional amount	Fair value	Effective rate	Maturity	CEMEX receives*	CEMEX pays*
Energy projects [1]	208	54	–	September 2022	Dollar 5.4%	LIBOR
Short-term debt in US$	188	(1)	4.8%	February 2009	LIBOR	Dollar 4.8%
Short-term debt in US$	3,000	(18)	3.0%	June 2009	LIBOR	Dollar 3.0%
Long-term debt in US$ [2]	8,500	(78)	2.7%	June 2011	Cap dollar 3.5%	Cap dollar 1.9%
Long-term debt in €	1,258	100	4.5%	March 2014	Euro 4.8%	EURIBOR plus 78bps
Long-term debt in US$ [3]	500	(25)	5.0%	April 2011	LIBOR plus 133bps	Dollar 5.0%
Long-term debt in € [4]	1,174	10	4.3%	December 2011	EURIBOR	Euro 4.3%
Long-term debt in US$ [5]	70	(13)	2.8%	March 2011	Peso 8.7%	LIBOR plus 19bps
Long-term debt in US$ [5]	48	(1)	1.6%	May 2009	TIIE minus 30bps	LIBOR
Long-term debt in US$ [5]	136	(15)	3.0%	April 2012	Peso 11.5%	Dollar 3.0%
Long-term debt in US$ [5]	295	(51)	1.4%	September 2012	CETES plus 49bps	LIBOR plus 27bps
Long-term debt in US$ [5]	150	(11)	2.8%	June 2020	LIBOR	¥ LIBOR
	15,527	(49)				
Deposits in margin accounts	–	85				
	15,527	36				

* LIBOR represents the London *Inter-Bank* Offered Rate, an international reference for debt denominated in U.S. dollars. EURIBOR is the equivalent rate for debt denominated in euros. At December 31, 2009 and 2008, LIBOR was 0.43% and 1.43%, respectively, while EURIBOR was 2.89% at December 31, 2008. The contraction "bps" means basis points. One basis point is 0.01 percent. TIIE represents the *Interbank Offering Rate* in Mexico. UDIs are investment units indexed to inflation in Mexico; the UDI closing quotation at the end of 2008 was 4.18 pesos per UDI. CETES are public debt instruments issued by the Mexican government. At the end of 2008, TIIE was 8.69% and the CETES yield was 7.96%.

1 Derivative instruments associated with agreements entered into by CEMEX for the acquisition of electric energy in Mexico (note 20C).

2 The effective rate represented the average of the cap rate of 3.5% and the floor rate of 1.9%.

3 From these contracts, a notional amount of US$400 was accounted as cash flow hedges recognizing their effects in stockholders' equity, representing a loss of US$22 in 2008. This loss was reclassified to earnings in 2009 upon settlement.

4 The rate that CEMEX paid on this instrument was limited to 4.9%.

5 In connection with these instruments, CEMEX negotiated currency forward contracts with opposite exposure to the original positions, eliminating the exchange of notional amounts and consequently the exposure to foreign exchange rates but maintaining the exchange of interest rates, which was denominated as a basis swap.

II. Cross currency swaps ("CCS")

All outstanding CCS as of December 31, 2008 were settled in April 2009 (note 13B). The recognition of the fair value associated with the CCS as of December 31, 2008 generated a net liability of US$57 ($783). In 2009, 2008 and 2007, changes in the fair value of CCS, recognized in the results of the period, generated losses of US$61 ($830), US$216 ($2,421) and US$28 ($306), respectively. As of December 31, 2008, a summary of these derivative instruments was as follows:

				2008		
(U.S. dollars millions)	Notional amount	Fair value	Effective rate	Maturity	CEMEX receives	CEMEX pays
Short-term						
Exchange $1,000 to US$	96	(24)	0.7%	June 2009	TIIE minus 30bps	LIBOR
Exchange UDIs 425 to US$	148	(16)	3.0%	January 2009	UDIs 6.5%	LIBOR minus 20bps
Exchange $647 to US$	50	(3)	3.8%	April 2009	Pesos 9.3%	LIBOR
	294	(43)				
Long-term						
Exchange $2,500 to US$	234	(47)	2.1%	March 2011	CETES plus 59bps	LIBOR minus 11bps
	234	(47)				
	528	(90)				
Deposits in margin accounts	–	33				
	528	(57)				

III. Foreign exchange forward contracts

All outstanding foreign exchange forward contracts as of December 31, 2008 were settled in April 2009 (note 13B). As of December 31, 2008, a summary of these derivative instruments was as follows:

		2008	
(U.S. dollars millions)		Notional amount	Fair value
Exchange from pesos to dollars [1]	US$	240	(12)
Exchange from pounds sterling to dollars [1]		75	1
Exchange from Japanese yen to dollars [1]		254	82
Other currency instruments [2]		371	(73)
	US$	940	(2)

[1] Derivative instruments related to changing the mix of currencies originally negotiated over a portion of CEMEX's debt. Changes in the fair value of these contracts were recognized in the income statement.

[2] Changes in the fair value of these contracts were recognized in the income statement since they were not designated as cash flow hedges or hedges of CEMEX's net investment in foreign subsidiaries.

Until October 2008, in order to hedge financial risks associated with fluctuations in foreign exchange rates of certain net investments in foreign countries denominated in euros and dollars to the peso, and consequently, reducing volatility in the value of stockholders' equity in CEMEX's reporting currency, CEMEX 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, in connection with the closing process of positions exposed to fluctuations in exchange rates to the peso previously described, CEMEX 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 were offset by an equivalent inverse amount generated by these new derivative positions. The designation of the original positions as hedges of CEMEX's net exposure on investments in foreign subsidiaries in stockholders' equity terminated with the negotiation of the new opposite derivative positions in October 2008. Therefore, changes in fair value of original positions and new opposite derivative positions were recognized prospectively in the income statement within inactive derivative financial instruments (note 13D). Valuation effects were recognized within comprehensive income until the hedge designation was revoked, adjusting the cumulative effect for translation of foreign subsidiaries.

Between April and August 2007, in connection with the acquisition of Rinker, CEMEX negotiated foreign exchange forward contracts in order to hedge the variability in a portion of the cash flows associated with exchange fluctuations between the Australian dollar and the U.S. dollar, the currency in which CEMEX obtained financing. The notional amount of these contracts reached approximately US$5,663 in June 2007. As a result of changes in the fair value of these contracts, upon settlement, CEMEX realized a gain of approximately US$137 ($1,496), which was recognized in the results of the period in 2007.

IV. Equity forwards in third party shares

In connection with the sale of shares of AXTEL (note 10A) and in order to maintain the exposure to changes in the price of such entity, on March 31, 2008, CEMEX entered into a forward contract to be settled in cash over the price of 119 million CPOs of AXTEL (59.5 million CPOs with each counterparty) which originally was set to mature in April 2011. In 2008, fair value included deposits in margin accounts for US$184 ($2,528), which were presented net within liabilities, as a result of net settlement agreements with the counterparties.

During 2009, in order to restate the exercise price included in the contracts, CEMEX instructed the counterparties to definitively dispose of the deposits in margin accounts for approximately $207, and the contracts were renewed until October 2009. Each of the counterparties exercised an option to maintain the contracts over 59.5 million CPOs of AXTEL until October 2011. Changes in the fair value of these instruments generated a gain of approximately US$32 ($435) in 2009 and a loss of approximately US$196 ($2,197) in 2008.

V. Forward instruments over indexes

During 2008, CEMEX negotiated forward derivative instruments over the TRI (Total Return Index) of the Mexican Stock Exchange, maturing in October 2009 through which CEMEX maintained exposure to increases or decreases of such index. TRI expresses the market return on stocks based on market capitalization of the issuers comprising the index. At their maturity in 2009, these derivative instruments were renegotiated until October 2010. Changes in the fair value of these instruments generated a gain of approximately US$18 ($245) in 2009 and a loss of approximately US$32 ($359) in 2008.

VI. Options in CEMEX's own shares

In June 2008, CEMEX entered into a structured transaction of US$500 ($6,870) paying an interest coupon of LIBOR plus 132.5 bps, which includes options based on the price of CEMEX's ADS for a notional amount of US$500, pursuant to which if the ADS price exceeds US$32, the net interest rate of this debt would be zero. This rate increases as the price of the ADS decreases, with a maximum rate of 12% when the price per ADS is below US$23. CEMEX values the options based on the price of its ADS at fair value, recognizing gains and losses in the income statement. As of December 31, 2009 and 2008, the fair value included deposits in margin accounts of approximately US$54 ($707) and US$69 ($948), respectively, which were offset within CEMEX's liabilities as a result of a net settlement agreement with the counterparty.

In April 2008, Citibank entered into put option transactions on CEMEX's CPOs with a Mexican trust that CEMEX established on behalf of its Mexican pension fund and certain of CEMEX's directors and current and former employees, as described in note 20C. CEMEX granted a guarantee over this transaction for a notional amount of approximately US$360 in both 2009 and 2008. As of December 31, 2009 and 2008, the fair value of such guarantee, net of deposits in margin accounts, represented a liability of approximately US$2 ($26) and an asset of approximately US$3 ($41), respectively. Changes in the fair value of the guarantee were recognized in the income statement within "Results from financial instruments," representing a gain of approximately US$51 ($694) in 2009 and a loss of approximately US$190 ($2,130) in 2008. As of December 31, 2009 and 2008, based on the guarantee, CEMEX was required to deposit in margin accounts approximately US$141 ($1,846) and US$193 ($2,652), respectively, which according to the agreements with the counterparty were offset with the obligation.

In October 2008, in connection with an early settlement of forward contracts over approximately 81 million CPOs arising as a result of the significant decrease in the prices of the CPOs, CEMEX realized a loss of approximately US$152 ($2,102), which was recognized in the results for the period.

VII. Derivative instruments over perpetual debentures

On July 15, 2009, in connection with the derivative financial instruments associated with CEMEX's perpetual debentures (note 17D), by means of which the Company changed the risk profile of the interest rates and the currencies of the debentures from the U.S. dollar and the euro to the yen; and in order to eliminate CEMEX's exposure to the yen and the yen interest rate, CEMEX concluded the settlement of its yen cross currency swap derivatives, as well as the forward contracts for US$196 as of December 2008, negotiated to eliminate the variability of cash flows in yen to be incurred through the CCS until 2010, in which CEMEX received cash flows in yen and paid U.S. dollars. As a result, a total amount of approximately US$94 was invested with trustees for the benefit of the debenture holders. This amount will be used to pay CEMEX's future coupons on the perpetual debentures. As a result of this settlement, during 2009, CEMEX recognized a loss from changes in the fair value of the instruments of approximately US$162 ($2,203). As of December 31, 2009, the balance of the investment placed in the trusts amounted to approximately US$95.

As of December 31, 2008, there were CCS associated with perpetual debentures for approximately US$3,020 ($41,495), through which CEMEX changed the risk profile associated with the interest rate and the foreign exchange rate from the U.S. dollar and the euro to the yen, as indicated in the table below:

(U.S. dollars millions)	2008 Notional amount	Fair value	Effective rate	Maturity	CEMEX receives	CEMEX pays
C-10 € 730 to ¥119,085	1,020	101	4.1%	June 2017	Euro 6.3%	¥ LIBOR * 3.1037
C-8 US$750 to ¥90,193	750	38	4.1%	December 2014	Dollar 6.6%	¥ LIBOR * 3.5524
C-5 US$350 to ¥40,905	350	16	4.1%	December 2011	Dollar 6.2%	¥ LIBOR * 4.3531
C-10 US$900 to ¥105,115	900	111	4.1%	December 2016	Dollar 6.7%	¥ LIBOR * 3.3878
	3,020	266				

* ¥ LIBOR represents the interest rate for transactions denominated in Japanese yen in international markets.

The CCS included an extinguishable swap, which provided that if the relevant perpetual debentures were extinguished for stated conditions but before the maturity of the CCS, such CCS would be automatically extinguished, with no amounts payable by the swap counterparties. Changes in fair value of all the derivative instruments associated with the perpetual debentures were recognized in the income statement for the period.

13D) Inactive derivative financial instruments

As explained in note 13B, in October 2008, CEMEX entered into new derivative instruments representing the opposite position to the exposure resulting from fluctuations of the economic variables included in the original derivative instruments. In April 2009, all inactive positions were settled. As of December 31, 2008, the balance of deposits in margin accounts of US$198 ($2,720) related to inactive positions, were offset within CEMEX's liabilities with the counterparties. As of December 31, 2008, inactive derivative financial instruments were as follows:

(U.S. dollars millions)		2008 Notional amount*	Fair value
Short-term CCS original derivative position [1]	US$	460	(48)
Short-term CCS opposite derivative position		460	18
Long-term CCS original derivative position [2]		1,299	(257)
Long-term CCS opposite derivative position		1,299	58
			(229)
Deposit in margin accounts			126
			(103)
Short-term foreign exchange forward contracts original position [3]		2,616	(599)
Short-term foreign exchange forward contracts opposite position		2,616	270
Long-term foreign exchange forward contracts original position [4]		110	(30)
Long-term foreign exchange forward contracts opposite position		110	15
			(344)
Deposit in margin accounts			72
			(272)
CCS related to original debt position [5]		900	2
Derivative contracts related to opposite debt position		900	(12)
			(10)
	US$		(385)

* Notional amounts of the original derivative positions and the opposite derivative positions were not aggregated, considering that the effect of one instrument was proportionally inverse to the effect of the other instrument, and therefore, eliminated.

1 The original derivative position refers to short-term CCS that exchanged $4,938 for US$460, receiving an average rate of 9.0% in Mexican pesos and paying a rate of 2.3% in dollars, whose last maturity was scheduled in May 2009.

2 The original derivative position refers to long-term CCS that exchanged $628 UDIs and $11,450 for US$1,299, receiving an average rate of 4.0% in UDIs and 8.9% in pesos, and receiving a rate of 1.8% in dollars, whose last maturity was scheduled in November 2017.

3 The original derivative position refers to forward contracts with a notional amount of US$1,759 of peso/euro and US$857 of peso/dollar contracts, whose last maturity was scheduled in September 2009 and related to hedges of some foreign investments.

4 The original derivative position refers to forward contracts with a notional amount of US$110 of peso/euro, whose last maturity was scheduled in January 2010 and related to hedges of some foreign investments.

5 The original derivative position refers to CCS with a scheduled maturity in June 2011, which exchanged U.S. dollars for Japanese yen, receiving a rate in U.S. dollars of 2.81% and paying a rate in Japanese yen of 1.01%.

14. OTHER CURRENT AND NON-CURRENT LIABILITIES

As of December 31, 2009 and 2008, consolidated other current accounts payable and accrued expenses were as follows:

		2009	2008
Provisions	$	8,581	12,422
Other accounts payable and accrued expenses		2,942	6,377
Taxes payable		7,537	7,306
Advances from customers		2,408	2,177
Interest payable		1,752	1,212
Current liabilities for valuation of derivative instruments		–	1,135
Dividends payable		31	44
	$	23,251	30,673

Current provisions primarily consist of employee benefits accrued at the balance sheet date, insurance payments, and accruals related to legal and environmental assessments expected to be settled in the short-term (note 21). These amounts are revolving in nature and are expected to be settled and replaced by similar amounts within the next 12 months.

Other non-current liabilities include the best estimate of cash flows with respect to diverse issues where CEMEX is determined to be responsible and which are expected to be settled over a period greater than 12 months. As of December 31, 2009 and 2008, consolidated other non-current liabilities were as follows:

		2009	2008
Asset retirement obligations [1]	$	2,460	1,830
Remediation and environmental liabilities [2]		3,616	4,785
Accruals for legal assessments and other responsibilities [3]		1,169	4,102
Non-current liabilities for valuation of derivative instruments		7,923	8,777
Other non-current liabilities and provisions [4]		14,769	3,216
	$	29,937	22,710

[1] Provisions for asset retirement include future estimated costs for demolition, cleaning and reforestation of production sites at the end of their operation, which are initially recognized against the related assets and are depreciated over their estimated useful life.

[2] Provisions for remediation and environmental liabilities include future estimated costs arising from legal or constructive obligations, related to cleaning, reforestation and other remedial actions to remediate damage caused to the environment. The expected average period to settle these obligations is greater than 15 years.

[3] Provisions for legal claims and other responsibilities include items related to tax contingencies.

[4] Includes approximately $10,073 of taxes payable recognized during 2009 as a result of changes to the tax consolidation regime in Mexico (note 16A).

As of December 31, 2009 and 2008, some significant proceedings that gave rise to a portion of the carrying amount of CEMEX's other non-current liabilities and provisions are detailed in note 21.

Changes in consolidated other non-current liabilities for the years ended December 31, 2009, 2008 and 2007, excluding changes of liabilities related to the sale of assets in Australia, are the following:

		2009	2008	2007
Balance at beginning of period	$	22,710	15,492	14,725
Current period additions due to new obligations or increase in estimates		16,003	9,522	1,775
Current period releases due to payments or decrease in estimates		(9,153)	(2,276)	(1,906)
Additions due to business combinations		48	64	1,504
Reclassification from current to non-current liabilities, net		1,186	(236)	20
Foreign currency translation and inflation effects		(857)	144	(626)
Balance at end of period	$	29,937	22,710	15,492

15. EMPLOYEE BENEFITS

Defined contribution plans

The costs of defined contribution plans are recognized in the operating results of the period, as funds are transferred to the employees' retirement accounts, without generating future obligations. The costs of defined contribution plans for the years ended December 31, 2009, 2008 and 2007 were approximately $479, $708 and $424, respectively.

Defined benefit plans

Costs of defined benefit pension plans and other postretirement benefits, such as health care benefits, life insurance and seniority premiums, as well as termination benefits not associated with a restructuring event, are recognized in the income statement as employees' services are rendered, based on actuarial estimations of the benefits' present value. For the years ended December 31, 2009, 2008 and 2007, the net periodic cost for pension plans, other postretirement benefits and termination benefits are summarized as follows:

		Pensions			Other benefits [1]			Total		
Net period cost:		2009	2008	2007	2009	2008	2007	2009	2008	2007
Service cost	$	295	399	848	115	124	117	410	523	965
Interest cost		1,834	1,706	1,591	134	117	87	1,968	1,823	1,678
Actuarial return on plan assets		(1,382)	(1,614)	(1,569)	(1)	(2)	(1)	(1,383)	(1,616)	(1,570)
Amortization of prior service cost, transition liability and actuarial results		327	138	40	156	121	51	483	259	91
Loss (gain) for settlements and curtailments		68	33	(169)	(38)	(15)	–	30	18	(169)
	$	1,142	662	741	366	345	254	1,508	1,007	995

[1] Includes the net periodic cost of termination benefits.

The reconciliations of the actuarial benefits obligations, pension plan assets, and liabilities recognized in the balance sheet as of December 31, 2009 and 2008 are presented as follows:

		Pensions		Other benefits		Total	
		2009	2008	2009	2008	2009	2008
Change in benefits obligation:							
Projected benefit obligation ("PBO") at beginning of year	$	28,709	29,803	1,834	1,868	30,543	31,671
Service cost		295	399	115	124	410	523
Interest cost		1,834	1,706	134	117	1,968	1,823
Actuarial results		3,685	(1,467)	227	(99)	3,912	(1,566)
Employee contributions		73	81	–	–	73	81
PBO for acquisitions (disposals)		250	(86)	(6)	–	244	(86)
Foreign currency translation and inflation effects		520	490	(11)	33	509	523
Settlements and curtailments		(295)	(592)	(65)	(13)	(360)	(605)
Benefits paid		(1,737)	(1,625)	(282)	(196)	(2,019)	(1,821)
PBO at end of year		33,334	28,709	1,946	1,834	35,280	30,543
Change in plan assets:							
Fair value of plan assets at beginning of year		19,760	24,836	19	26	19,779	24,862
Return on plan assets		2,550	(3,843)	3	(4)	2,553	(3,847)
Foreign currency translation and inflation effects		451	100	–	–	451	100
Additions through business combinations		202	–	–	–	202	–
Employer contributions		659	833	306	193	965	1,026
Employee contributions		73	81	–	–	73	81
Settlements and curtailments		(295)	(622)	(25)	–	(320)	(622)
Benefits paid		(1,741)	(1,625)	(281)	(196)	(2,022)	(1,821)
Fair value of plan assets at end of year		21,659	19,760	22	19	21,681	19,779
Amounts recognized in the balance sheets:							
Funded status		11,675	8,949	1,924	1,815	13,599	10,764
Transition liability		(46)	(80)	(149)	(262)	(195)	(342)
Prior service cost and actuarial results		(6,090)	(3,967)	144	336	(5,946)	(3,631)
Net projected liability recognized	$	5,539	4,902	1,919	1,889	7,458	6,791

As of December 31, 2009 and 2008, the PBO is derived from the following types of plans and benefits:

		2009	2008
Plans and benefits totally unfunded	$	2,611	2,431
Plans and benefits partially or totally funded		32,669	28,112
PBO at end of the period	$	35,280	30,543

Based on MFRS D-3, prior services and actuarial results related to pension plans and other postretirement benefits are amortized during the estimated remaining years of service of the employees subject to these benefits. As of December 31, 2009, the approximate average years of service for pension plans is 10.9 years and 15.3 years for other postretirement benefits. As mentioned in note 3M, MFRS D-3 requires amortizing the transition liability, prior services and actuarial results accumulated as of December 31, 2007 under the previous MFRS D-3 related to pensions, other postretirement benefits and termination benefits, over a maximum period of five years. MFRS D-3 establishes that termination benefits generated after its adoption are recognized in the results of the period in which they are generated. The net periodic cost in 2009 and 2008 included the transition amortization established by the new MFRS D-3.

As of December 31, 2009 and 2008, plan assets were valued at their estimated fair value and consisted of:

		2009	2008
Fixed-income securities			
Cash	$	1,286	786
Investments in corporate bonds		5,632	2,268
Investments in government bonds		6,685	6,338
		13,603	9,392
Variable-income securities			
Investment in marketable securities		5,731	3,589
Other investments and private funds		2,347	6,798
		8,078	10,387
	$	21,681	19,779

As of December 31, 2009, estimated future benefit payments for pensions and other postretirement benefits during the next ten years were as follows:

		2009
2010	$	2,126
2011		2,168
2012		2,097
2013		2,099
2014		2,131
2015 – 2019		11,246

The most significant assumptions used in the determination of the net periodic cost were as follows:

	2009				2008			
	Mexico	United States	United Kingdom	Other countries [1]	Mexico	United States	United Kingdom	Other countries [1]
Discount rates	9.0%	6.2%	6.0%	4.7% - 9.0%	8.1%	6.2%	5.7%	4.2% - 9.8%
Rate of return on plan assets	9.0%	8.0%	6.7%	3.0% - 9.0%	9.7%	8.0%	6.3%	4.0% - 9.7%
Rate of salary increases	5.5%	3.5%	3.0%	2.3% - 5.5%	5.1%	3.5%	3.1%	2.2% - 5.1%

[1] Range of rates.

As of December 31, 2009 and 2008, the aggregate PBO for pension plans and other benefits and the plan assets by country were as follows:

		2009				2008		
		PBO	Assets	Deficit		PBO	Assets	Deficit
Mexico	$	3,228	904	2,324	$	3,148	894	2,254
United States		4,612	3,873	739		4,966	4,051	915
United Kingdom		20,800	14,820	5,980		16,389	12,976	3,413
Other countries		6,640	2,084	4,556		6,040	1,858	4,182
	$	35,280	21,681	13,599	$	30,543	19,779	10,764

Other information related to employees' benefits at retirement

During 2009, CEMEX reduced its workforce, subject to defined pension benefits in the United States. During 2008, CEMEX reduced its workforce, subject to defined pension benefits in several countries including the United States and the United Kingdom, and froze the defined benefit pension plan in Puerto Rico. These actions generated events of settlement and curtailment of obligations in the respective pension plans pursuant to MFRS D-3. As a result, changes in the plan liabilities and proportional parts of prior services and actuarial results pending to be amortized were recognized in the income statement for the periods, which represented a loss of approximately $68 and $33 in 2009 and 2008, respectively.

The defined benefit plan in the United Kingdom has been closed to new participants since January 2004. Regulation in the United Kingdom requires entities to maintain plan assets in a level similar to that of the obligations. Consequently, it is expected that CEMEX will make significant contributions to the United Kingdom's pension plans in the following years. As of December 31, 2009, the deficit in the funded status amounted to approximately $5,980. After reducing the deficit related to other postretirement benefits, which are financed through daily operations, the deficit was approximately $5,575.

During 2007, the subsidiary of CEMEX in the United States changed its defined benefit plans, by freezing employees' benefits under such plans as of December 31, 2007, generating a settlement gain of approximately $169. In connection with the decision to freeze benefits under the U.S. defined benefit pension plans, the employees' benefits were increased through defined contribution plans. CEMEX believes that the changes in pension benefits will be a more attractive incentive to hire and retain personnel.

Information related to termination benefits

In some countries, CEMEX pays benefits to personnel pursuant to legal requirements upon termination of their working relationships based on the years of service and the last salary received. The PBO of these benefits as of December 31, 2009 and 2008 was approximately $568 and $589, respectively.

Information related to other postretirement benefits

In some countries, CEMEX has established health care benefits for retired personnel limited to a certain number of years after retirement. As of December 31, 2009 and 2008, the PBO related to these benefits was approximately $1,247 and $1,116, respectively. The medical inflation rate used in 2009 to determine the PBO of these benefits was 7% in Mexico, 3% in Puerto Rico, 4% in the United States and 7% in the United Kingdom.

Other employee benefits

In addition, in some countries, CEMEX has self-insured health care benefits plans for its active employees, which are managed on cost plus fee arrangements with major insurance companies or provided through health maintenance organizations. As of December 31, 2009 and 2008, in certain plans, CEMEX has established stop-loss limits for continued medical assistance derived from a specific cause (e.g., an automobile accident, illness, etc.) ranging from US$23 thousand to US$400 thousand. In other plans, CEMEX has established stop-loss limits per employee regardless of the number of events ranging from US$350 thousand to US$2. If all employees qualifying for health care benefits required medical services simultaneously, the contingency for CEMEX would be significantly larger. However, this scenario, while possible, is remote. The amount expensed for the years ended December 31, 2009, 2008 and 2007 through self-insured health care benefits was approximately US$106 ($1,442), US$100 ($1,126) and US$99 ($1,081), respectively.

16. INCOME TAXES

A) Income taxes

As mentioned in note 3N, CEMEX determines current and deferred income taxes. The amounts for income taxes included in the income statement for the years ended December 31, 2009, 2008 and 2007 are summarized as follows:

	2009	2008	2007
Current income taxes			
From Mexican operations	$ (3,804)	(2,793)	(1,649)
From foreign operations	(4,885)	(5,180)	(3,161)
	(8,689)	(7,973)	(4,810)
Deferred income taxes			
From Mexican operations	2,181	5,990	(357)
From foreign operations	17,074	24,981	693
	19,255	30,971	336
	$ 10,566	22,998	(4,474)

As of December 31, 2009, consolidated tax loss and tax credits carryforwards expired as follows:

	Amount of carryforwards
2010	$ 18,456
2011	22,105
2012	29,639
2013	53,425
2014 and thereafter	149,164
	$ 272,789

In connection with changes to the tax consolidation regime in Mexico (note 3N) and based on Interpretation 18, CEMEX recognized a liability for approximately $10,461 against "Other non-current assets" for approximately $8,216 in connection with the net liability recognized before the new tax law, and approximately $2,245 against "Retained earnings," for the portion, according to the new law, related to: a) the difference between the sum of the equity of the controlled entities for tax purposes and the equity for tax purposes of the consolidated entity; b) dividends from the controlled entities for tax purposes to CEMEX, S.A.B. de C.V.; and c) other transactions between the companies included in the tax consolidation that represented the transfer of resources within the group.

B) Deferred income taxes

Deferred income taxes for the period represent the difference between the balances of deferred income at the beginning and the end of the period. Deferred income tax assets and liabilities relating to different tax jurisdictions are not offset. As of December 31, 2009 and 2008, the income tax effects of the main temporary differences that generated the consolidated deferred income tax assets and liabilities are presented below:

	2009	2008
Deferred tax assets:		
Tax loss carryforwards and other tax credits [1]	$ 77,602	55,488
Accounts payable and accrued expenses	8,197	11,708
Deferred charges, net	2,779	6,802
Others	1,202	688
Total deferred tax assets	89,780	74,686
Less – Valuation allowance	(32,079)	(27,194)
Net deferred tax assets	57,701	47,492
Deferred tax liabilities:		
Property, machinery and equipment	(50,582)	(53,067)
Investments and other assets	(1,960)	(8,195)
Deferred credits	–	(2,199)
Others	(1,050)	(1,178)
Total deferred tax liabilities	(53,592)	(64,639)
Net deferred tax asset (liability)	$ 4,109	(17,147)

Changes to the consolidated valuation allowance of deferred tax assets in 2009, 2008 and 2007 were as follows:

		2009	2008	2007
Balance at the beginning of the period	$	(27,194)	(21,093)	(14,690)
Increases		(18,638)	(5,652)	(10,289)
Decreases [2]		13,547	1,571	3,421
Translation effects		206	(2,020)	(681)
Restatement effects		–	–	1,146
Balance at the end of the period	$	(32,079)	(27,194)	(21,093)

The change in consolidated deferred income taxes during 2009, 2008 and 2007 were as follows:

		2009	2008	2007
Deferred income tax charged to the income statement	$	19,255	30,971	336
Deferred income tax in stockholders' equity [3]		941	(362)	(427)
Reclassification to other captions in the balance sheet		1,060	–	–
Change in deferred income tax for the period	$	21,256	30,609	(91)

[1] In 2008, the liability related to the new income tax law in Mexico is presented net of tax loss and tax credit carryforwards to be amortized.

[2] Includes in 2009 the reclassification of the liability related to the new income tax law in Mexico.

[3] The change in stockholders' equity for 2009 includes $585 related to the effect generated for the future tax deduction of the debt component of the convertible securities (note 2). In 2008, this includes a debit of $920 related to the initial effect of deferred tax liabilities on investment in associates, recognized within "Retained earnings," and a credit of $558 related to the deferred tax asset on items directly recognized in stockholders' equity.

CEMEX believes that sufficient taxable income will be generated as to realize the tax benefits associated with the deferred income tax assets and tax loss carryforwards, prior to their expiration. Nevertheless, a valuation allowance is recorded for the deferred tax assets on tax loss carryforwards that are estimated and may not be recoverable in the future. In the event that present conditions change, and it is determined that future operations would not generate sufficient taxable income, the valuation allowance on deferred tax assets would be increased against the results of the period.

CEMEX, S.A.B de C.V. has not provided for any deferred tax liability for the undistributed earnings generated by its subsidiaries, recognized under the equity method, considering that such undistributed earnings are expected to be reinvested and not generating income tax in the foreseeable future. Likewise, CEMEX does not recognize a deferred income tax liability related to its investments in subsidiaries and interests in joint ventures, considering that CEMEX controls the reversal of the temporary differences arising from these investments.

C) Effective tax rate

Differences between the financial reporting and the corresponding tax basis of assets and liabilities and the different income tax rates and laws applicable to CEMEX, among other factors, give rise to permanent differences between the statutory tax rate applicable in Mexico, and the effective tax rate presented in the consolidated income statements, which in 2009, 2008 and 2007 were as follows:

	2009 %	2008 %	2007 %
Consolidated statutory tax rate	(28.0)	(28.0)	28.0
Non-taxable dividend income	(7.4)	(15.6)	(4.3)
Other non-taxable income [1]	(179.9)	(32.6)	(14.1)
Expenses and other non-deductible items	30.8	25.3	10.1
Non-taxable sale of marketable securities and fixed assets	(86.9)	(7.4)	(2.9)
Difference between book and tax inflation	27.1	8.0	0.1
Other tax non-accounting benefits	(0.5)	(8.6)	–
Foreign exchange fluctuations [2]	12.8	(37.8)	(2.8)
Others	4.3	(4.3)	0.3
Effective consolidated tax rate	(227.7)	(101.0)	14.4

[1] Includes the effects of the different income tax rates in the countries where CEMEX operates.

[2] Includes the effects of foreign exchange fluctuations recognized as translation effects (note 17B).

17. STOCKHOLDERS' EQUITY

The carrying amounts of consolidated stockholders' equity exclude investments in shares of CEMEX, S.A.B. de C.V. held by subsidiaries, which implied a reduction to controlling interest stockholders' equity of $187 (16,107,081 CPOs) in 2009, $6,354 (589,238,041 CPOs) in 2008 and $6,366 (569,671,633 CPOs) in 2007. This reduction is included within "Other equity reserves."

A) Common stock and additional paid-in capital

As of December 31, 2009 and 2008, the breakdown of common stock and additional paid-in capital was as follows:

		2009	2008
Common stock	$	4,127	4,117
Additional paid-in capital		98,634	70,171
	$	102,761	74,288

As of December 31, 2009 and 2008, the common stock of CEMEX, S.A.B. de C.V. was represented as follows:

	2009		2008	
Shares [1]	Series A [2]	Series B [3]	Series A [2]	Series B [3]
Subscribed and paid shares	19,224,207,531	9,612,103,765	16,726,263,082	8,363,131,541
Treasury shares [4]	92,799	46,400	432,036,438	216,018,219
Unissued shares authorized for stock compensation programs	395,227,442	197,613,721	424,206,326	212,103,163
Shares that guarantee the issuance of convertible securities [5]	344,960,064	172,480,032	–	–
Shares authorized for the issuance of stock or convertible securities [6]	1,055,039,936	527,519,968	–	–
	21,019,527,772	10,509,763,886	17,582,505,846	8,791,252,923

[1] 13,068,000,000 shares in both years correspond to the fixed portion and 18,461,291,658 as of December 31, 2009 and 13,305,758,769 as of December 31, 2008 to the variable portion.

[2] Series "A" or Mexican shares must represent at least 64% of CEMEX's capital stock.

[3] Series "B" or free subscription shares must represent at most 36% of CEMEX's capital stock.

[4] 2008 includes the shares issued as stock dividends that were not subscribed by stockholders that elected to receive the cash dividend.

[5] Shares that guarantee the conversion of convertible securities with maturity in ten years beginning on December 9, 2009.

[6] Shares authorized for the issuance of stock through a public offer or through the issuance of convertible securities.

On September 28, 2009, through a global offering, CEMEX completed the sale of a total of 1,495 million CPOs (directly or in the form of ADSs), including CPOs sold through the exercise in full of the over-allotment option granted to the underwriters, of which approximately 373.8 million CPOs were sold in Mexico, and approximately 1,121.2 million CPOs were sold in the United States and elsewhere outside Mexico. The CPOs were offered to the public at a price of $16.65 per CPO and US$12.50 per ADS. The net aggregate proceeds from the global offering were approximately $23,984, increasing stockholders' equity by $7 considering a nominal value of $0.00833 per CPO, and additional paid-in capital of $23,941. Of the 1,495 million CPOs sold, approximately 595 million CPOs were sold by subsidiaries. CEMEX used the net proceeds from the global offering to pay down debt.

On September 4, 2009, stockholders at the extraordinary stockholders' meeting approved resolutions to: (i) increase the variable common stock by up to 4,800 million shares (1,600 million CPOs) through additional subscription, of which said subscription and payment could be done indistinctively through the issuance of stock in a public offer or through the issuance of convertible securities; and (ii) finalize any public offer and/or issuance of convertible securities within the following 24 months.

On April 23, 2009, stockholders at the annual ordinary stockholders' meeting approved resolutions to increase the variable common stock through the capitalization of retained earnings, issuing up to 1,004 million shares (335 million CPOs) based on a price of $13.07 per CPO. Stockholders received 3 new shares for each 75 shares held (1 new CPO for each 25 CPOs held); through the capitalization of retained earnings. As a result, shares equivalent to approximately 334 million CPOs were issued, representing an increase in common stock of approximately $3, considering a nominal value of $0.00833 per CPO, and additional paid-in capital of $4,370. In addition, stockholders approved resolutions to cancel the corresponding shares held in CEMEX's treasury. There was no cash distribution and no entitlement to fractional shares.

On April 24, 2008, stockholders at the annual ordinary stockholders' meeting approved resolutions to: (i) create a reserve for share repurchases of up to $6,000; and (ii) increase the variable common stock through the capitalization of retained earnings of up to $7,500, issuing up to 1,500 million shares (500 million CPOs), based on a price of $23.92 pesos per CPO or instead, stockholders could have chosen to receive a cash dividend of US$0.0835 per CPO, or approximately $0.8677 pesos for each CPO, considering the exchange rate of *Banco de México* on May 29, 2008 of $10.3925 per dollar. As a result, shares equivalent to approximately 284 millions of CPOs were issued, representing an increase in common stock of $2, considering a nominal value of $0.00833 per CPO, and additional paid-in capital of $6,792, while a cash dividend payment was made for approximately $214. In addition, stockholders approved the cancellation of the corresponding shares held in CEMEX's treasury.

The CPOs issued pursuant to the exercise of options under the "Fixed program" (note 18A) generated additional paid-in capital of approximately $5 in 2009 and $4 in 2008, and increased the number of shares outstanding. Likewise, in connection with the long-term compensation program (note 18) in 2009, CEMEX issued approximately 13.7 million CPOs, generating an additional paid-in capital of approximately $147 associated with the fair value of the compensation received by executives.

B) Other equity reserves

As of December 31, 2009 and 2008, the balance of other equity reserves is summarized as follows:

		2009	2008
Cumulative translation effect and deficit in equity restatement, net [1]	$	26,863	35,084
Issuance of convertible securities [2]		1,971	–
Treasury shares held by subsidiaries		(187)	(6,354)
	$	28,647	28,730

[1] The results from holding non-monetary assets as of December 31, 2007 were reclassified to "Retained earnings" as a result of the adoption of MFRS B-10 in 2008 (note 3A).

[2] Represents the equity component associated with the issuance of convertible securities into shares of CEMEX, S.A.B. de C.V. described in note 13A, as determined under MFRS C-12 "Financial instruments with characteristics of liability, equity or both." Upon mandatory conversion of the securities, this balance will be reclassified to common stock and additional paid-in capital.

For the years ended December 31, 2009, 2008 and 2007, the translation effect included in the statement of changes in stockholders' equity were as follows:

		2009	2008	2007
Foreign currency translation adjustment [1]	$	(17,553)	106,190	3,186
Foreign exchange fluctuations from debt [2]		2,158	(9,407)	(400)
Foreign exchange fluctuations from intercompany balances [3]		14,654	(65,796)	141
	$	(741)	30,987	2,927

[1] These effects refer to the result from the translation of the financial statements of foreign subsidiaries.

[2] Generated by foreign exchange fluctuations over a notional amount of debt in CEMEX, S.A.B. de C.V. associated with the acquisition of foreign subsidiaries and designated as hedge of the net investment in foreign subsidiaries. The average amount of such debt was approximately US$3,200 in 2009, US$3,656 in 2008 and US$2,188 in 2007.

[3] Refers to foreign exchange fluctuations arising from balances of related parties in foreign currencies that are of a long-term investment nature considering that their liquidation is not anticipated in the foreseeable future, of which a loss of $4,857 in 2008 was recognized in CEMEX, S.A.B. de C.V.

C) Retained earnings

As a result of the initial effect in 2009 from the adoption of the new income tax law (note 16A), as well as reclassifications and cumulative initial effects from the adoption of new MFRS beginning on January 1, 2008 (note 3O), as of December 31, 2009 and 2008, the balance of retained earnings decreased for aggregate amounts of $2,245 and $107,843, respectively. Retained earnings include a share repurchase reserve in 2008 in the amount of $6,000.

Net income for the year is subject to a 5% allocation toward a legal reserve until such reserve equals one fifth of the common stock. As of December 31, 2009, the legal reserve amounted to $1,804.

D) Non-controlling interest and perpetual debentures

Non-controlling interest

Non-controlling interest represents the share of non-controlling stockholders in the results and equity of consolidated subsidiaries. As of December 31, 2009 and 2008, non-controlling interest amounted to approximately $3,838 and $5,080, respectively.

Perpetual debentures

As of December 31, 2009 and 2008, consolidated balance sheets included approximately US$3,045 ($39,859) and US$3,020 ($41,495), respectively, representing the notional amount of perpetual debentures. These debentures have no fixed maturity date and do not represent a contractual payment obligation for CEMEX. As a result, these debentures, issued entirely by Special Purpose Vehicles ("SPVs"), qualify as equity instruments and are classified within non-controlling interest, as they were issued by consolidated entities. In addition, CEMEX has the unilateral right to defer indefinitely the payment of interest due on the debentures. The definition of the debentures as equity instruments was made under applicable IFRS, which were applied to these transactions in compliance with the supplementary application of IFRS in Mexico. Issuance costs, as well as interest expense, which is accrued based on the principal amount of the perpetual debentures, were included within "Other equity reserves" and represented expenses of approximately $2,704 in 2009, $2,596 in 2008 and $1,847 in 2007. The different SPVs were established solely for purposes of issuing the perpetual debentures and were included in CEMEX's consolidated financial statements.

As of December 31, 2009, CEMEX's perpetual debentures were as follows:

Issuer	Issuance Date	Nominal Amount	Repurchase Option	Interest Rate
C10-EUR Capital (SPV) Ltd.	May 2007	€ 730	Tenth anniversary	6.3%
C8 Capital (SPV) Ltd.	February 2007	US$750	Eighth anniversary	6.6%
C5 Capital (SPV) Ltd.	December 2006	US$350	Fifth anniversary	6.2%
C10 Capital (SPV) Ltd.	December 2006	US$900	Tenth anniversary	6.7%

As mentioned in note 13C, as of December 31, 2008, there were derivative instruments associated with the perpetual debentures, through which CEMEX changed the risk profile associated with interest rates and foreign exchange rates in respect of the debentures from the U.S. dollar and euro to the Japanese yen. These derivative instruments were settled during 2009.

18. EXECUTIVE STOCK-BASED COMPENSATION

CEMEX has a long-term compensation program providing for the grant of the Company's CPOs to a group of executives. Beginning in 2009, under this program, CEMEX granted new shares equivalent to approximately 13.7 million CPOs that were subscribed and pending for payment in CEMEX's treasury, corresponding to the first 25% of the 2009 program. The remaining 75% will be issued during the following 3 years, representing approximately 37.2 million CPOs. The compensation expense related to the grant in 2009 represented the fair value of CPOs as of the grant date. During 2008 and 2007, under this program, the eligible executives received cash bonuses, which were used by the executives to simultaneously acquire CPOs in the market through a trust established for the benefit of the executives ("the executives' trust"). The expense recognized in the income statement in connection with these programs during 2009, 2008 and 2007 amounted to $606, $725 and $645, respectively. In 2008 and 2007, the fair value of CPOs at acquisition date equaled the cash bonuses. Pursuant to an agreement between CEMEX and the executives, any CPOs granted or acquired during the period are placed in the executives' trust to comply with a restriction on sale period of 4 years, which vests up to 25% at the end of each year.

As mentioned in note 3T, in connection with its stock option programs qualifying as equity instruments, in which new shares are issued through the exercise of options, CEMEX determines the fair value of the awards as of the grant date, and recognizes such fair value through earnings over the options' vesting period. Likewise, in connection with its stock options programs qualifying as liability instruments, comprised by those awards in which CEMEX incurs an obligation by committing to pay the executive, through the exercise of the option, an amount in cash or in other financial assets, CEMEX determined the fair value of the awards at each reporting date, recognizing the changes in valuation in the income statement. CEMEX's outstanding options, other than those of its "Fixed program," represent liability instruments.

The information related to options granted in respect of CEMEX, S.A.B. de C.V. shares is as follows:

Options	Fixed program (A)	Variable program (B)	Restricted program (C)	Special program (D)
Options outstanding at the beginning of 2008	898,470	1,376,347	15,022,272	845,424
Changes in 2008:				
Options cancelled and adjustments	(63,352)	–	–	–
Options exercised	(87,873)	(17,427)	–	(99,425)
Options outstanding at the end of 2008	747,245	1,358,920	15,022,272	745,999
Changes in 2009:				
Options exercised	(133,606)	–	–	(23,381)
Options at the end of 2009	613,639	1,358,920	15,022,272	722,618
Underlying CPOs [1]	3,580,993	7,119,529	70,481,496	14,452,360
Exercise prices:				
Options outstanding at the beginning of 2009 [1, 2]	$6.72	US$1.43	US$2.00	US$1.35
Options exercised in the year [1, 2]	$6.42	–	–	US$1.00
Options outstanding at the end of 2009 [1, 2]	$6.49	US$1.43	US$2.00	US$1.36
Average life of options:	0.6 years	2.3 years	5.0 years	3.8 years
Number of options per exercise price:	266,385 – $4.7	886,170 – US$1.5	15,022,272 – US$2.0	82,326 – US$1.1
	11,543 – $6.3	141,679 – US$1.6	–	125,345 – US$1.4
	141,983 – $7.7	67,295 – US$1.3	–	143,251 – US$1.0
	193,728 – $8.1	205,034 – US$1.2	–	257,291 – US$1.4
		58,742 – US$1.4	–	114,405 – US$1.9
Percent of options fully vested:	100%	100%	100%	95.4%

[1] Exercise prices and the number of underlying CPOs are technically adjusted for the dilutive effect of stock dividends and recapitalization of retained earnings.

[2] Weighted average exercise prices per CPO.

A) Fixed program

From June 1995 through June 2001, CEMEX granted stock options with a fixed exercise price in pesos, equivalent to the market price of the CPO at the grant date and with tenure of 10 years. The employees' option rights vested up to 25% annually during the first 4 years after having been granted.

B) Variable program

This program started in November 2001, through an exchange of fixed program options, with exercise prices denominated in dollars increasing annually at a 7% rate.

C) Restricted program

This program started in February 2004 through a voluntary exchange of options mainly from the variable program. These options have an exercise price denominated in dollars which, depending on the program, increase annually at a 5.5% rate or at a 7% rate. Executives' gains under these options are settled in the form of CPOs, which are restricted for sale for an approximate period of 4 years from the exercise date.

D) Special program

From June 2001 through June 2005, CEMEX's subsidiary in the United States granted to a group of its employees a stock option program to purchase CEMEX ADSs. The options granted have a fixed exercise price denominated in dollars and tenure of 10 years. The employees' option rights vested up to 25% annually after having been granted. The option exercises are hedged using ADSs currently owned by subsidiaries, which increases stockholders' equity and the number of shares outstanding. The amounts of these ADS programs are presented in terms of equivalent CPOs (ten CPOs represent one ADS).

Other programs

CEMEX's subsidiary in Ireland has an outstanding stock option program in its own shares. As of December 31, 2009 and 2008, this subsidiary had outstanding options over 395,966 and 554,029 of its shares, respectively, with an average exercise price per share of approximately €0.20 in 2009 and €0.97 in 2008. As of December 31, 2009 and 2008, the market price per share of this subsidiary was €0.18 and €0.20, respectively.

Valuation of options at fair value and accounting recognition

All options of programs that qualify as liability instruments are valued at their estimated fair value as of the date of the financial statements, recognizing changes in valuations in the income statement. Changes in the provision for executive stock option programs for the years ended December 31, 2009, 2008 and 2007 were as follows:

		Restricted program	Variable program	Special program	Total
Provision as of December 31, 2006	$	1,726	230	686	2,642
Net revenue in current period results		(643)	(75)	(257)	(975)
Estimated decrease from exercises of options		(40)	(19)	(99)	(158)
Foreign currency translation effect		(116)	(16)	(47)	(179)
Provision as of December 31, 2007		927	120	283	1,330
Net revenue in current period results		(1,055)	(129)	(353)	(1,537)
Estimated decrease from exercises of options		–	1	29	30
Foreign currency translation effect		239	31	73	343
Provision as of December 31, 2008		111	23	32	166
Net expense in current period results		8	2	18	28
Estimated decrease from exercises of options		–	–	5	5
Foreign currency translation effect		(5)	(1)	(1)	(7)
Provision as of December 31, 2009	$	114	24	54	192

The options' fair values were determined through the binomial option-pricing model. As of December 31, 2009 and 2008, the most significant assumptions used in the valuations were as follows:

Assumptions	2009	2008
Expected dividend yield	7.9%	10.4%
Volatility	35%	35%
Interest rate	2.6%	1.8%
Weighted average remaining tenure	4.8 years	5.3 years

19. EARNINGS PER SHARE

The amounts considered for calculations of earnings per share ("EPS") 2009, 2008 and 2007 were as follows:

		2009	2008	2007
Denominator (thousands of shares)				
Weighted average number of shares outstanding – basic		25,642,552	22,984,810	22,297,264
Effect of dilutive instruments – stock-based compensation (note 18)		39,963	10,337	11,698
Effect of dilutive instruments – convertible securities (note 13A)		517,440	–	–
Potentially dilutive shares		557,403	10,337	11,698
Weighted average number of shares outstanding – diluted		26,199,955	22,995,147	22,308,962
Numerators				
Controlling interest income before discontinued operations	$	5,925	226	26,657
Less: non-controlling interest net income		240	45	837
Controlling interest income before discontinued operations – basic		5,685	181	25,820
Plus: interest expense on convertible securities		16	–	–
Controlling interest income before discontinued operations – diluted	$	5,701	181	25,820
Income (loss) from discontinued operations	$	(4,276)	2,097	288
Basic earnings per share				
Controlling interest basic EPS from continuing operations	$	0.22	0.01	1.16
Basic EPS from discontinued operations		(0.16)	0.09	0.01
Diluted earnings per share				
Controlling interest diluted EPS from continuing operations	$	0.22	0.01	1.16
Diluted EPS from discontinued operations		(0.16)	0.09	0.01

Diluted earnings per share reflect the effects of any transactions which have a potentially dilutive effect on the weighted average number of common shares outstanding. The dilutive effect of the number of shares resulting from the executives' stock option programs is determined under the inverse treasury method. In connection with the restricted CPO grants under the long-term compensation program initiated in 2009, as well as the convertible securities, the total amount of CPOs committed for issuance in the future is accounted from the beginning of the reporting period.

20. COMMITMENTS

A) Guarantees

As of December 31, 2009 and 2008, CEMEX, S.A.B. de C.V. had guaranteed loans of certain subsidiaries for approximately US$12,570 and US$1,407, respectively.

B) Pledged assets

As of December 31, 2009 and 2008, CEMEX had liabilities amounting to US$292 and US$76, respectively, secured by property, machinery and equipment.

In addition, as of December 31, 2008, from the investment in shares of CEMEX, S.A.B. de C.V. held by subsidiaries (note 17), 586,147,722 CPOs as well as CEMEX's investment in Control Administrativo Mexicano, S.A. de C.V. and Cancem, S.A. de C.V. (note 10A), were held in an ownership transferring trust for management and payment. Under this trust arrangement, CEMEX maintained its corporate and property rights, with the pledge securing the payment of CEMEX, S.A.B. de C.V. debt in an amount of US$250 ($3,435) as of December 31, 2008, which includes quarterly amortizations starting in July 2009 and maturing in October 2010. In the event of default, the assets would be sold and the amount applied to such debt. During 2009, CEMEX released the CPOs and the shares of its associates in exchange for a pledge of the assets of CEMEX's plants in Merida and Ensenada.

In addition, in connection with the Financing Agreement (note 13A), CEMEX transferred the shares of several of its main subsidiaries, including CEMEX México, S.A. de C.V. and CEMEX to a trust for the benefit of the bank lenders, note holders and other creditors having the benefit of negative pledge clauses, España, S.A., in order to guarantee payment obligations under the Financing Agreement and other financial transactions.

C) Commitments

As of December 31, 2009 and 2008, CEMEX had commitments for the purchase of raw materials for an approximate amount of US$172 and US$194, respectively.

In 2006, in order to take advantage of the high wind potential in the "Tehuantepec Isthmus," CEMEX and the Spanish company ACCIONA formed an alliance to develop a wind farm project for the generation of 250 Megawatts (MW) in the Mexican state of Oaxaca. CEMEX acted as promoter of the project, which was named EURUS. ACCIONA provided the required financing, constructed the facility and currently operates the wind farm. The installation of 167 wind turbines in the farm was finished on November 15, 2009. The agreements between CEMEX and ACCIONA established that CEMEX's plants in Mexico should acquire a portion of the energy generated by the wind farm for a period of at least 20 years, beginning on the date in which the 250 MW would be interconnected with the grid of the national utility company in Mexico (*CFE*). As of December 31, 2009, EURUS had not reached the committed limit capacity to declare the beginning of the commercial operation and operated on a testing phase.

In 1999, CEMEX entered into agreements with an international partnership, which built and operated an electrical energy generating plant in Mexico called *Termoeléctrica del Golfo* ("TEG"). In 2007, another international company replaced the original operator. The agreements established that CEMEX would purchase the energy generated for a term of no less than 20 years, which started in April 2004. Likewise, CEMEX committed to supply TEG all fuel necessary for its operations, a commitment that has been hedged through a 20-year agreement entered with Petróleos Mexicanos, which terminates in 2024. With the change of the operator, in 2007, CEMEX extended the term of its agreement with TEG until 2027. Consequently, for the last 3 years of the TEG fuel supply contract, CEMEX intends to purchase the required fuel in the market. CEMEX is not required to make any capital expenditure in the project. For the years ended December 31, 2009, 2008 and 2007, TEG supplied (unaudited) 73.7%, 60.4% and 59.7%, respectively, of CEMEX's 15 plants' electricity needs in Mexico during such year.

In 2007, CEMEX Ostzement GmbH ("COZ"), CEMEX's subsidiary in Germany, entered into a long-term energy supply contract with the recently renamed entity, *Vattenfall Europe New Energy Ecopower* ("VENEE"), pursuant to which VENEE has been committed to supply energy to CEMEX's Rüdersdorf plant for a period of 15 years starting on January 1, 2008. Based on the contract, each year COZ has the option to fix in advance the volume of energy that it will acquire from VENEE, with the option to adjust the purchase amount once on a monthly and quarterly basis. According to the contract, COZ acquired 28 MW in 2008 and 2009, and will acquire 27 MW per year between 2010 and 2013, and expects to acquire between 26 and 28 MW per year starting in 2014 and thereafter. The contract, which establishes a price mechanism for the energy acquired, based on the price of energy future contracts quoted on the European Energy Exchange, does not require initial investments and is expected to be performed at a future date. Based on its terms, this contract qualified as a financial instrument under MFRS. However, as the contract is for CEMEX's own use and CEMEX sells any energy surplus as soon as actual energy requirements are known, regardless of changes in prices and thereby avoiding any intention of trading in energy, such contract is not recognized at its fair value.

In April 2008, Citibank entered into put option transactions on CEMEX's CPOs with a Mexican trust that CEMEX established on behalf of its Mexican pension fund and certain of CEMEX's directors and current and former employees ("the participating individuals"). The transaction was structured with two main components. Under the first component, the trust sold, for the benefit of CEMEX's Mexican pension fund, put options to Citibank in exchange for a premium of approximately US$38. The premium was deposited into the trust and was used to purchase, on a prepaid forward basis, securities that track the performance of the Mexican Stock Exchange. Under the second component, the trust sold, on behalf of the participating individuals, additional put options to Citibank in exchange for a premium of approximately US$38, which was used to purchase prepaid forward CPOs. These prepaid forward CPOs, together with additional CPOs representing an equal amount in U.S. dollars, were deposited into the trust by the participating individuals as security for their obligations, and represent the maximum exposure of the participating individuals under this transaction. The put options gave Citibank the right to require the trust to purchase, in April 2013, approximately 112 million CPOs at a price of US$3.2086 per CPO (120% of initial CPO price in dollars). If the value of the assets held in the trust (28.6 million CPOs and the securities that track the performance of the Mexican Stock Exchange) were insufficient to cover the obligations of the trust, a guarantee would be triggered and CEMEX, S.A.B. de C.V. would be required to purchase in April 2013 the total CPOs at a price per CPO equal to the difference between 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 adjustments. CEMEX recognizes a liability for the fair value of the guarantee and changes in valuation are recorded in the income statement (note 13C).

In connection with CEMEX's alliance with Ready Mix USA (note 10A), after the third year of the alliance starting on June 30, 2008, and each year for an approximate 22-year period, Ready Mix USA will have the right but not the obligation, to sell to CEMEX its interest in both entities at a predetermined price, based on the greater of: a) eight times the operating cash flow of the trailing twelve months, b) eight times the average of the companies' operating cash flow for the previous three years, or c) the net book value. As of December 31, 2009 and 2008, CEMEX has not recognized a liability as the fair value of the assets would exceed the cost of the option if the option were exercised.

D) Contractual obligations

As of December 31, 2009 and 2008, CEMEX had the following contractual obligations:

(U.S. dollars millions)				2009			2008
Obligations		Less than 1 year	1-3 Years	3-5 Years	More than 5 Years	Total	Total
Long-term debt	US$	292	2,826	10,764	1,969	15,851	15,997
Capital lease obligations		9	5	1	–	15	27
Total debt [1]		301	2,831	10,765	1,969	15,866	16,024
Operating leases [2]		236	349	195	140	920	960
Interest payments on debt [3]		1,004	2,254	1,550	336	5,144	1,272
Interest rate derivatives [4]		–	–	–	–	–	92
Pension plans and other benefits [5]		162	326	323	859	1,670	1,598
Inactive derivative financial instruments [6]		–	–	–	–	–	385
Total contractual obligations	US$	1,703	5,760	12,833	3,304	23,600	20,331
	$	22,292	75,399	167,984	43,249	308,924	279,348

[1] The scheduling of debt payments, which includes current maturities, does not consider the effect of any refinancing of debt that may occur during the following years. CEMEX has replaced in the past its long-term obligations for others of similar nature.

[2] The amounts of operating leases have been determined on the basis of nominal cash flows. CEMEX has operating leases, primarily for operating facilities, cement storage and distribution facilities and certain transportation and other equipment, under which annual rental payments are required plus the payment of certain operating expenses. Rental expense was US$243 ($3,305), US$198 ($2,239) and US$195 ($2,129) in 2009, 2008 and 2007, respectively.

[3] For the determination of the future estimated interest payments on floating rate denominated debt, CEMEX used the interest rates in effect as of December 31, 2009 and 2008.

[4] Refers to net cash flows under CEMEX's interest rate swaps and CCS, determined in accordance with the interest rate applicable under such contracts as of December 31, 2008.

[5] Represents estimated annual payments under these benefits for the next 10 years (note 15). Future payments include the estimate of new retirees during such future years.

[6] Refers in 2008 to estimated contractual obligations within positions of inactive derivative instruments (note 13D).

21. CONTINGENCIES

A) Contingent liabilities resulting from legal proceedings

As of December 31, 2009, CEMEX was involved in various significant legal proceedings, the resolutions of which would imply cash outflows or the delivery of other resources owned by CEMEX. As a result, certain provisions have been recognized in the financial statements. Such provisions represent the best estimate of the contingent amounts payable in respect of these legal proceedings. As a result, CEMEX believes that it will not incur significant expenditure in excess of the amounts previously recorded. The details of the most significant events are as follows:

- On January 2, 2007, the Polish Competition and Consumers Protection Office (the "Protection Office") notified CEMEX Polska, a subsidiary in Poland, about the initiation of an antitrust proceeding against all cement producers in the country, including CEMEX Polska and another of CEMEX's indirect subsidiaries in Poland. The Protection Office alleged that there was an agreement between all cement producers in Poland regarding prices, market quotas and other sales conditions of cement, and that the producers exchanged confidential information, all of which limited competition in the Polish market of cement. In January 2007, CEMEX Polska filed its response to the notification, denying that it had committed the practices listed by the Protection Office. In addition, CEMEX Polska submitted formal comments and objections gathered during the proceeding, as well as facts supporting its position that its activities were in line with Polish competition law. In December 2009, the Protection Office issued a resolution imposing fines on a number of Polish cement producers, including CEMEX Polska. The fine imposed on CEMEX Polska amounted to 115 million Polish zlotys (US$40 or $524), which represents 10% of CEMEX Polska's total revenue for the calendar year preceding the imposition of the fine. CEMEX Polska initiated an appeal before the Polish Court of Competition and Consumer Protection. The resolution will not be enforced until two appeals are exhausted. In December 2009, CEMEX recognized a provision of 68 million Polish zlotys (US$24 or $314) against the income statement, representing the best estimate of the expected cash outflow in connection with this resolution.

- In 2005, through the acquisition of RMC Group plc ("RMC"), CEMEX assumed environmental remediation liabilities in the United Kingdom, pertaining to closed and current landfill sites for the confinement of waste. As of December 31, 2009, CEMEX had generated a provision for the net present value of such obligation of approximately £129 (US$208 or $2,723). Expenditure was assessed and quantified over the period in which the sites have the potential to cause environmental harm, which was accepted by the regulator as being up to 60 years from the date of closure. The assessed expenditure included the costs of monitoring the sites and the installation, repair and renewal of environmental infrastructure.

- In August 2005, Cartel Damages Claims, S.A. ("CDC"), filed a lawsuit in the District Court in Düsseldorf, Germany against CEMEX Deutschland AG, CEMEX's subsidiary in Germany, and other German cement companies. CDC was seeking approximately €102 (US$146 or $1,911) in respect of damage claims by 28 entities relating to alleged price and quota fixing by German cement companies between 1993 and 2002. CDC is a Belgian company established in the aftermath of the German cement cartel investigation that took place from July 2002 to April 2003 by Germany's Federal Cartel Office, with the purpose of purchasing potential damage claims from cement consumers and pursuing those claims against the cartel participants. In 2006, another entity assigned alleged claims to CDC, and the amount of damages being sought by CDC increased to €114 (US$163 or $2,136) plus interest. In February 2007, the District Court in Düsseldorf allowed this lawsuit to proceed without going into the merits of this case by issuing an interlocutory judgment. All defendants appealed the resolution but the appeal was dismissed in May 2008 and the lawsuit will proceed at the level of court of first instance. In the meantime, CDC acquired new claims by assignment and announced an increase in the claim to €131 (US$188 or $2,461). As of December 31, 2009, CEMEX Deutschland AG had accrued liabilities regarding this matter for approximately €20 (US$29 or $380).

- As of December 31, 2009, CEMEX's subsidiaries in the United States have accrued liabilities specifically relating to environmental matters in the aggregate amount of approximately US$35 ($458). The environmental matters relate to: a) the disposal of various materials, in accordance with past industry practice, which might be currently categorized as hazardous substances or wastes, and b) the cleanup of sites used or operated by CEMEX, including discontinued operations, regarding the disposal of hazardous substances or waste, either individually or jointly with other parties. Most of the proceedings are in the preliminary stages, and a final resolution might take several years. For purposes of recording the provision, CEMEX's subsidiaries believe that it is probable that a liability has been incurred and the amount of the liability is reasonably estimable, whether or not claims have been asserted, and without giving effect to any possible future recoveries. Based on the information developed to date, CEMEX's subsidiaries do not believe that they will be required to spend significant sums on these matters in excess of the amounts previously recorded. The ultimate cost that may be incurred to resolve these environmental issues cannot be assured until all environmental studies, investigations, remediation work and negotiations with or litigation against potential sources of recovery have been completed.

B) Other legal proceedings

CEMEX is involved in various legal proceedings, which have not required the recognition of accruals as CEMEX believes that the probability of loss is reasonably remote after considering all the elements of such proceedings. As of December 31, 2009, the details of the most significant events with a quantification of the potential loss were as follows:

- CEMEX, S.A.B. de C.V. and certain of its subsidiaries in Mexico have been notified by the Mexican tax authority of several tax assessments related to different tax periods. Tax assessments are based primarily on investments made in entities incorporated in foreign countries with preferential tax regimes. On April 3, 2007, the Mexican tax authority issued a decree providing for a tax amnesty program, which allows for the settlement of previously issued tax assessments. CEMEX decided to take advantage of the benefits of this program, resulting in the settlement of the existing fiscal tax assessments of prior years. As a result of the program, as of December 31, 2009, CEMEX does not have any significant tax assessment pending for resolution.
- In September 2009, officers from the European Commission ("EC"), in conjunction with local officials of the Spanish national competition enforcement authority (*Comisión Nacional de la Competencia* or "CNC"), conducted an unannounced inspection at CEMEX's offices in Spain. The EC alleges that CEMEX may have participated in anti-competitive agreements. The allegations extended to several markets worldwide, including, in particular, the European Community. If those allegations are substantiated, significant penalties may be imposed on CEMEX's subsidiaries operating in such markets. CEMEX fully cooperated and will continue to cooperate with the EC officials in connection with this investigation. In September 2009, the CNC investigative department separately conducted its own inspection in the context of possible anticompetitive practices in the production and distribution of mortar, ready-mix and aggregates within the Autonomous Community of Navarre ("Navarre"). In December 2009, the CNC started a procedure against CEMEX España, S.A. for the possible anticompetitive practices mentioned above. The maximum fine that the CNC could impose to CEMEX would be 10% of the total revenues of CEMEX España's ready-mix production activities within Navarre for the calendar year preceding the imposition of the fine.
- In January and March 2009, one of CEMEX's subsidiaries in Mexico was notified of two findings of presumptive responsibility issued by the Mexican competition authority (*Comisión Federal de Competencia* or "CFC"), alleging certain violations of Mexican antitrust laws. CEMEX believes these findings have several procedural errors and are unfounded on the merits. CEMEX filed two constitutional challenges in connection with the two findings in February and May 2009. In July 2009, CEMEX obtained a ruling in favor of the first resolution in connection with the challenge filed in February 2009. The CFC appealed this resolution. The judge presiding over the two constitutional challenges has ordered the suspension of the administrative proceedings until there is a final resolution of CEMEX's constitutional challenges, which could take several months.
- In November 2008, AMEC/Zachry, the general contractor for the expansion program in Brooksville, Florida, filed a lawsuit against a subsidiary of CEMEX in the United States, alleging delay damages and seeking an equitable adjustment to the contract and payment of change orders. In its claim, AMEC/Zachry sought indemnity for US$60 ($785). During 2009, FLSmidth, a supplier for the mining and cement industry, became a co-defendant in the lawsuit. CEMEX has filed counterclaims against both suppliers. At this stage of the proceedings, it is not possible to assess the likelihood of an adverse result or the potential damages which could be borne by CEMEX.
- In August 2007, the Australian Takeovers Panel (the "Panel") published a declaration of unacceptable circumstances, namely, that CEMEX's May 7, 2007 announcement, which stated that CEMEX would allow Rinker stockholders to retain the final dividend of 0.25 Australian dollars per share, constituted a departure from CEMEX's April 10, 2007 announcement, which said that CEMEX's offer of 15.85 U.S. dollars per share was its "best and final offer." The Panel ordered CEMEX to pay compensation of 0.25 Australian dollars per share to Rinker stockholders who sold their shares during the period from April 10 to May 7, 2007, net of any purchases that were made. CEMEX believes that the market was fully informed by its announcement made on April 10, 2007. CEMEX's appeal to the full court of the Federal Court of Australia was dismissed in June 2009 and CEMEX did not seek to appeal to the High Court. Accordingly, the Panel's orders came into effect and CEMEX was required to invite all affected stockholders to make claims for the compensation ordered by the Panel within a limited time. CEMEX has deposited approximately 16 million Australian dollars (US$14 or $183) into a bank account against which payments to claimants are being made. As of December 31, 2009, payments for the total deposited amount have been made and CEMEX will deposit additional funds when they are required. Upon conclusion of the process, any remaining funds which are not claimed will be returned to CEMEX.
- In August 2005, a lawsuit was filed against a subsidiary of CEMEX Colombia and other members of the Asociación Colombiana de Productores de Concreto, or ASOCRETO, a union formed by all the ready-mix concrete producers in Colombia. The lawsuit claimed that CEMEX Colombia and other ASOCRETO members were liable for the premature distress of the roads built for the mass public transportation system in Bogotá using ready-mix concrete supplied by CEMEX Colombia and other ASOCRETO members. The plaintiffs alleged that the base material supplied for the road construction failed to meet the quality standards offered by CEMEX Colombia and the other ASOCRETO members and/or that they provided insufficient or inaccurate information in connection with the product. The plaintiffs sought the repair of the roads and estimated that the cost of such repair would be approximately 100 billion Colombian pesos (US$49 or $641). In January 2008, CEMEX Colombia was subject to a court order, sequestering a quarry called "El Tujuelo," as security for a possible future money judgment to be rendered against CEMEX Colombia in these proceedings. The court determined that in order to lift this attachment and prevent further attachments, CEMEX Colombia was required to deposit with the court 337.8 billion Colombian pesos (US$165 or $2,160) in cash. CEMEX Colombia asked for reconsideration, and the court allowed CEMEX to present an insurance policy. Nevertheless, CEMEX appealed this decision in order to reduce the amount of the insurance policy and also requested that the guarantee be covered by all defendants in the case. In March 2009, the Superior Court of Bogotá reversed this decision, allowing CEMEX to offer a security in the amount of 20 billion Colombian pesos (US$10 or $131). CEMEX deposited the aforementioned security and, in July 2009, the Superior Court of Bogota lifted the attachment. One of the plaintiffs appealed this decision. At this stage, we are not able to assess the likelihood of an adverse result or the potential damages that could be borne by CEMEX Colombia upon appeal.

C) Other contingencies for legal procedures

Finally, there are certain legal proceedings in which a negative resolution for CEMEX may represent, among others, the revocation of operating licenses or the assessment of fines, whereby CEMEX may experience a decrease of future revenues, an increase in operating costs or a loss. Nevertheless, as of the date of these financial statements, in some cases, it is not possible to quantify the impact. As of December 31, 2009, the most significant other contingencies were the following:

- Pursuant to amendments to the Mexican income tax law effective on January 1, 2005, Mexican companies with investments in entities incorporated in foreign countries whose income tax liability is less than 75% of the income tax that would be payable in Mexico, are required to pay taxes in Mexico on indirect revenues, such as dividends, royalties, interest, capital gains and rental fees obtained by such foreign entities, provided, however, that such revenues are not derived from entrepreneurial activities in such countries. CEMEX challenged the constitutionality of the amendments before the Mexican federal courts. In September 2008, the Supreme Court of Justice ruled the amendments were constitutional for tax years 2005 to 2007. Since the Supreme Court's decision does not pertain to the amount of taxes due or other tax obligations, CEMEX will self-assess any taxes due through the submission of amended tax returns. As of December 31, 2009, based on preliminary estimates, CEMEX believed that the amount will not be material, but no assurance can be given that the Mexican tax authorities will agree with CEMEX's self-assessment of the taxes due for past periods.

- In October 2009, CEMEX, Inc., one of CEMEX's subsidiaries in the United States, and other cement and concrete suppliers were named as defendants in several purported class action lawsuits by a group of construction and building materials companies alleging price-fixing in Florida. According to the lawsuit, the defendants are alleged to have conspired to raise the price of cement and hinder competition in Florida. CEMEX believes that the lawsuits are without merit and intends to defend them vigorously.

- In July 2008, CEMEX agreed to sell its operations in Austria and Hungary to Strabag, one of the leading suppliers of building materials in Europe. In February 2009, the Hungarian Competition Council approved the sale on the condition that Strabag sell one specific ready-mix concrete plant within the next year. In April 2009, the Austrian Cartel Court ("ACC") approved the sale subject to the condition that Strabag sell to a third party several ready-mix plants, including the "Nordbahnhof" plant in Vienna. As of the date of approval, the plant had already been dismantled, and therefore the condition could not be met. Contrary to CEMEX's recommendation that a supplementary application should be made to the ACC, Strabag filed several appeals against the resolution of the ACC. On July 1, 2009, Strabag notified CEMEX of its purported rescission of the SPA, arguing that the regulatory approvals were not obtained before June 30, 2009. On the same day, CEMEX notified Strabag that CEMEX considered Strabag's purported rescission invalid. In the face of Strabag's continued refusal to cooperate in making a supplementary application to the ACC, CEMEX rescinded the SPA in September 2009. In October 2009, CEMEX filed a claim against Strabag before the International Arbitration Court of the International Chamber of Commerce, requesting a declaration that Strabag's rescission of the SPA was invalid and claiming the payment of damages caused to CEMEX as a result of such breach of the SPA by Strabag for €150 (US$215 or $2,814). In December 2009, Strabag filed its answer requesting the tribunal to dismiss the claim and also filed a counterclaim for the payment of damages and applied for security for costs related to the arbitration proceedings, for an aggregate amount of approximately €2 (US$3 or $39). CEMEX believes Strabag's counterclaim and request for security to be unfounded. The arbitration tribunal is in the process of being constituted.

- Between November 4th and 6th in 2008, officers from the European Commission ("EC"), assisted by local officials, conducted unannounced inspections at CEMEX's offices in the United Kingdom and Germany. The EC conducted inspections at the premises of other companies in the cement and related products industry in several European Community member states. The EC alleges that CEMEX may have participated in anticompetitive agreements and/or abusive conduct, in breach of articles of the EC and/or the European Economic Area ("EEA"). The allegations extend to several markets worldwide, particularly within the EEA. If those allegations are substantiated, CEMEX's subsidiaries which operate in the area of the EC may be subject to significant penalties. CEMEX will continue to cooperate with the EC officials in connection with this investigation.

- The government of Venezuela has claimed that three cement transportation vessels, transferred before the expropriation of CEMEX Venezuelan operations, continue to be the property of the former CEMEX Venezuela. The government of Venezuela successfully petitioned a Panamanian court, the country where the vessels are flagged, to enforce an interim measure issued by a Venezuelan court barring further transfer or disposition of the vessels. However, on December 28, 2009, the Supreme Court of Panama overruled the Panamanian court's ruling. CEMEX believes that the government of Venezuela's position that the vessels continue to be the property of the former CEMEX Venezuela is without merit. CEMEX will continue to resist efforts by the government of Venezuela to assert ownership rights over the vessels.

- In 2002, CEMEX Construction Materials Florida, LLC, one of CEMEX's subsidiaries in the United States, was granted one federal quarry permit that covered the SCL and FEC quarries, and was the beneficiary of another federal quarrying permit for the Lake Belt area in South Florida, which covered the Kendall Krome quarry. The FEC quarry is one CEMEX's largest aggregates quarries in that region. In response to litigation brought by environmental groups concerning the manner in which the federal quarry permits were granted, in January 2009, a judge from the U.S. District Court for the Southern District of Florida ordered the withdrawal of the federal quarry permits of CEMEX's SCL, FEC and Kendall Krome quarries. The judge ruled that there were deficiencies in the procedures and analysis undertaken by the relevant governmental agencies involved with the issuance of the permits. If CEMEX is not able to obtain new permits in the Lake Belt area, it would need to source aggregates from other locations in Florida or import aggregates. This would likely affect profits from CEMEX's operations in that region.

- In April 2006, the cities of Kaštela and Solin in Croatia published their respective development master plans, adversely impacting the mining concession granted to a CEMEX's subsidiary in Croatia by the Croatian government in September 2005. In May 2006, CEMEX filed an appeal before one constitutional court seeking a declaration by the court of its rights and seeking prohibition of the implementation of the master plans. The municipal courts in Kaštela and Solin had previously rejected the appeals presented by CEMEX. These resolutions were appealed. These cases are currently under review by the Constitutional Court in Croatia, and it is expected that these proceedings will continue for several years before resolution. During the proceedings, the Administrative Court in Croatia ruled in favor of CEMEX, validating the legality of the mining concession granted by the government of Croatia. This decision was final. However, CEMEX expects a resolution from the Constitutional Court to determine if the cities of Kaštela and Solin, within the scope of their master plans, can unilaterally change the borders of exploited fields. Currently, it is difficult to determine the impact on CEMEX as a result of the Kaštela and Solin proceedings.

In addition to the above, as of December 31, 2009, there are various legal proceedings of minor impact that have arisen in the ordinary course of business. These proceedings involve: 1) product warranty claims; 2) claims for environmental damages; 3) indemnification claims relating to acquisitions; 4) claims to revoke permits and/or concessions; and 5) other diverse civil actions. CEMEX considers that in those instances in which obligations have been incurred, CEMEX has accrued adequate provisions to cover the related risks. CEMEX believes these matters will be resolved without any significant effect on its business or results of operations.

As of December 31, 2009, the tax returns submitted by some subsidiaries of CEMEX located in several countries are under review by the respective tax authorities in the ordinary course of business. CEMEX cannot anticipate if such reviews will result in new tax assessments, which, should any exist, would be appropriately disclosed and/or recognized in the financial statements.

22. RELATED PARTIES

All significant balances and transactions between the entities that constitute the CEMEX group have been eliminated in the preparation of the consolidated financial statements. These balances with related parties resulted primarily from: (i) the sale and purchase of goods between group entities; (ii) the sale and/or acquisition of subsidiaries' shares within the CEMEX group; (iii) the invoicing of administrative services, rentals, trademarks and commercial name rights, royalties and other services rendered between group entities; and (iv) loans between related parties. Transactions between group entities were conducted on arm's length terms based on market prices and conditions.

The definition of related parties includes entities or individuals outside the CEMEX group, which, pursuant to their relationship with CEMEX, may take advantage of being in a privileged situation. Likewise, this applies to cases in which CEMEX may take advantage of such relationships and obtain benefits in its financial position or operating results. CEMEX's transactions with related parties are executed under market conditions. CEMEX has identified the following transactions between related parties:

- Mr. Bernardo Quintana Isaac, a member of the board of directors at CEMEX, S.A.B. de C.V., is the current chairman of the board of directors of *Empresas ICA, S.A.B. de C.V.* ("Empresas ICA"), and was its chief executive officer until December 31, 2006. Empresas ICA is one of the most important engineering and construction companies in Mexico. In the ordinary course of business, CEMEX extends financing to Empresas ICA in connection with the purchase of CEMEX's products, on the same credit conditions that CEMEX awards to other customers.
- Mr. José Antonio Fernández Carbajal, member of the board of directors at CEMEX, S.A.B. de C.V., is president and chief executive officer of *Fomento Empresarial Mexicano, S.A.B. de C.V.* ("FEMSA"), a large multinational beverage company. In the ordinary course of business, CEMEX pays and receives various amounts to and from FEMSA for products and services for varying amounts on market terms. Mr. Fernández Carbajal is also vice-chairman of the board of *Consejo de Enseñanza e Investigación Superior, A.C.* (the managing entity of *Instituto de Estudios Superiores de Monterrey* or ITESM), of which Mr. Lorenzo Zambrano, chief executive officer and chairman of CEMEX's board of directors, is chairman of the board. ITESM has received contributions by CEMEX for amounts that were not material in the periods presented.
- Mr. Rafael Rangel Sostmann, a member of the board of directors at CEMEX, S.A.B. de C.V., is the dean of ITESM.
- As of December 31, 2009, 2008 and 2007, there were no loans between CEMEX and board members or top management executives.
- For the years ended December 31, 2009, 2008 and 2007, the aggregate amount of compensation paid by CEMEX, S.A.B. de C.V. and subsidiaries to its board of directors, including alternate directors and top management executives, was approximately US$11 ($144), US$28 ($314) and US$31 ($339), respectively. Of these amounts, approximately US$10 ($131) in 2009, US$12 ($134) in 2008 and US$14 ($153) in 2007, were paid as compensation plus performance bonuses, while approximately US$1 ($13) in 2009, US$16 ($179) in 2008 and US$17 ($186) in 2007, corresponded to payments under the long-term incentive program in restricted CPOs.

23. SUBSEQUENT EVENTS

On January 13, 2010, through a reopening of its 9.5% notes due 2016, which were originally issued on December 14, 2009 (note 13A), CEMEX issued notes for an additional amount of US$500. The additional notes were issued at a price of US$105.25 per US$100 principal amount plus accrued interest from December 14, 2009 with a yield to maturity of 8.477%. Of the net proceeds from this additional issuance of notes, approximately US$411 will be used to prepay principal outstanding due in 2011 under CEMEX's Financing Agreement. The remaining proceeds of approximately US$89 will be used for general corporate purposes. This prepayment is expected to result in accumulated prepayments under the Financing Agreement in excess of the first financial milestone of US$4,800, thereby allowing CEMEX to maintain the current applicable margin under the Financing Agreement until at least December 2011.

On January 29, 2010, in connection with the withdrawal of federal quarry permits in Lake Belt, Florida (note 21C), the Army Corps of Engineers concluded a revision related to the court's ruling in 2006 and issued a Record of Decision supporting the emission of new federal quarry permits in the area. As of the date of the financial statements, the new quarry permits granted to the SCL and FEC quarries were in effect. However, several environmental conditions must be resolved before a new federal quarry permit may be issued for mining in the Kendall Krome quarry.

24. MAIN SUBSIDIARIES

The main subsidiaries as of December 31, 2009 and 2008 were as follows:

Subsidiary	Country	% interest 2009	% interest 2008
CEMEX México, S.A. de C.V. [1]	Mexico	100.0	100.0
CEMEX España, S.A. [2]	Spain	99.8	99.8
CEMEX, Inc. [3]	United States	100.0	100.0
CEMEX (Costa Rica), S.A.	Costa Rica	99.1	99.1
Assiut Cement Company	Egypt	95.8	95.8
CEMEX Colombia S.A.	Colombia	99.7	99.7
Cemento Bayano, S.A.	Panama	99.5	99.5
CEMEX Dominicana, S.A.	Dominican Republic	100.0	99.9
CEMEX de Puerto Rico Inc.	Puerto Rico	100.0	100.0
CEMEX France Gestion (S.A.S.)	France	100.0	100.0
CEMEX Australia Pty. Ltd. [3]	Australia	–	100.0
CEMEX Asia Holdings Ltd. [4]	Singapore	100.0	100.0
Solid Cement Corporation [4]	Philippines	100.0	100.0
APO Cement Corporation [4]	Philippines	100.0	100.0
CEMEX (Thailand) Co., Ltd. [4]	Thailand	100.0	100.0
CEMEX U.K.	United Kingdom	100.0	100.0
CEMEX Investments Limited	United Kingdom	100.0	100.0
CEMEX Deutschland, AG.	Germany	100.0	100.0
CEMEX Austria plc.	Austria	100.0	100.0
CEMEX Hrvatska d.d.	Croatia	100.0	99.2
CEMEX Czech Operations, s.r.o.	Czech Republic	100.0	100.0
CEMEX Polska sp. Z.o.o.	Poland	100.0	100.0
CEMEX Hungária Kft. [5]	Hungary	100.0	100.0
Readymix PLC. [6]	Ireland	61.2	61.7
CEMEX Holdings (Israel) Ltd.	Israel	100.0	100.0
CEMEX SIA	Latvia	100.0	100.0
CEMEX Topmix LLC, Gulf Quarries LLC, CEMEX Supermix LLC and CEMEX Falcon LLC [7]	United Arab Emirates	100.0	100.0

[1] *CEMEX México, S.A. de C.V.* is the indirect holding company of *CEMEX España, S.A.* and subsidiaries.

[2] *CEMEX España, S.A.* is the indirect holding company of all CEMEX's international operations.

[3] CEMEX Inc. is the indirect holding company of 100% of the common stock of Rinker Materials LLC's equity, while CEMEX Australia Pty. Ltd. was the holding company of 100% of the common stock of Rinker Group Pty Ltd. CEMEX's assets in Australia were sold in 2009.

[4] Represents CEMEX's indirect interest in the economic benefits of these entities.

[5] On March 31, 2008, Danubiusbeton Betonkeszito Kft changed its name to CEMEX Hungária Kft.

[6] Readymix PLC is listed in the Irish stock exchange.

[7] CEMEX owns 49% of the common stock of these entities and obtains 100% of the economic benefits, through arrangements with other stockholders.

25. NOTES TO PARENT COMPANY-ONLY FINANCIAL STATEMENTS

A. Description of business

CEMEX, S.A.B. de C.V. is a Mexican corporation, a holding company (parent) of entities whose main activities are oriented to the construction industry, through the production, marketing, distribution and sale of cement, ready-mix concrete, aggregates and other construction materials. CEMEX is a public stock corporation with variable capital (S.A.B. de C.V.) organized under the laws of the United Mexican States, or Mexico.

CEMEX, S.A.B. de C.V. was founded in 1906 and was registered with the Mercantile Section of the Public Register of Property and Commerce in Monterrey, N.L., Mexico in 1920 for a period of 99 years. In 2002, this period was extended to the year 2100. The shares of CEMEX, S.A.B. de C.V. are listed on the Mexican Stock Exchange ("MSE") as Ordinary Participation Certificates ("CPOs"). Each CPO represents two series "A" shares and one series "B" share of common stock of CEMEX, S.A.B. de C.V. In addition, CEMEX, S.A.B. de C.V. shares are listed on the New York Stock Exchange ("NYSE") as American Depositary Shares or "ADSs" under the symbol "CX." Each ADS represents ten CPOs.

The terms "CEMEX, S.A.B. de C.V." or the "Parent Company" used in these accompanying notes to the financial statements refer to CEMEX, S.A.B. de C.V. without its consolidated subsidiaries. The terms the "Company" or "CEMEX" refer to CEMEX, S.A.B. de C.V. together with its consolidated subsidiaries. The issuance of Parent Company only and consolidated financial statements was authorized by the Company's management on January 29, 2010, and they will be submitted for approval in the next stockholders' meeting.

B. Significant accounting policies

The same accounting policies listed in note 3 to CEMEX S.A.B. de C.V. consolidated financial statements were applied, as applicable, in the preparation of the Parent Company's financial statements and subsidiaries. This note includes references to other notes to the consolidated financial statements, in those cases in which the information also refers to the Parent Company.

Basis of presentation and disclosure

The financial statements are prepared in accordance with MFRS issued by CINIF. MFRS recognized the effects of inflation on the financial information until December 31, 2007. Changes in inflationary accounting effective as of January 1, 2008 are explained below.

Inflationary accounting

Beginning on January 1, 2008, pursuant to MFRS B-10, "Inflation Effects" ("MFRS B-10"), the financial statements subject to restatement are those related to an entity whose functional currency corresponds to a country in which the cumulative inflation rate over the preceding three years equals or exceeds 26% (i.e. a high-inflation environment). Until 2007, inflationary accounting was applied to all CEMEX subsidiaries regardless of the inflation level of their respective countries. Designation of a country as operating in a high-inflation environment takes place at the end of each year, and inflation restatement is applied prospectively.

Beginning in 2008, MFRS B-10 eliminated the restatement of the financial statements for the period as well as the comparative financial statements for prior periods into constant amounts as of the most recent balance sheet date. In addition, beginning in 2008, the amounts in the income statements, the statements of cash flows and the statement of changes in stockholders' equity have been presented in nominal pesos. The amounts in the income statement, the statement of changes in financial position and the statement of changes in stockholders' equity for 2007 are presented in constant pesos as of December 31, 2007, the last date in which inflationary accounting was applied to all subsidiaries. The restatement adjustments as of the date that the inflationary accounting was discontinued are part of the carrying amounts. Pursuant to MFRS B-10, beginning in 2008, when moving back from a low-inflation to a high-inflation environment, the initial restatement factor should consider the cumulative inflation since the last time in which inflationary accounting was applied.

Upon adoption of MFRS B-10 on January 1, 2008, the accumulated result for holding non-monetary assets as of December 31, 2007 included in "Other equity reserves" (note 17B) was reclassified to "Retained earnings," representing a decrease in this caption of approximately $97,722.

Statement of cash flows

Based on MFRS B-2, beginning in 2008, the statement of cash flows was incorporated as part of the basic financial statements. This statement presents cash inflows and outflows in nominal currency, replacing the statement of changes in financial position, which included inflation effects and unrealized foreign exchange effects. Pursuant to MFRS B-2, the Parent Company presents statements of cash flows for 2009 and 2008, and the statement of changes in financial position for 2007, as originally reported, in constant pesos as of December 31, 2007.

The statements of cash flows exclude the following transactions that did not represent sources or uses of cash: a) in 2009, the effects of the exchange of CBs into mandatorily convertible securities (note 13A), which represented a net decrease in debt of $2,036 and an increase in stockholders' equity of $1,971 (net of issuance expenses); b) in 2009 and 2008, the increase in stockholders' equity associated with the capitalization of retained earnings for $4,373 and $6,794, respectively (note 17A); and c) in 2009, the increase in stockholders' equity associated with CPOs issued as part of the executive stock-based compensation for $147 (note 17A). For 2009 and 2008, the statements of cash flows include the financial expenses paid in cash as part of the financing activities.

Definition of terms

When reference is made to "pesos" or "$", it means Mexican pesos. Except when specific references are made to "earnings per share" and "prices per share," the amounts in these notes are stated in millions of pesos. When reference is made to "US$" or "dollars," it means dollars of the United States of America ("United States or U.S.A."). When reference is made to "£" or "pounds," it means British pounds sterling. When reference is made to "€" or "euros," it means millions of the currency in circulation in a significant number of European Union countries.

When it is deemed relevant, certain amounts presented in this note 25 to the financial statements include between parentheses a translation into dollars, into pesos, or both, as applicable. These translations are provided as informative data and should not be construed as representations that the amounts in pesos or dollars, as applicable, actually represent that those peso or dollar amounts could be converted into pesos or dollars at the rate indicated. The translation procedures used are detailed as follows:

- When the amounts between parentheses are the peso and the dollar, it means the disclosed amounts were originated in other currencies. Such amounts were determined by translating the foreign currency figures into dollars using the respective closing exchange rates at year-end; and then translated into pesos using the closing exchange rates of $13.09 pesos per dollar in 2009, $13.74 pesos per dollar in 2008 and $10.92 pesos per dollar in 2007.
- When the amount between parentheses is in dollars, the amount was originated in pesos or other currencies. In 2009 and 2008, such dollar translations were calculated using the closing exchange rates of $13.09 and $13.74 pesos per dollar for balance sheet amounts, respectively, and using the average exchange rates of $13.60 and $11.21 pesos for the income statement amounts for 2009 and 2008, respectively. For 2007, the constant peso amounts as of December 31, 2007, were translated using the closing exchange rate as of the same date for balance sheet and income statement accounts. Likewise, when the amount between parentheses is the peso, the amount was originated in dollars. For 2009 and 2008, translation to pesos was calculated using the closing exchange rates of $13.09 and $13.74 pesos per dollar for balance sheet accounts, respectively, and the average exchange rates of $13.60 and $11.21 pesos per dollar for income statement accounts, respectively. In 2007, translation to pesos was calculated using the exchange rate as of December 31, 2007 for balance sheet and income statement accounts.

C. Other accounts receivable

As of December 31, 2009 and 2008, other short-term accounts receivable of the Parent Company consisted of:

		2009	2008
Non-trade accounts receivable	$	312	305
Current portion for valuation of derivative instruments		–	1,749
Other refundable taxes		1,871	1,155
	$	2,183	3,209

D. Investment in subsidiaries and associates

As of December 31, 2009 and 2008, investments of the Parent Company in subsidiaries and associates, which are accounted for by the equity method, were as follows:

		2009	2008
Book value at acquisition date	$	107,749	112,108
Revaluation by equity method		173,254	156,989
	$	281,003	269,097

During 2009, the Parent Company made equity contributions to its subsidiaries, CEMEX México, S.A. de C.V. ("CEMEX México") and CEMEX Trademarks Holding, for approximately $11,891 and $250, respectively, while the Parent Company received an equity distribution from CEMEX Central, S.A. de C.V. for approximately $16,500. In 2008, the Parent Company made an equity contribution to CEMEX Trademarks Holding Ltd. for approximately $54.

E. Land and buildings

As of December 31, 2009 and 2008, the Parent Company's land and buildings are summarized as follows:

		2009	2008
Land	$	1,819	1,819
Buildings		470	470
Accumulated depreciation		(306)	(300)
	$	1,983	1,989

F. Goodwill and deferred charges

As of December 31, 2009 and 2008, the Parent Company's goodwill and deferred charges consisted of:

		2009	2008
Intangible assets of indefinite useful life:			
Goodwill, net	$	1,894	1,894
Deferred Charges:			
Deferred financing costs		2,906	102
Deferred income taxes (note J)		9,905	5,248
Others		–	67
Accumulated amortization		(394)	(107)
Total deferred charges	$	12,417	5,310
Total goodwill and deferred charges	$	14,311	7,204

In 2009, the Parent Company capitalized financing costs associated with the Financing Agreement for approximately $2,843 (US$209). Under MFRS, the Parent Company's Financing Agreement qualified as the issuance of new debt and the extinguishment of the old facilities. Consequently, approximately $92 (US$7) of deferred financing costs associated with the extinguished debt were recognized immediately in the income statement.

Goodwill of the Parent Company refers to a portion of the reporting unit in Mexico (note 12). During the last quarter of 2009, 2008 and 2007, the Parent Company made the annual test for goodwill impairment. For the years ended December 31, 2009, 2008 and 2007, the Parent Company did not recognize impairment losses for goodwill, considering that impairment tests presented an excess of the value in use (discounted cash flows) over the carrying amount of goodwill in the reporting unit. The projection models for cash flows to value long-lived assets include long-term variables. Nevertheless, the Parent Company believes that its cash flow projections and the discount rates used for present value, reasonably capture current conditions at the time of the calculations, considering that: a) the starting point of future cash flow models is the operating flow for the previous year; b) the cost of capital reflects current risks and volatility in the markets; and c) the cost of debt represents the Parent Company's specific interest rates observed in recent transactions.

Impairment tests are significantly sensitive to, among other factors, the estimation of future prices of CEMEX's products, the development of operating expenses, local and international economic trends in the construction industry, long-term growth expectations in the different markets, as well as the discount rates and the rates of growth in perpetuity used. The Parent Company uses after-tax discount rate for its reporting unit in Mexico, which are applied to after-tax cash flows. Undiscounted cash flows are significantly sensitive to the growth rate in perpetuity used. Likewise, discounted cash flows are significantly sensitive to the discount rate used. The higher the growth rate in perpetuity applied, the higher the amount obtained of undiscounted future cash flows by reporting unit. Conversely, the higher the discount rate applied, the lower the amount obtained of discounted estimated future cash flows by reporting unit. For impairment tests in 2009 and 2008 of the reporting unit in Mexico, the Parent Company used a discount rate of 10.0% and 12.0%, respectively, as well as a growth rate in perpetuity of 2.5% in both years.

G. Other accounts payable and accrued expenses

As of December 31, 2009 and 2008, other accounts payable and accrued expenses of the Parent Company are disclosed below:

		2009	2008
Other accounts payable, accrued expenses, dividends payable and interest payable	$	355	127
Tax payable		920	543
Valuation of derivative instruments		–	1,052
	$	1,275	1,722

H. Short-term and long-term debt

As of December 31, 2009 and 2008, the breakdown of the Parent Company's short-term and long-term debt by interest rate and currency type, is presented below:

		Carrying amount		Effective rate [1]	
		2009	2008	2009	2008
Short-term					
Floating rate	$	3,986	15,673	4.6%	3.5%
Fixed rate		–	2,741	–	9.3%
		3,986	18,414		
Long-term					
Floating rate		50,082	46,796	5.3%	4.7%
Fixed rate		2,923	11,647	9.2%	4.7%
		53,005	58,443		
	$	56,991	76,857		

		2009					2008			
		Short-term	Long-term	Total	Effective rate [1]		Short-term	Long-term	Total	Effective rate [1]
Dollars	$	291	32,764	33,055	4.7%	$	12,213	35,266	47,479	3.7%
Pesos		3,695	20,241	23,936	6.3%		6,201	23,177	29,378	5.6%
	$	3,986	53,005	56,991		$	18,414	58,443	76,857	

[1] Represents the weighted average effective interest rate and includes the effects of interest rate swaps and derivative instruments that exchange interest rates and currencies.

As of December 31, 2009 and 2008, the Parent Company's short-term debt included $3,186 and $8,830, respectively, representing current maturities of long-term debt.

The maturities of the Parent Company's long-term debt as of December 31, 2009, which reflect the amortization of debt under the Financing Agreement (note 13A), are as follows:

		Parent
2011	$	9,961
2012		11,066
2013		8,246
2014		23,053
2015 and thereafter		679
	$	53,005

The Parent Company's debt contracts contain restrictive covenants calculated on a consolidated basis requiring, among others, the compliance with financial ratios and tests, which are detailed in note 13A.

On December 10, 2009, the Parent Company completed its offer to exchange CBs issued in Mexico with maturities between 2010 and 2012, into mandatorily convertible securities for approximately $4,126 (US$315). At their mandatory scheduled conversion in ten years or earlier if the price of the CPO reaches $35.88, the securities will be mandatorily convertible into approximately 172.5 million CPOs, at a conversion price of $23.92 per CPO. During their tenure, the securities yield a 10% interest payable quarterly. Holders have an option to voluntarily convert their securities, after the first anniversary of their issuance, on any interest payment date into CPOs. Based on MFRS, the convertible securities represent a compound instrument which has a liability component and an equity component. The liability component, which amounted to $2,090, represents the net present value of interest payment on the principal amount, without assuming any early conversion, and was recognized within "Other financial obligations." The equity component, which represents the difference between the principal amount and the liability component was recognized within "Other equity reserves" net of commissions (note 17B).

I. Balances and transactions with related parties

As of December 31, 2009 and 2008 the main accounts receivable and payable with related parties were as follows:

2009		Assets		Liabilities	
		Short-term	Long-term	Short-term	Long-term
CEMEX México, S.A. de C.V.	$	1,558	13,943	–	–
CEMEX Central, S.A. de C.V.		–	–	519	–
CEMEX International Finance Co.		1,069	–	–	31,423
CEMEX France Gestion.		34	–	–	–
TEG Energía, S.A. de C.V.		–	–	–	353
Others		16	–	28	–
	$	2,677	13,943	547	31,776

2008		Assets		Liabilities	
		Short-term	Long-term	Short-term	Long-term
CEMEX México, S.A. de C.V.	$	–	13,943	3,766	–
CEMEX Central, S.A. de C.V.		385	–	–	–
CEMEX International Finance Co.		–	–	226	17,736
CEMEX Concreto, S.A. de C.V.		–	–	227	–
TEG Energía, S.A. de C.V.		–	–	–	740
Others		123	–	16	–
	$	508	13,943	4,235	18,476

The main operations with related parties are summarized as follows:

Parent Company		2009	2008	2007
Rental income	$	272	271	278
License fees		1,002	1,197	1,177
Financial expense		(2,576)	(1,316)	(433)
Management service expenses		(836)	(753)	(1,322)
Financial income		1,186	1,670	690
Results from financial instruments		(4,067)	3,063	–
Other expenses, net		(870)	(809)	(21)

Balances and transactions of the Parent Company with related parties result primarily from: (i) the sale and/or acquisition of subsidiaries' shares within the CEMEX group; (ii) the invoicing of administrative services, rentals, trademarks and commercial name rights, royalties and other services rendered between group entities; and (iii) loans between related parties. Transactions between group entities are conducted on arm's length terms based on market prices and conditions.

The long-term account receivable with CEMEX Mexico is related to a loan bearing the TIIE rate plus 129 basis points. The account payable to TEG Energía, S.A. de C.V., corresponds to the valuation of an interest rate swap related to energy projects negotiated between CEMEX and TEG Energía for a notional amount of US$15 with maturity in September 2022. The account payable to CEMEX International Finance Co. bears interest at market rates and matures in 2028.

In connection with sale contracts of EUAs and the exchange of EUAs for CERs that were liquidated during 2009 (note 3U), the Parent Company had acted as a counterparty of third parties and maintained identical contracts with the subsidiaries in Europe owners of the EUAs, through which the Parent Company hedged its obligations established in those contracts.

The loss on financial instruments during 2009 mainly refers to results incurred in hedging transactions with related parties using foreign currency options.

The definition of related parties includes entities or individuals outside the CEMEX group, which, pursuant to their relationship with CEMEX, may take advantage from being in a privileged situation. Likewise, this applies to cases in which CEMEX may take advantage of such relationships and obtain benefits in its financial position or operating results. CEMEX's transactions with related parties are executed under market conditions. The Parent Company has identified the following transactions between related parties:

Mr. Bernardo Quintana Isaac, a member of the board of directors at CEMEX, S.A.B. de C.V., is the current chairman of the board of directors of *Empresas ICA, S.A.B. de C.V.* ("Empresas ICA"), and was its chief executive officer until December 31, 2006. Empresas ICA is one of the most important engineering and construction companies in Mexico. In the ordinary course of business, CEMEX extends financing to Empresas ICA in connection with the purchase of CEMEX's products, on the same credit conditions that CEMEX awards to other customers.

Mr. José Antonio Fernández Carbajal, member of the board of directors at CEMEX, S.A.B. de C.V., is president and chief executive officer of *Fomento Empresarial Mexicano, S.A.B. de C.V.* ("FEMSA"), a large multinational beverage company. In the ordinary course of business, CEMEX pays and receives various amounts to and from FEMSA for products and services for varying amounts on market terms. Mr. Fernández Carbajal is also vice-chairman of the board of *Consejo de Enseñanza e Investigación Superior, A.C.* (the managing entity of *Instituto de Estudios Superiores de Monterrey* or ITESM), of which Mr. Lorenzo Zambrano, chief executive officer and chairman of CEMEX's board of directors, is chairman of the board. ITESM has received contributions by CEMEX for amounts that were not material in the periods presented.

Mr. Rafael Rangel Sostmann, a member of the board of directors at CEMEX, S.A.B. de C.V., is the dean of ITESM.

J. Income taxes

Income taxes

In November 2009, the Mexican Congress approved a new income tax law, enacted and published on December 7, 2009 and that is effective beginning January 1, 2010. The new law included changes to the tax consolidation regime that will require CEMEX, among other things, to determine income taxes as if the tax consolidation provisions in Mexico did not exist from 1999 and onward. These changes also required the payment of taxes on dividends between entities of the tax consolidation group (specifically, dividends paid from profits that were not taxed in the past), certain special items in the tax consolidation, as well as tax loss carryforwards generated by entities within the consolidated tax group that should had been recovered by such individual entities over the succeeding 10 years. This new law increased the statutory income tax rate from 28% to 30% for the years 2010 to 2012, 29% for 2013, and decreasing to 28% for 2014 and future years. Pursuant to the new tax law, the Parent Company will be required to pay in 2010 (at the new 30% tax rate) 25% of the tax that results from eliminating the tax consolidation effects from 1999 to 2004. The remaining 75% should be paid as follows: 25% in 2011, 20% in 2012, 15% in 2013 and 15% in 2014. In connection with the consolidation effects originated after 2004, these should be considered during the sixth fiscal year following their origination and will be payable over the succeeding five years in the same proportions (25%, 25%, 20%, 15%, and 15%). Applicable taxes payable as a result of the changes to the tax consolidation regime will be increased by inflation as required by the Mexican income tax law.

The nominal value of taxes payable estimated by the Parent Company and that will be paid in connection with the aforementioned changes in the law amounted to approximately $10,461. Based on Interpretation 18, this amount was recognized by CEMEX as a tax payable on its balance sheet against "Other non-current assets" for approximately $8,216, in connection with the net liability recognized before the new tax law and that the Parent Company expects to realize in connection with the payment of this tax liability; and approximately $2,245 against "Retained earnings" for the portion, according to the new law, related to: a) the difference between the sum of the equity of the controlled entities for tax purposes and the equity for tax purposes of the consolidated entity; b) dividends from the controlled entities for tax purposes to CEMEX, S.A.B. de C.V.; and c) other transactions between the companies included in the tax consolidation that represented the transfer of resources within such group. As of December 31, 2009, the balance of tax loss carryforwards that have not been considered in the tax consolidation is approximately $4,024.

As of December 31, 2009, the estimated payment schedule of taxes payable resulting from changes in the tax consolidation regime in Mexico was as follows:

		2009
2010	$	388
2011		570
2012		716
2013		707
2014		1,281
2015 and thereafter		6,799
	$	10,461

The Parent Company and its Mexican subsidiaries determine income tax on a consolidated basis; therefore, the amounts recognized in the Parent Company-only financial statements for the years ended December 31, 2009, 2008 and 2007, include the effect of such tax consolidation.

On January 1, 2008, a new law became effective in Mexico, which was named the Minimum Corporate Tax Law (*Impuesto Empresarial Tasa Única* or "IETU") and superseded the Business Asset Tax law ("BAT"). IETU is calculated based on cash flows, and the rate was 16.5% in 2008, 17% in 2009 and will be 17.5% in 2010 and thereafter. Entities subject to IETU are also required to determine income tax and pay the greater of the amounts between the two. In broad terms, taxable revenues for IETU purposes are those generated through the sale of goods, the rendering of professional services, as well as rental revenue. There are certain exceptions, and a taxpayer may consider, as deductible items for IETU calculations, the expenses incurred to conduct the activities previously described. Capital expenditures are fully deductible for IETU. Each entity should calculate IETU on a stand-alone basis, and tax consolidation is not permitted. Unlike BAT, IETU is a definitive tax and, unlike income tax, the taxable income under IETU is greater since some deductions are not permitted, which in some cases may be compensated by the lower IETU rate than the income tax rate. During 2009 and 2008, the Parent Company and its main subsidiaries in Mexico paid income tax in lieu of IETU, as its income tax exceeded the minimum corporate tax under IETU.

In 2009, 2008 and 2007, income tax benefit (expense) recognized in the Parent Company's income statements consisted of:

		2009	2008	2007
Current income tax	$	13	66	(1,122)
Deferred income tax		(554)	5,045	965
	$	(541)	5,111	(157)

The Parent Company has accumulated consolidated tax loss carryforwards for its Mexican operations which, restated for inflation, can be amortized against taxable income in the succeeding ten years according to the Mexican Income Tax Law.

As of December 31, 2009, tax loss carryforwards were as follows:

Year in which tax loss occurred	Amount of carryforwards	Year of expiration
2001	$ 2,178	2011
2002	7,165	2012
2003	5,225	2013
2004	51	2014
2005	359	2015
2006 and thereafter	24,475	2016
	$ 39,453	

BAT levied in excess of income tax for the period may be recovered, restated for inflation, in any of the succeeding ten years, provided that the income tax incurred exceeds BAT in such period. The Parent Company determines income tax on a consolidated basis; consequently, it calculated and presented consolidated BAT through the 2007 tax period. As of December 31, 2009, the recoverable BAT was $139 and expires in 2016.

Deferred income tax

The valuation method for deferred income taxes is detailed in note 3N. Deferred income taxes for the period represent the difference between the balances, in nominal pesos, of deferred income at the beginning and the end of the period. As of December 31, 2009 and 2008, the income tax effects of the main temporary differences that generated the deferred income tax assets and liabilities of the Parent Company are presented below:

	2009	2008
Deferred tax assets:		
Tax loss and tax credit carryforwards	$ 11,047	6,360
Recoverable BAT	139	139
Advances	585	120
Derivative financial instruments	524	3,095
Gross deferred tax assets	12,295	9,714
Less – valuation allowance	(749)	(139)
Total deferred tax asset, net	11,546	9,575
Deferred tax liabilities:		
Land and buildings	(489)	(494)
Derivative financial instruments	(99)	(2,788)
Investment in associates	(1,053)	(1,045)
Total deferred tax liabilities	(1,641)	(4,327)
Net active position of deferred taxes	$ 9,905	5,248

The change in deferred income taxes during 2009 include $585 related to the effect generated by the future tax deduction of the portion of the convertible securities (note 2), which was recorded in "Other equity reserves," and $4,626 related to the new income tax law. The Parent Company's management considers that sufficient taxable income will be generated to realize the tax benefits associated with the deferred income tax assets, and the tax loss carryforwards, prior to their expiration. In the event that present conditions change, and it is determined that future operations would not generate enough taxable income, or that tax strategies are no longer viable, the valuation allowance would be increased against the results of the period. The Parent Company does not recognize a deferred tax liability for the undistributed earnings generated by its subsidiaries recognized under the equity method, considering that such undistributed earnings are expected to be reinvested, not generating income tax in the foreseeable future. Likewise, the Parent Company does not recognize a deferred income tax liability related to its investments in subsidiaries considering that the Parent Company controls the reversal of the temporary differences arising from these investments.

Reconciliation of effective tax rate

The effects of inflation are recognized differently for income tax and for accounting purposes. This situation, and other differences between the financial reporting and the corresponding tax basis of assets and liabilities, give rise to permanent differences between the approximate statutory tax rate and the effective tax rate presented in the Parent Company's income statements. As of December 31, 2009, 2008 and 2007, these differences were as follows:

	2009 %	2008 %	2007 %
Effective Parent Company statutory tax rate	28.0	(28.0)	28.0
Equity in income of subsidiaries and associates	(166.9)	(88.4)	(30.8)
Valuation allowance for tax loss carryforwards	31.0	(5.6)	6.6
Benefit for tax consolidation	–	(45.6)	(5.0)
Inflation adjustments	46.0	14.0	1.2
Others	89.7	(26.8)	0.6
Parent Company's effective tax rate	27.8	(180.4)	0.6

K. Stockholders' equity

The consolidated controlling stockholders' equity is the same as the Parent Company's stockholders' equity. Therefore, stockholders' equity information detailed in note 17 to the consolidated financial statements also refers to the Parent Company, except for non-controlling interest and the perpetual bonds, which refer exclusively to the consolidated entity and cumulative initial effect of deferred taxes.

L. Executive stock option programs

Of the different stock option programs disclosed in note 18 to the consolidated financial statements, only the "Fixed program" was issued by the Parent Company. Entities obligated under the other programs are part of the consolidated group.

M. Earnings per share

The calculation of earnings per share included in note 19 are the same for the Parent Company.

N. Contingencies and commitments

N.1 Guarantees

As of December 31, 2009 and 2008, CEMEX, S.A.B. de C.V. guaranteed loans made to certain subsidiaries for approximately US$12,570 and US$1,407, respectively.

As of December 31, 2008, the Parent Company's investment in Control Administrativo Mexicano, S.A. de C.V. (note 10A), was held in an ownership transferring trust for management and payment. Under this trust arrangement, the Parent Company maintained its corporate and property rights, with the pledge securing the payment of Parent Company's debt in an amount of US$250 ($3,435) as of December 31, 2008, which includes quarterly amortizations starting in July 2009 and maturing in October 2010. In the event of default, the assets would be sold and the amount applied to such debt. During 2009, the Parent Company replaced the CPOs and the shares of its associates in exchange for a pledge of the assets of CEMEX plants in Merida and Ensenada.

N.2 Contractual obligations

As of December 31, 2009 and 2008, the approximate cash flows that were required by the Parent Company to meet its material contractual obligations are summarized as follows:

(U.S. dollars millions)				2009			2008
Obligations		Less than 1 year	1-3 Years	3-5 Years	More than 5 years	Total	Total
Long-term debt [1]	US$	243	1,606	2,391	53	4,293	4,896
Interest payments on debt [2]		222	495	281	6	1,004	376
Interest rate derivatives [3]		–	–	–	–	–	92
Inactive derivative financial instruments [4]		–	–	–	–	–	263
Total contractual obligations	US$	465	2,101	2,672	59	5,297	5,627
	$	6,087	27,502	34,976	773	69,338	77,315

[1] The schedule of debt payments, which includes current maturities, does not consider the effect of any refinancing that may occur of debt during the following years. The Parent Company has been successful replacing its long-term obligations with others of similar nature in the past.

[2] In the determination of future estimated interest payments on floating rate denominated debt, the Parent Company used the floating interest rates in effect as of December 31, 2009 and 2008.

[3] Estimated contractual obligations under interest rate derivatives include the approximate cash flows under the Parent Company's interest rate swaps and cross currency swap contracts, and represent the net amount between the rate the Parent Company pays and the rate received under such contracts. In the determination of future estimated cash flows, the Parent Company used the interest rates applicable under such contracts as of December 31, 2008.

[4] Refers in 2008 to estimated contractual obligations of the Parent Company within positions of inactive derivative instruments (note 13).

O. Tax assessments and legal proceedings

CEMEX, S.A.B. de C.V. and certain of its subsidiaries in Mexico have been notified by the Mexican tax authority of several tax assessments related to different tax periods. Tax assessments are based primarily on investments made in entities incorporated in foreign countries with preferential tax regimes. On April 3, 2007, the Mexican tax authority issued a decree providing for a tax amnesty program, which allows for the settlement of previously issued tax assessments. CEMEX decided to take advantage of the benefits of this program, resulting in the settlement of the existing fiscal tax assessments of prior years. As a result of the program, as of December 31, 2009, CEMEX does not have any significant tax assessment pending for resolution.

Pursuant to amendments to the Mexican income tax law effective on January 1, 2005, Mexican companies with investments in entities incorporated in foreign countries whose income tax liability is less than 75% of the income tax that would be payable in Mexico, are required to pay taxes in Mexico on indirect revenues, such as dividends, royalties, interest, capital gains and rental fees obtained by such foreign entities, provided, however, that such revenues are not derived from entrepreneurial activities in such countries. CEMEX challenged the constitutionality of the amendments before the Mexican federal courts. In September 2008, the Supreme Court of Justice ruled the amendments were constitutional for tax years 2005 to 2007. Since the Supreme Court's decision does not pertain to the amount of taxes due or other tax obligations, CEMEX will self-assess any taxes due through the submission of amended tax returns. As of December 31, 2009, based on preliminary estimates, CEMEX believes that the amount will not be material, but no assurance can be given that the Mexican tax authorities will agree with CEMEX's self-assessment of the taxes due for past periods.

TERMS
we use

Financial Terms

American Depositary Shares (ADSs) are a means for non-U.S.-based corporations to list their ordinary equity on an American stock exchange. Denominated in US dollars, they confer full rights of ownership to the corporation's underlying shares, which are held on deposit by a custodian bank in the company's home country or territory. In CEMEX, each ADS represents 10 CPOs.

EBITDA is operating income plus depreciation and amortization. Amortization of goodwill is not included in operating income, but is instead recorded in other income (expense) below the operating line. EBITDA does not include certain extraordinary income and expenses that are not included in operating income under Mexican GAAP. EBITDA is not a GAAP measure.

Euribor (Euro Interbank Offered Rate) is the rate at which euro interbank term deposits within the euro zone are offered by one prime bank to another prime bank.

Expansion capital expenditures consist of expansion spending on our cement, ready-mix concrete, and other core businesses in existing markets.

Free cash flow equals EBITDA minus net interest expense, maintenance and expansion capital expenditures, change in working capital, taxes paid, and other cash items (net other expenses less proceeds from the disposal of obsolete and/or substantially depleted operating fixed assets that are no longer in operation and coupon payments on our perpetual notes).

Interest coverage equals EBITDA divided by financial expenses.

LIBOR (London Interbank Offered Rate) is a daily reference rate based on the interest rates at which banks borrow unsecured funds from other banks in London.

Maintenance capital expenditures consist of maintenance spending on our cement, ready-mix concrete, and other core businesses in existing markets.

Net debt equals total debt minus the fair value of cross currency swaps associated with debt, minus cash and cash equivalents.

Net debt to EBITDA is calculated by dividing net debt by EBITDA for the last 12 months.

Net working capital equals operating accounts receivable (including other current assets received as payment in kind) plus historical inventories minus operating payables.

Ordinary Participation Certificates (CPOs) represent two of CEMEX's series A shares and one of CEMEX's series B shares. This instrument is listed on the Mexican Stock Exchange.

TIIE (*Tasa de Interés Interbancaria de Equilibrio*) is a measure of the average cost of funds in the Mexican interbank money market.

Industry Terms

Aggregates are sand and gravel, which are mined from quarries. They give ready-mix concrete its necessary volume and add to its overall strength. Under normal circumstances, one cubic meter of fresh concrete contains two metric tons of gravel and sand.

Clean Development Mechanism (CDM) is a mechanism under the Kyoto Protocol that allows Annex I countries to recognize greenhouse gas emission reductions from projects developed in Non-Annex I countries.

Clinker is an intermediate cement product made by sintering limestone, clay, and iron oxide in a kiln at around 1,450 degrees Celsius. One metric ton of clinker is used to make approximately 1.1 metric tons of gray Portland cement.

Fly ash is a combustion residue from power plants that can be used as a non-clinker cementitious material.

Gray Portland cement is a hydraulic binding agent with a composition by weight of at least 95% clinker and 0–5% of a minor component (usually calcium sulfate). It can set and harden underwater and, when mixed with aggregates and water, produces concrete or mortar.

Installed capacity is the theoretical annual production capacity of a plant; whereas effective capacity is a plant's actual optimal annual production capacity, which can be 10–20% less than installed capacity.

Metric ton is the equivalent of 1.102 short tons.

Petroleum coke (petcoke) is a byproduct of the oil refining coking process.

Pozzolana is a fine, sandy volcanic ash.

Ready-mix concrete is a mixture of cement, aggregates, and water.

Slag is the byproduct of smelting ore to purify metals.

board of DIRECTORS

Directors

Lorenzo H. Zambrano
Chairman of the Board

Lorenzo Milmo Zambrano

Armando J. García Segovia

Rodolfo García Muriel

Rogelio Zambrano Lozano

Tomás Milmo Santos

Roberto Zambrano Villarreal
Independent member

Bernardo Quintana Isaac
Independent member

Dionisio Garza Medina
Independent member

Alfonso Romo Garza
Independent member

Mauricio Zambrano Villarreal (†)
Independent member

José Manuel Rincón Gallardo
Independent member

Luis Santos de la Garza
Independent member

José Antonio Fernández Carbajal
Independent member

Rafael Rangel Sostmann
Independent member

Secretary
Ramiro Villarreal Morales
(not a member of the board)

Audit Committee

Roberto Zambrano Villarreal
President

José Manuel Rincón Gallardo

Alfonso Romo Garza

Mauricio Zambrano Villarreal (†)

Corporate Practices Committee

Dionisio Garza Medina
President

Bernardo Quintana Isaac

José Antonio Fernández Carbajal

Rafael Rangel Sostmann

Finance Committee

Rogelio Zambrano Lozano
President

Tomás Milmo Santos

Rodolfo García Muriel

Alfonso Romo Garza

management TEAM

Lorenzo H. Zambrano (65)
Chairman of the Board and Chief Executive Officer
Mr. Zambrano joined CEMEX in 1968. He was named CEO in 1985 and has served as Chairman of the Board since 1995. He holds a B.S. degree in mechanical engineering from Tecnológico de Monterrey and an M.B.A. from Stanford University. He is a member of the Board of Directors of IBM and FEMSA, and he serves on the Citigroup International Advisory Board. Mr. Zambrano is also Chairman of the Board of Tecnológico de Monterrey.

Francisco Garza (54)
President of the Americas
Mr. Garza is a graduate of Tecnológico de Monterrey and has an M.B.A. from Cornell University's Johnson Graduate School of Management. Since he joined CEMEX in 1988, he has occupied several senior management positions in the company, including President of CEMEX USA; President of CEMEX Venezuela; President of CEMEX Panama; and President of CEMEX Mexico. Today, Mr. Garza is directly responsible for CEMEX's interests and operations in the United States, Mexico, Central and South America and the Caribbean.

Juan Romero (52)
President of the Europe, Middle East, Africa & Asia Region
Mr. Romero graduated from Universidad de Comillas, Spain, where he studied Law and Economic and Enterprise Sciences. He joined CEMEX in 1989 and has occupied several senior management positions, including the responsibility for the company's operations in Colombia and Mexico, as well as President of CEMEX South America and Caribbean region. Currently, he is directly responsible for CEMEX's operations and interests in Europe, the Middle East, Africa, and Asia.

Rodrigo Treviño (53)
Chief Financial Officer
Mr. Treviño, who joined CEMEX in 1997, received his B.S. and M.S. degrees in industrial engineering from Stanford University. He is responsible for the company's finance, capital markets, treasury, and investor relations.

Fernando A. González (55)
Executive Vice President of Planning and Finance
Since joining CEMEX in 1989, he has held several senior management positions, including Corporate Vice President of Strategic Planning; President of CEMEX Venezuela; President of CEMEX Asia; President of CEMEX South America and Caribbean Region; President of CEMEX Europe; President of CEMEX Europe, Middle East, Africa, Asia and Australia; and Executive Vice President of Planning and Development. Currently, Mr. González is Executive Vice President of Planning and Finance. He earned his B.A. and M.B.A. from Tecnológico de Monterrey.

Víctor M. Romo (51)
Executive Vice President of Administration
Mr. Romo joined CEMEX in 1985. He earned his bachelor's degree in accounting and his M.S. degree in administration from Tecnológico de Monterrey. Before assuming his current position, Mr. Romo served as President of CEMEX South America and Caribbean Region. Currently, he is responsible for the areas of comptrollership, processes and IT, taxation, security, risk management, and administrative control.

investors and media INFORMATION

Exchange listings
Bolsa Mexicana de Valores (BMV)
Mexico

New York Stock Exchange (NYSE)
United States

Share series
CPO (representing two A shares and one B share)

ADS (representing 10 CPOs)

BMV ticker symbol
CEMEXCPO

NYSE ticker symbol
CX

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