Trust is a dynamic, living thing. It calls for truthfulness and commitments honored. Trust frees us to think for ourselves, to forge lasting relationships, and opens the way to new possibilities.

Strong free cash flow generation allows us to maintain a sound balance sheet.

Financial highlights

In millions of US dollars*, except per-share data

CEMEX, S.A. DE C.V. AND SUBSIDIARIES, AS OF DECEMBER 31, 2001

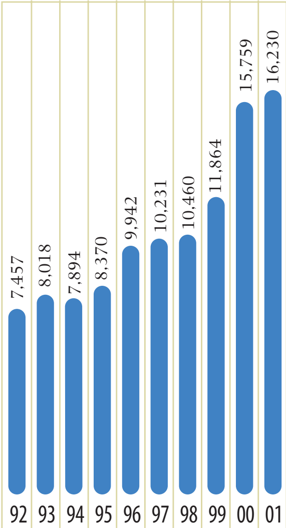
	2001	2000	% change
Net Sales	6,923	5,621	23
EBITDA	2,256	2,030	11
Consolidated Net Income	1,331	1,077	24
Earnings per ADS**	4.14	3.65	14
Free Cash Flow	1,145	886	29
Cash Earnings	1,540	1,287	20
Total Assets	16,230	15,759	3
Net Debt	6,094	7,112	(14)
Total Stockholders' Equity	8,152	7,649	7

* Convenience translation. Results in pesos for 2001 can be calculated by multiplying the dollar figures by the December 31, 2001 exchange rate of MXP9.17. Results in pesos for 2000 can be calculated by multiplying the dollar figures by 0.990 (representing the weighted average inflation factor -0.997%) and then multiplying by the December 31, 2000 exchange rate of MXP9.62.

** Based on 1.422 billion average CPOs for 2001 and 1.375 billion average CPOs for 2000. Each ADS represents five CPOs.

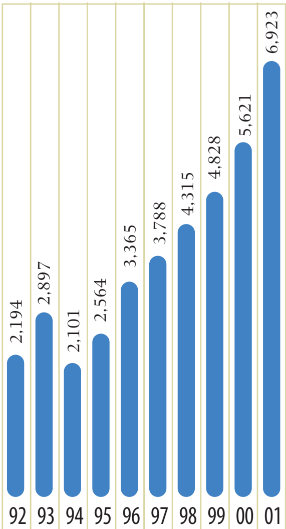
Assets

MILLIONS OF US DOLLARS



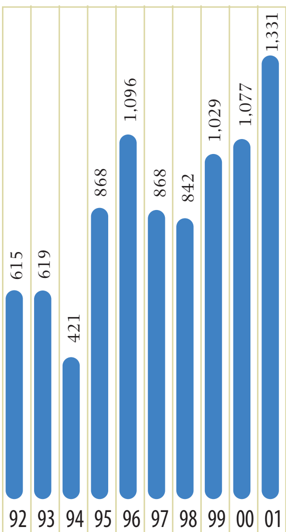
Consolidated net sales

MILLIONS OF US DOLLARS



Consolidated net income

MILLIONS OF US DOLLARS



2001 relevant events

January – Electronic storefront goes live in Venezuela, enabling CEMEX's customers to place orders, purchase products and access value-added services via the CEMEX Venezuela website. During the year, online storefronts in Mexico, Spain and Colombia are also launched.

February – Internet-based procurement comes online in CEMEX's major South America, Central America & Caribbean operations, following the Mexican start-up in November 2000.

March – As part of CEMEX's plan to refinance short-term debt related to the Southdown acquisition, the company closes a US$757 million private placement, one of the largest on record in the U.S. market.

April – The company's new grinding mill in Bangladesh begins operations.

May – CEMEX accepts Citigroup's offer to buy its 1.32% ownership in Banacci, Mexico's largest financial institution. The proceeds are used to reduce net debt.

CEMEX enters the Thai cement market through CEMEX Asia Holdings' purchase of a 99% interest in Saraburi Cement.

July – The company starts the implementation of a new supply chain management system with i2 Technologies to transform its supply chain into an agile, scalable and high-velocity model.

Distributors licensing CEMEX's Construrama brand grow into Mexico's largest nationwide distribution network for construction materials with more than 1,850 points of sale by year-end.

At the 136,000-acre Maderas de El Carmen ecoregion, CEMEX presents its conservation model aimed at creating a long-term holistic program for ecosystems, species and biological corridors.

October – As part of the company's plan to refinance and extend its debt maturity profile, CEMEX, through its wholly owned European holding company, closes a three-year EUR800 million revolving credit facility, after an unprecedented over-subscription rate.

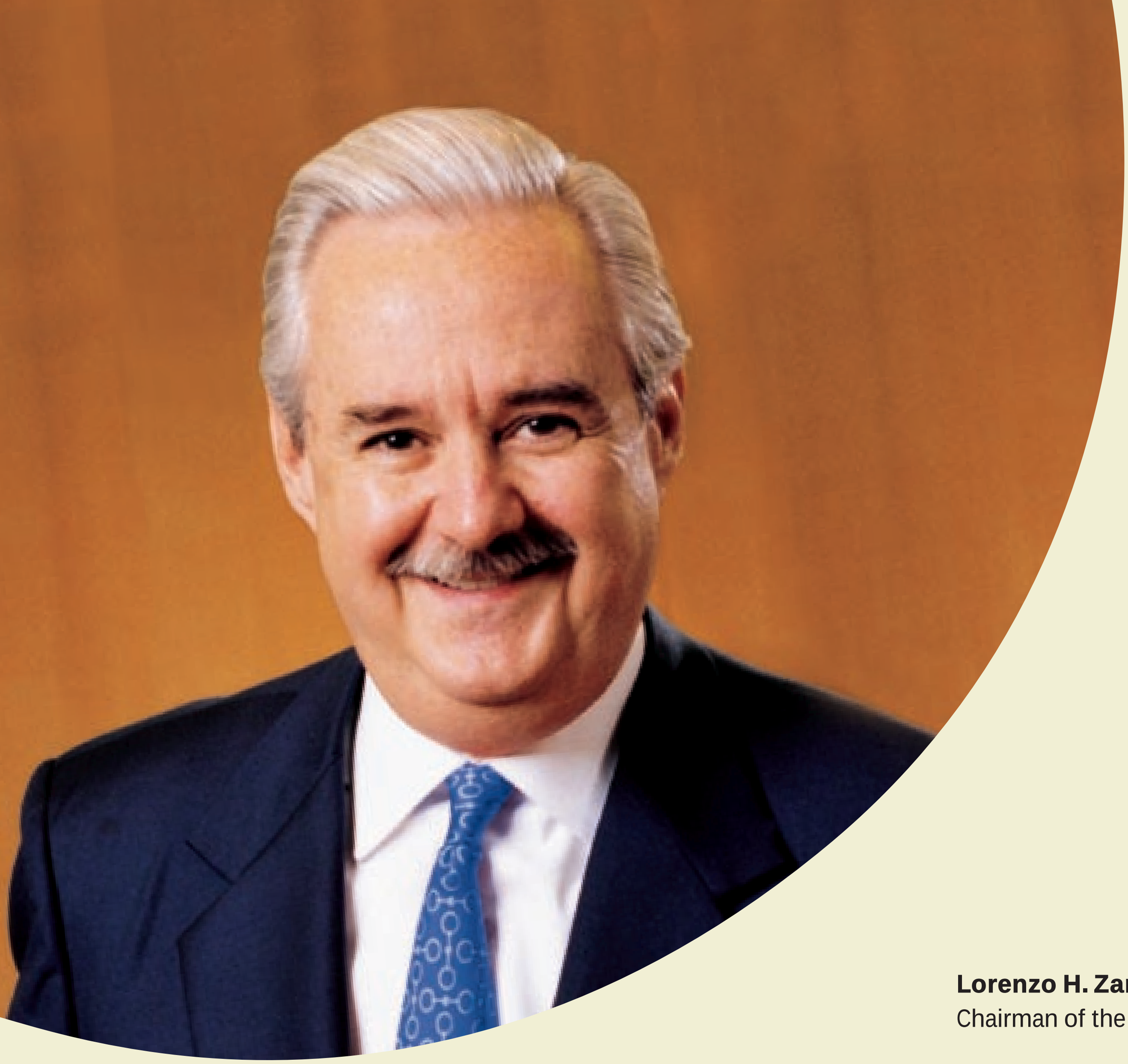
November – CEMEX completes the post-merger integration of U.S.-based Southdown, Inc. in record time, identifying value opportunities of more than US$140 million in the process.

December – Roll out of CEMEX's e-learning program, which enables employees to receive online multidisciplinary instruction.

CEMEX completes its Victorville, California plant expansion, adding one million metric tons of production capacity to satisfy U.S. demand and reduce imports.

CEMEX divests its aggregates operations in Kentucky and Missouri.

January 2002 – The World Environmental Center awards CEMEX the Eighteenth Annual WEC Gold Medal for International Corporate Environmental Achievement.



Lorenzo H. Zambrano
Chairman of the Board and CEO

“We must remain flexible so that we are responsive to new opportunities and new challenges, and we must foster a culture that embraces constant change.”

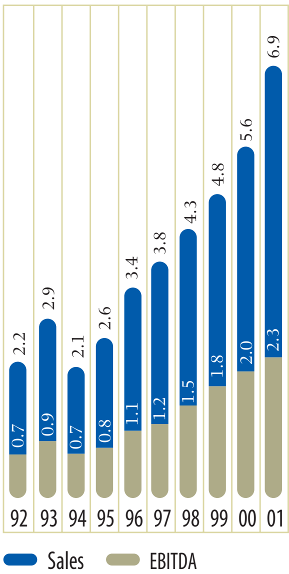
Dear fellow stockholders:

I am proud of and grateful for the trust you place in us each year – in our ability to grow and prosper in a dynamic business environment. I know that strong, long-lasting business relationships are based on trust that is earned, not given. That's what this year's report is all about; the distinct way CEMEX works to build confidence among our customers, employees and, ultimately, you.

We recognize that a compelling value proposition is founded upon results. Hence, we manage and position the company to create value in down and up markets, to produce consistent returns, and to generate healthy cash flow throughout the economic cycle. This is an overriding priority, and our executives – most of whom are also stockholders – are keenly aware of it. As a result, their interests are aligned with yours: to deliver results day in and day out, year after year.

In a year when companies in most industries struggled to avoid losses, and demand in our largest market declined, we reached our objective of generating bottom-line results. In 2001 we grew CEMEX's operating cash flow (EBITDA) to over US$2.2 billion, an increase of 11%, and generated free cash flow –the indicator which is becoming increasingly important– of more than US$1.1 billion.

Sales & EBITDA
BILLIONS OF US DOLLARS



CEMEX's growing sales and EBITDA underscore the performance of the company's business model.

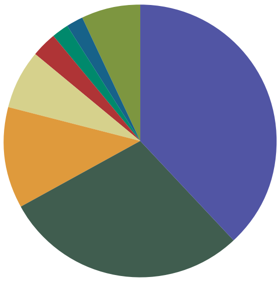
Strong free cash flow generation allows us to maintain a sound balance sheet and investment-grade credit ratings, while facilitating access to low-cost capital. Last year, even with the US$2.8 billion Southdown acquisition, we reduced net debt by US$1 billion. We also took full advantage of the unexpectedly rapid decline in interest rates to reduce our weighted-average cost of capital, which translates into a significant enhancement in shareholder value.

Underlying the numbers is a corporate philosophy that enables us to deliver results even in the most uncertain and dynamic macroeconomic environments. As you read this annual report, our philosophy will become clear: a relentless drive to do things better, dedication to serving our customers' needs, and a disciplined, strategy-driven focus. You will see how we work with our customers to enable their businesses to grow; partner with our suppliers and offer them the advantages of doing business with a growing, global corporation; empower our employees by giving them the tools needed to succeed in a diverse, international marketplace; and embrace an unwavering commitment to social responsibility.

It requires effort, dedication and discipline on our part, because this philosophy means nothing less than a continuous drive for transformation. We must remain flexible so that we are responsive to new opportunities and new challenges, and we must foster a culture that embraces constant change.

Sales distribution by country

AS OF DECEMBER 31, 2001



38%	Mexico
29%	U.S.
12%	Spain
7%	Venezuela
3%	Colombia
2%	Egypt
2%	Philippines
7%	Others

CEMEX is strategically positioned in the most dynamic markets of the world.

Our distinctive approach – the CEMEX Way – is a culmination of nearly a century of experience and underscores our dramatic evolution from a Mexican-based company to one of the largest global enterprises in our industry. The fact that our business was well-grounded in the CEMEX Way prior to our international expansion in the early 1990s gives us a key edge over competitors who have since had to overcome institutional inertia and the complexity of unifying far-flung operations and information systems. The CEMEX Way, rooted in expertise developed through the years, reflects our core values of openness and flexibility.

At CEMEX, we have always worked to transform knowledge into profits. We recognize that a successful global organization – especially in today's increasingly connected economy – needs to standardize as many processes as possible not just to manage costs, but also to realize the synergies of worldwide operations. Hence, our network of multinational teams of process specialists and experienced managers is systematically mapping, cataloging and disseminating our best corporate practices throughout the organization.

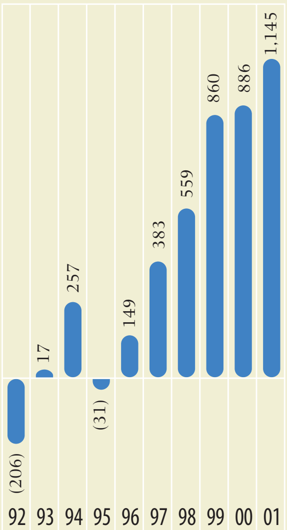
This means we wholeheartedly embrace information technology as a tool to transform CEMEX into an even stronger, more profitable company. We harness the power of technology and the Internet to improve and simplify our global operations, share best practices, streamline business processes, focus on core business activities and, of course, to get closer to our customers. When used in this way, information technology is capable of making us smarter, more competitive, and more efficient – reaching more customers with better services and superior solutions for their building needs.

While technology is an important tool, it is in the hands of our highly talented people that this tool comes to life. Our employees are passionate about their work. One of our key priorities is to create the space for innovation, allowing our people to focus their energy on the new instead of the usual. Our people make us a single global company, but at the same time, one which is attuned to local needs; a company intensely focused on customer satisfaction and better able to deliver innovative, customer-specific services.

From tangible outcomes like better expense control and more efficient capital allocation, to greater alignment with strategic objectives, our distinctive approach is enabling us to grow more profitably while furthering our commitment to service excellence. Furthermore, we are constantly transforming our business to incorporate local innovations and superior business practices. Through strategic initiatives like Construrama in Mexico and 24-hour self-service in Spain, we are strengthening our distribution platform and delivering our wholesale customers what they need, where they need it, and when they need it most.

Free cash flow

MILLIONS OF US DOLLARS



CEMEX's free cash flow is among the highest in the industry.

The integration of Southdown with CEMEX USA last year is the most recent example of how we profitably manage growth while transforming our business and dramatically expanding our customer base. The transaction was not only immediately accretive to cash earnings and free cash flow, but it also created the leading marketer of cement and cement products in the world's second-largest cement market, U.S.-based CEMEX Inc. Moreover, the integration of Southdown into our global network took a record four months, an impressive feat by any measure.

Ultimately, our goal is to grow profitably; no other kind of growth is sustainable. Thus, we will remain an industry consolidator because we believe this will produce value in both the long- and short-term. We do not believe, however, in consolidation for its own sake – our growth is tempered by a disciplined approach to new opportunities.

As a result, today we are strategically positioned around the globe: in the Americas, Europe, Asia, and Africa. Our markets constitute a valuable portfolio based on the characteristics of their demographics, customer base, construction trends, and per capita cement consumption, translating into a higher return for you. We are operating profitably and using our global trading activity to supplement our manufacturing base, extend our reach, and better balance supply and demand.

On a somber note, last year we mourned the passing of one of our company's leading corporate statesmen, Marcelo Zambrano Hellion. Mr. Zambrano Hellion played an important role in CEMEX's development and growth, as a member of our Board of Directors since 1957, Chairman from 1979 to 1995, and Honorary Chairman from 1995. We will miss his strength of character and his unwavering enthusiasm for our company and its prospects.

In closing, on behalf of the more than 25,500 people across CEMEX, I wish to express our heartfelt sympathy and support to all those who were affected by the tragic events of 2001. Though it is difficult to fully fathom the magnitude of September 11, the heroic efforts of the men and women who rose to the challenges of that day have only increased our resolve and determination to rise to new heights ourselves. Working together, we know we can build a much brighter future for us all.

Sincerely,

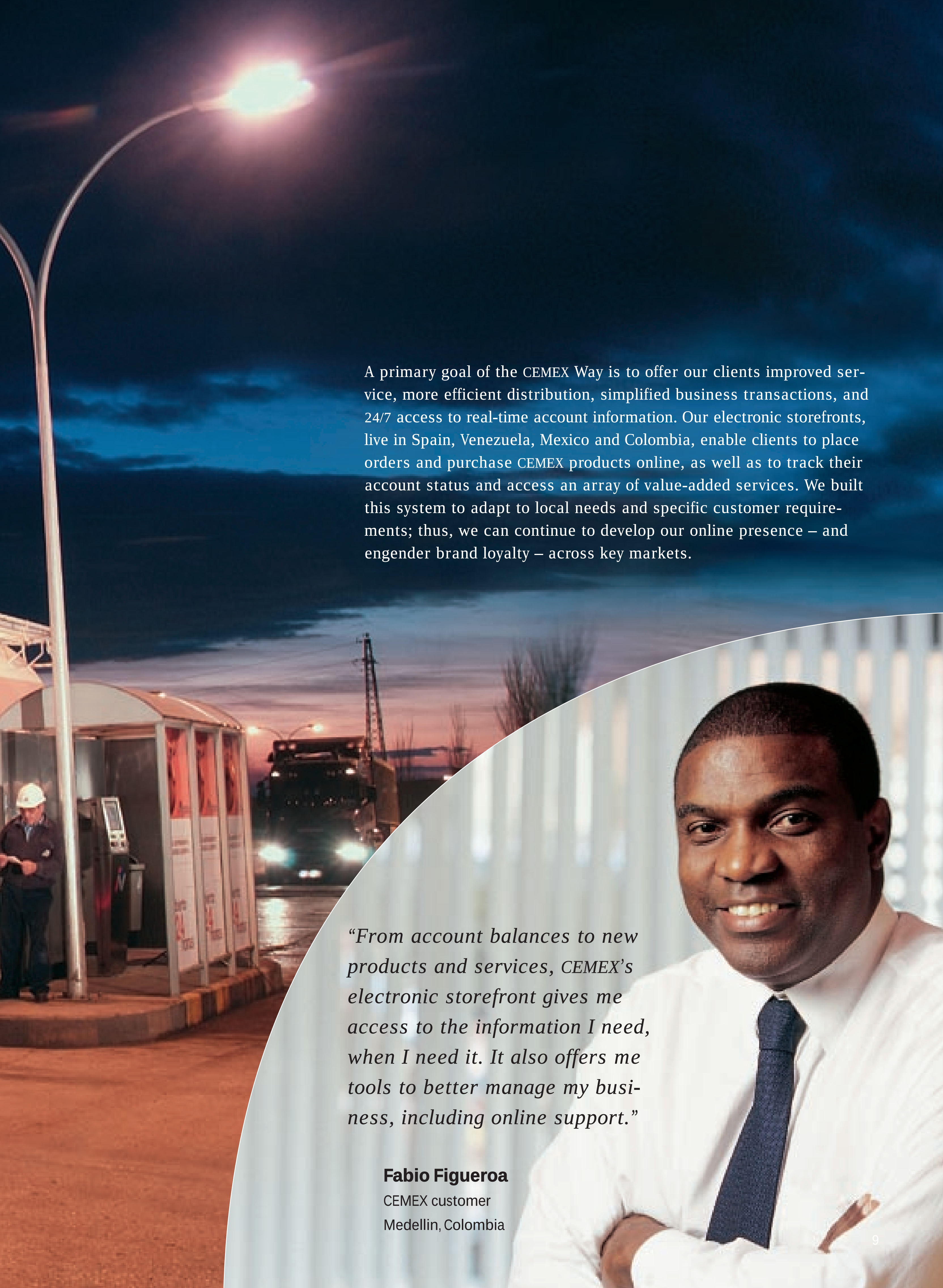
Lorenzo H. Zambrano | Chairman of the Board and Chief Executive Officer

"… we work with our customers …"

At CEMEX, we know that marketing cement has more to do with credibility than with the art of selling. From top quality cement to a complete package of products and services, CEMEX is delivering on its promise to fulfill existing customers' needs, while at the same time reaching new clientele through innovative channels.

5:51 AM. Toledo, Spain

Spain's growing construction industry is creating demand for reliable 24-hour self-service, which CEMEX is uniquely positioned to meet. We initially offered this convenient and cost-effective service at two of our Spanish factories, but demand was so great that we expanded it to a third plant in 2001. Now, customers no longer have to spend valuable time waiting in lines, and have the ability to access the products they need around the clock.



A primary goal of the CEMEX Way is to offer our clients improved service, more efficient distribution, simplified business transactions, and 24/7 access to real-time account information. Our electronic storefronts, live in Spain, Venezuela, Mexico and Colombia, enable clients to place orders and purchase CEMEX products online, as well as to track their account status and access an array of value-added services. We built this system to adapt to local needs and specific customer requirements; thus, we can continue to develop our online presence – and engender brand loyalty – across key markets.

"From account balances to new products and services, CEMEX's electronic storefront gives me access to the information I need, when I need it. It also offers me tools to better manage my business, including online support."

Fabio Figueroa
CEMEX customer
Medellin, Colombia

"… to enable their businesses to grow…"

9:34 AM. Monterrey, Mexico

In most of the markets where we do business, we reach our final consumers via distributors. To enable our Mexican distributors to compete more effectively, we started a program in 2001 through which we share a common bond and brand: Construrama. We provide certified Construrama distributors a full range of high-volume wholesale cementing and other construction products, as well as the support – accounting, IT, inventory management, marketing and sales – they require to thrive. In return, member distributors make a commitment to deliver an increasingly higher standard of service to their customers, providing an important competitive advantage for us all. Through initiatives like Construrama, we are responding to our distributors' distinct business needs: offering them the tools they require to grow and, in the process, bolstering our core commercial network.

4:07 PM. Mexico City, Mexico

While concepts like Construrama cater to our distributor base, a complementary initiative, Arkio, is satisfying the product and service needs of Mexico's construction professionals throughout the life of their projects with an innovative one-stop shopping approach. Developed and managed by CxNetworks, Arkio offers the best and broadest selection of finishing products from a catalog of more than 20,000 brand-name items. Arkio also ensures product availability and guarantees on-time delivery, while providing competitive pricing, all in a single location. Arkio leverages CEMEX's industry knowledge, resources, logistics and IT expertise, as well as its existing distribution network, to increase efficiency in the supply of construction materials and offer a new level of customer fulfillment. Thanks to Arkio, Mexico's professional builders no longer have to maintain excess inventories; from a single point of contact, they receive one quote for all of their construction needs with only one credit negotiation.

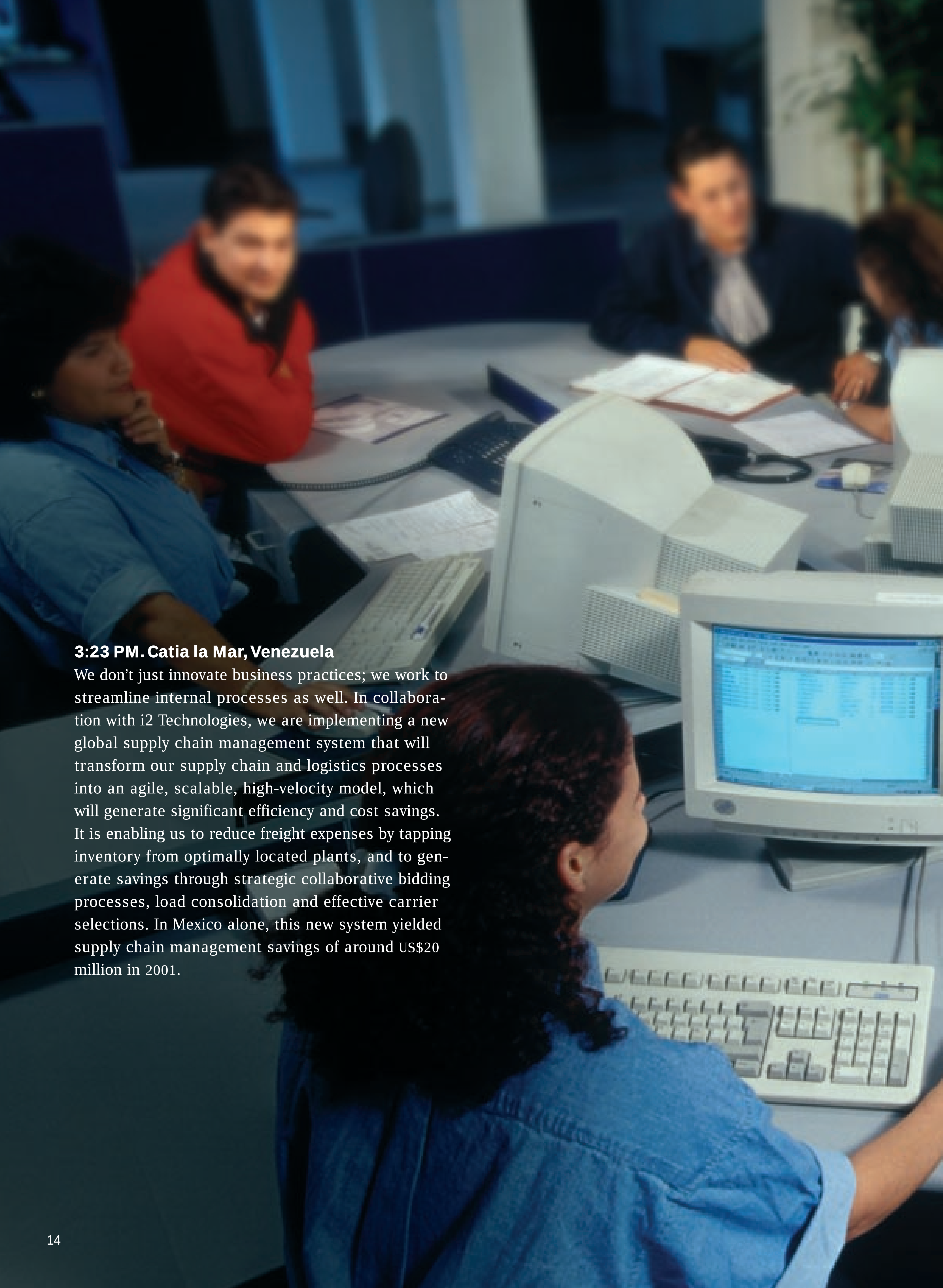
One of our defined CEMEX Way initiatives - electronic procurement – is now a reality in our major South American, Caribbean and Mexican operations. To simplify and smooth the transition to a new online environment, we created an "e-culturization expo" to educate our worldwide suppliers and employees about the benefits of electronic procurement. For our suppliers, working online offers improved coordination and better response time. Our employees are able to purchase necessary supplies and materials online quickly and efficiently. Thus far, we have consolidated our global purchasing into four international negotiation centers, saving US$9 million through economies of scale.

"... we partner with our suppliers ..."

We look beyond our industry for solutions. We do not rest on our accomplishments or bow to those of our competitors, but we survey the business landscape for practices and methods that are worth studying, learning from, and adapting. By partnering with proven, leading-edge suppliers, we accelerate our shared goal of turning knowledge into profits, and stay ahead of the game with superior customer service.

11:15 AM. Miami, U.S.

In 2001 Neoris, CxNetworks' business solutions provider, partnered with Ryder System, Inc., a global leader in supply chain and fleet management solutions, to develop ActiveTrac™. ActiveTrac™ is a proven and scalable inventory-in-motion management system that reduces costs and increases on-time deliveries of high-value inventory items. Through this partnership, Neoris is helping clients achieve substantial cost savings and efficiencies. These include up to a 30% decrease in lost materials, a 20% increase in on-time deliveries, improved management of employee accountability, and increased accuracy in data collection.



3:23 PM. Catia la Mar, Venezuela

We don't just innovate business practices; we work to streamline internal processes as well. In collaboration with i2 Technologies, we are implementing a new global supply chain management system that will transform our supply chain and logistics processes into an agile, scalable, high-velocity model, which will generate significant efficiency and cost savings. It is enabling us to reduce freight expenses by tapping inventory from optimally located plants, and to generate savings through strategic collaborative bidding processes, load consolidation and effective carrier selections. In Mexico alone, this new system yielded supply chain management savings of around US$20 million in 2001.

"…and offer them the advantages of doing business with a growing, global corporation…"

"We are very proud to work with CEMEX, which is not only a leader in the global cement industry, but is also widely recognized as an innovator in the application of information technology to its core business."

Sanjiv Sidhu

Founder and Chairman of the Board,
i2 Technologies

"… we empower our employees …"

As a company, we are only as good as our people. We work in a dynamic, consolidating industry for a global enterprise that does business in four continents. Operating in this environment requires a common language – a standard way of doing business – that enables us to work more efficiently and effectively with our colleagues around the world. It also requires talented and broadminded people who are knowledgeable in their respective fields, open to new ideas, and experts in our diverse local markets.

6:37 PM. Singapore

Our people have always formed the foundation for the CEMEX Way. Through standardized models, practices and knowledge that we share, develop and disseminate, we continuously improve the way we do business, freeing our people to innovate and spend more time on their customers' and their own professional development. In 2001, for example, we initiated the deployment of our Internet-based e-learning initiative that will enable employees to get the training they require wherever and whenever they need it, through the CEMEX employee portal. At a keystroke, they will have the ability to receive cross-functional instruction in areas such as customer service, finance and project management. As employees utilize e-learning to improve their skills and competencies, they are able to increase their contribution to business results and take on greater responsibilities within CEMEX.

"… by giving them the tools needed to succeed in a diverse, international marketplace…"

It is the pride and responsibility our employees take in the company that allows us to succeed. Their knowledge platform enabled our post-merger team to integrate U.S.-based Southdown into CEMEX's global network in only four months. In the process, the team identified savings that will increase EBITDA by more than US$100 million by the end of 2003.

3:15 PM. Houston, U.S.

Because CEMEX's success is directly attributable to our employees, it is imperative that we continue to invest in their growth and development. This year's customized executive education program, the CEMEX International Management Program, or CIMP, is coordinated by the Tec de Monterrey, with faculty from Stanford, Wharton, Thunderbird, and Carnegie Mellon's graduate schools of business conducting courses on each of their campuses. This specialized M.B.A. strengthens the skills CEMEX executives require to manage a global enterprise and improves their strategic decision-making abilities. CIMP graduates, 253 from 1998 to date, are helping lead organizational change throughout every CEMEX business unit.

10:32 AM. Bangkok, Thailand

Cross-cultural exposure for our employees is essential to our profitable growth. Each year, groups of regional professionals have the opportunity to work with colleagues outside of their home market in order to learn about countries and cultures other than their own. In 2001 three groups of employees from Bangladesh, Indonesia, Malaysia, the Philippines, Thailand, and Singapore embraced the chance to work in Mexico, Spain and Venezuela, sparking their creativity and enhancing their flexibility.

"CEMEX's cross-cultural training taught me a very valuable lesson: that our diversity is essential to our success, and that the CEMEX Way isn't just my country's or any one country's way of doing business, but a shared commitment to constantly doing things better."

Napaporn Waisiriroaj
Planning Manager, CEMEX Thailand

12:47 PM. Guadalajara, Mexico

In 2001 we helped to make the dream of home ownership a reality for 13,000 Mexican families. Our *Patrimonio Hoy* program organizes low-income families into self-financing cells that promote housing construction. Participating families entrust us to take care of and manage their savings until they are ready to start home building. Then, we not only provide them with the products they need, but we also offer them technical assistance – including an architect who helps design their houses with an eye to future growth – so they can optimize space and reduce waste of building materials. As a result, we help families expedite the typical home-building cycle from four years to only one year.

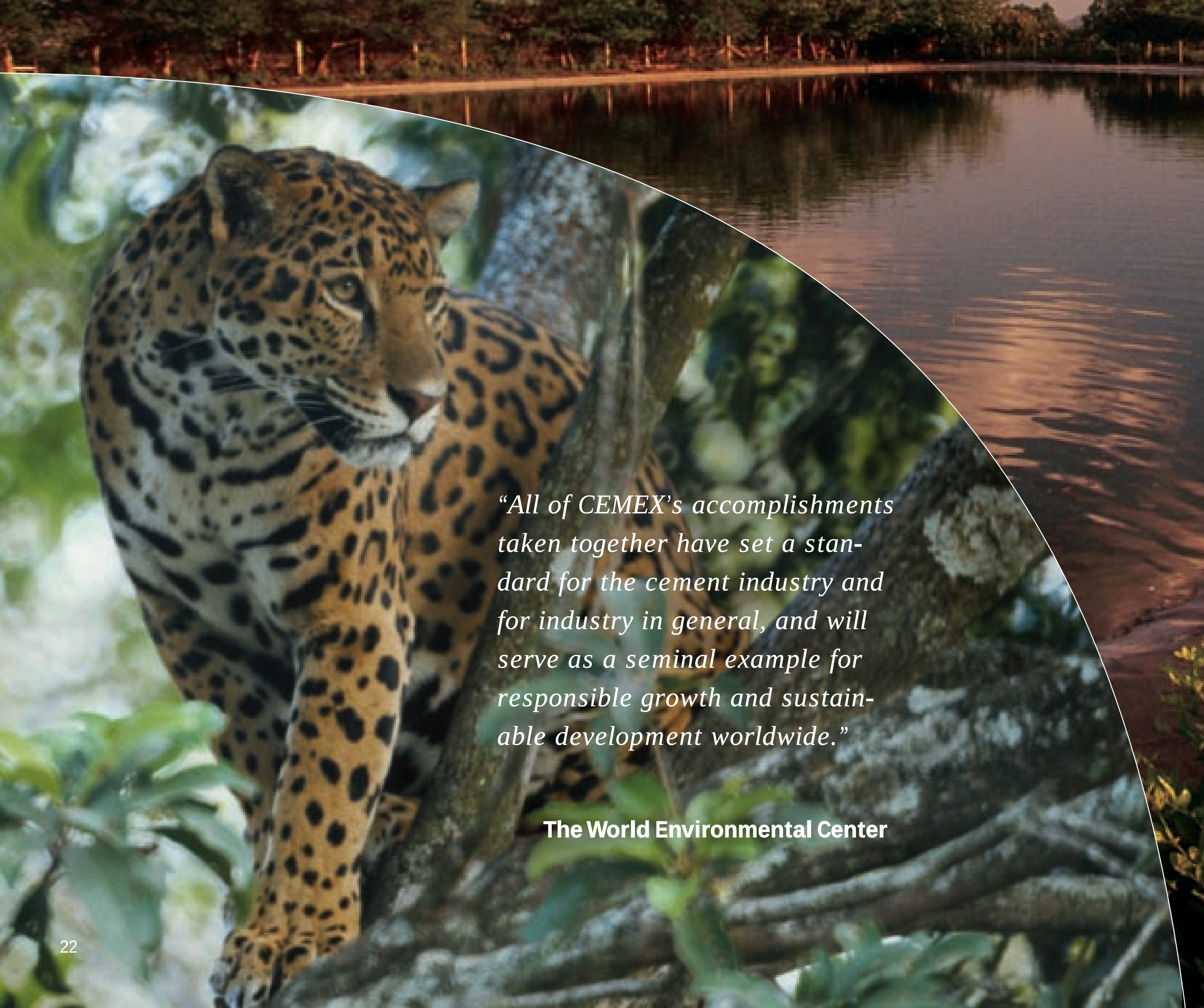
"... we embrace an unwavering commitment ..."

Our dedication to social and environmental responsibility is an integral part of our business philosophy. From state-of-the-art environmental, health and safety practices at our global network of plants, to medical and dental care for our neighboring communities in the Philippines, to scholarships for children in Costa Rica, we look to contribute to the well-being of our people and our communities. By joining forces with others, we show the positive impact that a holistic approach can play in the future of our society.

2:29 PM. Pertigalete, Venezuela
Our community outreach extends throughout CEMEX's global organization. For example, last year we donated kindergarten furniture to 1,000 handicapped and orphaned children in Egypt. And in Venezuela, CEMEX built, donated and continues to support the *Casa Hogar Sonrisa*, a nonprofit center for children with cancer.

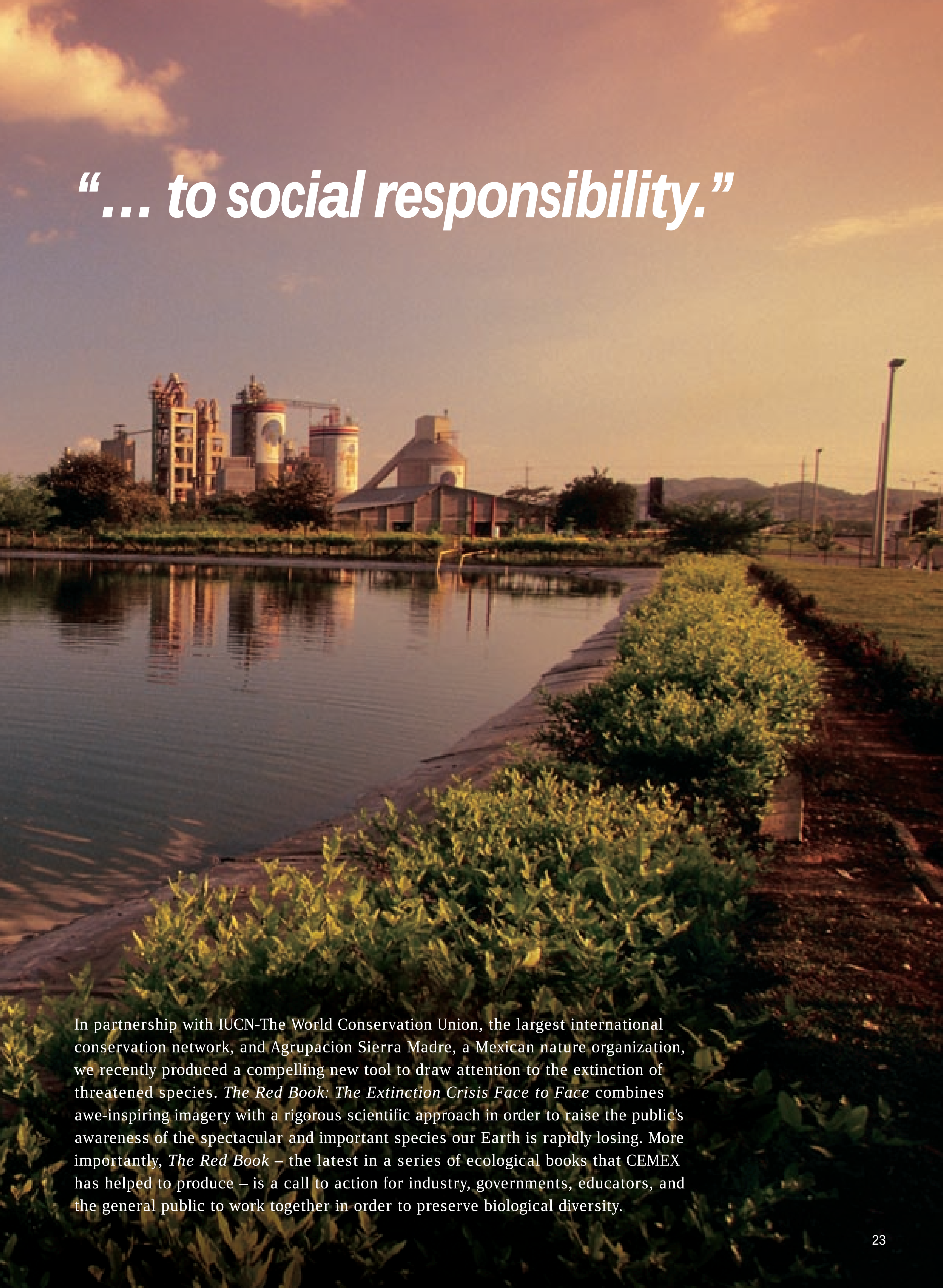
6:32 PM. Ibague, Colombia

We are committed to operating our facilities with the utmost respect for the communities and the environment in which we all live and work. This year, the World Environmental Center awarded CEMEX the Eighteenth Annual WEC Gold Medal for International Corporate Environmental Achievement. Awarded by an independent jury of distinguished international environmental experts, the WEC Gold Medal recognizes a corporation that demonstrates preeminent industry leadership and contribution to worldwide environmental quality. The jury based its award on our comprehensive environmental policy, implementation and leadership, which under the aegis "In Harmony with Nature" has demonstrated an array of achievements. The WEC Gold Medal represents an incentive and a responsibility: to redouble our efforts to achieve truly sustainable growth, the essential balance between profitability and social responsibility.



"All of CEMEX's accomplishments taken together have set a standard for the cement industry and for industry in general, and will serve as a seminal example for responsible growth and sustainable development worldwide."

The World Environmental Center



"… to social responsibility."

In partnership with IUCN-The World Conservation Union, the largest international conservation network, and Agrupacion Sierra Madre, a Mexican nature organization, we recently produced a compelling new tool to draw attention to the extinction of threatened species. *The Red Book: The Extinction Crisis Face to Face* combines awe-inspiring imagery with a rigorous scientific approach in order to raise the public's awareness of the spectacular and important species our Earth is rapidly losing. More importantly, *The Red Book* – the latest in a series of ecological books that CEMEX has helped to produce – is a call to action for industry, governments, educators, and the general public to work together in order to preserve biological diversity.

Selected consolidated financial information

In millions of US dollars, except shares and per-share amounts

CEMEX, S.A. DE C.V. AND SUBSIDIARIES, AS OF DECEMBER 31, 2001

	1991	1992	1993	1994	1995	1996	1997	1998	1999
Operating results									
Net Sales	1,706	2,194	2,897	2,101	2,564	3,365	3,788	4,315	4,828
Cost of Sales[1,2]	1,064	1,371	1,747	1,212	1,564	2,041	2,322	2,495	2,690
Gross Profit	642	823	1,150	889	1,000	1,325	1,467	1,820	2,138
Operating Expenses[2]	221	286	444	325	388	522	572	642	702
Operating Income	420	537	706	564	612	802	895	1,178	1,436
Financial Expense	(330)	(279)	(490)	(359)	(652)	(668)	(510)	(485)	(488)
Financial Income	42	55	133	86	65	53	37	37	31
Comprehensive Financing Result[3]	124	179	25	(16)	567	529	159	(132)	(29)
Other Income (Expenses) Net	(47)	(89)	(101)	(133)	(162)	(171)	(138)	(152)	(296)
Income before Taxes and Others	498	628	630	415	1,017	1,160	916	893	1,111
Minority Interest[4,5,6]	60	70	97	45	109	119	107	39	56
Majority Net Income	442	545	522	376	759	977	761	803	973
Earnings per CPO[7,8,10]	0.40	0.52	0.49	0.35	0.59	0.75	0.59	0.64	0.77
Dividends per CPO[7,8,11,12]	0.06	0.07	0.09	0.06	0.07	—	0.12	0.14	0.16
Number of CPOs Outstanding[7,8,9,12]	1,114	1,056	1,056	1,077	1,286	1,303	1,268	1,258	1,366
Earnings per ADS[7,8,10]	1.98	2.58	2.47	1.75	2.95	3.76	2.97	3.18	3.87
Dividends per ADS[7,8,11,12]	0.29	0.34	0.46	0.31	0.33	—	0.60	0.70	0.79
Balance sheet information									
Cash and Temporary Investments	202	384	326	484	355	409	380	407	326
Net Working Capital[13]	286	562	595	528	567	611	588	638	669
Property, Plant and Equipment, Net	2,614	4,124	4,407	4,093	4,939	5,743	6,006	6,142	6,922
Total Assets	3,848	7,457	8,018	7,894	8,370	9,942	10,231	10,460	11,864
Short-Term Debt	144	884	684	648	870	815	657	1,106	1,030
Long-Term Debt	1,267	2,436	2,866	3,116	3,034	3,954	3,961	3,136	3,341
Total Liabilities	1,607	3,897	4,022	4,291	4,603	5,605	5,535	5,321	5,430
Minority Interest[4,5,6]	408	649	771	771	889	1,000	1,181	1,251	1,253
Stockholders' Equity excluding Minority Interest	1,833	2,911	3,225	2,832	2,878	3,337	3,515	3,887	5,182
Total Stockholders' Equity	2,242	3,560	3,996	3,603	3,767	4,337	4,696	5,138	6,435
Book Value per CPO[8,9,12]	1.65	2.76	3.05	2.63	2.24	2.56	2.77	3.09	3.79
Other financial data									
Operating Margin	24.6%	24.5%	24.4%	26.9%	23.9%	23.8%	23.6%	27.3%	29.8%
EBITDA Margin[13]	33.2%	31.9%	31.6%	34.2%	31.8%	32.3%	31.5%	34.4%	37.1%
EBITDA[13]	567	700	914	719	815	1,087	1,193	1,485	1,791
EBITDA Yearly Change	n.a.	23%	31%	(21%)	13%	33%	10%	24%	21%
Free Cash Flow[13]	—	(206)	17	257	(31)	149	383	559	860
Cash Earnings[13]	—	364	384	331	(2)	236	511	889	1,137

		Compounded annual growth	
2000	2001	00-01	91-01
5,621	6,923	23%	15%
3,141	3,894		
2,480	3,029		
826	1,376		
1,654	1,653	(0%)	15%
(467)	(412)		
25	41		
(174)	265		
(234)	(417)		
1,246	1,501	20%	12%
78	153		
999	1,178	18%	10%
0.73	0.83	14%	8%
0.20	n.a.		
1,390	1,459		
3.65	4.14	14%	8%
0.98	n.a.		
308	428		
813	933		
9,034	8,940		
15,759	16,230	3%	15%
2,962	1,028		
2,709	4,345		
8,111	8,078	(0%)	18%
2,398	1,975		
5,251	6,177	18%	13%
7,649	8,152	7%	14%
3.78	4.23		
29.4%	23.9%		
36.1%	32.6%		
2,030	2,256	11%	15%
13%	11%		
886	1,145	29%	
1,287	1,540	20%	

1) Cost of sales includes depreciation.

2) Beginning in 2001, the expenses related to CEMEX's products distribution, which for the year ended December 31, 2001 amounted to approximately US$320 million, are classified within operating expenses in the income statement. For the years from 1991 through 2000, such expenses were recognized as part of cost of sales. This reclassification has no effect on operating income, net income and/or earnings per CPO for 1991 through 2000, if the mentioned expenses had been recognized consistent with the 2001 classification. For illustrative purposes, for the years ended December 31, 1999 and 2000, the distribution expenses recognized as part of cost of sales were approximately US$225 and US$238 million, respectively.

3) Comprehensive financing result includes financial expense, financial income, realized and unrealized gains and losses on derivative financial instruments and marketable securities, foreign exchange result, and net monetary position result.

4) In July 1995, a subsidiary of CEMEX transferred a portion of Valenciana's shares in exchange for Pta40 billion, which represented 24.77% of the common stock. During the life of the transaction, such shares were treated as owned by a third party, thereby creating a minority interest in the consolidated stockholders' equity. The original amount was refinanced in August 1997 at US$320 million, and subsequently in February 1999 at US$500 million. Since the first refinancing, the minority interest in the income statement was not recognized because CEMEX, through its subsidiary, retained dividends and voting rights over such shares and had the option to acquire them in three tranches, the latter to mature in June 2001. In August 2000, CEMEX anticipated the exercise of its call option and terminated this transaction. During the life of the transaction, the company included the cost of retaining its option as part of the financial interest.

5) In November 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. The preferred stock is mandatorily redeemable at the end of the 18th month, and grants its holders 10% of the subsidiary's voting rights, as well as the right to receive a variable guaranteed preferred dividend. As of December 31, 2001, CEMEX had redeemed preferred stock amounting to US$600 million, with the balance outstanding amounting to US$900 million. This transaction is included as minority interest in 2000 and 2001 (see note 14E to the 2001 annual report's Financial Statements).

6) As of December 31, 2001, a subsidiary of CEMEX in Spain maintains US$250 million of capital securities at an annual dividend rate of 9.66%. The company has an option to repurchase the balance of the instrument on November 15, 2004, or on any other subsequent dividend payment date. Additionally, the holders of the instrument have the right to sell it to CEMEX on May 15, 2005. This transaction is recorded as minority interest (see note 14E to the 2001 annual report's Financial Statements).

7) On April 28, 1994, CEMEX declared a stock split of three shares per each share held by a shareholder. Additionally, as part of the transformation of CEMEX from a fixed to a variable capital company, and an increase in the variable portion of its capital stock, CEMEX issued a new share of variable capital of like series for every eight shares (after making the stock split effective). All Ordinary Participation Certificates ("CPO") and per-CPO amounts for 1991 through 1993 have been adjusted to make the effect of the stock split retroactive.

8) On September 14, 1999, CEMEX concluded an exchange offer of its old series "A" and "B" shares and its old CPOs for new CPOs. As a result, most of the holders of the old series "A" and "B" shares and old CPOs received for each one of their titles a new CPO, which represents the participation in two new series "A" shares and one new series "B" share of CEMEX. As a part of the exchange offer, on September 15, 1999, CEMEX made a stock split of two series "A" shares and one series "B" share for each of the old shares of any series. The proportional equity interest participation of the shareholders in CEMEX's common stock did not change as a result of the exchange offer and the stock split mentioned above. Earnings per CPO and the number of CPOs outstanding for the years ended December 31, 1991 through 1998, have been adjusted to make the effect of the stock split retroactive. In order to comply with accounting principles in Mexico, in the Financial Statements these figures are presented on a per-share basis (see note 20 to the 2001 annual report's Financial Statements).

9) The number of CPOs outstanding represents the total CPOs outstanding at the close of each year, stated in millions of CPOs, and includes the total number of CPOs issued by CEMEX underlying in derivative transactions, and excludes the total number of CPOs issued by CEMEX and owned by subsidiaries. Each ADS listed on the New York Stock Exchange represents five CPOs.

10) For the periods ended on December 31, 1991 to 1995, Earnings-per-CPO amounts were determined by considering the total outstanding CPOs at the year's end. For the periods ended on December 31, 1996 to 2001, the Earnings-per-CPO amounts were determined by considering the average number of CPOs outstanding during each year, i.e., 1.298, 1.283, 1.262, 1.256, 1.375 and 1.422 billion, respectively.

11) Dividends declared at each year's annual stockholders' meeting for each period are reflected as dividends for the preceding year. CEMEX did not declare or pay any dividends in respect of 1996; rather, management recommended, and shareholders approved, a share repurchase program (see next paragraph).

12) As a result of CEMEX's Share Repurchase Program in 1997, 24.1 million CPOs were acquired for an amount of approximately US$119 million. The CPOs acquired through this program accounted for approximately 2% of the CPOs outstanding on that date. On September 15, 2000, the CEMEX Board of Directors authorized a new Share Repurchase Program for up to US$500 million to be effective from October 2000 until December 2001. As a result, during 2000 and 2001, approximately 3.1 million and 5.0 million CPOs were acquired under the program for an amount of approximately US$12.6 million and US$22.2 million, respectively (see note 14A to the 2001 annual report's Financial Statements).

13) Please refer to page 77 for the definition of terms.

The CEMEX trademark is more than just a logo, slogan or mission statement; it is a promise we make to our customers to deliver outstanding service and top quality products.

"… a compelling value proposition is founded upon results …"

CEMEX's business model is to:

- **Focus on its core cement and ready-mix concrete franchise in the international markets that it serves;**
- **Concentrate primarily on the world's most dynamic regions, where the demand for housing, roads and other infrastructure is the greatest; and**
- **Maintain high growth by applying free cash flow toward selective investments that further its geographic diversification.**

Balanced business model

CEMEX, led by an innovative and entrepreneurial management team, is a global growth company that combines a deep knowledge of its local markets with a global network and systems to provide customers with world-class products and services.

The company's assets are concentrated in the world's most dynamic markets, where cement is consumed primarily in bags and sold under a brand name, enabling CEMEX to differentiate its products and build customer loyalty. From individual homebuilders to large industrial contractors, CEMEX's customers rely on its local product brands and full array of value-added services to fulfill their building needs.

Strengthening value creation

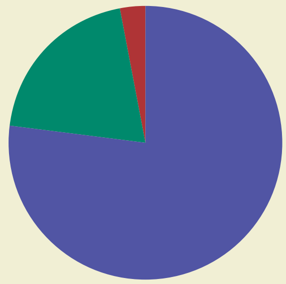
CEMEX is the most profitable and efficient of the global cement companies, with one of the highest free cash flows and margins in the industry. These achievements, among others, are a testament to the flexibility of the company's business model and its CEMEX Way philosophy. This philosophy continually drives the organization to reinvent itself; to become more flexible and responsive to new opportunities and challenges; to foster a culture that embraces change and incorporates the latest information technology; and to build an organization designed to produce sustainable and profitable growth.

As of December 31, 2001	PRODUCTION CAPACITY MILLIONS OF METRIC TONS/YEAR	CEMENT PLANTS OWNED	CEMENT PLANTS MINORITY PART.	READY-MIX PLANTS	LAND DISTRIBUTION CENTERS	MARINE TERMINALS
Mexico	27.2	15	3	211	62	8
U.S.	13.2	12	4	87	48	4
Venezuela & Dominican Rep.	5.4	4	0	45	26	6
Colombia	4.8	5	0	19	7	0
Central America & Caribbean	2.5	2	5	6	11	8
Spain	10.4	8	1	79	8	15
Egypt	4.5	1	0	0	1	1
Philippines	5.8	3	0	1	0	2
Indonesia	5.0	0	4	8	12	10
Thailand	0.7	1	0	0	0	0
TOTAL	79.5	51	17	456	175	54

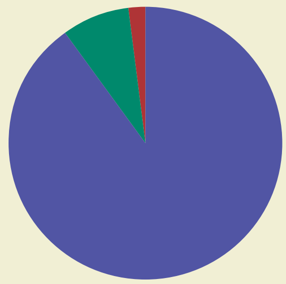
Sales & EBITDA distribution

PERCENTAGE

Sales



EBITDA



Sales	EBITDA	
77	90	Cement
20	8	Ready-mix
3	2	Aggregates

CEMEX continues to leverage its core cement and ready-mix business.

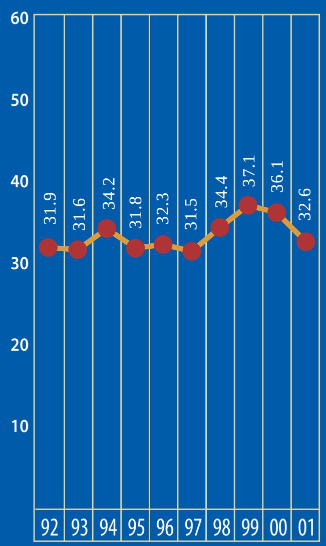
In keeping with its CEMEX Way values, the company is implementing a strategic framework that utilizes the Balanced Scorecard to drive CEMEX's management process. The approach establishes a set of metrics that align operations and staff with CEMEX's overall operating, customer service and growth objectives. The effective communication of CEMEX's strategy helps focus and mobilize employees toward meeting the company's critical targets from the boardroom to the kiln. The Balanced Scorecard framework is connected to CEMEX's measurement of Total Shareholder Return, ensuring that all areas across the corporation are aligned to maximum value creation.

CEMEX strictly observes simple yet sound criteria when exploring investment opportunities. Any acquisition that consolidates the company's profitable, sustainable growth must satisfy three investment criteria. A potential investment must:

- Benefit from CEMEX's management expertise and turnaround experience;
- Maintain CEMEX's financial structure and its ability to meet stated financial targets; and
- Offer superior long-term financial returns that exceed the company's weighted-average cost of capital.

EBITDA margin

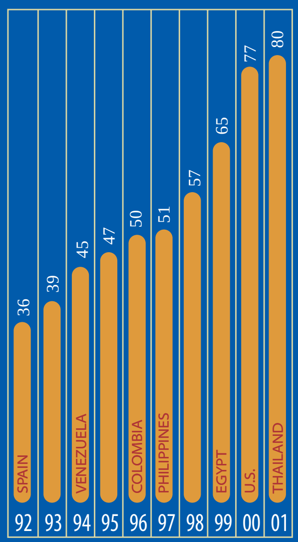
PERCENTAGE



CEMEX's business model generates consistently high cash flow margins.

Production capacity and major acquisitions

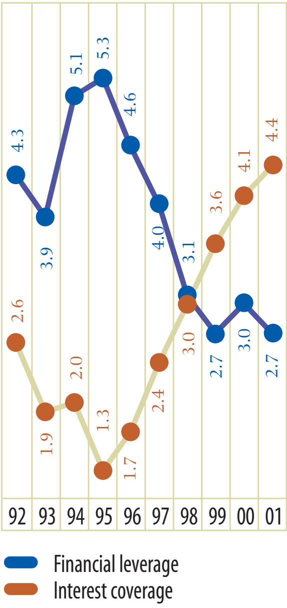
MILLIONS OF METRIC TONS / YEAR



CEMEX has capitalized the growth opportunities in the consolidation process of the global cement industry.

Interest coverage & financial leverage

TIMES



CEMEX's investment-grade capital structure furthers its ability to take advantage of growth opportunities.

Increasing financial flexibility

In 2001 CEMEX's strong free cash flow generation capacity enabled the company to improve its credit ratings, further strengthen its balance sheet, and facilitate access to low-cost capital. For the year, net debt reductions totaled more than US$1.0 billion, consistent with an investment-grade capital structure. Additionally, CEMEX extended its debt maturity profile by refinancing over US$2.5 billion of short-term obligations arising from the Southdown acquisition in late 2000.

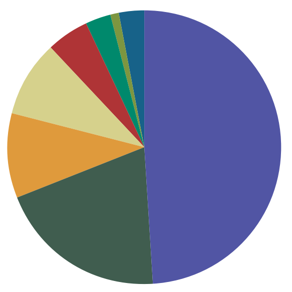
Specifically, the company increased the percentage of long-term debt from 48% of total indebtedness at year-end 2000, to 81% at the close of 2001. CEMEX's goal is to maintain its debt maturity profile commensurate with free cash flow generating capacity, diversifying its investor base and sources of capital.

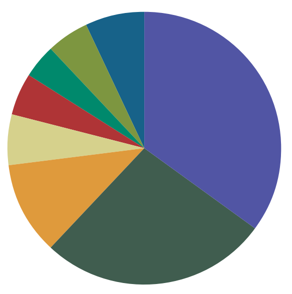
The low interest rate environment and the company's faster-than-expected debt reduction enabled CEMEX to reduce net interest expense and exceed its year-end interest coverage target, reaching a level of 4.4 times for the 12 months ending December 2001. CEMEX also stayed within its stated net debt-to-EBITDA ratio of 2.7 times, down from 3.0 times in year 2000.

Looking forward, CEMEX's free cash flow and cash earnings are expected to grow at a healthy rate for 2002. Lower net debt, financial expenses and capital expenditures, as compared to 2001, should help to achieve this growth. CEMEX expects to use its free cash flow for accretive acquisitions that will add to the company's natural growth or for reducing net debt.

Everyday people, like this family in Spain, rely on CEMEX's products to fulfill their building needs.

EBITDA & assets distribution by country





	EBITDA	Assets	Country
	49%	35%	Mexico
	20%	27%	U.S.
	10%	11%	Spain
	9%	6%	Venezuela
	5%	5%	Colombia
	3%	4%	Egypt
	1%	5%	Philippines
	3%	7%	Others

CEMEX's geographically diverse portfolio of assets offers the company profitable and sustainable growth.

2001 consolidated results

Net sales grew 23% from a year ago to US$6.92 billion. This increase was attributable to higher consolidated cement sales and ready-mix volumes, which rose 18% and 15%, respectively, compared to 2000.

Gross profit increased 11% in 2001 versus 2000, to US$3.03 billion. Selling, general and administrative expenses totaled US$1.38 billion, an increase of 29% compared with the previous year, and accounting for 19.9% of consolidated net sales (see note 2 to the selected consolidated financial information).

Operating income was flat in dollar terms versus 2000, at US$1.65 billion.

Operating cash flow (EBITDA) increased to US$2.26 billion, up 11% from 2000. This gain was mainly due to higher contributions from the United States, Colombia, Central America and the Caribbean.

Operating cash flow margin was 32.6% compared to 36.1% in 2000. The three and a half percentage-point drop was mainly due to the incorporation of Southdown, a change in the product mix, and increased variable costs.

Cash earnings rose 20% to US$1.54 billion as a result of lower interest expense.

Free cash flow was US$1.15 billion, a 29% gain compared to the previous year.

Majority net income was US$1.18 billion (US$4.14 per ADS), an increase of 18% from 2000, mainly due to lower interest expenses and higher financial gains.

Interest expense decreased 12% versus 2000 to US$412 million. The net decrease was the result of a US$1.02 billion reduction in net debt and a more favorable interest rate environment.

Effective tax rate (including employees' statutory profit sharing) was 12.7%, compared to 15.6% for 2000.

Across four continents, customers can depend on CEMEX's expertise to help them build their projects.

Global review of operations

"… we are strategically positioned around the globe: in the Americas, Europe, Asia, and Africa. Our markets constitute a valuable portfolio based on the characteristics of their demographics, customer base, construction trends, and per capita cement consumption …"

Mexico

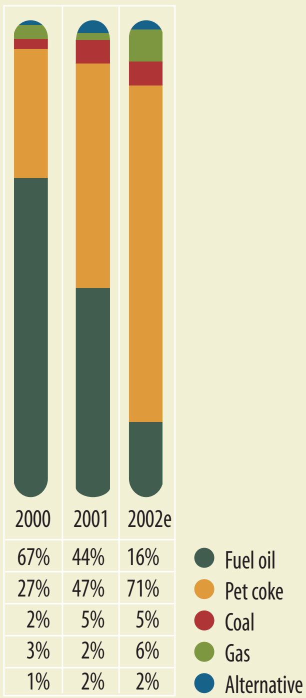
CEMEX's domestic cement volume decreased 7% versus the year-earlier period. The formal and government sectors drove volumes lower with a double-digit contraction; this was offset by a slight increase in self-construction sector activity, which was supported by higher real wages, but slowed by increasing unemployment. Private construction spending was weak due to the lack of credit. Restrained public spending resulted from the government's continued budgetary discipline, as well as the delay and uncertainty surrounding the administration's fiscal reform proposal to Congress.

In 2001 net sales were US$2.68 billion, a year-over-year decrease of 1% due to weaker demand. EBITDA declined to US$1.23 billion, a drop of 4% versus the preceding year.

CEMEX constantly works to improve the efficiency and productivity of its operations. In 2001 the company's continuous improvement program in Mexico generated savings of US$86 million. Additionally, as a result of its pet coke conversion program, CEMEX Mexico has reduced its consumption of more volatile and expensive fuel oil in its plants. In 2001 fuel oil represented on average 44% of total fuels. With the conversion of three more plants during 2001, a total of 11 plants have now converted to pet coke, assuring cost stability with respect to 77% of the company's energy requirements in Mexico.

Fuel consumption breakdown in Mexico

PERCENTAGE



	Sales			EBITDA			Assets		
	2000	2001	% Change	2000	2001	% Change	2000	2001	% Change
Mexico	2,702	2,682	(1%)	1,285	1,234	(4%)	4,921	6,312	28%
U.S.	769	1,872	144%	166	500	201%	4,421	4,812	9%
Venezuela & Dominican Republic	664	624	(6%)	226	220	(2%)	1,361	1,444	6%
Colombia	206	216	5%	113	132	17%	790	846	7%
Central America & Caribbean	242	272	12%	53	70	31%	418	456	9%
Spain	850	848	(0%)	289	243	(16%)	2,047	1,949	(5%)
Egypt	162	133	(18%)	80	52	(35%)	637	836	31%
Philippines	137	151	10%	34	19	(42%)	768	795	4%
Others / eliminations	(109)	125	n.a.	(216)	(214)	n.a.	396	(1,220)	n.a.
Consolidated	5,621	6,923	23%	2,030	2,256	11%	15,759	16,230	3%

Millions of US dollars.

During 2001, the company launched Construrama, a licensing system through which CEMEX offers its main distributors the opportunity to participate in a nationwide, branded retailing network. Construrama has grown into the largest distribution chain of construction materials in Mexico, with more than 1,850 points of sale. CEMEX believes that this initiative has the potential to increase its distributors' sales significantly, help them share best practices, reduce their costs, and reap the benefits of a strong national brand.

United States

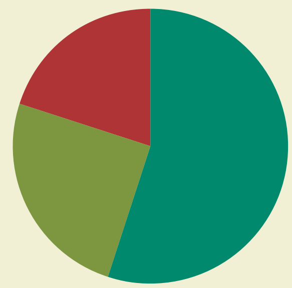
CEMEX's domestic U.S. cement sales volume increased 183% versus 2000, and 7% on a like-to-like basis (had Southdown been consolidated for the full year of 2000). The public works sector, particularly highway construction, was the main driver of demand. The residential homebuilding sector remained relatively stable, while commercial construction declined. Ready-mix volumes increased 81% versus 2000; however, on a like-to-like basis they declined 5%.

Net sales in 2001 were US$1.87 billion, an increase of 144% compared to 2000. EBITDA improved to US$500 million, a gain of 201% versus the preceding year. On a like-to-like basis, net sales increased 8%, and EBITDA decreased 2% from the previous year.

CEMEX completed the expansion of its Victorville cement plant, adding one million metric tons of production capacity in Southern California. This new capacity, which will reach full utilization during the first quarter of 2002, will translate into significant cost savings. The expanded plant will satisfy customers' demand in the U.S. and reduce the company's imports into California and Arizona.

U.S. 2001 cement consumption by sector

PERCENTAGE



55%	Public sector
25%	Commercial sector
20%	Residential sector

A growing percentage of CEMEX's U.S. demand is from the more stable public works sector.

Among all building materials cement is one of the strongest, more durable and design-flexible.

CEMEX's products and services are used for all kind of architectural applications.

During the fourth quarter of 2001, CEMEX completed the post-merger integration (PMI) of Southdown. The purpose of the PMI process was to share best practices and identify opportunities to increase earnings. The PMI effort comprised 16 teams of over 60 employees from CEMEX and Southdown, which analyzed every aspect of the combined companies' operations. Overall, more than US$140 million in value opportunities were identified, of which more than US$100 million will have a recurrent impact on EBITDA.

Spain

Cement and ready-mix volumes increased 4% and 5%, respectively, versus 2000. Spain's public works spending continued to drive consumption, while residential construction slowed compared to the high levels reached in recent years, due to less private sector spending and lower real wages.

In 2001 net sales were flat overall at US$848 million. Higher volumes were offset by lower pricing in dollar terms due to exchange rate depreciation. EBITDA decreased to US$243 million, a drop of 16% versus the preceding year, as a result of higher energy costs due to the weak euro, higher transportation costs due to increased demand in areas in which production capacity was lower, and a change in product mix (a greater percentage of mortar and ready-mix sales).

The company recently completed a de-bottlenecking program at its San Vicente plant, which will allow it to increase production by approximately 400,000 metric tons per year. This will reduce the need to purchase clinker from third parties and will optimize logistics costs. Lower pet coke prices, the use of alternative fuels, and more efficient distribution should also help to reduce production and logistics costs. In the first half of 2002, all of the company's mainland plants are scheduled to receive ISO 14001 certification.

Venezuela / Dominican Republic

Domestic cement volumes in the company's Venezuelan operations increased 6% compared to 2000. The self-construction sector primarily drove demand. Ready-mix volumes decreased 7% versus the preceding year as a result of lower formal construction sector investments. Export volumes dropped 17% from 2000.

Net sales for the combined operations of CEMEX in Venezuela and the Dominican Republic were US$624 million in 2001, a decline of 6% compared to a year ago. EBITDA decreased to US$220 million, a 2% drop versus 2000.

From town squares in Colombia to highways in the Philippines, CEMEX's products are used for needed urban development.

CEMEX consolidated seven data centers in South America into a single one in Venezuela. This has helped to reduce the region's back office costs and has dramatically increased the timeliness of the data needed to manage the company.

Colombia

At CEMEX's Colombian operations, domestic cement volume decreased 8% from 2000. Public works demand declined with the conclusion of major projects. Though private investment in non-residential construction increased, higher unemployment and lower disposable income pushed down demand from the self-construction sector. Ready-mix volumes declined 3% versus the preceding year.

For the year, net sales rose to US$216 million, an increase of 5% compared to 2000. Higher average gray cement prices in dollar terms more than offset higher energy costs. EBITDA grew to US$132 million, up 17% versus 2000. Cost-cutting initiatives and the concentration of production in the Ibague plant helped to improve the company's EBITDA margin.

Despite the downturn in Colombia's cement market, the company's operations have improved their performance well beyond historic benchmarks. Operating margin increased 2.9 percentage points year-over-year to 43.3%, and capacity utilization rose more than 10 percentage points to 89.8%.

Central America & Caribbean

During 2001, CEMEX's net sales for its Central America & Caribbean operations (excluding the Dominican Republic, consolidated under CEMEX Venezuela) grew 12% over the previous year, reaching US$272 million. EBITDA was also 31% higher, at US$70 million.

In Panama, CEMEX reduced energy costs by securing the supply of electricity while also negotiating lower tariffs. In the Dominican Republic, the largest vertical cement mill in the world was inaugurated, increasing CEMEX's cement production capacity in the country by more than 100%. During the year, CEMEX Costa Rica initiated the transition from fuel oil to pet coke, which is expected to generate significant cost savings. In 2001, CEMEX formally entered Nicaragua by signing a 25-year lease with the government to operate a local cement plant with annual production capacity of 450,000 tons.

Philippines

In the Philippines, domestic cement volumes decreased 11% versus 2000. The lack of government funding for infrastructure development continued to dampen construction sector activity. Cement imports into the Philippines grew considerably, and demand in the residential sector weakened due to an oversupply of housing coupled with few projects under development.

In 2001 net sales increased to US$151 million, up 10% compared to 2000. However, EBITDA declined 42% to US$19 million due to a higher percentage of lower margin export sales and losses sustained from the company's trading operations.

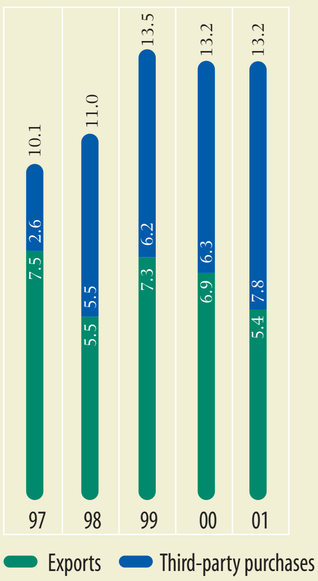
Despite a challenging environment, the company achieved several operational milestones that underscore its commitment to efficiency, safety and the environment. The Solid and APO cement plants were among the most efficient, lowest-cost producers in the CEMEX system, notwithstanding the country's high energy prices. The operations' accident rates remained extremely low, particularly at the APO facility where no accidents have occurred for over a year. The Solid and APO plants achieved ISO 9002 and ISO 14001 certification.

Egypt

In Egypt, domestic cement volumes increased 5% for the year. This growth resulted from successful marketing initiatives in the company's most dynamic regions and its participation in lower Egypt.

Trading volumes

MILLIONS OF METRIC TONS



CEMEX's Trading unit has evolved to meet the company's strategic objectives, increasing its global reach and flexibility.

Net sales were US$133 million, a decrease of 18% versus 2000. Sales declined due to lower pricing in Egyptian pounds, as well as the 22% devaluation of the currency. EBITDA was US$52 million, a drop of 35% from a year ago.

During 2001, CEMEX Egypt bolstered its brand presence across all of its markets, and established a solid position in Cairo and the Nile Delta. As a result, the company now enjoys a strong brand presence in all of the nation's construction markets.

The company reinforced its commercial network of more than 500 retailers through multiple customer initiatives: improving logistics to ensure on-time delivery; opening additional sales offices and creating an infrastructure of affiliated bank branches; increasing delivery to small retailers; consolidating sales of value-added SRC cement; and introducing El Mohandes, a new premium cement product. In less than two years, the company has also reduced dust emissions from its plant to meet CEMEX's international standards, which are far more stringent than local environmental requirements.

Trading

CEMEX's international cement trading network – one of the largest in the world – plays a fundamental role in realizing the company's strategic goals. Its maritime fleet and more than 50 strategically located marine terminals serve customers in the world's most dynamic cement markets and constitute a critical competitive advantage for CEMEX.

Through its global trading operations, CEMEX can direct cement to places where it is most needed and thereby maximize its worldwide production capacity. In 2001, CEMEX's total trading volume was 13.2 million metric tons, of which 7.8 million came from third-parties, and the balance were exports from the company's operations around the world. Trading further allows the company to explore new markets without the necessity of making immediate capital investments.

Acquisitions, divestitures and other financial activities

"…we manage and position the company to create value in down and up markets, to produce consistent returns, and to generate healthy cash flow throughout the economic cycle …"

Acquisition of Thailand's Saraburi Cement

On May 11, 2001, CEMEX announced its acquisition of 99% of Saraburi Cement Company for an enterprise value of approximately US$73 million, including US$10 million in assumed debt. The transaction was made through CEMEX Asia Holdings Ltd., of which institutional investors own 23% and CEMEX owns 77%. Located north of Bangkok, Saraburi's plant operates at full capacity, producing 700,000 metric tons per year. After the acquisition, CEMEX's PMI team completed Saraburi's integration in four months, identifying potential annual savings of about US$3 million.

Divestiture of aggregates operations in Kentucky and Missouri

On December 18, 2001, CEMEX reached an agreement to sell its aggregates operations in Kentucky and Missouri to Rinker Materials Corporation for US$42 million plus working capital. CEMEX originally acquired these operations in November 2000 as part of its acquisition of Southdown.

Sale of interest in Banacci to Citigroup

On May 22, 2001, CEMEX announced its intent to accept Citigroup's offer to buy its 1.32% interest in Banacci. CEMEX's decision to sell this ten-year investment led to the recognition of a net extraordinary gain of approximately US$131 million in the second quarter.

Completion of receivables securitization

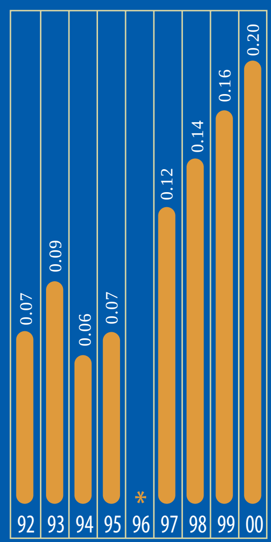
In September 2001, CEMEX, Inc. – the integrated operations of CEMEX USA and Southdown – entered into a non-recourse transaction under which it sold a large portion of its receivables for approximately US$195 million. The proceeds were used to reduce net debt.

Shareholders select CPOs in CEMEX's dividend election program

In June 2001, CEMEX completed its dividend election program, in which 96.95% of its shareholders elected to receive a total of 70,374,944 CPOs. The remaining 3.05% of CEMEX's shareholders elected to receive a MXP1.80 per share cash dividend for a total of approximately MXP84 million (US$9 million) paid by CEMEX. Under this dividend program, CEMEX's shareholders elected to receive a cash dividend of MXP1.80 per CPO or its equivalent in CPOs (representing two series A shares and one series B share) valued at a price of MXP38.16 per CPO, a 20% discount to the average trading price on June 1, 2001 on the Mexican Bolsa.

Dividends per CPO

US DOLLARS



Under CEMEX's dividend election program, shareholders elected to receive either a cash dividend of MXP1.80 per CPO or its equivalent in CPOs.

** As a result of CEMEX's Share Repurchase Program in 1997, 24 million CPOs were acquired, totaling approximately US$119 million. The CPOs acquired through this program account for approximately 2% of the CPOs outstanding (see note 8 to Selected Consolidated Financial Information).*

Successful warrant exchange offer

On November 23, 2001, CEMEX announced a voluntary public exchange offer of its existing appreciation warrants and American Depositary Warrants (ADWs) maturing December 13, 2002, for new warrants maturing December 21, 2004, under a one-for-one exchange offer. Of the 105,000,000 warrants originally issued, 103,790,945 were tendered in exchange for the new warrants. On December 21, 2001, the new instruments began trading simultaneously on the New York Stock Exchange in the form of ADWs (NYSE: CX.WSB) and on the Bolsa Mexicana de Valores (BMV: CMX412E-DC062).

EUR800 million syndicated revolving credit facility

In October 2001, CEMEX, through its Spanish subsidiary, successfully closed a new three-year revolving credit facility in the amount of EUR800 million. With the participation of 38 financial institutions, the transaction's unprecedented over-subscription rate led to an increase of EUR350 million over the facility's original target amount.

US$757 million private placement

In March 2001, CEMEX, Inc. closed one of the U.S. market's largest private placement financings on record – of US$757 million – with a group of insurance companies and pension funds. The proceeds of the private placement, in tranches of five and seven years, were mainly applied to refinance short-term debt incurred in conjunction with the Southdown acquisition and to extend the company's debt maturity profile.

MXP5,000 million medium-term promissory notes program

On November 19, 2001, CEMEX established a domestic medium-term promissory notes program for MXP5,000 million. On November 29, 2001, CEMEX issued two tranches under the program: the first consisted of MXP800 million with a three-year maturity, and the second consisted of MXP1,000 million with a five-year term. On January 25, 2002, CEMEX issued two additional tranches under this program: MXP1,300 million with a seven-year term and MXP640 million with a five-year maturity. Both transactions were swapped through derivatives into dollar funding at rate of less than LIBOR plus 1% for the first five years.

US$600 million syndicated bank loan

During the second quarter of 2001, CEMEX closed a US$600 million syndicated bank facility to extend the company's debt maturity profile. The facility has two tranches: a one-year US$200 million credit facility, and a three-year US$400 million revolving credit facility.

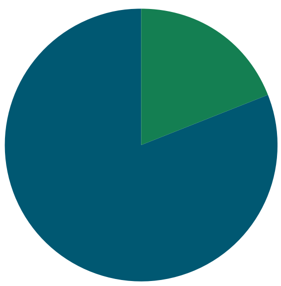
Debt indicators

Millions of US dollars, as of December 31, 2001

Total debt	5,372
Long-term debt	4,345
Short-term debt	1,028
Equity obligations*	1,150
Cash and cash equivalents	428
Net debt	6,094

*Preferred equity plus capital securities (see notes 5 and 6 to the Selected Consolidated Financial Information).

Total debt breakdown



19% Short term
81% Long term

Derivative instruments

In accordance with the controls and procedures established by the financial risk management department, CEMEX periodically utilizes derivative financial instruments such as interest rate and currency swaps, currency and equity forward contracts, options and futures in order to reduce risks associated with changes in interest rates and foreign exchange rates of debt agreements, as a vehicle to reduce financing costs and as hedging instruments of CEMEX's stock option plans, among other purposes. Effective January 1, 2001, the Company adopted Bulletin C-2 Financial Instruments ("Bulletin C-2), which became effective for all public companies reporting under Mexican GAAP. Bulletin C-2 requires the recognition of all derivative financial instruments in the balance sheet as assets or liabilities, at their estimated fair value, with changes in such values being recorded in the income statement, including instruments negotiated over forecasted transactions. The exceptions to the rule, as they refer to CEMEX, are presented when transactions are entered for hedging purposes. In such cases, the related derivative financial instruments should be valued using the same valuation criteria applied to the hedged asset, liability or equity instrument. CEMEX recognized increases in assets and liabilities, which resulted in a net gain of US$248.8 million, arising from the fair value recognition of such derivatives as of December 31, 2001. The notional amounts of derivatives substantially match the amounts of underlying assets, liabilities or equity transactions on which the derivatives are being entered into.

Millions of US dollars	December 31, 2001 [1]
Equity derivatives	1,396
Foreign-exchange derivatives	1,630
Interest-rate derivatives	5,281

[1] *Notional amounts*

The estimated aggregate fair market value of the above derivative instruments was US$234 million for the period ending December 31, 2001.

Alignment of management and shareholder interests

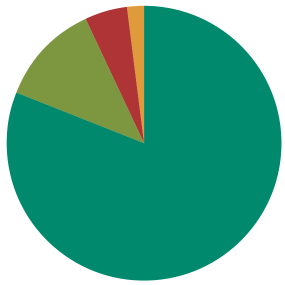
In November 2001, CEMEX implemented a voluntary exchange program to its executives under the stock option plan (ESOP) intended to better align employee interests with those of shareholders. The executives that participated in this program elected to resign their rights to subscribe and/or acquire newly issued CPOs of CEMEX common stock at a weighted average price of MXP34.11 per CPO, in exchange for cash, representing the intrinsic value of their options at the exchange date; and the issuance of options from the new variable plan, equivalent in number to the time value of their redeemed options at the exchange date, determined by the appropriate valuation model for each particular executive. The new variable program of CEMEX CPO shares has an escalating dollar strike price set at US$4.93 per CPO as of December 31, 2001, growing by 7% per annum less dividends reflecting market funding costs for this fully hedged program, while the prior fixed program has a strike price fixed in peso terms on the CPOs. Approximately 90.1% of the outstanding fixed options were exchanged into the variable program. As of December 31, 2001, directors, officers and other executives had outstanding options on 97,633,194 CEMEX CPOs, considering both the old and the new plans.

In addition, as of December 31, 2001, the Voluntary Executive Stock Option Plan (VESOP) was composed of five-year options on 20,215,960 CEMEX CPOs with an escalating strike price indexed quarterly in dollar terms, reflecting market funding costs for this fully hedged program.

The total amount of these fixed and variable stock options programs represents 8.1% of total CPOs outstanding.

Denomination of total debt plus equity obligations*

PERCENTAGE AS OF DECEMBER 31, 2001



■	81%	US dollars
■	12%	Yen
■	5%	Euros
■	2%	Others

*Preferred equity plus capital securities (see notes 5 and 6 to the Selected Consolidated Financial Information).

CEMEX maintains its financial flexibilty through strong and diversified sources of capital.

financial statements

Independent Auditors' Report

The Board of Directors and Stockholders
Cemex, S.A. de C.V.:
(Millions of constant Mexican pesos as of December 31, 2001)

We have audited the consolidated and parent company-only balance sheets of Cemex, S.A. de C.V. and Cemex, S.A. de C.V. and Subsidiaries as of December 31, 2001 and 2000, and the related consolidated and parent company-only statements of income, changes in stockholders' equity and changes in financial position for each of the years in the three-year period ended December 31, 2001. 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. As of December 31, 2000 and 1999, we did not audit the consolidated financial statements of certain consolidated subsidiaries which were audited by other auditors. The financial statements of these subsidiaries reflect total assets of 2% in 2000 and total revenues constituting 0% and 9% in 2000 and 1999, respectively, of the related consolidated totals. The parent company's investment in these subsidiaries was $484.3 as of December 31, 2000, and its share in their net income (loss) was $(48.0) and $510.8 for each of the years in the two-year period ended December 31, 2000. Our opinion expressed herein, insofar as it relates to the amounts included for such subsidiaries, is based solely upon the reports of the other auditors.

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

In our opinion, based upon our audits and the reports of other auditors, the consolidated and parent company-only financial statements referred to above present fairly, in all material respects, the financial position of Cemex, S.A. de C.V. and Cemex, S.A. de C.V. and Subsidiaries at December 31, 2001 and 2000, and the consolidated and parent company-only results of their operations, the changes in their stockholders' equity and the changes in their financial position for each of the years in the three-year period ended December 31, 2001, in accordance with generally accepted accounting principles in Mexico.

KPMG Cárdenas Dosal, S.C.

Rafael Gómez Eng

Monterrey, N.L., Mexico
January 15, 2002.

Management responsibility
for internal control

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

We have performed a study and evaluation of the system of internal accounting control of Cemex, S.A. de C.V. and Subsidiaries for the year ended December 31, 2001. The management of Cemex, S.A. de C.V. is responsible for establishing and maintaining a system of internal accounting control. Our responsibility is to express an opinion on this system of internal control based on our review. We conducted our study and evaluation in accordance with generally accepted auditing standards.

Because of inherent limitations in any system of internal accounting control, errors and irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In our opinion, the system of internal accounting control of Cemex, S.A. de C.V. and Subsidiaries for the year ended December 31, 2001, taken as a whole, was sufficient to meet management's objectives and to provide reasonable assurance that material errors or irregularities will be prevented or detected in the normal course of business.

KPMG Cárdenas Dosal, S.C.

Rafael Gómez Eng

Monterrey, N.L. Mexico
January 15, 2002.

The management of Cemex, S.A. de C.V. is responsible for the preparation and integrity of the accompanying consolidated financial statements and for maintaining a system of internal control to provide reasonable assurance to shareholders, to the financial community and other interested parties, that transactions are executed in accordance with management authorization, accounting records are reliable as a basis for the preparation of the consolidated financial statements and to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition.

In fulfilling its responsibilities for the integrity of financial information, management maintains and relies on the internal control system of the Company. This system is based on an organizational structure providing division of responsibilities and the selection and training of qualified personnel. Also, it includes policies, which are communicated to all personnel through appropriate communication channels. The system of internal control is supported by an internal audit function that operates worldwide and reports its findings to management throughout the year. Management believes that, for the year ended December 31 2001, the internal control system of the Company provides reasonable assurance that material errors or irregularities will be prevented or detected within a timely period and is cost effective.

Cemex, S.A. de C.V. engaged KPMG Cárdenas Dosal, S.C., the principal independent auditors of the Company, to perform an audit of the internal control system and express their opinion thereon for the year ended December 31 2001. Their audit applied generally accepted auditing standards, which included a review and evaluation of control systems and performance of such test of accounting information records as they considered necessary in order to reach their opinion. Their report is presented separately.

Lorenzo H. Zambrano

Chairman of the Board
and Chief Executive Officer

Consolidated balance sheets

(Millions of constant Mexican pesos as of December 31, 2001)

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

	DECEMBER 31,	
ASSETS	**2001**	**2000**
CURRENT ASSETS		
Cash and investments (note 3)	$ 3,928.3	2,934.1
Trade accounts receivable, less allowance for doubtful accounts of $460.8 in 2001 and $432.3 in 2000	5,613.0	6,242.1
Other receivables (note 4)	4,028.8	2,149.2
Inventories (note 5)	6,243.6	6,828.8
Other current assets (note 6)	1,454.4	939.4
Total current assets	21,268.1	19,093.6
INVESTMENTS AND NONCURRENT RECEIVABLES (note 7)		
Investments in affiliated companies	4,738.8	5,075.2
Other investments	—	975.1
Other accounts receivable	1,778.3	1,731.7
Total investments and noncurrent receivables	6,517.1	7,782.0
PROPERTIES, MACHINERY AND EQUIPMENT (note 8)		
Land and buildings	36,367.0	37,494.3
Machinery and equipment	106,965.0	106,285.7
Accumulated depreciation	(65,941.2)	(62,932.5)
Construction in progress	4,592.5	5,191.6
Total properties, machinery and equipment	81,983.3	86,039.1
DEFERRED CHARGES (note 9)	39,062.2	37,174.3
TOTAL ASSETS	$148,830.7	150,089.0

See accompanying notes to consolidated financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY	DECEMBER 31, 2001	2000
CURRENT LIABILITIES		
Bank loans (note 10)	$ 1,537.6	19,512.1
Notes payable (note 10)	1,971.1	4,531.0
Current maturities of long-term debt (notes 10 and 11)	5,913.9	4,164.1
Trade accounts payable	3,304.1	4,251.4
Other accounts payable and accrued expenses	8,791.8	4,877.0
Total current liabilities	21,518.5	37,335.6
LONG-TERM DEBT (note 11)		
Bank loans	22,472.5	12,222.0
Notes payable	23,283.8	17,742.8
Current maturities of long-term debt	(5,913.9)	(4,164.1)
Total long-term debt	39,842.4	25,800.7
OTHER NONCURRENT LIABILITIES		
Pension, seniority premium and other postretirement benefits (note 13)	—	320.3
Deferred income taxes (note 17)	10,314.9	12,649.3
Other noncurrent liabilities	2,400.7	1,138.1
Total other noncurrent liabilities	12,715.6	14,107.7
TOTAL LIABILITIES	74,076.5	77,244.0
STOCKHOLDERS' EQUITY (note 14)		
Majority interest:		
Common stock-historical cost basis	53.5	51.2
Common stock-accumulated inflation adjustments	3,128.0	3,128.0
Additional paid-in capital	26,273.4	23,421.4
Deficit in equity restatement	(51,218.2)	(47,189.9)
Cumulative initial deferred income tax effects (notes 2K and 17)	(4,760.7)	(4,760.7)
Retained earnings	72,363.0	65,842.5
Net income	10,800.5	9,517.3
Total majority interest	56,639.5	50,009.8
Minority interest (note 14E)	18,114.7	22,835.2
Total stockholders' equity	74,754.2	72,845.0
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$148,830.7	150,089.0

Consolidated statements of income

(Millions of constant Mexican pesos as of December 31, 2001, except for earnings per share)

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

	YEARS ENDED DECEMBER 31,		
	2001	2000	1999
Net sales	$ 63,486.9	53,531.6	46,527.5
Cost of sales	(35,710.3)	(29,912.8)	(25,922.9)
Gross profit	27,776.6	23,618.8	20,604.6
Operating expenses:			
Administrative	(7,242.6)	(5,919.1)	(5,039.6)
Selling	(5,372.9)	(1,949.0)	(1,721.3)
Total operating expenses	(12,615.5)	(7,868.1)	(6,760.9)
Operating income	15,161.1	15,750.7	13,843.7
Comprehensive financing result:			
Financial expense	(3,775.7)	(4,446.3)	(4,701.3)
Financial income	373.5	234.2	303.2
Results from valuation and liquidation of financial instruments	1,831.4	(73.3)	89.7
Foreign exchange result, net	1,410.4	(286.6)	266.0
Monetary position result	2,587.4	2,916.7	3,763.6
Net comprehensive financing result	2,427.0	(1,655.3)	(278.8)
Other expense, net	(3,823.6)	(2,231.3)	(2,860.9)
Income before income taxes, employees' statutory profit sharing and equity in income of affiliates	13,764.5	11,864.1	10,704.0
Income tax and business assets tax, net (note 17)	(1,529.7)	(1,504.2)	(659.0)
Employees' statutory profit sharing (note 17)	(216.6)	(341.0)	(369.0)
Total income tax, business assets tax and employees' statutory profit sharing	(1,746.3)	(1,845.2)	(1,028.0)
Income before equity in income of affiliates	12,018.2	10,018.9	9,676.0
Equity in income of affiliates	188.2	240.9	239.8
Consolidated net income	12,206.4	10,259.8	9,915.8
Minority interest net income	1,405.9	742.5	543.1
Majority interest net income	$ 10,800.5	9,517.3	9,372.7
Basic earnings per share (see notes 2A and 20)	$ 2.53	2.31	2.48
Diluted earnings per share (see notes 2A and 20)	$ 2.51	2.30	2.48

See accompanying notes to consolidated financial statements.

Consolidated statements of changes in financial position

(Millions of constant Mexican pesos as of December 31, 2001)

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

	YEARS ENDED DECEMBER 31,		
	2001	2000	1999
Operating activities			
Majority interest net income	$ 10,800.5	9,517.3	9,372.7
Charges to operations which did not require resources:			
Depreciation of properties, machinery and equipment	4,934.6	3,537.9	3,347.1
Amortization of deferred charges and credits, net	2,334.8	1,119.1	831.2
Impairment of assets	—	—	642.1
Pensions, seniority premium and other postretirement benefits	289.3	286.4	293.1
Deferred income tax charged to results	195.4	596.1	—
Equity in income of affiliates	(188.2)	(240.9)	(239.8)
Minority interest	1,405.9	742.5	543.1
Resources provided by operating activities	19,772.3	15,558.4	14,789.5
Changes in working capital, excluding acquisition effects:			
Trade accounts receivable, net	701.6	616.5	494.4
Other accounts receivable and other assets	(2,076.8)	(66.6)	105.7
Inventories	530.3	163.7	99.9
Trade accounts payable	(1,007.9)	863.2	320.6
Other accounts payable and accrued expenses	3,723.8	(561.6)	(953.7)
Net change on working capital	1,871.0	1,015.2	66.9
Net resources provided by operating activities	21,643.3	16,573.6	14,856.4
Financing activities			
Proceeds from bank loans (repayments), net	(7,878.9)	7,546.7	(3,132.6)
Notes payable, net, excluding foreign exchange effect (note 2D)	3,539.3	2,556.4	(4,157.8)
Investment by subsidiaries	(210.0)	(1,619.0)	4,818.6
Dividends paid	(2,793.3)	(2,186.0)	(1,912.5)
Issuance of common stock from reinvestment of dividends	2,749.3	2,074.9	1,914.8
Issuance of common stock under stock option plan	105.2	49.4	364.8
Issuance (repurchase) of preferred stock by subsidiaries	(6,032.7)	14,410.9	—
Acquisition of shares under repurchase program	(203.7)	(120.0)	—
Other financing activities, net	(1,989.4)	(2,678.5)	(3,295.2)
Resources (used in) provided by financing activities	(12,714.2)	20,034.8	(5,399.9)
Investing activities			
Properties, machinery and equipment, net	(4,683.7)	(3,793.1)	(2,562.1)
Acquisition of subsidiaries and affiliates	(1,844.2)	(24,832.5)	(9,522.8)
Disposal of assets	670.7	1,326.8	—
Minority interest	(93.6)	(5,046.3)	(1,403.0)
Deferred charges	(3,719.6)	(317.8)	(886.6)
Other investments and monetary foreign currency effect	1,735.5	(4,156.9)	3,977.7
Resources used in investing activities	(7,934.9)	(36,819.8)	(10,396.8)
Increase (decrease) in cash and investments	994.2	(211.4)	(940.3)
Cash and investments at beginning of year	2,934.1	3,145.5	4,085.8
Cash and investments at end of year	$ 3,928.3	2,934.1	3,145.5

See accompanying notes to consolidated financial statements.

Balance sheets

(Millions of constant Mexican pesos as of December 31, 2001)

CEMEX, S.A. DE C.V.

ASSETS	DECEMBER 31, 2001	2000
CURRENT ASSETS		
Cash and investments	$ 154.8	57.3
Other receivables (note 4)	1,404.4	686.7
Related parties receivables (note 12)	13,206.1	5,899.3
Total current assets	14,765.3	6,643.3
INVESTMENTS AND NONCURRENT RECEIVABLES (note 7)		
Investments in subsidiaries and affiliated companies	15,127.6	48,331.1
Other investments	50.1	23.8
Other accounts receivable	578.8	—
Long-term related parties receivables (note 12)	53,845.1	19,945.8
Total investments and noncurrent receivables	69,601.6	68,300.7
LAND AND BUILDINGS		
Land	1,444.4	1,444.4
Buildings	367.9	367.9
Accumulated depreciation	(206.3)	(196.8)
Total land and buildings	1,606.0	1,615.5
DEFERRED CHARGES (note 9)	4,331.9	5,368.3
TOTAL ASSETS	$ 90,304.8	81,927.8

See accompanying notes to financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY	DECEMBER 31, 2001	2000
CURRENT LIABILITIES		
Bank loans (note 10)	$ 271.0	3,450.1
Notes payable (note 10)	1,650.6	4,576.7
Current maturities of long-term debt (notes 10 and 11)	4,126.8	2,806.3
Other accounts payable and accrued expenses	927.8	779.6
Related parties payable (note 12)	1,503.6	887.1
Total current liabilities	8,479.8	12,499.8
LONG-TERM DEBT (note 11)		
Bank loans	9,642.5	17.1
Notes payable	15,374.9	17,188.7
Current maturities of long-term debt	(4,126.8)	(2,806.3)
Long-term related parties payables (note 12)	3,668.0	4,964.5
Total long-term debt	24,558.6	19,364.0
Other noncurrent liabilities	626.9	54.2
TOTAL LIABILITIES	33,665.3	31,918.0
STOCKHOLDERS' EQUITY (note 14)		
Common stock-historical cost basis	53.5	51.2
Common stock-accumulated inflation adjustments	3,128.0	3,128.0
Additional paid-in capital	26,273.4	23,421.4
Deficit in equity restatement	(56,993.8)	(52,965.5)
Cumulative initial deferred income tax effects (note 2K)	1,014.9	1,014.9
Retained earnings	72,363.0	65,842.5
Net income	10,800.5	9,517.3
Total stockholders' equity	56,639.5	50,009.8
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 90,304.8	81,927.8

Statements of income

(Millions of constant Mexican pesos as of December 31, 2001, except for earnings per share)

CEMEX, S.A. DE C.V.

	YEARS ENDED DECEMBER 31,		
	2001	2000	1999
Equity in income of subsidiaries and affiliates	$ 9,485.3	5,575.4	7,524.3
Rental income	275.3	293.6	389.6
License fees	1,770.5	2,449.7	1,226.1
Total revenues (note 12)	11,531.1	8,318.7	9,140.0
Administrative expenses	(82.1)	(95.8)	(121.9)
Operating income	11,449.0	8,222.9	9,018.1
Comprehensive financing result:			
Financial expense	(2,516.8)	(2,808.8)	(4,575.3)
Financial income	4,521.1	2,324.8	619.5
Result from valuation and liquidation of financial instruments	507.3	—	—
Foreign exchange result, net	(1,216.1)	441.5	963.7
Monetary position result	(1,264.5)	146.6	3,967.8
Net comprehensive financing result	31.0	104.1	975.7
Other (expense) income, net	(1,946.0)	299.4	(695.0)
Income before income taxes	9,534.0	8,626.4	9,298.8
Income tax benefit and business assets tax, net (note 17)	1,266.5	890.9	73.9
Net income	$ 10,800.5	9,517.3	9,372.7
Basic earnings per share (see notes 2A and 20)	$ 2.53	2.31	2.48
Diluted earnings per share (see notes 2A and 20)	$ 2.51	2.30	2.48

See accompanying notes to financial statements.

Statements of changes in financial position

(Millions of constant Mexican pesos as of December 31, 2001)

CEMEX, S.A. DE C.V.

	YEARS ENDED DECEMBER 31, 2001	2000	1999
Operating activities			
Net income	$ 10,800.5	9,517.3	9,372.7
Charges to operations which did not require resources:			
Depreciation of properties	4.7	4.6	4.8
Amortization of deferred charges and credits, net	606.6	163.0	68.6
Deferred income tax credited to results	(624.7)	(597.0)	—
Equity in income of subsidiaries and affiliates	(9,485.3)	(5,575.4)	(7,524.3)
Resources provided by operating activities	1,301.8	3,512.5	1,921.8
Changes in working capital:			
Other accounts receivable	(656.2)	(662.7)	697.3
Short-term related parties receivables and payables, net	(6,690.3)	(7,631.0)	(8,382.0)
Other accounts payable and accrued expenses	148.2	(155.6)	102.1
Net change in working capital	(7,198.3)	(8,449.3)	(7,582.6)
Net resources used in operating activities	(5,896.5)	(4,936.8)	(5,660.8)
Financing activities			
Proceeds from bank loans (repayments), net	6,446.3	(2,182.9)	(6,986.2)
Notes payable	(4,739.9)	4,178.0	(621.1)
Dividends paid	(2,793.3)	(2,186.0)	(1,912.5)
Issuance of common stock from reinvestment of dividends	2,749.3	2,074.9	1,914.8
Issuance of common stock under stock option plan	105.2	49.4	364.8
Acquisition of shares under repurchase program	(203.7)	(120.0)	—
Other financing activities, net	(6.1)	(36.3)	7.7
Resources provided by (used in) financing activities	1,557.8	1,777.1	(7,232.5)
Investing activities			
Long-term related parties receivables, net	(35,195.8)	10,742.1	(24,475.3)
Net change in investment in subsidiaries	38,577.5	(8,982.9)	25,839.6
Dividends received	—	484.5	13,817.9
Deferred charges	1,054.5	910.8	(2,464.5)
Resources provided by investing activities	4,436.2	3,154.5	12,717.7
Increase (decrease) in cash and investments	97.5	(5.2)	(175.6)
Cash and investments at beginning of year	57.3	62.5	238.1
Cash and investments at end of year	$ 154.8	57.3	62.5

See accompanying notes to financial statements.

Statements of changes in stockholders' equity

(Millions of constant Mexican pesos as of December 31, 2001)

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

	Common stock	Additional paid-in capital
Balances at December 31, 1998	$ 3,175.1	19,081.6
Dividends ($0.45 pesos per share)	1.9	1,912.9
Issuance of common stock (note 14A)	0.1	100.4
Issuance of appreciation warrants (note 14F)	—	264.3
Restatement of investments and other transactions relating to minority interest	—	—
Investment by subsidiaries (note 7)	—	—
Comprehensive net income	—	—
Balances at December 31, 1999	3,177.1	21,359.2
Dividends ($0.51 pesos per share)	2.1	2,072.8
Issuance of common stock (note 14A)	0.1	49.3
Issuance of appreciation warrants (note 14F)	—	(59.9)
Share repurchase program (note 14A)	(0.1)	—
Restatement of investments and other transactions relating to minority interest	—	—
Investment by subsidiaries (note 7)	—	—
Comprehensive net income	—	—
Balances at December 31, 2000	3,179.2	23,421.4
Dividends ($0.60 pesos per share)	2.4	2,746.9
Issuance of common stock (note 14A)	0.1	105.1
Share repurchase program (note 14A)	(0.2)	—
Restatement of investments and other transactions relating to minority interest	—	—
Investments by subsidiaries (note 7)	—	—
Comprehensive net income	—	—
Balances at December 31, 2001	$ 3,181.5	26,273.4

See accompanying notes to consolidated and Parent Company-only financial statements.

Deficit in equity restatement	Cumulative initial deferred income tax effects	Retained earnings	Total majority interest	Minority interest	Total stockholders' equity
(43,903.5)	—	60,688.3	39,041.5	12,563.5	51,605.0
—	—	(1,912.6)	2.2	—	2.2
—	—	—	100.5	—	100.5
—	—	—	264.3	—	264.3
—	—	—	—	(1,035.7)	(1,035.7)
4,783.9	—	—	4,783.9	—	4,783.9
(3,624.8)	—	9,372.7	5,747.9	543.1	6,291.0
(42,744.4)	—	68,148.4	49,940.3	12,070.9	62,011.2
—	—	(2,186.0)	(111.1)	—	(111.1)
—	—	—	49.4	—	49.4
—	—	—	(59.9)	—	(59.9)
—	—	(119.9)	(120.0)	—	(120.0)
—	—	—	—	10,021.8	10,021.8
(1,776.7)	—	—	(1,776.7)	—	(1,776.7)
(2,668.8)	(4,760.7)	9,517.3	2,087.8	742.5	2,830.3
(47,189.9)	(4,760.7)	75,359.8	50,009.8	22,835.2	72,845.0
—	—	(2,793.3)	(44.0)	—	(44.0)
—	—	—	105.2	—	105.2
—	—	(203.5)	(203.7)	—	(203.7)
—	—	—	—	(6,126.4)	(6,126.4)
60.2	—	—	60.2	—	60.2
(4,088.5)	—	10,800.5	6,712.0	1,405.9	8,117.9
(51,218.2)	(4,760.7)	83,163.5	56,639.5	18,114.7	74,754.2

1. DESCRIPTION OF BUSINESS

Cemex, S.A. de C.V. (Cemex or the Company) is a Mexican holding company (parent) of entities whose main activities are oriented to the construction industry, through the production and marketing of cement and ready-mix concrete.

2. SIGNIFICANT ACCOUNTING POLICIES

A) BASIS OF PRESENTATION AND DISCLOSURE

The accompanying Parent Company-only financial statements have been prepared in order to comply with legal requirements in Mexico as an independent entity. The Company also presents consolidated financial statements.

The accompanying financial statements have been prepared in accordance with Generally Accepted Accounting Principles in Mexico ("Mexican GAAP"), which include the recognition of the inflation effects on the financial information.

For purposes of disclosure, when reference is made to pesos or "$", it means Mexican pesos; when reference is made to dollars or U.S.$, it means currency of the United States of America ("United States"). Except when specific references are made to "U.S. dollar millions", "U.S. dollar thousands", "earnings per share" and "number of shares", all amounts included in these notes are stated in millions of constant Mexican pesos as of the balance sheet date. Until December 31, 2000, the Company presented its audited financial statements in thousands of pesos.

When reference is made to "CPO" or "CPOs" it means the Company's "Ordinary Participation Certificates". Each CPO represents the participation in two series "A" shares and one series "B" share of the Company's common stock. "ADS" or "ADSs" refer to the Company's "American Depositary Shares", listed on the New York Stock Exchange ("NYSE"). Each ADS represents 5 CPOs.

Certain amounts reported in the notes to the consolidated financial statements as of December 31, 2000 and 1999, have been reclassified to conform the 2001 presentation.

Beginning in 2001, the expenses related to the Company's products distribution are classified as selling expenses in the income statement. During 2000 and 1999, such expenses were recognized as part of cost of sales for an approximate amount of $2,266.7 and $2,171.6, respectively. This reclassification has no effect in operating income, net income and/or earnings per share for the years ended December 31, 2000 and 1999, if the mentioned expenses had been recognized consistent with the 2001 classification.

B) PRESENTATION OF COMPARATIVE FINANCIAL STATEMENTS

The restatement factors applied to the consolidated financial statements of prior periods were calculated based upon the weighted average inflation and the fluctuation in the exchange rate of each country in which the Company operates relative to the Mexican peso. The restatement factors for the Parent Company-only financial statements of prior periods were calculated based upon Mexican inflation.

	2001	2000	1999
Restatement factor using weighted average inflation	0.9900	1.0236	1.0011
Restatement factor using Mexican inflation	1.0456	1.0903	1.1232

Common stock and additional paid-in capital are restated by Mexican inflation. The weighted average inflation factor is used for all other restatement adjustments to stockholders' equity.

C) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include those of Cemex and the subsidiary companies in which Cemex holds a majority interest and/or has control. All significant balances and transactions between related parties have been eliminated in consolidation.

The main operating subsidiaries, ordered by holding company and the percentage of equity interest directly held, are as follows:

SUBSIDIARY		COUNTRY	% EQUITY INTEREST
Cemex México, S. A. de C.V.	1	Mexico	100.0
Compañía Valenciana de Cementos Portland, S.A.	2	Spain	99.5
Cemex Venezuela, S.A.C.A.		Venezuela	75.7
Cemex, Inc.	3	United States	100.0
Cementos del Pacífico, S.A.		Costa Rica	98.3
Assiut Cement Company	4	Egypt	95.8
Cementos Diamante, S.A.	5	Colombia	98.2
Cemento Bayano, S.A.		Panama	99.2
Cementos Nacionales, S.A.		Dominican Republic	99.7
Cemex Asia Holdings Ltd.		Singapore	77.4
Rizal Cement Company, Inc.	6	Philippines	70.0
APO Cement Corporation	6	Philippines	99.9
Saraburi Cement Company		Thailand	100.0
Latin Networks Holdings, B.V.	7	Netherlands	100.0

1. Includes a 2% equity interest held by a trust in benefit of the Company (see note 14F). During 1999, Cemex México, S.A. de C.V. ("Cemex México") was created as a result of a merger of most of the cement subsidiaries in Mexico, including Tolmex S.A. de C.V. and Serto Construcciones S.A. de C.V. Likewise, Cemex México holds a 100% equity interest in Empresas Tolteca de México, S.A. de C.V. ("ETM") and Centro Distribuidor de Cemento, S.A. de C.V. ("Cedice"). In January 2001, Cemex México acquired, from the Company, a majority interest in Cedice, which indirectly holds the Company's operations in foreign countries. As a result, as of December 31, 2001, Cemex México indirectly holds Compañía Valenciana de Cementos Portland ("Valenciana") and subsidiaries.
2. Valenciana is a subsidiary of New Sunward Holdings, B.V., a holding company in which the Company has a 90% equity interest. In addition, the Company's ownership includes a 6.99% equity interest of Valenciana upon which the Company holds 100% of the economic benefits, related to a financial transaction (see note 16A).
3. Cemex, Inc. was created as a result of a merger between the operations of Southdown, Inc. and Cemex USA, Inc. (see note 7A).
4. In October 2001, Valenciana made a capital contribution to Assiut Cement Company in exchange for 79.87% of the common stock of such entity, becoming its parent company.
5. Includes the Company's ownership of 99.3% of total common stock ordinary shares.
6. Represents the indirect economic benefits of Cemex Asia Holdings in these companies.
7. Latin Networks Holdings B.V. is the holding company of entities engaged in the development of the Company's Internet strategy.

D) FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION OF FOREIGN CURRENCY FINANCIAL STATEMENTS

Transactions denominated in foreign currencies are recorded at the exchange rates prevalent on the dates of their execution or liquidation. Monetary assets and liabilities denominated in foreign currencies are adjusted into pesos at the exchange rates prevailing at the balance sheet date. The resulting foreign exchange fluctuations are reflected in the results of operations or in stockholders' equity when the indebtedness is directly related to the acquisition of foreign subsidiaries.

The financial statements of consolidated foreign subsidiaries are restated for inflation in their functional currency based on the subsidiary country's inflation rate and subsequently translated into pesos using the foreign exchange rate at the end of the corresponding reporting period for balance sheet and income statement accounts. The exchange rate of the peso against the U.S. dollar used by the Company is based on the weighted average of the free market rates available to settle its foreign currency transactions.

E) CASH AND INVESTMENTS (note 3)

Investments include fixed-income securities with original maturities of three months or less, as well as marketable securities easily convertible into cash.

Investments in fixed-income securities are stated at cost plus accumulated interest. Investments in marketable securities are stated at market value. Gains or losses resulting from changes in market values, accrued interest and the effects of inflation are included in the income statements as part of the Comprehensive Financing Result.

F) INVENTORIES AND COST OF SALES (note 5)

Inventories are stated at the lower of replacement cost or market value. Replacement cost is based upon the latest purchase price or production cost. Cost of sales reflects the replacement cost of inventories at the time of sale, expressed in constant pesos as of the date of the latest balance sheet.

G) INVESTMENTS AND NONCURRENT RECEIVABLES (note 7)

Investments in affiliated companies are accounted for by the equity method, when the Company holds between 10% and 50% of the issuer's capital stock, and does not have effective control. Under the equity method, after acquisition, the investment's original cost is adjusted for the proportional interest of the holding company in the affiliate's equity and earnings, considering the inflation effects.

Investments available for sale that the Company held in 2000 and 1999, with no intention of selling in the short-term, were carried at market value, and valuation effects were recognized in stockholders' equity. The reversal of the accumulated effect to earnings was made at the moment of sale in 2001.

H) PROPERTY, MACHINERY AND EQUIPMENT (note 8)

Property, machinery and equipment are presented at their restated values using the inflation index of the assets' origin country and the variation in the foreign exchange rate between the country of origin currency and the functional currency.

Interest, which is part of the Comprehensive Financing Result, incurred during the construction or installation period of fixed asset is capitalized as part of the carrying value of such assets.

Depreciation of property, machinery and equipment is provided on the straight-line method over the estimated useful lives of the assets. The useful lives of the assets are as follows:

	Years
Administrative buildings	50
Industrial buildings, machinery and equipment	10 to 35

I) DEFERRED CHARGES AND AMORTIZATION (note 9)

Deferred charges are adjusted by inflation to reflect constant values. Amortization of deferred charges is determined using the straight-line method based on the restated value of the assets.

The excess of cost over book value of subsidiaries acquired ("goodwill") is amortized under the present worth or sinking fund method, which is intended to provide a better matching of the goodwill amortization with the revenues generated from the acquired companies. The amortization periods are as follows:

	Years
Goodwill from years before 1992	40
Goodwill generated starting January 1, 1992	20

Deferred financing costs associated with the Company's financing operations are amortized as part of the effective interest rate of each transaction over its maturity. These costs include discounts on debt issuance, fees paid to attorneys, printers and consultants, as well as commissions paid in the structuring process. Deferred financing costs are adjusted by inflation to reflect constant values.

J) PENSION PLANS, SENIORITY PREMIUM AND OTHER POSTRETIREMENT BENEFITS (note 13)

The costs related to benefits to which employees are entitled by pension plans, seniority premium and other postretirement benefits, legally or by Company grant, are recognized in the results of operations on the basis of the present value of the benefits determined under actuarial estimations, as services are rendered. The amortization of unrecognized prior service cost, changes in assumptions and adjustments based on experience that have not been recognized, is based on the employee's estimated active service life. Other benefits to which employees may be entitled, principally severance benefits and vacations are primarily recognized as an expense in the year in which they are paid. In some circumstances, however, provisions have been made for these benefits.

As part of the established pension plans, in some cases, certain irrevocable trust funds have been created to cover future benefit payments under these plans. The actuarial assumptions utilized in the determination of the pension plan liability are based upon "real" rates (nominal rates discounted by inflation).

K) INCOME TAX ("IT"), BUSINESS ASSETS TAX ("BAT"), EMPLOYEES' STATUTORY PROFIT SHARING ("ESPS") AND DEFERRED INCOME TAXES (note 17)

IT, BAT and ESPS expense recognize the amounts incurred, and the effects of deferred IT and ESPS, in accordance with Bulletin D-4 Accounting treatment of income tax, business assets tax and employees' profit sharing ("Bulletin D-4"), effective beginning January 1, 2000.

Bulletin D-4 requires the determination of deferred IT by applying the enacted statutory income tax rate to the total temporary differences resulting from comparing the book and taxable values of the assets and liabilities, considering when available and subject to a recoverability analysis, tax loss carryforwards as well as other recoverable taxes and tax credits. It is also required to determine the effect of deferred ESPS for those temporary differences, which are of a non-recurring nature, arising from the reconciliation of the net income of the period and the taxable income for ESPS.

The cumulative initial deferred income tax effects, arising from the adoption of the Bulletin, were recognized in stockholders' equity, on January 1, 2000, under the caption "Cumulative initial deferred income tax effects". The effect of a change in the statutory tax rate is recognized in the income statement in the period the change occurs and is officially declared.

Consolidated balances of assets and liabilities and their corresponding taxable amounts substantially differ from those of the Parent Company-only. The difference between the holding Company's accumulated initial effect of deferred income taxes and the corresponding consolidated initial effect, which represents the sum of the initial effects determined in each subsidiary, is presented in the consolidated balance sheets under the caption "Deficit in equity restatement". For disclosure purposes, the consolidated cumulative initial deferred income tax effects are presented in the statements of changes in stockholders' equity.

L) MONETARY POSITION RESULT

The monetary position result, which represents the gain or loss from holding monetary assets and liabilities in inflationary environments, is calculated by applying the inflation rate of each country in which the Company has operations to the net monetary position in each country.

M) DEFICIT IN EQUITY RESTATEMENT

The deficit in equity restatement includes the accumulated effect from holding non-monetary assets as well as the foreign currency translation effects from foreign subsidiaries' financial statements. Such translation effects consider the foreign exchange result arising from foreign currency debt related to the acquisition of foreign subsidiaries (see note 14D).

N) DERIVATIVE FINANCIAL INSTRUMENTS (note 16)

In accordance with the controls and procedures established by the financial risk management department, the Company uses derivative financial instruments such as interest rate and currency swaps, currency and stock forward contracts, options and futures, in order to reduce risks associated with changes in interest rates and foreign exchange rates of debt agreements and as a vehicle to reduce financing costs (see note 11A and B), as well as hedges of: (i) forecasted transactions to purchase fuels and electric power, (ii) the Company's net investments in foreign subsidiaries and (iii) the future exercise of options under the Company's stock option plans and/or as an alternative source of financing (see note 16). These instruments have been negotiated with institutions and corporations with significant financial capacity; therefore, the Company considers that the risk of non-compliance with the obligations agreed to by such counterparties to be minimal. Some of these instruments have been designated as hedges of the Company's production costs as well as debt or equity instruments.

Effective January 1, 2001, the Company adopted Bulletin C-2 Financial Instruments ("Bulletin C-2"), which requires the recognition of all derivative financial instruments in the balance sheet as assets or liabilities, at their estimated fair value, with changes in such values being recorded in the income statement, including instruments negotiated over forecasted transactions. The exceptions to the rule, as they refer to the Company, are presented when transactions are entered for hedging purposes. In such cases, the related derivative financial instruments should be valued using the same valuation criteria applied to the hedged assets or liabilities and the valuation effects should be recognized in the income statement, net of the cost, expense or income generated by the hedged assets or liabilities. Premiums paid or received on hedge derivative instruments are deferred and amortized over the life of the underlying hedged instrument or immediately when they are settled; in other cases, premiums are recorded in the income statement, at the moment in which they are received or paid.

In order to reflect the expected cash flows to be received or paid when the financial instruments are settled, the assets and liabilities arising from such instruments, where there is the right and the intention to settle on a net basis or simultaneously realize the asset and settle the liability, are offset for presentation purposes.

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. When an active market for the instrument exists, the fair value corresponds to the value determined by the market. If a quoted market price is not available, the estimated fair value is determined by the net present value of the projected cash flows or by means of an appropriate valuation model.

Foreign currency forward contracts that have been designated as, and are effective as, hedges of the Company's net investments in foreign subsidiaries, are recorded at their estimated fair value as assets or liabilities in the balance sheets within stockholders' equity, as part of the foreign currency translation result.

Equity forward contracts on the Company's common stock are treated as equity instruments, and their results are recognized in stockholders' equity at settlement; except beginning in 2001, the estimated fair value of those forward contracts that hedge executive stock option programs, is recorded in the income statement net of such program's related costs (see note 15).

The economic effects of derivative instruments, negotiated to swap interest rates, currencies or both, over existing specific financing transactions are recognized in the balance sheets as a part of the book value of the specific liabilities, and in the income statements within financial expense, as part of the corresponding effective interest rate, and the foreign exchange effects as part of the foreign exchange result. In addition, beginning in 2001, an additional asset or liability is recorded in order to recognize the estimated fair value of these instruments in the income statement.

Beginning in 2001, the Company recognizes the estimated fair value of other derivative instruments, negotiated as part of a financial and/or business strategy, as assets or liabilities against the income statement at inception. Until December 31, 2000, the results of these instruments were recognized in the income statement at settlement.

O) REVENUE RECOGNITION

Revenue is recorded upon shipment of the cement and ready-mix concrete to customers.

P) CONTINGENCIES AND COMMITMENTS

Obligations or material losses, related to contingencies and commitments, are recognized when present obligations exist, as a result of past events, and it is probable that the effects will materialize and there are reasonable elements for quantification. If there are no reasonable elements for quantification, a qualitative disclosure is included in the notes to the financial statements. The Company does not recognize contingent revenues, gains or assets.

Q) COMPREHENSIVE NET INCOME (note 14G)

Beginning in 2001, the new Bulletin B-4 Comprehensive Net Income ("Bulletin B-4"), requires the comprehensive net income presentation as a single item in the Statement of Changes in the Stockholders' Equity. Comprehensive net income represents the change in stockholders' equity during a period for transactions and other events not representing contributions, reductions or distributions of capital.

R) USE OF ESTIMATES

The preparation of financial statements in conformity with Mexican GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the financial statements' date and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

S) CONCENTRATION OF CREDIT RISK

The Company sells its products primarily to distributors in the construction industry, with no specific geographic concentration within the countries in which the Company operates. No single customer accounted for a significant amount of the Company's sales, and there were no significant amounts receivable from a single customer at December 31, 2001, 2000 and 1999. The Company performs evaluations of its customers' credit histories and establishes allowances for doubtful accounts based upon the credit risk of each specific customer. In addition, there is no concentration of suppliers for the purchase of raw materials.

T) OTHER INCOME AND EXPENSE

Other income and expense consists primarily of goodwill amortization, anti-dumping duties, results from the sale of fixed assets, impairment charges and, in 2001, the costs related to the restructuring of the executive stock option programs (see note 15).

U) IMPAIRMENT OF LONG LIVED ASSETS

The Company continually evaluates the physical state and performance of its machinery and equipment, and analyzes the impact of its sales and production forecasts over expected future cash flows for these assets, in order to determine if there are elements indicating that the book values of these assets need to be adjusted for impairment. The provision for impairment is recorded in the income statement when determined.

The Company continually evaluates the balances of goodwill and other investments through the analysis of factors such as the occurrence of a significant adverse event, change in the environment in which the business operates and expectations of operating results for each subsidiary and associate, to determine if there are elements indicating that the book value of goodwill or the investments may not be recovered, in which case an impairment loss would be recorded in the period when such determination is made.

3. CASH AND INVESTMENTS

Consolidated cash and investments consists of:

	2001	2000
Cash and bank accounts	$ 2,572.5	1,351.5
Fixed-income securities	1,334.7	1,432.0
Investment in marketable securities	21.1	150.6
	$ 3,928.3	2,934.1

4. OTHER RECEIVABLES

Other current receivables consist of:

	2001		2000	
	CONSOLIDATED	PARENT	CONSOLIDATED	PARENT
Non-trade receivables	$ 2,976.0	125.2	1,838.5	93.9
Refundable income tax	909.6	1,193.3	236.3	592.8
Other refundable taxes	143.2	85.9	74.4	—
	$ 4,028.8	1,404.4	2,149.2	686.7

As of December 31, 2001 and 2000, non-trade receivables primarily consist of interest receivable, notes receivable, advances to employees for travel expenses, loans made to employees and receivables from the sale of assets. In addition, as of December 31, 2001, other receivables include advance payments toward the final price of forward contracts that will be settled at maturity, for an approximate amount of $1,392.0 (see note 16A).

5. INVENTORIES

Inventories are summarized as follows:

	CONSOLIDATED	
	2001	2000
Finished goods	$ 1,782.6	1,921.5
Work-in-process	729.3	859.4
Raw materials	621.5	721.0
Supplies and spare parts	2,648.7	2,882.5
Advances to suppliers	305.8	198.4
Inventory in transit	155.7	152.0
Real estate held for sale	—	94.0
	$ 6,243.6	6,828.8

As of December 31, 2000, real estate held for sale consisted of undeveloped land in different locations in Mexico, originally acquired by the Company for tourism projects. In June 2000, the Company sold real estate in Puerto Vallarta, Mexico for $28.9, resulting a net loss of $25.3, which was included in other expenses, net. As of December 31, 2001, real estate held for sale for an amount of $99.5 was reclassified to other current assets, as part of the non-cement related assets (see note 6).

6. OTHER CURRENT ASSETS

Other current assets include $318.2 and $103.4, as of December 31, 2001 and 2000, respectively, of non-cement related assets which are intended to be sold in the short-term, and that are stated at their estimated realizable value. These assets include securities and assets not oriented to the Company's main activity, mainly originated from (i) non-cement related assets acquired in the purchase of foreign subsidiaries, (ii) diverse assets received from customers as payment of trade receivables, and (iii) as of December 31, 2001, real estate held for sale.

During 1999, the Company recognized in other expenses, net, a loss of approximately $200.2, from the partial sale of an uncompleted real estate project in Spain and a subsequent impairment provision of this asset, which at the time of sale had a book value of approximately $426.4. The remaining book value for this asset was merged during 2000 into Valenciana and is presented under property, machinery and equipment.

7. INVESTMENTS AND NONCURRENT RECEIVABLES

A) INVESTMENTS IN SUBSIDIARIES AND AFFILIATED COMPANIES

As of December 31, 2001 and 2000, investments in subsidiaries and affiliated companies accounted for by the equity method, are summarized as follows:

	2001		2000	
	CONSOLIDATED	PARENT	CONSOLIDATED	PARENT
Contribution or book value at acquisition date	$ 2,674.8	7,908.4	3,510.7	39,807.5
Equity in income and other changes in stockholders' equity of subsidiaries and affiliated companies	2,064.0	7,219.2	1,564.5	8,523.6
	$ 4,738.8	15,127.6	5,075.2	48,331.1

Investment held by subsidiaries in the Company's shares, amounting to $6,764.0 (146,868,013 CPOs and 1,791,695 appreciation warrants) and $5,091.6 (147,777,454 CPOs and 3,361,585 appreciation warrants) as of December 31, 2001 and 2000, respectively, are offset against majority interest stockholders' equity in the accompanying financial statements.

The Company's principal acquisitions and divestitures during 2001, 2000 and 1999, are the following:

I. In May 2001, through CEMEX Asia Holdings Ltd. (CAH) and within the agreements formalized in 1999 between the Company and institutional investors in Asia to co-invest in CAH, a 100% economic interest in Saraburi Cement Company ("Saraburi"), a Thai cement producer, was acquired for approximately U.S.$73 million. Of this amount, the Company contributed U.S.$59.3 million and the minority investors contributed U.S.$13.7 million. As of December 31, 2001, the consolidated financial statements include Saraburi's balance sheet at the same date and Saraburi's results of operations for the eight-month period ended December 31, 2001.

II. In addition, during 2001, the Company made majority acquisitions in companies, in diverse locations, for an approximate amount of U.S.$141.5 million, including real estate entities whose principal assets are land and buildings. The consolidated financial statements include the balance sheets of the acquired companies as of December 31, 2001 and the results of operations of such entities for the periods from the acquisition date to year-end.

III. In March 2001, as part of a reorganization of subsidiaries in the United States, the operations of Southdown, Inc. ("Southdown") and Cemex USA, Inc. were merged into Cemex, Inc., a new entity, which substantially concentrates the Company's operations in that country. In November 2000, the Company acquired through its subsidiary CENA Acquisition Corp. ("CENA"), 100% of Southdown's outstanding stock. Approximately 91.7% (33,023,207 shares) of the total outstanding shares were acquired through a public tender offer, at the price of U.S.$73 per share. The remaining outstanding shares were acquired, during the same month, through the merger between Southdown and CENA, in which Southdown was the surviving corporation. As a result of the merger, any outstanding shares of Southdown' common stock not tendered for payment in the offer, by operation of law, were converted into the right to receive U.S.$73 per share in cash. The total amount paid for Southdown shares was approximately U.S. $2,628.3 million ($25,031.4), representing the purchase of the 91.7% and the payment obligation arising from the remaining shares not tendered in the offer. As of December 31, 2000, the consolidated financial statements included the balance sheet of Southdown at the same date and the results of operations for the two-month period ended December 31, 2000.

IV. In October 2000, a capital contribution of approximately U.S.$324 million ($3,085.7) was made to CAH, approximately U.S.$73 million of which was contributed by the minority investors. These funds were utilized by CAH mainly to acquire from a subsidiary of the Company its 25.5% equity interest in PT Semen Gresik (persero), Tbk. ("Gresik"), an Indonesian cement company, as well as other cement assets in Asia. The equity interest in Gresik was originally acquired during 1999 and 1998 for an approximate amount of U.S.$240.6 million.

During 1999, the minority investors contributed capital to CAH for approximately U.S.$142.9 million, and the Company, through its subsidiaries, contributed to CAH its economic benefits in its Philippine subsidiaries, Rizal Cement Inc. ("Rizal"), acquired during 1998 and 1997 for approximately U.S.$223 million, representing 70.0% of Rizal's economic benefits, and APO Cement Corporation ("APO"), acquired on February 1999 for approximately U.S.$400 million, representing 99.9% of APO's economic benefits. As a result, the indirect participation of the Company in the economic benefits of Rizal and APO decreased to 54.2% and 77.3%, respectively. As of December 31, 1999, the consolidated income statement included the operating results of APO for the year ended December 31, 1999.

V. In June 2000, the Company sold to Marriott International for a total amount of U.S.$113 million, properties in the tourism industry, including its 100% equity interest in the Marriott Casa Magna hotels in Cancun and Puerto Vallarta, resulting a net loss of approximately $62.9, representing the difference between the consideration received and the book value of these assets, which was recorded in other expenses, net. As of December 31, 2000, the consolidated income statement included the hotels' operating results for the five-month period ended May 31, 2000.

VI. In June 2000, through the exercise of a call option agreement, the Company acquired a 13% equity interest in Assiut Cement Company ("Assiut"), subsidiary of the Company in Egypt. In November 1999, the Company acquired from the Egyptian government a 77% equity interest in Assiut for approximately U.S.$318.8 million. In November 2000, an additional 2.9% equity interest was acquired from Assiut's employees, increasing the Company's equity interest to 92.9%. The transactions carried out during 2000 amounted to approximately U.S.$66.8 million ($636.2). As of December 31, 1999, the consolidated income statement included the results of operations of Assiut for the one-month period ended November 30, 1999. In January 2001, the Company increased its equity interest in Assiut to 95.8%.

VII. In September 1999, through a public tender offer, a subsidiary of the Company acquired 79.5% of the outstanding shares of Cementos del Pacífico, S.A. ("Cempasa"), a Costa Rican cement producer, for approximately U.S.$72 million. As a result of this transaction, the Company's equity interest in Cempasa was increased to 95.3%. As of December 31, 1999, the consolidated income statement included the operating results of Cempasa for the three-month period ended December 31, 1999. As of December 31, 2001, the equity interest in Cempasa was 98.3%.

VIII. In June 1999, the Company acquired an 11.92% equity interest in Cementos Bio Bio, S.A., Chile's largest cement producer, for a total amount of approximately U.S.$34 million. As of December 31, 1999, the consolidated income statement includes the results of operations of Cementos Bio Bio for the seven-month period ended December 31, 1999, accounted for by the equity method.

Certain condensed financial information of the companies acquired during 2001 and 2000 and that were consolidated in the Company's financial statements in the year of acquisition is presented below:

	2001		2000
	SARABURI	OTHERS	SOUTHDOWN
Total assets	$ 323.5	2,141.0	35,637.8
Total liabilities	120.0	854.0	20,887.6
Stockholders' equity	203.5	1,287.0	14,750.2
Sales	$ 129.4	260.2	1,604.9
Operating income (loss)	22.0	(7.5)	245.0
Net income (loss)	(9.0)	117.0	(79.9)

As of December 31, 2001 and 2000, the main affiliated companies, the percentage of equity interest held by their direct holding company, as well as the investment accounted for under the equity method in the consolidated balance sheet were as follows:

	% OF EQUITY INTEREST	2001	2000
PT Semen Gresik (persero), Tbk.	25.5	$ 1,891.0	2,096.6
Control Administrativo Mexicano, S.A. de C.V.	49.0	1,300.8	1,108.6
Cementos Bio Bio, S.A.	11.9	236.0	308.4

B) OTHER INVESTMENTS AND NONCURRENT ACCOUNTS RECEIVABLES

As of December 31, 2000, consolidated other investments consisted of Grupo Financiero Banamex-Accival ("Banacci") shares, which the Company had no intention of selling in the short-term.

In May 2001, Citigroup launched in Mexico a public tender offer for the 100% of the outstanding shares of Banacci. This process ended in August 2001 the date on which Citigroup officially declared the offer closed and the acquisition of Banacci. As a result of this offer and according to its terms and conditions, the Company sold its Banacci shares that were held in its long-term investments portfolio. The total amount of the sale was approximately U.S.$162.4 million ($1,489.2), and generated a non-recurring gain of approximately U.S.$131 million ($1,221.8), recognized in the Comprehensive Financing Result. Of this gain, approximately $727.5 corresponded to the reversal of unrealized valuation results that were accrued in stockholders' equity.

As of December 31, 2000, the Company had made advance payments of approximately $1,266.9 against the final settlement of forward contracts related to the purchase of the Company's own shares (see note 16A). As of December 31, 2001, this amount was reclassified to short-term assets.

In addition, as of December 31, 2001, a valuation gain of approximately U.S.$105.3 million ($965.2) was recognized in the balance sheet arising from the estimated fair value recognition of the Company's long-term derivative financial instruments (see notes 11B and 16).

8. PROPERTIES, MACHINERY AND EQUIPMENT

During 1999, based on future sales projections and to avoid excess production, the Company decided to cease operations in 4 cement assets located in Mexico and Colombia, as well as partially close 4 other cement assets located in the same countries. As a result, the Company estimated that the expected cash flows to be generated by such assets would not be sufficient to recover their book value; therefore, an impairment provision of approximately $642.1 was determined and was reflected in the consolidated income statement as of December 31, 1999, in other expenses, net. As of December 31, 2001 and 2000, the assets subject to impairment described above are valued at their estimated realizable value; net of the expenses estimated for their disposal and their depreciation has been suspended since 1999. As of December 31, 2001 and 2000, the remaining book value of these assets is approximately $312.0 and $308.9, respectively, and it is the Company's intention to dispose of those assets that were completely closed. The impact of having suspended depreciation of these assets on 2001, 2000 and 1999 results was approximately $35.0, $33.7 and $30.6, respectively.

9. DEFERRED CHARGES

Deferred charges are summarized as follows:

	2001		2000	
	CONSOLIDATED	PARENT	CONSOLIDATED	PARENT
Excess of cost over book value of subsidiaries and affiliated companies acquired	$ 37,931.1	1,839.4	36,239.9	3,489.0
Cost of internally developed software	1,333.2	—	—	—
Prepaid pension costs (note 13)	662.8	—	—	—
Additional minimum liability (note13)	319.9	—	630.3	—
Deferred financing costs	661.6	617.7	955.9	381.6
Deferred income taxes	1,390.4	2,159.2	1,847.9	1,611.9
Others	4,335.0	1,086.1	3,770.1	1,113.3
Accumulated amortization	(7,571.8)	(1,370.5)	(6,269.8)	(1,227.5)
	$ 39,062.2	4,331.9	37,174.3	5,368.3

As of December 31, 2001 and 2000, as a result of the acquisitions made by the Company (see note 7), goodwill increased approximately U.S.$115.9 million ($1,062.8) and U.S.$1,132 million ($10,780.9), respectively.

10. SHORT-TERM BANK LOANS AND NOTES PAYABLE

Short-term debt is summarized by currency as of December 31, 2001 and 2000, as follows:

CONSOLIDATED	2001	WEIGHTED AVERAGE INTEREST RATE	2000	WEIGHTED AVERAGE INTEREST RATE
Dollars	$ 8,180.4	4.56%	18,429.5	7.61%
Euros	806.5	4.07%	9,249.0	6.20%
Egyptian Pounds	324.9	11.42%	405.9	11.40%
Philippine Pesos	91.4	13.67%	59.2	16.80%
Other currencies	19.4	9.80%	63.6	19.90%
	$ 9,422.6		28,207.2	

Short-term debt by currency summarized in the above table, includes the current maturities of long-term debt. As of December 31, 2001, short-term debt included, among others, $2,475.9 of Euro medium-term notes, $1,834.0 under revolving lines of credit, $1,650.6 under commercial paper programs, $1,217.5 of current maturity of other notes payable and $780.4 of syndicated loans. As of December 31, 2000, short-term debt included a bridge loan related to the Cemex, Inc. (formerly Southdown) acquisition for $5,238.1 and a bridge loan negotiated to repay long-term debt for $8,949.3, which were refinanced in 2001, commercial paper programs for $4,333.3 and current maturity of Euro medium-term notes for $2,571.4, among others.

A total of 100% and 99% of the Parent Company-only short-term debt is denominated in dollars in 2001 and 2000, respectively.

As of December 31, 2001, related to its short-term debt, the Company held an interest rate swap for a notional amount of U.S.$300 million, negotiated as part of its strategy to reduce financial cost. This instrument, which matures in November 2002, covers approximately 34% of the short-term debt contracted in dollars, and its estimated fair value at December 31, 2001 was U.S$0.2 million ($1.8). Cash flows generated under this instrument are recorded in the income statement within financial expenses, as an adjustment to the effective interest rate of the related debt. Resulting from its accounting characteristics as a hedge, the estimated fair value of this instrument is not recognized in the balance sheet or in the income statement.

In addition, as of December 31, 2001 and 2000, the Company had negotiated with financial institutions, call option contracts to exchange floating for fixed interest rates for a notional amount of U.S.$1,506 million ($13,810.0) and U.S.$800 million ($7,336.0), respectively. For the sale of these options the Company received premiums for approximately U.S.$12.2 million ($111.9) during 2001 and U.S.$11.0 million ($100.8) during 2000. These options have different maturities until December 2002, and grant the counterparties the option to elect, at maturity of the options and on market conditions, to receive from the Company a fixed rate and pay the Company a variable rate for a five-year period starting on the rate exchange date. As of December 31, 2001, premiums received, as well as the estimated fair value of these contracts, which presented a valuation loss of U.S.$30.1 million ($276.0), were recognized in the Comprehensive Financing Result. As of December 31, 2000, the estimated fair value of these contracts was a loss of U.S.$16.3 million ($149.5). During December 2001, one of the contracts negotiated in 2000 covering a notional amount of U.S.$100 million was settled. Through this settlement, the Company paid U.S.$3.4 million. Currently, the Company cannot predict if market conditions prevailing at maturity of these options would cause the counterparties to exercise them or to elect for a cash settlement.

11. LONG-TERM BANK LOANS AND NOTES PAYABLE

As part of a strategy oriented to reduce the overall financial cost of its financial liabilities portfolio, the Company has negotiated derivative financial instruments to exchange interest rates and, in some cases, to exchange the interest rates and the currencies in which the related liabilities were originally contracted. As of December 31, 2001 and 2000, the consolidated long-term debt, which includes the effects originated by derivative financial instruments, negotiated to exchange interest rates as well as interest rates and currencies, is summarized as follows:

	2001	ORIGINAL RATE	WEIGHTED AVERAGE INTEREST RATE	DETERMINATION OF WEIGHTED AVERAGE RATE [1]
Bank Loans				
Syndicated loans, 2002 to 2005	$ 13,716.9	Floating	3.75%	**A** LIBOR + 103 bps
Bank loans, 2002 to 2006	8,482.0	Floating	3.54%	LIBOR + 87 bps
Bank loans, 2002 to 2005	273.6	Fixed	7.30%	**A** —
	22,472.5			
Notes Payable				
Euro medium-term notes, 2002 to 2009	10,637.1	**B** Fixed	7.30%	—
Medium-term notes, 2002 to 2008	8,298.5	**B** Floating	3.65%	**A** LIBOR + 204 bps
Medium-term notes, 2002 to 2008	3,201.7	**B** Fixed	1.81%	**A** —
Other notes payable 2002 to 2011	592.8	Floating	2.04%	LIBOR + 11 bps
Other notes payable 2002 to 2011	553.7	Fixed	8.56%	—
	23,283.8			
	45,756.3			
Current maturities	(5,913.9)			
	$ 39,842.4			

	2000	ORIGINAL RATE	WEIGHTED AVERAGE INTEREST RATE	DETERMINATION OF WEIGHTED AVERAGE RATE [1]
Bank Loans				
Syndicated loans, 2001 to 2006	$ 8,865.4	Floating	7.9%	LIBOR + 134 bps
Bank loans, 2001 to 2007	3,159.0	Floating	6.5%	LIBOR + 71 bps
Bank loans, 2001 to 2005	197.6	Fixed	7.3%	—
	12,222.0			
Notes Payable				
Euro medium-term notes 2001 to 2006	14,320.8	**B** Fixed	8.0%	**A** —
Medium-term notes, 2001 to 2007	2,121.7	**B** Fixed	3.4%	—
Other notes payable, 2001 to 2004	77.2	Floating	7.6%	LIBOR + 131 bps
Other notes payable 2001 to 2009	1,223.1	Fixed	6.3%	—
	17,742.8			
	29,964.8			
Current maturities	(4,164.1)			
	$ 25,800.7			

[1] For purposes of the table above and the following tables, LIBOR ("L"), represents the London Interbank Offering Rate, EURIBOR ("E"), refers to the Euro Interbank Offering Rate, TIIE, refers to Interbank Offering Rate in Mexico, UDI are the investment units in Mexico, which reflect the inflation variations, and Basis Points ("bps"), are decimals of interest rate.

A) Interest Rate Swap Contracts

As of December 31, 2001 and 2000, the information on interest rate swap contracts related to the long-term financial debt, which have been negotiated in order to reduce the financial cost and, in some cases, to reduce risks associated with floating rates of the related debt, are summarized as follows:

In millions of U.S. dollars

RELATED DEBT	NOTIONAL AMOUNT	DEBT CURRENCY	MATURITY DATE	CEMEX RECEIVES	CEMEX PAYS	EFFECTIVE INTEREST RATE	ESTIMATED FAIR VALUE
Interest Rate Swaps in 2001							
Medium-term notes	711	Dollar	Mar 06 – Mar 08	7.80%	L + 249 bps	4.18%	5.7
Bank Loans	850	Dollar	Oct 2002	L + 33.5 bps	2.71%	4.52%	(1.2)
Syndicated Loans	722	Euro	Dec 2004	E + 77 bps	L + 24 bps	2.06%	(0.1)
	2,283						4.4
Interest rate swaps in 2000							
Euro medium-term notes	450	Dollar	Jun 02 - Oct 09	9.36%	L + 301 bps	9.78%	6.3

Periodic cash flows generated by these instruments are recorded in the Comprehensive Financing Result, as part of the effective interest rate of the related debt. The estimated fair value of these interest rate swaps is not recognized for accounting purposes given that they qualify as hedge instruments, except for the fair value of 510 million Euros corresponding to the available portion in a line of credit of 800 million Euros (U.S.$722 million).

During 2001, in agreement with the financial counterparty, the Company settled the interest rate swap contracts it held as of December 31, 2000. At settlement, the fair value of such instruments was received, representing income of approximately U.S.$20.5 million ($188), which was recorded in the Comprehensive Financing Result.

As of December 31, 2001, the Company held Forward Rate Agreement contracts *("FRA")* for a notional amount of U.S.$800 million, negotiated to fix the interest rate of debt that had not been obtained as of the balance sheet date, but is expected to be negotiated in the near future, as well as floor and cap option contracts for U.S.$711 million. The *FRA* contracts have different maturities until October 2004, and the floor and cap option contracts mature in March 2008, and as of December 31, 2001, had an estimated fair value loss of U.S.$68.8 million ($630.9), which was recorded in the balance sheet against the Comprehensive Financing Result.

B) Cross Currency Swap Contracts

As of December 31, 2001 and 2000, related to the long-term financial debt portfolio, the Company held Cross Currency Swap contracts ("CCS"). Through these contracts, the Company carried out the exchange of the originally contracted currencies and interest rates, over a determined amount of underlying debt. During the life of the contracts, the cash flows originated by the exchange of interest rates under the CCS, match in interest payment dates and conditions, those of the underlying debt. Likewise, at maturity of the contracts and the underlying debt, the Company and the counterparty will exchange notional amounts, so the Company will receive the cash flow in the currency of the underlying debt necessary to cover its primary obligation, and will pay the notional amount in the exchanged currency. As a result, the Company has effectively exchanged the risks related to interest rates and foreign exchange variations of the underlying debt to the rates and currencies negotiated in the CCS.

As of December 31, 2001 and 2000, CCS information is summarized as follows:

Amounts in millions

		CURRENCIES		INTEREST RATES			
RELATED DEBT	MATURITY DATE	NOTIONAL AMOUNT	NOTIONAL AMOUNT IN NEW CURRENCY	CEMEX RECEIVES	CEMEX PAYS	EFFECTIVE INTEREST RATE	ESTIMATED FAIR VALUE
CCS in 2001							
Mexican peso to dollar							
Medium-term notes	Nov 04 - Nov 06	$ 1,800	US$ 194	12.20%	L + 63 bps	1.73%	US$ 13.7
Mexican peso to Yen							
Medium-term notes	Jan 05 – Jan 06	$ 3,004	Yen 34,739	13.32%	2.65%	0.52%	83.7
Dollar to Yen							
Euro medium-term notes	Jun 03 – Jul 03	US$ 600	Yen 64,468	7.77%	3.18%	3.98%	145.5
							US$242.9
CCS in 2000							
Mexican peso to Yen							
Medium-term notes	Jun 05 – Dec 05	$ 2,004	Yen 22,734	17.31%	2.83%	2.83%	US$ 1.1
Dollar to Yen							
Euro medium-term notes	Jun 03 - Jul 03	US$ 600	Yen 64,468	8.57%	3.18%	3.49%	50.2
							US$ 51.3

The periodic cash flows on these instruments arising from the exchange of interest rates are recorded in the Comprehensive Financing Result as part of the effective interest rate of the related debt. The Company recognizes the estimated fair value of the CCS as assets or liabilities in the balance sheet, with changes in the estimated fair value being recognized through the income statement. All financial assets and liabilities with the same maturity, on which there is the intention to simultaneously realize or settle, have been offset for presentation purposes, in order to reflect the cash flows that the Company expects to receive or pay upon settlement of the financial instruments.

In respect of the estimated fair value recognition of the CCS, as of December 31, 2001 and 2000, the Company recorded assets for U.S.$242.9 million ($2,227.3) and U.S.$51.3 million ($488.6), respectively, against the Comprehensive Financing Result. Of the assets previously mentioned, U.S.$175.9 million ($1,613.0) in 2001 and U.S.$45.9 million ($437.1) in 2000, are directly related to the changes in the exchange rates between the beginning of the CCS and the balance sheet date, and were offset for presentation purposes as part of the underlying debt amount. Likewise, U.S.$14.8 million ($135.7) in 2001 and U.S.$1 million ($9.5) in 2000 are originated for the interest rates periodic cash flows exchange, and were recognized in the consolidated balance sheet as an offset of the related financing interest payable. The remaining assets were recognized in the consolidated balance sheet in other long-term assets.

As of December 31, 2001 and 2000, the effect in the line item Long-Term Bank Loans and Notes Payable, arising from the accounting assets and liabilities offset, mentioned above, was that the book value of the financial liabilities directly related to the CCS is presented as if such financial liabilities had been effectively negotiated in the exchange currency instead of in the originally contracted currency.

Additionally, as of December 31, 2001, the Company held one CCS contract for a notional amount of U.S.$100 million, maturing in February 2002, to exchange the interest rate and currency from the dollar to the yen, over financial debt negotiated in dollars, which has not been obtained as of the balance sheet date, but is expected to be negotiated in the near future. This contract has an estimated fair value gain of U.S.$8.9 million ($81.6), which was recorded within Long-term other accounts receivable, against the Comprehensive Financing Result.

Long-term debt is summarized by currency as of December 31, 2001 and 2000, including the CCS effects, as follows:

CONSOLIDATED	2001	2000
Dollars	$ 29,041.6	17,054.9
Japanese Yen	6,914.5	7,261.6
Euros	3,187.8	438.5
Egyptian Pounds	623.6	1,022.2
Other currencies	74.9	23.5
	$39,842.4	25,800.7

As of December 31, 2001 and 2000, the yen to dollar exchange rates were 131.57 and 114.32, respectively.

Of the Parent Company-only long-term debt, approximately 61% and 46% is denominated in dollars in 2001 and 2000, respectively; the remaining debt is primarily denominated in yens.

The maturities of long-term debt as of December 31, 2001 are as follows:

	CONSOLIDATED	PARENT
2003	$ 7,148.0	4,225.4
2004	13,245.2	8,505.8
2005	4,487.2	866.4
2006	7,391.7	3,738.1
2007 and thereafter	7,570.3	3,554.9
	$39,842.4	20,890.6

The estimated fair values of derivative instruments used for the exchange of interest rates and/or currencies may fluctuate over time and will be determined by future interest rates and currency prices. These values should be viewed in relation to the fair values of the underlying transactions, and as part of the overall Company's exposure 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 the Company's exposure to the use of these derivatives. The amounts exchanged in cash are determined on the basis of the notional amounts and the other items included in the derivative instruments.

As of December 31, 2001, the Company and its subsidiaries have the following lines of credit, both committed and subject to the banks' availability, at annual interest rates ranging from 3.2% to 15.6%, in accordance with the negotiated currency:

	LINE OF CREDIT	AVAILABLE
European commercial paper (U.S.$600 million)	$ 5,502.0	3,851.4
Syndicated facilities (U.S.$600 million)	5,502.0	917.0
Medium-term notes (U.S.$545 million)	5,000.0	3,200.0
Short-term lines of credit (U.S.$200 million)	1,834.0	91.7
Short-term lines of credit (U.S.$100 million)	917.0	917.0
Lines of credit of foreign subsidiaries	18,163.1	8,077.5
Other lines of credit from Mexican banks	2,567.6	1,008.7
Other lines of credit from foreign banks	4,470.8	2,391.5
	$43,956.5	20,454.8

In the consolidated balance sheet at December 31, 2001, there were short-term debt transactions amounting to U.S.$546 million ($5,006.8), classified as long-term debt, due to the Company's ability and the intention to refinance such indebtedness with the available amounts of the committed long-term lines of credit.

As of December 31, 2001 and 2000, Cemex México, S.A. de C.V. and Empresas Tolteca de México, S.A. de C.V., jointly, fully and unconditionally guarantee indebtedness of the Company for an aggregated amount of U.S.$2,196 million and U.S.$1,770 million, respectively. The combined summarized financial information of these guarantors as of December 31, 2001 and 2000 are as follows:

	2001	2000
Assets	$110,766.6	48,476.1
Liabilities	92,638.9	35,691.4
Stockholders' equity	18,127.7	12,784.7
Net Sales	$ 20,707.5	22,274.3
Operating Income	1,480.9	10,800.9
Net Income	9,488.5	3,149.6

Certain debt contracts, guaranteed by the Company and/or some of its subsidiaries, contain restrictive covenants such as sale of assets, controlling interest on certain subsidiaries, establishment of liens, and the compliance of financial ratios. The Company obtains waivers prior to the occurrence of events of default.

12. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The main balances receivable and payable with related parties as of December 31, 2001 and 2000 are:

PARENT COMPANY	2001			
	ASSETS		LIABILITIES	
	SHORT-TERM	LONG-TERM	SHORT-TERM	LONG-TERM
Cemex Mexico, S.A. de C.V.	$ 12,296.9	53,845.1	—	—
Assiut Cement Company	306.0	—	—	—
Centro Distribuidor de Cemento, S.A. de C.V.	563.4	—	—	—
Sunbelt Trading, S.A.	38.8	—	—	—
Cemex Concretos, S.A. de C.V.	—	—	723.8	—
Empresas Tolteca de Mexico, S.A. de C.V.	—	—	1.5	3,668.0
Cemex Central, S.A. de C.V.	—	—	775.6	—
Others	1.0	—	2.7	—
	$13,206.1	53,845.1	1,503.6	3,668.0

PARENT COMPANY	2000			
	ASSETS		LIABILITIES	
	SHORT-TERM	LONG-TERM	SHORT-TERM	LONG-TERM
Cemex Mexico, S.A. de C.V.	$ 4,332.0	19,945.8	—	—
Assiut Cement Company	1,036.7	—	—	—
Centro Distribuidor de Cemento, S.A. de C.V.	450.9	—	—	—
Sunbelt Trading, S.A.	42.6	—	—	—
Cemex Concretos, S.A. de C.V.	35.5	—	—	—
Empresas Tolteca de Mexico, S.A. de C.V.	—	—	646.4	4,964.5
Cemex Central, S.A. de C.V.	—	—	237.2	—
Others	1.6	—	3.5	—
	$ 5,899.3	19,945.8	887.1	4,964.5

The main transactions carried out with related parties are:

PARENT COMPANY	2001	2000	1999
Rental income	$ 275.3	293.6	389.6
License fees	1,770.5	2,449.7	1,226.1
Financial expense	(585.8)	(733.3)	(1,850.4)
Financial income	4,520.5	2,314.0	610.9
Dividends received	—	484.5	13,817.9

13. PENSION PLANS, SENIORITY PREMIUM AND OTHER POSTRETIREMENT BENEFITS

The following table presents the net periodic cost of pension plans, seniority premium and other postretirement benefits, as of December 31, 2001, 2000 and 1999 (see note 2J), and are as follows:

	2001	2000	1999
Components of net periodic cost:			
Service cost	$ 297.7	210.9	173.0
Interest cost	265.0	149.0	115.2
Actuarial return on plan assets	(318.8)	(100.0)	(23.9)
Amortization of prior service cost, changes in assumptions and experience adjustments	45.4	26.5	28.8
	$ 289.3	286.4	293.1

The following table presents the reconciliation of the actuarial value of postretirement benefit obligations and the funded status (see note 2J), as of December 31, 2001 and 2000:

	2001	2000
Change in benefit obligation:		
Projected benefit obligation ("PBO") at beginning of year	$ 4,434.5	1,677.8
Service cost	297.7	210.9
Interest cost	265.0	149.0
Actuarial result	14.2	358.4
Acquisitions	—	2,145.2
Initial valuation of other postretirement benefits	142.6	—
Foreign exchange fluctuations and inflation adjustments	(14.0)	52.9
Benefits paid	(358.2)	(159.7)
Projected benefit obligation ("PBO") at end of year	4,781.8	4,434.5
Change in plan assets:		
Fair value of plan assets at beginning of year	3,671.9	734.5
Actuarial return on plan assets	318.8	100.0
Actuarial differences	38.2	(300.5)
Acquisitions	—	2,689.7
Foreign exchange fluctuations and inflation adjustments	(60.1)	71.8
Employer contribution	583.1	405.7
Benefits paid from the funds	(181.3)	(29.3)
Fair value of plan assets at end of year	4,370.6	3,671.9
Amounts recognized in the balance sheets consist of:		
Funded status	411.2	762.6
Unrecognized prior service cost	(786.1)	(630.3)
Unrecognized net actuarial results	(607.8)	(633.2)
Accrued benefit liability (prepayment)	(982.7)	(500.9)
Additional minimum liability	319.9	821.2
Net liability (prepayment) recognized in the balance sheet	$ (662.8)	320.3

As of December 31, 2001, the actual benefit obligation ("ABO") amounted $4,069.8, of which the vested portion was $1,008.9.

The Company applies real rates (nominal rates discounted for inflation) in the actuarial assumptions used to determine the pension plan and seniority premium benefits. Through the use of real rates, there is a decrease in the difference between the ABO and the PBO. As a result of the use of real rates and the initial valuation in Mexico as of January 1, 1998, the Company recognized a minimum liability against an intangible asset, which as of December 31, 2001 and 2000 was $319.9 and $630.3, respectively, and a stockholders' equity reduction in 2000 of $190.9.

The information of the net periodic cost and the actuarial value of postretirement benefits presented in the tables above, includes the cost and obligations of postretirement benefits other than pensions, such as seniority premium granted by law in different countries, as well as health care and life insurance benefits that the Company has granted to retirees. For the year ended December 31, 2001, the net periodic benefits cost of $289.3 includes $45.0 of the approximate cost corresponding to postretirement benefits other than pensions, for 2000 and 1999, the cost information relating to these benefits is not readily available.

Prior service cost and net actuarial results are amortized over the estimated service life of the employees under plan benefits. The estimated service life for pension plans is between 21.2 and 26.2 years, and for seniority premium 11.3 years (only in Mexico).

As of December 31, 2001 and 2000, the plan assets are mainly composed of fixed return instruments and stock of companies traded on formal stock exchanges.

The most significant assumptions used in the determination of the net periodic costs were the following:

	2001	2000	1999
Range of discount rates used to reflect the obligations' present value	3.5% - 7.1%	3.5 % - 7.8%	4.5% - 6.0%
Rate of return on plan assets	8%	8%	6%

14. STOCKHOLDERS' EQUTY

A) CAPITAL STOCK

The authorized capital stock of the Company as of December 31, 2001 is as follows:

	Series A [1]	Series B [2]
Subscribed and paid shares	3,212,854,494	1,606,427,247
Treasury shares (3)	169,206,112	84,603,056
Unissued shares authorized for Executive Stock Option Plans	121,372,232	60,686,116
	3,503,432,838	1,751,716,419

(1) Series "A" or Mexican shares represent at least 64% of capital stock.
(2) Series "B" or free subscription shares represent at most 36% of capital stock.
(3) Includes the shares acquired under the share repurchase program described below.

Of the total number of shares, 3,267,000,000 correspond to the fixed portion and 1,988,149,257 correspond to the variable portion.

During 2001, at the annual stockholders' meeting, a dividend of $0.60 (nominal amount) per share was approved. Instead of receiving the dividend in cash, shareholders were entitled to elect to receive a stock dividend per share of $0.60 (nominal amount) of additional shares at a price of $38.16 (nominal amount) per additional share. As a result of the program, a total of 140,749,888 series "A" shares and 70,374,944 series "B" shares were issued, generating an additional paid-in capital of $2,746.9 and an aggregate of $84 was paid in cash.

On September 15, 2000, the Company established a stock repurchase program through the Mexican Stock Exchange ("MSE"), approved by its board of directors, for up to U.S.$500 million. This program was effective, in accordance with the procedures validated by the National Banking and Exchange Commission, from October 2000 until December 2001. During 2001 and 2000, under this program, a total of 4,978,000 CPOs and 3,086,000 CPOs, respectively, were acquired, resulting in a capital stock reduction of $0.2 in 2001 and $0.1 in 2000, and in the repurchase reserve of $203.5 in 2001 and $119.9 in 2000. On April 26, 2001, at the stockholders' meeting, shares equivalent to 3,086,000 CPOs, acquired in 2000, were cancelled; the 4,978,000 remaining CPOs were acquired in 2001 after the meeting.

B) RETAINED EARNINGS

Retained earnings as of December 31, 2001, include $54,492.8 of earnings generated by subsidiaries and affiliated companies, which would be distributed to the Company when these entities would declare dividends. Additionally, retained earnings include a stock repurchase reserve in the amount of $10,517.3.

Net income for the year is subject to a 5% allocation toward a legal reserve, until such reserve equals one fifth of the capital stock. As of December 31, 2001, the legal reserve amounted to $1,249.6.

Earnings distributed as dividends, in excess of tax earnings, will be subject to withholding tax as defined by the Mexican Income Tax Law, in which case only 65% of such earnings would be distributed to the shareholders.

C) EFFECTS OF INFLATION

The effects of inflation on majority interest stockholders' equity as of December 31, 2001 are summarized as follows:

	HISTORICAL COST	INFLATION ADJUSTMENT	TOTAL
Common stock	$ 53.5	3,128.0	3,181.5
Additional paid in capital	13,931.6	12,341.8	26,273.4
Deficit in equity restatement	—	(51,218.2)	(51,218.2)
Cumulative initial deferred income tax effects	(4,697.9)	(62.8)	(4,760.7)
Retained earnings	42,897.3	29,465.7	72,363.0
Net income	10,773.0	27.5	10,800.5

D) FOREIGN CURRENCY TRANSLATION

The net foreign currency translation results recorded in stockholders' equity are summarized as follows:

	2001	2000	1999
Foreign currency translation adjustment	$ (2,233.9)	(799.2)	(836.8)
Foreign exchange gain (loss) [1]	688.3	(166.5)	604.5
	$ (1,545.6)	(965.7)	(232.3)

[1] Foreign exchange results from the financing identified with the acquisitions of foreign subsidiaries in accordance with Bulletin B-15.

The foreign currency translation adjustment includes foreign exchange results from financing related to the acquisition of foreign subsidiaries generated by the subsidiary of the Company in Spain of $(41.0), $(604.5) and $(1,902.0), in 2001, 2000 and 1999, respectively.

E) PREFERRED STOCK

In November 2000, a Dutch subsidiary of the Company issued preferred stock for an amount of U.S.$1,500 million ($14,285.7) in connection with the financing required for the Cemex, Inc (formerly Southdown (see note 7)) acquisition. The preferred stock is mandatorily redeemable at the end of the 18th month, and grants its holders 10% of the subsidiary's voting rights, as well as the right to receive a variable guaranteed preferred dividend. The preferred stock must be redeemed for a total of U.S.$300 million, in three installments of U.S.$100 million each, at the end of months 9, 12 and 15, and the balance at the end of month 18. Holders of the preferred stock have the option, in certain circumstances, to subscribe additional preferred or common shares for up to 51% of the voting rights of the subsidiary. As of December 31, 2001, the Company had redeemed preferred stock amounting to U.S.$600 million, the balance outstanding amounts to U.S.$900 million ($8,253). This transaction is included as minority interest.

As of December 31, 2001, a subsidiary of the Company in Spain had U.S.$250 million of capital securities with an annual dividend rate of 9.66%, issued during 1998. The Company has an option to repurchase the shares on November 15, 2004, or on any other subsequent dividend payment date. Additionally, the holders of the shares have the right to sell them to the Company on May 15, 2005. This transaction is recorded as minority interest.

F) OTHER EQUITY TRANSACTIONS

In December 1999, by means of a public offer in the MSE and the NYSE, the Company issued 105 million appreciation warrants maturing on December 13, 2002, at a subscription price in pesos of $3.2808 per warrant. The warrants allowed the holder to benefit from the future increases in the market price of the Company's CPO above the strike price, which originally was U.S.$6.20 per warrant, within certain limits and subject to technical adjustments. The benefit, should any exist, will be paid in CPOs of the Company. The warrants were issued for a term of three years and their exercise is at maturity. A portion of the warrants were subscribed as American Depositary Warrants ("ADWs") traded on the NYSE, each ADW is equivalent to 5 warrants. The premium received from the warrants issuance during 1999, net of related expenses, was $264.3.

Relating to the transaction described in the paragraph above, in November 2001, the Company simultaneously launched a voluntary public purchase and sale offer for the existing warrants and an exchange offer for the existing ADWs, for new warrants and new ADWs maturing in December 2004, under a one for one exchange scheme. In accordance with the offer, which concluded on December 20, 2001, the Company exchanged a new ADW for each old ADW and issued a new warrant for each old warrant. The new warrants trade on the MSE while the new ADWs trade on the NYSE. The remaining old warrants remain listed on the MSE, while the old ADWs may be probably delisted on the NYSE. Of the total originally issued 105 million warrants and ADWs, 103,790,945, representing 98.85% of the total warrants under this program, were exchanged for new instruments. As of December 31, 2001, except for the normal fees required to carry out the previously mentioned public offer, the Company did not incur any gains or losses on this transaction. All the CPOs and ADSs required to cover the future exercise of the warrants, for the old program as well as the new warrants, are available through equity forward contracts with a financial institution (see note 16A).

As of December 31, 2001 and 2000, there was a financial transaction totaling U.S.$96.3 million ($883.1) and U.S.$100.7 million ($959), respectively, in which in December 1995, the Company transferred financial assets to a trust, while simultaneously investors contributed U.S.$123.5 million in exchange of notes representing a beneficial interest in the trust. This agreement includes certain guarantees. This transaction matures in 2007, and the Company has the right to reacquire the related assets at different dates. Since inception, the assets subject to this transaction have been considered as owned by third parties; therefore, this transaction is included as minority interest.

As of December 31, 2000, the Company had recognized an approximate valuation effect in stockholders' equity of $727.5, related to investments available for sale (see note 7B). During 2001, as a result of the sale of the Banacci shares, the effect accrued in equity was reversed through the income statement.

G) COMPREHENSIVE NET INCOME

The main items included in the comprehensive net income for the years ended December 31, 2001, 2000 and 1999, are as follows:

	2001	2000	1999
Majority interest net income	$ 10,800.5	9,517.3	9,372.7
Deficit in equity restatement:			
Effects from holding non-monetary assets	(2,408.8)	(2,710.2)	(2,894.0)
Foreign currency translation adjustment	(2,233.9)	(799.2)	(836.8)
Capitalized foreign exchange result (note 14D)	688.3	(166.5)	604.5
Additional minimum liability	190.9	(190.9)	—
Valuation of investments available for sale (note 7B)	(727.5)	197.1	430.8
Other hedge derivative instruments (note16)	—	84.6	(144.6)
Deferred income tax of the year directly recorded to stockholders' equity (note 17)	402.5	931.6	—
Inflation effect on equity (note 2B)	—	(15.3)	(784.7)
Deficit in equity restatement	(4,088.5)	(2,668.8)	(3,624.8)
Cumulative initial deferred income tax effects	—	(4,760.7)	—
Other comprehensive income (cost)	(4,088.5)	(7,429.5)	(3,624.8)
Majority comprehensive net income	6,712.0	2,087.8	5,747.9
Minority interest	1,405.9	742.5	543.1
Total comprehensive net income	$ 8,117.9	2,830.3	6,291.0

15. EXECUTIVE STOCK OPTION PLAN

As of December 31, 2000 and until October 31, 2001, the Company had a single Executive Stock Option Plan ("fixed plan") for shares of its common stock. Through this plan, the Company was authorized to grant to eligible executives, designated by a Technical Committee, stock option rights to subscribe up to 72,100,000 CPOs. In November 2001, the Company offered to the executives participating in the plan a voluntary exchange program oriented to modify the structure of the fixed plan, in which at the grant date, the exercise price of the CPO subject to the option was established in Mexican pesos and it was fixed during the life of the option, by an structure in which the exercise price of the CPO subject to the option is established in U.S. dollars and increases annually during the option life, reflecting the funding cost in the market. This modification was effected with the purpose of better aligning the executives' interests with those of the shareholders. Under this exchange program, the participating executives elected to resign their rights to subscribe and/or acquire shares of the Company's common stock, by the issuance of CPOs, in exchange for cash, representing the intrinsic value of their options at the exchange date; and the issuance of options from the new plan, equivalent in number to the time value of their redeemed options at the exchange date, determined by the appropriate valuation model for each particular executive.

As a result of the voluntary exchange program, ended on November 9, 2001, executives holding approximately 90.1% of the outstanding old options at the exchange date, elected to participate and terminated their options, resulting in a non-recurring compensation cost in the income statement for the year ended December, 2001 which was recorded under the caption Other expense, net. In respect of the redeemed options exchange, the issuance of 88,937,805 options under the new Executive Stock Option Plan ("variable plan") took place, with a initial exercise price of U.S.$4.93 per CPO, which increases gradually at a 7% annual yield to maturity (less dividends paid) during the option's life. As of December 31, 2001, the exercise price of the CPO subject to these options was U.S.$4.98.

As of December 31, 2001 and 2000, the Company's stock option plans balance, considering the effects of the exchange program, is summarized as follows:

	2001		2000	
	NUMBER OF OPTIONS	EXERCISE PRICE *	NUMBER OF OPTIONS	EXERCISE PRICE *
Fixed Plan				
Granted	77,405,675	$ 34.11	64,364,683	$ 35.99
Canceled	(293,146)	32.88	(55,608)	43.22
Repurchased Options	(57,448,219)	45.56	—	—
Exercised	(10,968,914)	28.28	(7,840,425)	27.91
Outstanding	8,695,396		56,468,650	
Variable Plan				
Granted	88,937,805	$ 45.67	—	—

* Weighted average exercise price per CPO. The variable plan exercise price is obtained by multiplying U.S.$4.98 by the exchange rate of $9.17 per dollar.

Resulting from the beginning of the variable plan, and for this issuance only, 50% of the option exercise rights were vested, with an additional 25% annual vesting over the next two anniversaries. For the outstanding options under the fixed plan, and all new options granted beginning in 2002, the executives' option rights may be exercised up to 25% annually during the first four years after having been granted.

As of December 31, 2001 and 2000, under the fixed plan, the total number of options granted was 13,040,992 and 17,364,365, at a weighted average exercise price per CPO of $42.38 and $41.04, respectively; and the number of options exercised was 3,128,489 and 1,915,637 at a weighted average exercise price per CPO of $30.49 in 2001 and $35.09 in 2000. As of December 31, 2001 the outstanding options have a remaining average exercise period of approximately 5.8 years. The CPOs issued upon the exercise of options were paid for at their assigned strike prices, generating additional paid-in capital of $105.1 and $49.3, as of December 31, 2001 and 2000, respectively.

In addition, during 1999 and 1998, the Company established voluntary stock option plans ("voluntary plans") through which executives elected to purchase options for up to 7,293,675 ADSs of the Company. These options are exercisable quarterly over a period of 5 years, and have a predefined exercise price which increases quarterly in dollars, taking into account the funding cost in the market. For the sale of the options, the Company received a premium equivalent to a percentage of the ADS price at the beginning of the program. As of December 31, 2001 and 2000, there are options outstanding for 4,043,192 ADSs and 4,415,576 ADSs, respectively. The weighted average price of the options, as of December 31, 2001, was U.S.$22.37 per ADS.

The Company's obligations under the fixed plan, consists of the issuance of CPOs on each exercise date, which will result in an increase in capital. With respect of the variable plan and the voluntary plans, the options exercise is hedged through equity forward contracts, with different financial institutions (see note 16A). As opposed to the mechanics in the fixed plan, through the exercise of the variable options and the voluntary options, there is no issuance of CPOs into the market; therefore, these plans do not generate dilution in the number of shares outstanding and consequently in the basic earnings per share.

Beginning in 2001, the Company supplementary applies Generally Accepted Accounting Principles in the United States for the accounting of its stock option plans. As a result, for the year ended December 31, 2001, the appreciation of the variable and voluntary plans resulting from the difference between the market price and exercise price of the CPO established in the option, was recognized as compensation cost in the income statement for an amount of U.S.$14.7 million ($134.8), which represented the accumulated appreciation of the executives' options at year end, and that was offset by the recognition through the income statement of the estimated fair value gain of equity forward contracts designed as hedges of these plans, for an approximate amount of U.S.$28.7 million ($263.2).

16. DERIVATIVE FINANCIAL INSTRUMENTS

As of December 31, 2001 and 2000, the derivative financial instruments negotiated by the Company, other than those related to the financial debt (see notes 10 and 11), are summarized as follows:

	IN MILLIONS OF U.S. DOLLARS			
	2001		2000	
	NOTIONAL AMOUNT	ESTIMATED FAIR VALUE	NOTIONAL AMOUNT	ESTIMATED FAIR VALUE
A) Equity forward contracts	1,395.9	81.0	1,088.8	(113.8)
B) Foreign exchange forward contracts	424.0	4.4	421.0	6.8
C) Third party equity forward	—	—	62.4	14.9
D) Derivatives on fuel oil	9.5	—	—	—
E) Derivatives related to energy projects	392.0	(4.6)	215.0	15.1

Upon liquidation and at the Company's option, the equity forward contracts provide for physical settlement or net cash settlement of the estimated fair value, and the effects are recognized in the income statement or as part of the stockholders' equity, according to their designation and the underlying instrument or program being hedged. At maturity, if these forward contracts are not settled or replaced, or if the Company defaults on the agreements established with the financial counterparties, such counterparties may sell the shares underlying the contracts. If such sale were to occur, it may have an adverse effect on the Company's and/or its subsidiaries' stock market price, may reduce the amount of dividends and other distributions that the Company would receive from its subsidiaries, and/or may create public minority interests that may adversely affect the Company's ability to realize operating efficiencies as a combined group.

A) As of December 31, 2001 and 2000, there is a forward contract maturing in December 2002, for a notional amount of U.S.$491.0 million and U.S.$508.5 million, respectively, covering 21,000,000 ADSs (105 million CPOs) and 33.8 million of Valenciana's shares, negotiated to hedge the future exercise of the 105 million warrants, issued under the 1999 warrants transaction (see note 14F). The Company sold the shares underlying this forward during 1999 for approximately U.S.$905.7 million, and simultaneously prepaid approximately U.S.$439.9 million toward the forward's final price. In the financial statements as of December 31, 2001 and 2000, the anticipated effect has been given to the liquidation of the forward for the portion corresponding to the Valenciana's shares, due to the prepayment on the forward and the withholding of all economic and voting rights over such shares. All effects arising from this contract will be recognized at maturity, as an adjustment to stockholders' equity. As of December 31, 2001 and 2000, the estimated fair value of this contract was a gain of approximately U.S.$98.8 million and a loss of approximately U.S.$16 million, respectively. In addition, during the life of the contract, the Company makes additional payments toward the forward's final price; therefore, as of December 31, 2001 and 2000, approximately U.S.$151.8 million ($1,392.0) and U.S.$133 million ($1,266.7), of payments made that are included within Other Short-Term and Long-Term Accounts Receivable, respectively (see notes 7B and 4).

As of December 31, 2001, there are forward contracts with different maturities until October 2006, for a notional amount of U.S.$408.3 million and covering a total of 15,986,689 ADSs, negotiated to hedge the future exercise of the options granted under the variable executive stock option plan (see note 15). Starting in 2001, the estimated fair value of these contracts is recognized in the balance sheet as an asset or liability against the income statement, offsetting the costs under the option plans, which the forwards are hedging. At December 31, 2001, a gain of approximately U.S.$3.3 million ($30.3) was recognized in the income statement, related to the estimated fair value of these contracts.

As of December 31, 2001 and 2000, there are forward contracts with different maturities until May 2003, for a notional amount of U.S.$101.8 million and U.S.$104.8 million, respectively, covering a total of 4,699,061 ADSs in 2001 and 4,841,719 ADSs in 2000, negotiated to hedge the future exercise of the options in the voluntary programs (see note 15). Starting in 2001, the estimated fair value of these contracts is recognized in the balance sheet as an asset or liability against the income statement, offsetting the costs under the options. As of December 31, 2001, a gain of approximately U.S.$25.4 million ($232.9) was recognized in the income statement, related to the estimated fair value of these contracts. As of December 31, 2000, the estimated fair value of these contracts was an approximate loss of approximately U.S.$7.3 million.

In addition, as of December 31, 2001 and 2000, there are forward contracts with different maturities until February 2006, for an approximate notional amount of U.S.$394.8 million and U.S.$475.5 million, respectively, covering a total of 13,069,855 ADSs in 2001 and 20,440,360 ADSs in 2000. Based on the Company's intention at maturity, which is to physically settle these contracts, the estimated fair value of these contracts is not periodically recognized. The effects of these contracts will be recognized at maturity as an adjustment to stockholders' equity. As of December 31, 2001 and 2000, the estimated fair value of these contracts presented losses of approximately U.S.$46.5 million and U.S.$90.5 million, respectively.

B) In order to protect itself from variations in foreign exchange rates, the Company has entered into foreign exchange forward contracts with different maturities until July 2006. These contracts have been designated as a hedge on the Company's net investment in foreign subsidiaries for an approximate amount of U.S.$424 million and U.S.$421 million as of December 31, 2001 and 2000, respectively. The estimated fair value of these instruments is recorded in the stockholders' equity as part of the foreign currency translation effect (see note 14E).

C) As of December 31, 2000, the Company had third party equity forward contracts. During 2001, by agreement with the financial counterparty, the net cash liquidation of these contracts was made, receiving an approximate income of U.S.$8.3 million ($76.1) recognized in the Comprehensive Financing Result.

D) As of December 31, 2001, there are fuel oil forward contracts for a notional amount of U.S.$9.5 million ($87.0), with an estimated fair value of U.S.$26 thousand ($0.2).

E) As of December 31, 2001 and 2000, the Company had an interest rate swap maturing in May 2017, for a notional amount U.S.$215 million, negotiated to exchange floating for fixed interest rates. This contract was executed in relation to the agreements entered into by the Company for the acquisition of electric energy for a 20-year period starting in 2003 (see note 21F). During the life of the contract and over its notional amount, the Company will pay LIBOR rate and will receive a 7.33% fixed rate until February 2003 and 7.53% fixed rate from March 2003 to May 2017. In addition, during 2001 the Company sold a floor option for a notional amount of U.S.$177 million, related to the electric energy swap contract, pursuant to which, starting in 2003 and until 2017, the Company will pay the difference between the 7.53% fixed rate and LIBOR rate, over the notional amount. During 2001, through the sale of this option, the Company received a premium of approximately U.S.$22 million ($201.7). As of December 31, 2001, the premium received, and the estimated fair value of the swap and floor amounting to a loss of approximately U.S.$4.6 million, are recorded in the Comprehensive Financing Result.

The estimated fair values of derivative financial instruments may fluctuate over time, and are based on estimated settlement costs or quoted market prices. These values should be viewed in relation to the fair values of the underlying instruments or transactions, and as part of the Company's overall exposure to fluctuations in foreign exchange rates, interest rates and prices of shares. The notional amounts of derivative instruments do not necessarily represent amounts exchanged by the parties and, therefore, are not a direct measure of the exposure of the Company through its use of derivatives. The amounts exchanged are determined on the basis of the notional amounts and the other items included in the derivative instruments.

17. INCOME TAX (IT), BUSINESS ASSETS TAX (BAT), EMPLOYEES' STATUTORY PROFIT SHARING (ESPS) AND DEFERRED INCOME TAXES

In accordance with the effective tax legislation in Mexico, corporations must pay either income tax ("IT") or business assets tax ("BAT") depending on which amount is greater for their operations in Mexico. Both taxes recognize the effects of inflation, though in a manner different from Mexican GAAP. ESPS is calculated on similar basis as IT, but without recognizing the effects of inflation.

A) IT, BAT AND ESPS

The Company and its Mexican subsidiaries, for purposes of the Income Tax Law, generate IT or BAT on a consolidated basis; therefore, the amounts of these items included in the accompanying financial statements, with respect to the Mexican subsidiaries, represent the consolidated result of these taxes. For ESPS purposes, the amount presented is the sum of the individual results of each company. Beginning in 1999, the determination of the consolidated IT for the Mexican companies considers 100% of the holding company's taxable result, and a maximum of 60% of the taxable income or loss of each of the subsidiaries. In addition, commencing in 1999, the taxable income of those subsidiaries that have tax loss carryforwards generated before 1999 will be included according to equity ownership at the end of the period.

The IT (expense) benefit, presented in the accompanying income statements, is summarized as follows:

	2001		2000		1999	
	CONSOLIDATED	PARENT	CONSOLIDATED	PARENT	CONSOLIDATED	PARENT
Current income tax	$ (1,346.4)	—	(1,007.0)	(418.2)	(4,504.4)	(4,110.9)
Received from subsidiaries	—	641.8	—	712.1	—	415.9
Deferred IT	(183.3)	624.7	(550.8)	597.0	(5.6)	—
Tax loss carryforwards amortized	—	—	—	—	3,768.9	3,768.9
Effects of inflation (note 2B)	—	—	53.6	—	82.1	—
	$(1,529.7)	1,266.5	(1,504.2)	890.9	(659.0)	73.9

Total consolidated IT includes $1,264.7, $1,134.3 and $344.6 from foreign subsidiaries, and $265.0, $369.9 and $314.4 from Mexican subsidiaries, for 2001, 2000 and 1999, respectively. The Company, as a holding company, prepares its IT and BAT returns on a consolidated basis for its operations in Mexico, which resulted in tax benefits, without including deferred taxes, of $641.8 in 2001, $293.9 in 2000 and $73.9 in 1999.

For its operations in Mexico, the Company has accumulated IT loss carry forwards which, restated for inflation, can be amortized against taxable income in the succeeding ten years according to Income Tax Law:

YEAR IN WHICH TAX LOSS OCCURRED	AMOUNT OF CARRYFORWARDS	YEAR OF EXPIRATION
1995	$ 1,659.8	2005
2000	700.6	2010
2001	2,584.9	2011
	$ 4,945.3	

The Company and its subsidiaries in Mexico must generate taxable income to preserve the benefit of the tax loss carryforwards generated beginning in 1999.

The BAT Law establishes a 1.8% tax levy on assets, indexed for inflation in the case of inventory and fixed assets, and deducting certain liabilities. BAT levied in excess of IT for the period may be recovered, restated for inflation, in any of the succeeding ten years, provided that the IT incurred exceeds BAT in such period.

The recoverable BAT as of December 31, 2001 is as follows:

YEAR IN WHICH BAT EXCEEDED IT	AMOUNT OF CARRYFORWARDS	YEAR OF EXPIRATION
1997	$ 151.7	2007
1999	54.8	2009
2000	294.2	2010
	$ 500.7	

B) DEFERRED IT AND ESPS (see note 2K)

The deferred income tax charged or credited to the income statement is determined by the difference between the beginning of year balance and the year-end balance of the deferred tax assets or liabilities, and is recognized in nominal pesos. The tax effects of the main temporary differences that generate the consolidated deferred tax assets and liabilities are presented below:

	2001	2000
Deferred tax assets:		
Tax loss carryforwards and other tax credits	$ 1,523.1	2,011.6
Accounts payable and accrued expenses	191.3	253.2
Trade accounts receivable	42.8	24.9
Property, plant and equipment	(27.3)	133.3
Others	37.9	(140.4)
Total deferred tax assets	1,767.8	2,282.6
Less – Valuation allowance	(377.4)	(434.7)
Net deferred tax assets	1,390.4	1,847.9
Deferred tax liabilities:		
Tax loss carryforwards and other tax credits	2,845.7	1,396.6
Accounts payable and accrued expenses	811.7	388.3
Trade accounts receivable	12.3	34.9
Property, plant and equipment	(11,548.0)	(13,250.7)
Inventories	(1,282.1)	(1,258.8)
Others	(500.8)	190.0
Total deferred tax liabilities	(9,661.2)	(12,499.7)
Less – Valuation allowance	(653.7)	(149.6)
Net deferred tax liabilities	(10,314.9)	(12,649.3)
Net deferred tax	(8,924.5)	(10,801.4)
Less – Deferred IT of acquired subsidiaries at the acquisition date	(3,322.0)	(5,360.5)
Total effect of deferred income tax in stockholders' equity	(5,602.5)	(5,440.9)
Less – Deferred IT recognized as of December 31, 1999	(1,061.0)	(1,061.0)
Less – Accumulated initial effect of deferred IT in equity	(4,760.7)	(4,760.7)
Change in deferred IT for the period	$ 219.2	380.8

The components of consolidated deferred income tax for the period are as follows:

	2001	2000
Deferred income tax recognized in the income statement	$ (183.3)	(550.8)
Deferred income tax recorded directly to stockholders' equity	402.5	931.6
	$ 219.2	380.8

Bulletin D-4 states that all items whose effects are recorded directly in stockholders' equity, should be recognized net of their deferred income tax effects. Bulletin D-4 does not allow the offsetting of deferred tax assets and liabilities relating to different tax jurisdictions.

Management considers that there is existing evidence that in the future, the Company will generate sufficient taxable income 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 deferred tax assets' valuation allowance would be incremented against the income statement.

Additionally, for the years ended December 31, 2001 and 2000, temporary differences between the net income of the period and the taxable income for ESPS, generated a deferred ESPS expense of $12.1 and $45.3, respectively, presented in the income statement.

C) EFFECTIVE TAX RATE

The effects of inflation are not recognized for income tax purposes in some countries in which the Company operates or, are recognized differently from the methodology used for financial reporting. These effects, as well as other differences between the book and the income tax basis, arising from the several income tax rates and laws to which the Company is subject in the countries in which it has operations, give rise to temporary and permanent differences in 1999, and permanent differences starting 2000, between the approximated statutory tax rate and the effective tax rate presented in the consolidated income statement, as follows:

		DECEMBER 31,	
	2001 %	2000 %	1999 %
Approximated consolidated statutory tax rate	35.0	35.0	35.0
Utilization of tax loss carryforwards	(0.9)	—	(27.9)
Additional deductions and tax credits for income tax purposes	(1.8)	(1.9)	8.0
Expenses and other non-deductible items	0.8	3.4	(9.1)
Non-taxable sale of marketable securities and fixed assets	—	0.2	(2.4)
Difference between book and tax inflation	(15.8)	(15.0)	2.4
Minimum taxes	0.2	(0.1)	3.7
Depreciation	(0.6)	0.3	3.5
Inventories	—	0.2	(6.6)
IT effect on stockholders' equity	(1.4)	(5.0)	—
Others	(4.4)	(4.4)	(0.4)
Effective consolidated tax rate	11.1	12.7	6.2

18. FOREIGN CURRENCY POSITION

The exchange rate of the Mexican peso to the dollar as of December 31, 2001, 2000 and 1999 was $9.17, $9.62 and $9.51 pesos per dollar, respectively. As of January 15, 2002, the exchange rate was $9.18 pesos per dollar.

For the year ending December 31, 2001, the principal balances denominated in foreign currencies, as well as non-monetary assets in Mexico of foreign origin are presented as follows:

		IN MILLIONS OF U.S. DOLLARS	
	MEXICO	FOREIGN	TOTAL
Current assets	223.1	1,087.1	1,310.2
Non current assets	791.6[1]	10,360.0	11,151.6
Total assets	1,014.7	11,447.1	12,461.8
Current liabilities	777.0	1,396.5	2,173.5
Long-term liabilities	1,772.1	2,943.1	4,715.2
Total liabilities	2,549.1	4,339.6	6,888.7

(1) Non-monetary assets in Mexico of foreign origin.

Additionally, transactions of the Company's Mexican operations denominated in foreign currencies during 2001, 2000 and 1999, are summarized as follows:

		IN MILLIONS OF U.S. DOLLARS	
	2001	2000	1999
Export sales	83.2	105.1	83.2
Import purchases	41.8	18.6	30.0
Financial income	105.1	17.4	14.6
Financial expense	302.1	191.3	221.1

19. GEOGRAPHIC SEGMENT DATA

The Company is engaged principally in the construction industry segment through the production and marketing of cement and ready-mix concrete. The following table presents, in accordance with the information analyzed for decision-making by the Company's management, selected condensed financial information of the Company by geographic area for the years ended December 31, 2001, 2000 and 1999:

	NET SALES			OPERATING INCOME		
	2001	2000	1999	2001	2000	1999
Mexico	$ 24,591.1	25,735.8	22,474.1	9,828.4	11,032.3	9,952.9
Spain	7,233.5	8,184.3	7,433.4	1,761.7	2,308.4	2,418.9
United States	18,434.0	7,417.1	5,753.5	2,934.4	1,118.3	1,187.8
Venezuela	4,260.9	4,475.2	4,631.6	1,420.3	1,242.7	1,264.2
Colombia	1,982.5	2,002.8	1,620.4	840.9	809.1	383.8
Caribbean and Central America	4,062.6	4,481.7	3,556.0	615.4	717.3	650.7
Philippines	1,239.1	1,349.9	1,180.0	118.4	118.3	24.2
Egypt	1,282.6	1,644.6	139.5	316.2	609.9	15.6
Others	7,662.1	3,513.3	3,750.1	(2,674.6)	(2,205.6)	(2,054.4)
	70,748.4	58,804.7	50,538.6	15,161.1	15,750.7	13,843.7
Eliminations	(7,261.5)	(5,273.1)	(4,011.1)	—	—	—
Consolidated	$63,486.9	53,531.6	46,527.5	15,161.1	15,750.7	13,843.7

In order to present integrally the operations of each geographic area, net sales between geographic areas are presented under the caption "eliminations".

	DEPRECIATION AND AMORTIZATION		
	2001	2000	1999
Mexico	$1,566.9	1,228.7	1,600.4
Spain	724.1	771.7	819.4
United States	2,020.5	625.2	228.9
Venezuela	601.2	688.4	577.2
Colombia	462.3	500.7	373.3
Caribbean and Central America	343.8	228.4	198.6
Philippines	327.1	257.4	230.1
Egypt	435.1	203.0	20.6
Others	788.4	153.5	129.8
Consolidated	$7,269.4	4,657.0	4,178.3

For purposes of the above table, the goodwill amortization generated in the holding companies has been allocated to the business geographic segment that originated such goodwill amounts. Therefore, this information is not directly comparable with the information of the individual entities, which comprise each segment. In the Company's consolidated income statement, the goodwill amortization is recognized within Other expenses, net.

Total assets and investment in fixed assets by geographic segment are summarized as follows:

	TOTAL ASSETS		INVESTMENT IN FIXED ASSETS (2)	
	2001	2000	2001	2000
Mexico	$ 57,885.6	46,861.9	812.0	847.7
Spain	17,868.2	19,496.7	505.1	436.0
United States	44,122.1	42,106.4	1,672.2	616.2
Venezuela	10,670.7	10,545.4	261.8	222.2
Colombia	7,756.2	7,521.0	52.7	83.4
Caribbean and Central America	6,748.9	6,399.1	339.7	478.8
Philippines	7,290.4	7,318.6	220.4	240.0
Other Asian	3,004.1	2,187.1	107.8	134.8
Egypt	7,662.3	6,066.9	342.0	438.1
Others (1)	96,131.3	37,567.9	216.4	277.7
	259,139.8	186,071.0	4,530.1	3,774.9
Eliminations	(110,309.1)	(35,982.0)	—	—
Consolidated	$148,830.7	150,089.0	4,530.1	3,774.9

(1) Includes, in addition to trade maritime operating assets and other assets, related party balances of the Parent Company of $67,051.2 and $24,550.0 in 2001 and 2000, respectively, which are eliminated in consolidation.

(2) Corresponds to fixed assets investments not considering the effects of inflation. As a result, this balance differs from the amount presented as investing activities in the Statement of Changes in the Financial Position in "Property, machinery and equipment, net", which considers the inflation effects in accordance with Bulletin B-10.

As of December 31, 2001, of the consolidated financial debt amounting to $49,265.0, approximately 55% is in the Parent Company, 26% in the United States, 11% in Spain and 8% in other countries.

20. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing majority interest net income for the year by the weighted average number of common shares outstanding during the year. Diluted earnings per share reflects, on the weighted average number of common shares outstanding, the effects of any transactions carried out by the Company, which have a potentially diluting effect in such number of shares.

The weighted-average number of shares utilized in the calculation is as follows:

	BASIC	DILUTED
December 31, 2001	4,264,724,371	4,299,689,171
December 31, 2000	4,123,703,259	4,143,760,773
December 31, 1999	3,767,646,462	3,787,200,759

The difference between the basic and diluted number of shares in 2001, 2000 and 1999 is attributable to the additional shares to be issued under the Company's executive stock option plans (see note 15).

21. CONTINGENCIES AND COMMITMENTS

A) GUARANTEES

As of December 31, 2001, Cemex, S.A. de C.V. has signed as guarantor of loans made to certain subsidiaries for approximately U.S.$48.7 million.

B) TAX ASSESSMENTS

As of December 31, 2001, the Company and some of its subsidiaries in Mexico have been notified of several tax assessments determined by the Tax Authorities related to years prior to 1997. These tax assessments total approximately $3,114.3. The tax assessments result primarily from: (i) Recalculation of the inflationary tax deduction, since the tax authorities claim that "Advance Payments to Suppliers" and "Guaranty Deposits" are not by their nature credits; (ii) disallowed restatement of the tax loss carry forwards in the same period in which they occurred and (iii) disallowed reduction of BAT by the controlling entity for considering it should be in proportion of the equity interest it has over the controlled entities. The companies involved are using all the available defense actions granted by law in order to cancel the tax claims.

C) ANTI-DUMPING DUTIES

In 1990, the United States Department of Commerce ("DOC") imposed an anti-dumping duty order on imports of gray Portland cement and clinker from Mexico. As a result, certain subsidiaries of the Company, as importers of record, have been subject to payment of anti-dumping duty deposits estimated on imports of gray Portland cement and clinker from Mexico since April 1990. The order is likely to continue for an indefinite period, until the United States government determines, taking into consideration the World Trade Organization new rules, that the conditions for imposing the order no longer exist and the cancellation or suspension of the order would follow. In the last quarter of 2000, the United States government continued the order, a resolution that will prevail until it makes a new review. During December 2001, the United States government (International Trade Commission) determined not to initiate a new review as the Company requested it.

As of December 31, 2001, the Company has accrued a liability of U.S.$77.1 million, including accrued interest, for the difference between the amount of anti-dumping duties paid on imports, and the latest findings by the DOC in its administrative reviews for all periods under review.

As of December 31, 2001, the Company is in the eleventh administrative review period by the DOC, and expects a preliminary resolution for the eleventh period in the second half of 2002. The United States government during September 2001 published the preliminary determination in respect of the tenth administrative review period, and during the first quarter of 2002 the final resolution for the tenth period is expected to be issued. In respect to the first four review periods, the DOC has issued a final resolution of the anti-dumping duties. Referring to the remaining review periods, the final resolutions are suspended until all the procedures before the North America Free Trade Agreement Panel are concluded. As a result, the final amounts may be different from those recorded in the accompanying consolidated financial statements. The Company and its subsidiaries have defended their position in this matter and will continue to do so through available means in order to determine the actual dumping margins within each period of the administration reviews carried out by the DOC.

During 2001, five Taiwanese cement producers filed before the Tariff Commission under the Ministry of Finance ("MOF") of Taiwan, an anti-dumping case involving imported gray Portland cement and clinker from the Philippines and Korea. In July 2001, the MOF informed the petitioners and the producers that a formal investigation had been initiated. Among the producers are APO Cement Corporation, Rizal Cement Co., Inc and Solid Cement Corporation, indirect subsidiaries of the Company, which received their anti-dumping questionnaires from the International Trade Commission under the Ministry of Economic Affairs ("ITC-MOEA") in August 2001 and from the MOF also in August 2001. Rizal and Solid replied to the ITC-MOEA by confirming that they have not been exporting cement or clinker during the review period. On the other hand, APO contested the allegation of "injury" in the anti-dumping proceedings before the ITC-MOEA.

In a communication dated October 2001, the ITC-MOEA informed the petitioners and the respondent producers about the results of the preliminary investigation, and it was determined that there are reasonable indicators that the Taiwanese industry presents material damage due to imports of cement and clinker from South Korea and the Philippines that supposedly is sold in Taiwan at a price below market price. In order to comply with the regulations of anti-dumping duties in Taiwan, the ITC-MOEA transferred this affair to the MOF. In November 2001, APO received supplemental questionnaires by the MOF. The answer to these questionnaires was presented by APO during November and December 2001.

A determination from the MOF is expected, depending on an extension that the MOF estimates appropriate, in any time during January 2002. Actually, the Company cannot predict if the arguments of its subsidiary, in the anti-dumping case, will succeed or what will be the resolution of the MOF.

D) LEASES

The Company has entered into various non-cancelable operating leases, primarily for the lease of operating facilities, cement storage and distribution facilities and certain transportation and other equipment, in which it is required to make annual rental payments plus the payment of certain operating expenses. Future minimum rental payments due under such leases are summarized as follows:

YEAR ENDING DECEMBER 31,	U.S. DOLLARS IN MILLIONS OF
2002	59.5
2003	51.2
2004	47.2
2005	41.7
2006	33.2
2007 and thereafter	153.5
	386.3

Rental expense for the years ended December 31, 2001, 2000, and 1999 was approximately U.S.$67, U.S.$52 and U.S.$41 million, respectively.

E) PLEDGE ASSETS

As of December 31, 2001, there are liabilities amounting to U.S.$50.6 million secured by property, plant and equipment.

F) COMMITMENTS

As of December 31, 2001, subsidiaries of the Company have future commitments for the purchase of raw materials for an approximate amount of U.S.$32.7 million.

During 1999, the Company entered into agreements with an international partnership, which will build and operate an electrical energy generating plant. These agreements establish that when the plant begins operations, the Company will purchase, starting in 2003, all of the energy generated by the plant for a term of no less than 20 years. As part of these agreements, the Company has committed to supply the electrical energy plant with all fuel necessary for its operation, a commitment that has been hedged through a 20-year agreement entered into by the Company with Petróleos Mexicanos. By means of this transaction, the Company expects to have significant decreases in its electrical energy costs, and the supply will be sufficient to cover approximately 60% of the electrical energy needs of 12 cement plants in Mexico. The Company is not required to make any capital investment in the project.

Under the terms of the agreement between the Company and the Indonesian government in connection with the investment in Gresik, the Indonesian government had a sale option, which was originally scheduled to expire in October 2001, to require the Company to purchase its 51% interest in Gresik for approximately U.S.$418 million ($3,833), plus accrued interest from October 1998 at 8.2% per annum. This sale option was extended until December 14, 2001 and expired without being exercised.

G) OTHER CONTINGENCIES

As of December 31 2001, Cemex Inc (formerly Southdown (see note 7)) a U.S. subsidiary of the Company acquired in 2000 has accrued liabilities specifically relating to environmental matters in the aggregate amount of U.S.$28.9 million. The environmental matters relate to a) in the past, in accordance with industry practice, disposing of various materials, which might be categorized as hazardous substances or wastes, and b) the cleanup of sites used or operated by the Company, including discontinued operations, in regard to the disposal of hazardous substances or wastes, either individually or jointly with other parties. Most of the proceedings are in the preliminary stage, and a final resolution might take several years. For purposes of recording the provision, the subsidiary considers that it is probable that a liability has been incurred and the amount of the liability is reasonably estimable, whether or not claims have been asserted, and without giving effect to any possible future recoveries. Based on information developed to date, the subsidiary does not believe it will be required to spend significant sums on these matters in excess of the amounts previously recorded. Until all environmental studies, investigations, remediation work, and negotiations with or litigation against potential sources of recovery have been completed, however, the ultimate cost that might be incurred to resolve these environmental issues cannot be assured.

In May 2001, a subsidiary of the Company based in Colombia received a civil liability suit from 42 transporters, alleging that this subsidiary is responsible for the supposed damages caused with the breach of provision of raw materials contracts. The plaintiffs have asked for relief in the amount of U.S.$60 million ($550.2). The Company filed a prompt defense response. This proceeding is in a preliminary stage.

In May 1999, several companies filed a lawsuit against two subsidiaries of the Company based in Colombia, alleging that the Ibagué plants were causing a capacity production damage in their lands due to the pollution they generate. The plaintiffs demand a relief in the amount of U.S.$12.6 million ($115.5). This proceeding is in the discovery period.

the terms we use

FINANCIAL

Cash earnings is defined as EBITDA minus net financial expense, cash taxes (including employee statutory profit sharing), income attributable to minority interest (including preferred dividends) and other cash expenses (including dumping charges). Cash earnings is not a GAAP measure.

EBITDA (operating cash flow) 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.

Financial leverage is defined as net debt divided by EBITDA for the previous twelve months.

Free cash flow is defined as EBITDA less net financial expense, cash taxes (including statutory profit sharing), maintenance and expansion capital expenditures, changes in working capital, preferred dividend payments, and other cash expenses (including dumping duties). Free cash flow is not a GAAP measure.

Interest coverage is defined as EBITDA before operating lease payments and cost restatements for inflation, divided by the sum of financial expenses and dividends on preferred capital securities, all for the previous twelve months.

Net debt equals total debt plus preferred equity and capital securities minus cash and cash equivalents. CEMEX is conservatively adding the preferred capital securities (US$250 million) because of the put option to CEMEX under its structure and the remaining preferred equity (US$900 million).

Net working capital equals accounts receivable plus inventories minus trade payables.

INDUSTRY

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

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

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. Today, our research and development focuses on blended cements. These specialty cements not only meet our customers' more stringent demands, but they also reduce our energy consumption.

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.

Ready-mix concrete is a mixture of cement, aggregates, and water. It is a building material that is produced in batching plants and delivered directly to the construction site. Stringent controls during the manufacturing process guarantee the quality and consistency of the finished product.

White cement is strategic, high potential specialty cement, which is particularly suited for the world's fast growing markets. It is not only used for decorative purposes, but it also has a wide range of uses as a structural building material.

an experienced management team

Board of Directors

Directors		
	Lorenzo H. Zambrano	Chairman of the Board
	Marcelo Zambrano Hellion (†)	Honorary Chairman of the Board
	Eduardo Brittingham Sumner	
	Lorenzo Milmo Zambrano	
	Armando J. García Segovia	
	Rodolfo García Muriel	
	Rogelio Zambrano Lozano	
	Roberto Zambrano Villarreal	
	Bernardo Quintana Isaac	
	Dionisio Garza Medina	
	Alfonso Romo Garza	
Alternate Directors		
	Jorge García Segovia	
	Tomás Brittingham Longoria	
	Mauricio Zambrano Villarreal	
Examiner		
	Luis Santos De la Garza	
Alternate Examiner		
	Fernando Ruiz Arredondo	

Executive Officers

Lorenzo H. Zambrano, 57

Chairman of the Board and Chief Executive Officer

Mr. Zambrano joined CEMEX in 1968 and has been involved in all operational aspects of the business. He holds a B.S. degree in mechanical engineering from the Tec de Monterrey and an M.B.A. from Stanford University. He is a member of the Board of Directors of Alfa, Cydsa, Empresas ICA, Femsa, Televisa, and Vitro. He is also the Chairman of the Board of the Tec de Monterrey, and a member of the Advisory Committee of the Stanford Graduate School of Business, the International Advisory Board of Salomon Smith Barney, and the Chairman's Council of DaimlerChrysler AG.

Héctor Medina, 51

Executive Vice President of Planning and Finance

Mr. Medina, who joined CEMEX in 1988, is a graduate of the Tec de Monterrey with a degree in chemical engineering. He received an M.S.C. degree in management from the University of Bradford Management Center in England and an M.S. degree from the Escuela de Organización Industrial in Spain. Mr. Medina is responsible for CEMEX's worldwide strategic planning and finance.

Francisco Garza, 46

President of the North America Region

Mr. Garza is a graduate of the Tec 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. Mr. Garza is directly responsible for CEMEX's interests and operations in Mexico and the U.S. and the company's Trading unit.

Víctor M. Romo, 43

President of the South America & Caribbean Region

Mr. Romo joined CEMEX in 1985. He earned his Bachelor's degree in accounting and his M.S. degree in administration from the Tec de Monterrey. Before assuming his current position, Mr. Romo was President of CEMEX's Venezuelan subsidiary. He is now responsible for CEMEX's interests and operations in Venezuela, Colombia, Panama, the Caribbean, the Dominican Republic, Haiti, Costa Rica, Nicaragua, and Chile.

José Luis Sáenz de Miera, 55

President of the Europe & Asia Region

Mr. Sáenz de Miera, who joined CEMEX in 1993, has a degree in economics from the Universidad de Madrid and in accounting from Spain's Instituto de Censores Jurados de Cuentas. He has held several management positions within CEMEX. Appointed in 1998 to this position, he is directly responsible for supervising CEMEX's interests and operations in Spain, the Philippines, Indonesia, Egypt, Thailand, Bangladesh, and Taiwan.

Armando J. García, 49

Executive Vice President of Development

Mr. García, who originally joined CEMEX in 1975 and rejoined the company in 1985, holds a degree in mechanical engineering and business administration from the Tec de Monterrey and has an M.B.A. from the University of Texas. He is responsible for managing CEMEX's operations technology, human resources, energy, procurement, and information technology.

Mario de la Garza, 62

Senior Vice President of Administration

Mr. de la Garza, who joined CEMEX in 1965, is a C.P.A. He graduated from the Universidad Autónoma de Nuevo León with a degree in philosophy and attended the Programa de Alta Dirección de Empresas, AD2, at the Instituto Panamericano de Alta Dirección de Empresa.

Rodrigo Treviño, 45

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, reporting, capital markets, treasury, and investor relations.

Juan Pablo San Agustín, 33

President of CxNetworks

Mr. San Agustín, who joined CEMEX in 1997, earned his B.A. and M.B.A. from the Instituto de Empresa in Madrid. He is the chief executive of CxNetworks, a CEMEX subsidiary that is devoted to creating sources of growth by building new and innovative businesses around CEMEX's strengths.

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Exchange listings:
Bolsa Mexicana de Valores (BMV), Mexico
New York Stock Exchange (NYSE), U.S.

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

BMV ticker symbol:
CEMEX CPO

NYSE ticker symbol:
CX

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