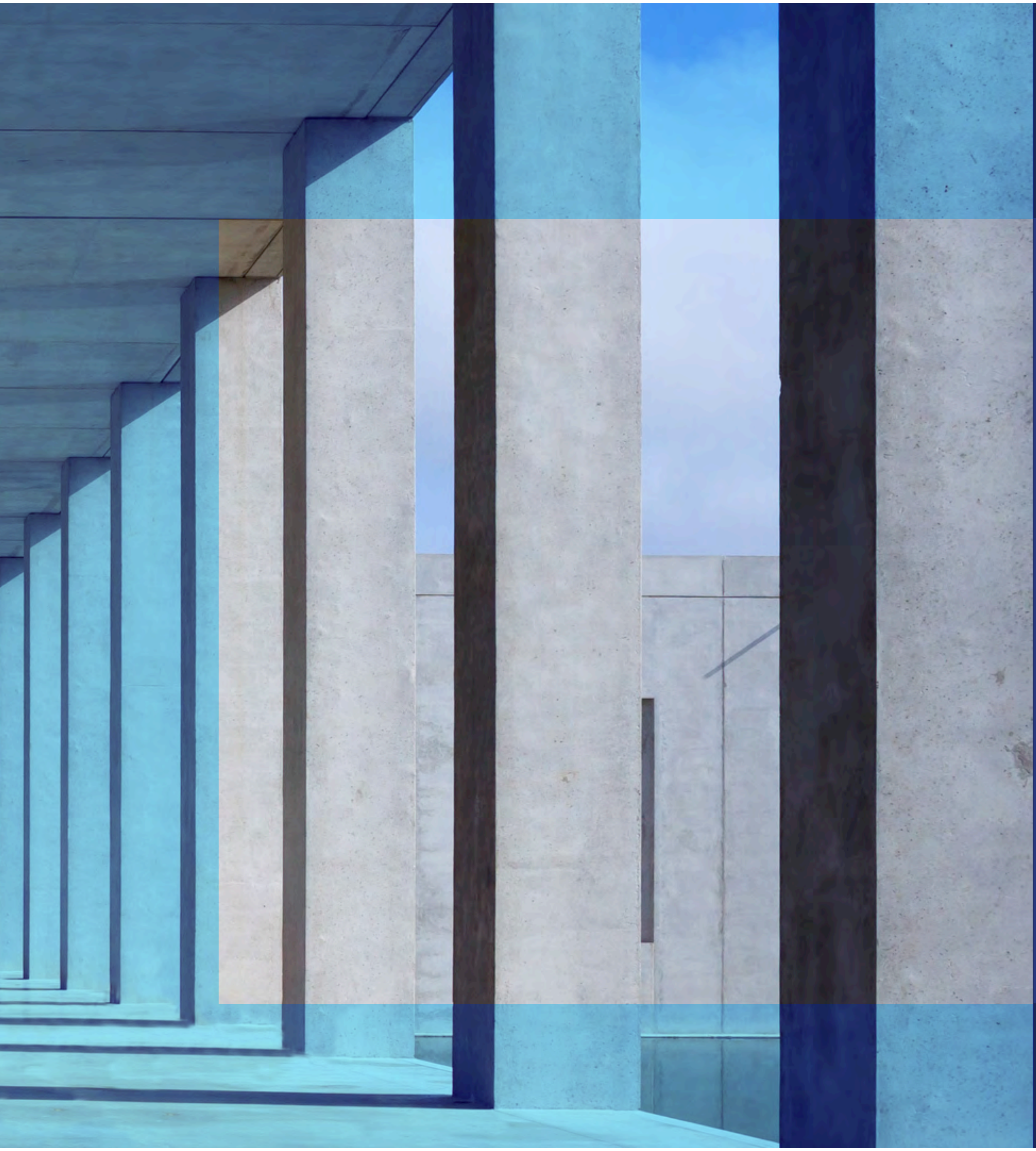
This is a great time to be at CEMEX

ANNUAL REPORT 2014



Global demand is on the rise

In most of our markets, there is a growing need for our products and solutions.

We are evolving

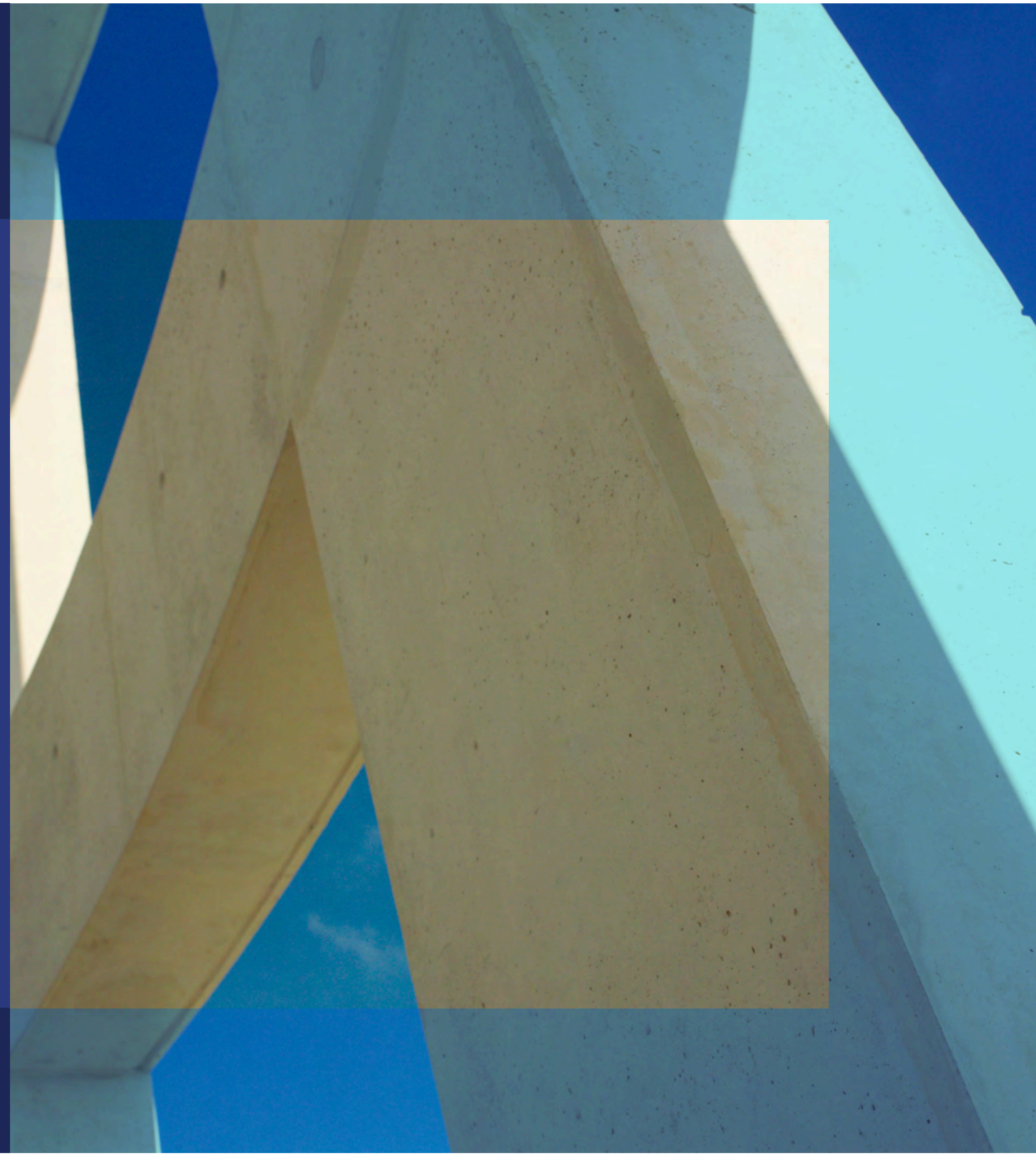
Today we are a simpler, more agile company, focused more than ever on our customers.

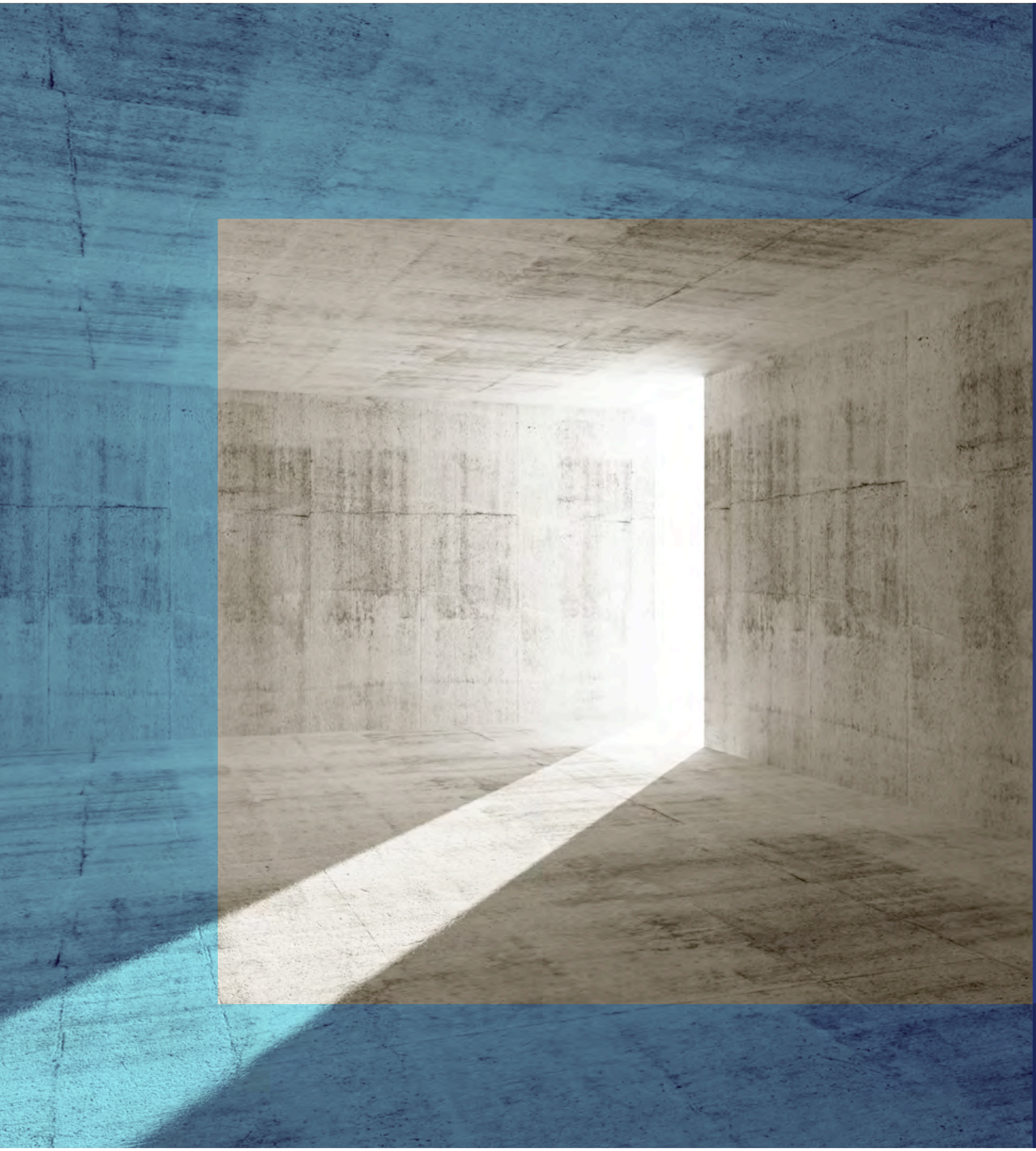
Our people are our advantage

We are a dynamic organization that provides great development opportunities for our employees.

We are stronger

We have improved our operational and financial performance.





Our future is promising

We are evolving and well positioned to take advantage of opportunities ahead.

Dear fellow Stockholders

Last year was a bittersweet one for the CEMEX family. On the one hand, we lost Lorenzo Zambrano, our long-time Chairman, CEO and friend. On the other hand, we continued to improve our operating and financial performance, to execute our medium-term strategy and reinforce our operating model, to build long-term value for our stakeholders, and to strengthen our corporate governance.

Indeed, this report is the first in CEMEX's recent history that is signed by two people, your Chairman and your CEO. That change—which is part of our ongoing commitment to best practices in governance, transparency and all other aspects of our relationship with you, our shareholders—was adopted by the Board of Directors last May.

Our performance during 2014 was good. Last year marked the fourth consecutive year during which we increased operating EBITDA, which rose 4% to US$2.74 billion while net consolidated sales increased 3% to US$15.71 billion. Higher volumes in most of our regions, better pricing especially in the United States and the Mediterranean region, the positive operating leverage embedded in our U.S. operations, and our continued initiatives to improve operating efficiency produced this growth.

For the full year, consolidated cement and aggregates volumes increased by 4 percent, while ready-mix concrete volumes rose 3 percent. We achieved record-high cement volumes in Colombia, the Philippines and Nicaragua, and record ready-mix concrete volumes in Colombia, the Dominican Republic, Guatemala, Israel and Croatia. Consistent with our value-before-volume strategy and our drive to recover input costs, we realized higher prices, adjusted for foreign exchange fluctuations, in all segments of our business. That is critical to our mid-term strategy and goals.

During 2014, we continued to strengthen our operating model. One result is that we realized important efficiencies in our operations and, in the process, produced a record low ratio of SG&A (excluding distribution, depreciation and amortization) to sales: 10.5%.

CEMEX is a strategy-driven company. We create value by leveraging our global portfolio of integrated cement, ready-mix concrete, aggregates and related assets. As we execute that strategy, we have four priorities:

Rogelio Zambrano
Chairman of the Board

Fernando A. González
Chief Executive Officer

- We aim to secure the health and safety of our employees. When it comes to safety, we refuse to compromise: our goal is zero injuries and zero fatalities.

- We intend to recover our investment grade ratings as soon as possible. We know what's necessary; we have made solid progress; and we are on track.

- We want to continuously reinforce the priority of and focus on our customers. We succeed only when our customers succeed—and that means we must become our customers' best option in all our markets.

- We will continue to build Global CEMEX by developing networks that span our worldwide operations. These networks are tasked with finding, inside or outside the company, best practices and then implementing them throughout CEMEX. They are critical to how we are managing the company today—and will be a significant growth driver tomorrow.

Markets go up and down; they are outside our control. So, at CEMEX, we focus on the variables that we can control with a firm belief that the result will be better performance—and better shareholder returns—over the long run. This requires a disciplined, focused management team and world-class employees. Moreover, we seek to sustain a culture that recognizes our collective strength is far greater than the sum of the parts. In all respects, we believe today's CEMEX team is one of the best in the industry and in our history.

As we look forward, we are committed to accelerating the growth of operating EBITDA, so we can increase free cash flow, pay down debt and deleverage our balance sheet—all of which are milestones on the path back to investment grade. We will continue to exploit the operating leverage built into our portfolio—particularly in the Americas—sell non-productive and non-core assets, further reduce working capital investment, and lower interest expenses and debt through proactive financial management.

Last year, we further strengthened our capital structure, lowered our interest expense, improved our debt maturity profile, and used our capital more efficiently. We placed US$3.2 billion of senior secured notes at competitive yields. We returned to the syndicated bank loan market through a new facility for US$1.87 billion with improved terms over the existing Facilities Agreement, and we success-

No area is more important to us than the health and safety of our employees, our contractors, and the communities in which we operate.

We continued to strengthen our capital structure, lower our interest expense, and improve our debt maturity profile.

We are a global company, and we are convinced that our ability to leverage knowledge and best practices across our worldwide network is a key competitive advantage.

fully addressed the contingent maturity of our 2015 convertible notes. We also sold assets for about US$250 million and lowered our use of working capital to the equivalent of 26 days, the lowest in our recent history.

As a result, during 2014, we reduced our total debt plus perpetual securities by close to US$1.2 billion. We extended the average life of our debt to 4.9 years from 4.5 years at the beginning of the year. As a result of liability management efforts and other initiatives during the year, we expect to realize annual cash interest savings of approximately US$120 million.

CEMEX's mission is to create sustainable value by providing industry-leading products and solutions to satisfy the construction needs of our customers around the world. We are a growing, global company, and we are confident that we are in the right markets with the right strategies and the right teams to succeed.

We want to end our first annual letter to you as the stewards of your company by acknowledging and paying tribute to Mr. Zambrano as a business leader, patriot, and corporate statesman. His strategic vision, passion, and relentless commitment to excellence guided CEMEX's transformation from a small conglomerate in Northern Mexico into one of the world's largest, integrated building materials companies. He took CEMEX where no Mexican company had ever gone, always ignoring the advice that "it can't be done" as he built a company that stretched literally around the world.

Mr. Zambrano's legacy is CEMEX—and the best way we can honor him is to continue to grow the company and to produce increasing shareholder value. That is our commitment to you.

On behalf of the board and our management team, we thank all of you—as well as all of our other stakeholders—for your continued support.

Sincerely,

Rogelio Zambrano
Chairman of the Board

Fernando A. González
Chief Executive Officer

Financial highlights

In millions of US dollars[1], except per-ADS data	2014	2013	%
Net sales	15,708	15,227	3
Operating earnings before other expenses, net	1,659	1,518	9
Operating EBITDA	2,740	2,643	4
Controlling interest net loss	(507)	(843)	40
Loss per ADS[2]	(0.39)	(0.71)	44
Free cash flow after maintenance capital expenditures	401	(89)	n/a
Total assets	34,936	38,018	(8)
Total debt plus perpetual notes	16,291	17,470	(7)
Total controlling stockholders' equity	8,894	10,221	(13)

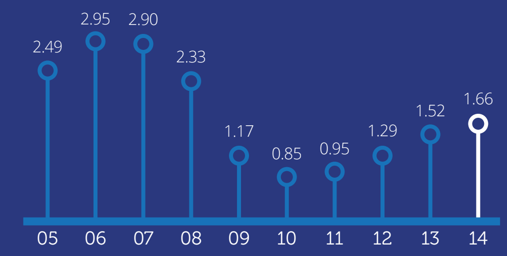
1 For the reader's convenience, figures are presented in US dollars. For statements of operations accounts, these figures result from translating the local currency amounts into US dollars at the average exchange rate for the year, which approximates a convenience translation of the Mexican peso results for 2014 and 2013 using the average exchange rates of the year of 13.37 MXN/US$ and 12.85 MXN/US$, respectively. For balance sheet accounts, US dollar figures result from translating the local currency amounts into US dollars at the closing exchange rate for the year, which approximates a convenience translation of the Mexican peso amounts at the end of each year using the end-of-year exchange rate of 14.74 MXN/US$ and 13.05 MXN/US$, respectively.

2 Based on an average of 1,256 and 1,170 million American Depositary Shares (ADSs) for 2014 and 2013, respectively.

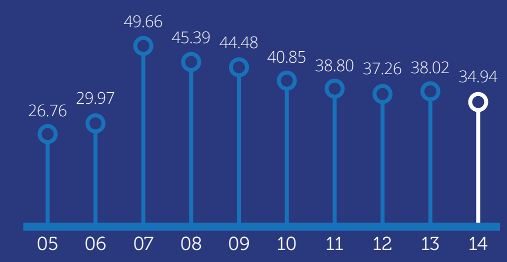
3 2014, 2013, 2012, 2011, and 2010 figures are under IFRS, refer to page 27 for further details.

Net sales[3]
(billions of US dollars)

Operating earnings before other expenses, net[3]
(billions of US dollars)



Total assets[3]
(billions of US dollars)



At CEMEX, our mission is to create sustainable value by providing industry-leading products and solutions to satisfy the construction needs of our customers around the world.

Strategy

The strategy for achieving our mission is to create value by building and managing a global portfolio of integrated cement, ready-mix concrete, aggregates, and related businesses.

We accomplish this by ensuring we:

Value our people as our main competitive advantage

Our people are our competitive advantage. That is why we hire and retain the best and the brightest, and we take care of them. Indeed, employee health and safety is our company's top priority.

Ultimately, our goal is to achieve zero injuries each and every day—what we call "Zero for Life." With this in mind, we continued the implementation of our global Health and Safety Management System. Central to the prevention of future injuries, we are bolstering our communication about incidents, including key learning points and best practices. To date, our operations have shared more than 502 examples of positive health and safety practices globally.

We foster our people's professional growth, helping them to fulfill their career ambitions. To this end, we provide continuous training and development opportunities that enhance our employees' skills and enable them to work smartly, safely, and effectively. In 2014, approximately 23,500 employees spent an average of 28.25 hours in instructor-led programs on such subjects as leadership, health and safety, and commercial capabilities development. To complement our onsite efforts, more than 7,000 employees took online training through our Learning Management System. Moreover, we provide our employees with assignments that enhance their personal and professional growth, facilitate the exchange of best practices, and strengthen our shared corporate culture.

We are convinced that constructive conversations between our employees and managers are a productive way to enhance their opportunities for career development. Accordingly, our Career Building initiative fosters a mindset across our organization in which the appropriate balance of career conversations—aligned with the business cycle and supported by the requisite tools—is the most efficient way to guide our people's efforts and maximize our performance.

We also encourage our people to speak up, to provide ideas, and to help solve problems. Based on past input from our Engagement Survey, we implemented 763 employee engagement initiatives that reached more than 28,000 employees worldwide during 2014.

We implemented 763 employee engagement initiatives that reached more than 28,000 employees worldwide during the year.

Promoting a safe and healthy work environment

Operations that have a preventative health program planned out every year: **96%**

Operations that have a qualified health professional onsite or access to an external health provider: **93%**

Operations provided with a document that lists and explains job-specific occupational health risks and the exams needed to identify early signs of occupational disease: **89%**

Operations that provide information regarding the education, training, counseling, prevention and risk control programs related to serious diseases to assist workforce members, their families, and community members: **96%**

Operations that have a formal process in place to identify, assess and control operational safety: **100%**

We further identify future leaders and foster their development: teaching them, coaching them, and empowering them to succeed. To prepare the leaders who will successfully guide our organization, we offer a portfolio of inter-connected leadership development initiatives, including our ACHIEVE and Leader-to-Leader (L2L) programs. Through ACHIEVE, participating top-tier managers and newly appointed directors develop their leadership skills immersed in real-life projects selected by the Executive Committee that focus on capturing and creating value for our company and our stakeholders. In 2014, 60 executives participated in the program, receiving coaching from 45 leaders at the senior management level through our L2L mentoring program. L2L provides established senior-level executives with the extraordinary opportunity to deepen their own leadership expertise by mentoring ACHIEVE participants—sharing their experience and providing their support throughout the year.

In addition to these programs, we continue to build our leadership capability through several worldwide initiatives. For example, to date, approximately 1,800 managers have taken our Manager Training Program. Designed in five core modules, this program enables managers to enhance their leadership skills and develop talent more fully.

By truly valuing our people, we advance the culture we strive to achieve at CEMEX. Working together, there is nothing we cannot accomplish.

Regular performance and career development reviews are essential to our employees' success. That is why more than 15,500 people received performance evaluations during the year.

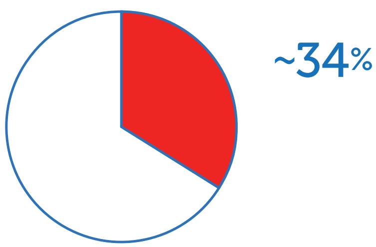
Help Our Customers Succeed

At CEMEX, our core strategic goal is to become the most customer-oriented company in our industry. To accomplish this, we must continue to get closer to our customers, build lasting relationships, and listen carefully to understand their needs.

With this in mind, we are investing considerable time and effort to maximize our commercial excellence across our worldwide organization. Through our Commercial Academy, we are focused on enabling our people to respond more quickly and efficiently to our customers' needs. We are also working to develop enduring relationships with our customers, while we continue to design, develop, and deliver products, services, and solutions that meet or exceed their expectations. Ultimately, our Commercial Academy looks to provide a growing offering of customer-centric learning modules that create results and value for our customers now and into the future.

To truly be a solutions-driven company, we must do more to understand and satisfy our customers' evolving needs. Among our initiatives, we launched the global rollout of our proprietary Ready Mix Solution (RMS). This revolutionary technological development fully integrates the cement, ready-mix concrete, and aggregates value chain on a single, highly efficient, and adaptable platform, giving us added flexibility to provide our customers with value-added building solutions exactly when they need them. RMS enables our commercial teams to offer customers a full range of tailor-made concrete solutions and complementary products directly from their

Value-added ready-mix concrete products



During 2014, our value-added products accounted for approximately 34% of our total consolidated ready-mix concrete sales.

RMS
Ready Mix Solution

Enhancing our ability to service our ready-mix concrete customers

1

Covers **full Customer Relationship Management cycle** from quote to invoice and monitors all interactions with customers

2

Optimizes logistic resources to improve visibility and reduce cost of production and delivery

3

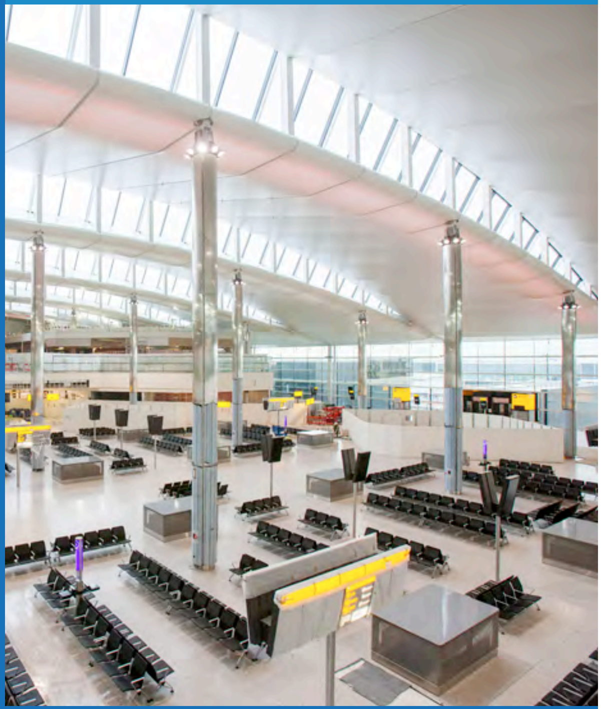
Streamlines process to **fulfill delivery schedule** online or autonomously

4

Highlights **product cost optimization** while complying with industry requirements

Integration into a single platform and improvement in real-time decision making

We participated in the construction of Heathrow International Airport's new Terminal 2—the Queen's Terminal—one of the most sustainable airport terminals in the world.



first contact. Dispatchers then receive orders in real time, resources are optimized, and customer service is monitored to guarantee seamless, on-time delivery.

We further help our customers succeed by delivering quality products, innovative solutions, and great customer service across a wide range of complex infrastructure, commercial, and residential housing projects. In 2014, we participated in the construction of Heathrow International Airport's new Terminal 2—the Queen's Terminal—one of the most sustainable airport terminals in the world. To satisfy the project's demanding requirements, we provided a specialty ready-mix concrete that not only reduces the overall carbon footprint of the building, but also minimizes the risk of early age thermal cracking, thereby increasing the terminal's overall lifespan. In Brazil, we supplied 28,000 tons of our specialty cement for the new 170,000 square-meter, high-tech soccer stadium in Manaus for the 2014 FIFA World Cup. Featuring an innovative ecological design, this is one of the world's first stadiums to earn LEED certification. Moreover, in Colombia, we completed 640 apartments as part of a massive 3,000-unit affordable housing project undertaken by our company in collaboration with the federal government.

By continually asking ourselves: What are the challenges our customers are facing? What success means to them? What are the products they need not just today, but in the future? We are all driven to drill even deeper to solve our customers' important challenges and ensure that they succeed.

In France, our specialty concrete and aggregates provided the award-winning solution for the innovative redevelopment of the roadway in the hometown of world-renowned artist Paul Cézanne.

Pursue markets that offer long-term profitability

We do business in markets where we can add value for our employees, our customers, and our shareholders. We will operate only in those markets that offer long-term profitability.

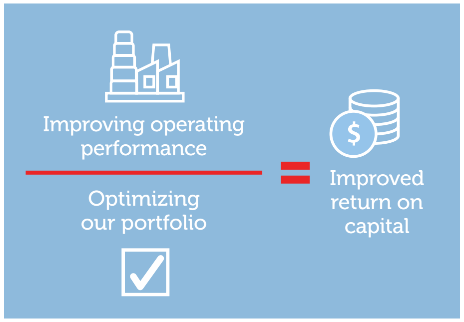
Our geographically diverse portfolio of assets provides us with the opportunity for significant profitable organic growth over the medium to long term. Consequently, we will remain selective and strategic about where we do business, and will not chase growth simply for the sake of growth. As underscored by our recently completed transactions with Holcim, we will continue to optimize our portfolio to ensure that we are in the right businesses in the right markets with the right returns. These three transactions include:

• First, CEMEX acquired all of Holcim's assets in the Czech Republic. The Czech Republic is a market with a strong economy and solid prospects, and we expect the acquisition of these assets will considerably reinforce our position in the country and in Central Europe.

• Second, CEMEX divested its assets in the western part of Germany to Holcim. Germany is an attractive market, and we will continue to maintain an important presence in the eastern, northern, and southern part of the country, including the capital city of Berlin.

•Third, CEMEX acquired a cement plant and a cement grinding station in Spain from Holcim, with Holcim keeping all of its other operations in the country. This should translate into higher value creation for us in this market.

Through these landmark transactions, which closed in January 2015, we expect to improve our return on capital employed, optimize our regional network of assets, increase our productivity, and realize an expected recurring improvement in our operating EBITDA, including synergies of about US$20 million to US$30 million per year. As part of these transactions, we also paid US$40 million in cash to Holcim.



We are proactively improving our operating performance while optimizing our portfolio of assets to generate an increasingly higher return on capital employed.

Leveraging our global presence and extensive operations worldwide, we will further continue to focus on what we do best: our core cement, ready-mix concrete, aggregates, and related businesses. By managing our core operations as one vertically integrated business, we not only capture a greater portion of the cement value chain, but also get closer to our customers by offering comprehensive building solutions. This strategic focus historically enables us to grow our existing businesses, particularly in high-growth markets and specialized, higher-margin products. We will only venture beyond our core strengths when it is essential to better market our products and it is aligned with our strategy.

Ensure sustainability is fully embedded in our business

As a company, we ensure sustainability is fully embedded in our business strategy and day-to-day operations. More than just a company, we are part of the communities where we live and work.

We act responsibly always looking for ways to minimize our operations' impact on the environment. To reduce our environmental impact, we continue to convert society's waste into more economical, eco-friendly alternative fuels for our cement plants. Through our use of alternative fuels—from used tires to processed municipal solid waste to biomass—we decrease our consumption of carbon-based fossil fuels, divert waste from landfills, lower our energy costs, and reduce our overall carbon footprint. In 2014, alternative fuels represented 28% of our total fuel mix.

We diligently protect biodiversity by responsibly managing the habit within and around our global operations. Biodiversity action plans (BAPs) are our principal tool for a achieving a positive impact on biodiversity and ecosystems. Under the standard developed with our global partner, BirdLife International, we continue to implement BAPs to enhance biodiversity and restore ecosystems on or adjacent to our operations. We further continue to develop quarry rehabilitation plans for our active cement and aggregates quarries.

Harnessing renewable wind power

Together with Fisterra Energy and other private investors, we completed financing for the 252-MW Ventika Wind Project in northeast Mexico—one of the largest wind farm projects in Latin America.

El Carmen Conservation Initiative

CEMEX has a long history of preserving nature and sharing its wonder through El Carmen, a private trans-boundary conservation area in Mexico owned and managed by CEMEX and other private landowners.

The 200,000 hectares wilderness reserve continues to safeguard and enhance rare, threatened and endemic biodiversity, while taking into consideration the flora and fauna of the area. For every hectare of land dedicated to operations, CEMEX has 8.4 hectares of land in conservation in El Carmen.

Meeting the challenges of urbanization
More than half of the globe's population lives in cities, and it is predicted that this will nearly double to more than six billion people by 2050. Cities will need to provide solutions for the challenges posed by the increasingly large number of people who will depend on them to live, move, work, and interact.

As a global leader in the building materials industry, we are uniquely positioned to meet the challenges cities are facing. To this end, we provide resilient infrastructure and efficient building solutions that serve both citizens and the environment—from soaring bridges to millions of square meters of paving for roads, highways, and airport runways. We offer affordable and sustainable housing for the rapidly growing number of people migrating to urban areas. Succinctly, we supply building materials and implement sustainable construction practices that preserve natural resources, minimize environmental impact, and lower our carbon footprint.

We are also committed to responsibly manage our use of water across our organization. In 2014, we continued to implement our water policy across our operations—including the Water Protocol we developed in coordination with the International Union for Conservation of Nature to standardize water measurement across our company. In 2015, we will continue to work with our operations to minimize water-related risks through the creation of a holistic water management plan that prioritizes countries and sites where the risks are highest and the potential to impact our business is greatest.

We are further committed to our customers and our communities for the long term. Accordingly, the products and solutions we offer are designed not only to ensure success today, but also to assure a positive, sustainable, and enduring impact far into the future. For example, we partner with national and international experts to provide a complete array of services specializing in sustainable construction, including Bioclimatic Architecture, Integrated Engineering, Building Energy Modeling, and Building Certifications. Working collaboratively, we integrate every member of the construction value chain—from our suppliers to our customers—to ensure optimal, sustainable results for all of our stakeholders.

As a member of our communities, we play a responsible, collaborative role in their social and economic development through inclusive businesses that foster self-reliance and empowerment. Since 1998, more than 2.6 million people in our communities have benefited from our company's core social and inclusive businesses. Patrimonio Hoy, our flagship inclusive business, helps low-income families realize their dream of home

Carbon Offset Projects Portfolio

During 2014, CEMEX registered two additional projects under the Verified Carbon Standard (VCS) program. These alternative fuel initiatives are located in the Brooksville South and Demopolis cement plants in the U.S. The proposed projects will reduce the emissions of anthropogenic CO_2 from the combustion of fossil fuels at the two cement plants. These projects further avoid methane emissions by preventing the disposal or uncontrolled burning of such materials as wood, refuse-derived fuel, and agricultural residues.

To date, the company has successfully obtained approval for 23 CO_2 offset projects registered under the United Nations' Clean Development Mechanism (CDM) and the VCS program, representing an annual total reduction potential of almost 3.0 million tons of CO_2 per year.

7 million tons of CO_2 avoided during 2014 vs. our 1990 baseline

- Clinker factor reduction efforts
- Biomass and RDF consumption as alternative fuels
- Indirect CO_2 emissions associated with power consumption

SOCIAL AND INCLUSIVE BUSINESSES

HOUSING

Productive Self-Employment Centers

Assisted Self-Building Comprehensive Program

ConstruApoyo

EMPLOYMENT

Social Franchise and Building Materials Distribution

BASIC SERVICES

Ecological Stoves and Other Ecotechnics

SAVINGS AND CREDIT

Patrimonio Hoy

ownership through a well-planned savings program. Our ConstruApoyo program facilitates the distribution of funds for the construction, repair, or extension of homes with a prepaid debit card system—creating a transparent process for qualified families to purchase the building materials they need. Moreover, our Productive Self-Employment Centers enable participants to produce concrete blocks and other precast products, half of which they can use to build, repair, or expand their homes. Through these and other programs, we contribute as partners in the communities we serve.

As part of the Global Alliance for Clean Cookstoves, we undertook the installation of 100,000 ecological concrete cookstoves to improve the quality of life of approximately half a million people in Mexico and Guatemala by 2017.

Sustainability Recognition

CDP Outstanding Carbon Disclosure in Latin America
For the third consecutive year, the Carbon Disclosure Project (CDP) named CEMEX one of the best Latin American companies for climate change data disclosure.

CDP CLIMATE DISCLOSURE LEADER 2014

Mexican Stock Exchange Sustainability Index
Since its inception in 2011, CEMEX has been one of only around 30 companies chosen for the exclusive Mexican Stock Exchange Sustainability Index.

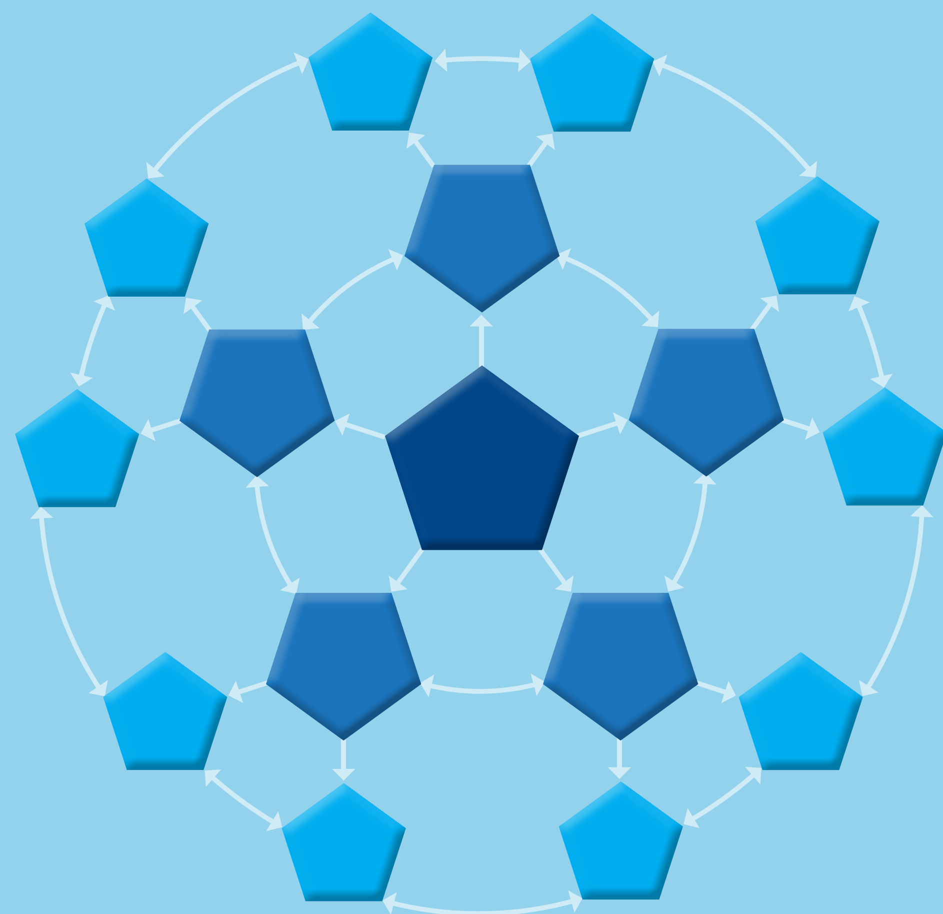
Empresa Sustentable

UNGC 100 Index
CEMEX was the sole Mexican company selected for the United Nations Global Compact 100, a new global stock index that combines sustainability and financial performance.

THE GLOBAL COMPACT

Operating model

We leverage our knowledge and scale to establish best practices and common processes worldwide in order to operate more effectively and achieve the greatest value.



Capitalize on our worldwide knowledge and scale

We are a global company. We capitalize on our worldwide knowledge and scale by ensuring that we share what we know, help and support each other, and knock down any boundaries that may separate us.

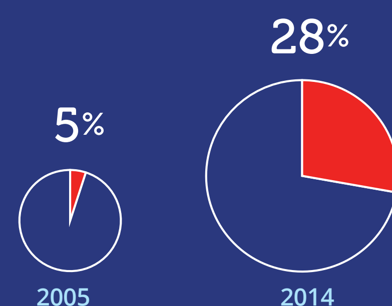
Our alternative fuel strategy exemplifies how we apply the ideas that work best across all parts of our business and, in the process, achieve better results for our customers, our communities, and our shareholders.

We are now the leading user of alternative fuels in the cement industry. Over the past decade, our alternative fuel substitution rate has risen almost six-fold, from 5% in 2005 to 28% in 2014. At year-end, 94% of our cement plants burned alternative fuels, avoiding the use of 2.2 million tons of coal. Of our 46 plants burning alternative fuels, nine surpassed a 50% alternative fuel substitution rate, with five achieving a rate close to 70%. Building upon technology and operational expertise from our European cement plants—particularly those in Germany—we are upgrading the kiln design at our other plants to reduce their consumption of traditional fossil fuels and allow for broader fuel compatibility. Recognizing that there are a number of issues involved with the diversion of solid waste for fuel—including community education, permitting, and transportation—we have developed corporate guidelines for the use of alternative fuels that are compatible with those established by the Cement Sustainability Initiative to complement local regulation. We have also implemented a model of engagement to help community leaders understand the logistical, technical, and financial variables involved with our sourcing of alternative fuels. Consequently, we are not only increasing our utilization of environmentally friendly and economically sound alternative fuels, but also building worldwide support for the enactment and enforcement of legislation that promotes the recovery of energy from waste that cannot otherwise be reduced, reused, or recycled.

As a global company, we recognize the value of developing common practices to improve the way we operate around the world. That is why, in 2009, we introduced Shift, an internal collaboration platform designed to foster global cooperation, innovation, efficiency, and agility by enabling

We are upgrading the kiln design at our plants to reduce their consumption of traditional fossil fuels and allow for broader fuel compatibility.

Alternative fuel substitution rate



our employees to share their thoughts, opinions, knowledge, experience, and best practices. Through Shift-based business networks, we achieved several important advantages, including shorter product cycles, faster speed to market, and real-time process improvements. Indeed, thanks to Shift, we were able to design, develop, and deploy three new global ready-mix concrete brands in only two years, and generate significant savings by maximizing opportunities in the use of alternative fuels. In the process, we positioned ourselves among the world's most innovative companies, winning the Manufacturing Leadership Awards' recognition as the "Most Innovative Enterprise" and the "M-Prize for Management Innovation" given by the Harvard Business Review and McKinsey & Co.

Each of our regions and each of our businesses are strong. By sharing ideas and working together, we are even stronger. Through our recently launched Global Networks, we take advantage of our shared knowledge and scale to create even more value for our company and our stakeholders through our global collaboration and integration.

Aggregates - Our main objective is to develop a superior model that enables our aggregates business to grow sustainably and to generate greater value for our stakeholders. Among the key elements of this model, we look to strategically manage the depletion and replenishment of our reserves, optimize our operations, use transportation as a lever of value creation, and offer distinct value propositions by customer segment.

Grow the pie - Our goal is to pave the world in concrete, making it the material of choice for energy-efficient buildings and low-income housing in all of our markets. We create more value for our customers by offering them a wide array of innovative construction solutions that enable them to increase their productivity, reduce construction cycles, and build more resilient infrastructure and resource-efficient residential, commercial, and industrial buildings.

Value before volume - Our goal is to capture the full value of the products and services that we deliver to our customers, while driving our company's profitable growth. We look to leverage our global networks to share our experiences and implement common principles for our value-before-volume framework, including our overarching debundling strategy, our transparent customer communication, our clearly defined price roadmaps, and our disciplined drive to create sustainable value—achieving the full potential of our business.

Ready mix - Our objective is to enable our ready-mix concrete operations to contribute to our company as a profitable, stand-alone business—journeying from a cost-based to a value-driven enterprise. To this end, we aim to capture the full value of the ready-mix concrete products and services we deliver to our customers and, thus, develop and realize our products' entire value proposition.

Supply chain - We ultimately aim to obtain a competitive advantage and deliver more value to our customers through the continuous improvement of our logistics capabilities. With this in mind, we look to define the right logistics model for CEMEX, develop global benchmarks with common measuring standards, identify best-in-class practices to replicate where applicable, and to foster a global culture of best practice sharing and collaboration.

Cement operations - Our goal is to run the best cement operations in the world, with the safest, most efficient, and low-cost operations, offering the best quality, high-value, customer-oriented products and services, with the most engaged, well-trained, highly motivated, fully committed employees working together as a team across geographies, acting at all times in a sustainable way with the best reputation and relations in the community.

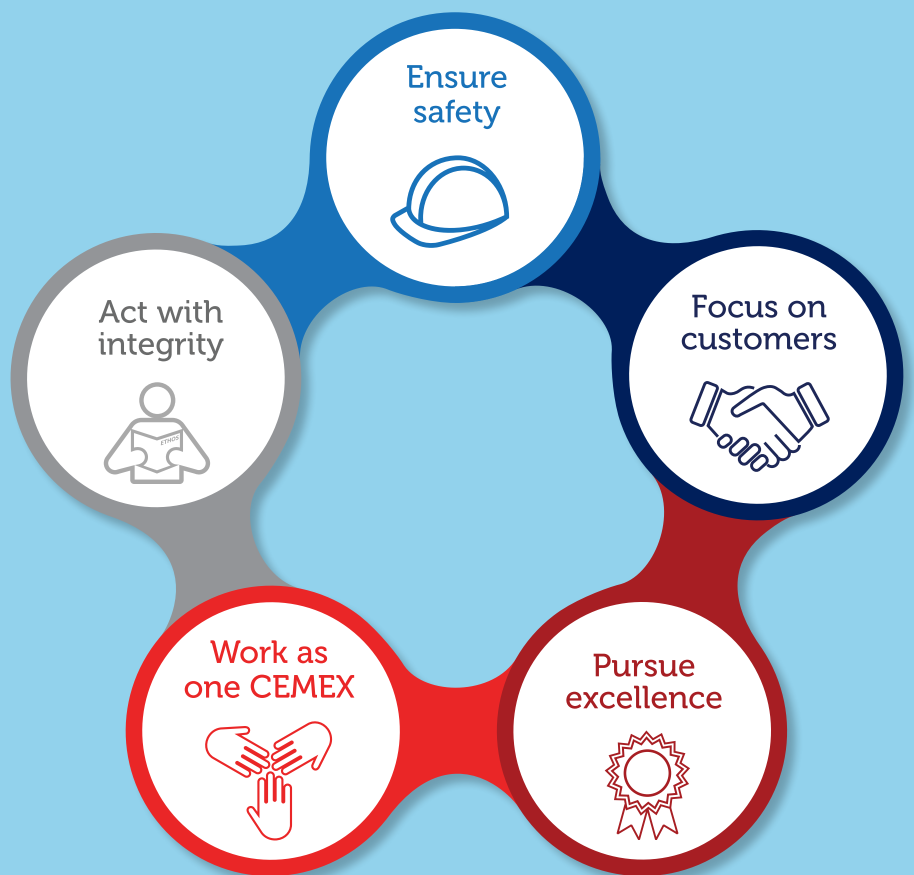
Cement commercial - Our main objective is to improve the commercial performance of cement at CEMEX by identifying, delivering, and capturing greater value. We promote sharing knowledge and experience to identify practices and processes we can replicate and leverage as our global commercial way of understanding markets and serving our customers. We will challenge, push, and support local commercial teams to achieve ambitious goals, and ensure our company effectively invests in tools and technologies to improve customer service and productivity.

Values

Our values make up the essence of our culture: they express who we are, how we behave and what we believe.

Our values define all of us. We live by these values every day.

The five values that reflect who we are as a company:



Ensure safety

We work to ensure that nothing comes before the health and safety of our people, our contractors, and the community. Safety is everyone's responsibility. We take it upon us to look after ourselves and each other. Zero injuries and zero fatalities is more than a goal, it is a necessity. Along with integrity, safety is an area where personal accountability is paramount. We must hold each other accountable for safe acts and behaviors.

Focus on customers

We strive to become even closer to our customers and to build close customer relationships that set us apart from our competitors. To this end, we will listen to our customers, understand their challenges, and provide valuable, effective solutions. We will fulfill our commitments, follow up and follow through, and solve any problem fast. Ultimately, we will ensure doing business with us is easy and a delight for the customer.

One CEMEX
We overcome the boundaries that separate us by geography, by function, or by rank.

Pursue excellence

We hold ourselves to the highest standards, always striving to be the best in our industry. We challenge ourselves to continually improve—constantly thinking, "what can we do better"—and to never settle for "good enough." Our passion for the work we do drives us to exceed expectations. Accordingly, we develop leaders that inspire, promote excellence, and achieve results: People who are the best at what they do, and continue to hold the bar high.

Work as one CEMEX

Our power is found in our collective strength—our ability to work as One CEMEX. Our ability to leverage our global knowledge for the benefit of our local markets is a key competitive advantage. The way we work is to share ideas and information globally to maximize our individual and collective contributions. As a company, we value the people who replicate best practices as much as those who create them. We also think and act in the best interests of our company, overcoming the barriers that separate us for the good of our organization—which is always paramount.

Act with integrity

Aside from the safety of our employees, our reputation for integrity is of utmost importance—laying the foundation upon which our values are built. With this in mind, we live up to our commitments, and do what we say we will do. We will act with honesty and transparency in all of our interactions. We will do the right thing in compliance with our Code of Ethics, supported by our Global Compliance Program, and we will care for our people, our communities, and our natural resources. In the end, we must all act and live with integrity each and every day.

Never-ending Pursuit of Excellence
We have built a reputation around the world for quality and reliability.

We may have diverse backgrounds, come from different countries, or have worked in other companies.

But this diversity is what makes us stronger.

At CEMEX, we all share the same vision. We see opportunities, we see growth, and we see a solid foundation upon which CEMEX stands.

Selected consolidated financial information*

CEMEX, S.A.B. de C.V. and subsidiaries
in millions of US dollars, except ADSs and per-ADS amounts

Operating results	2005	2006	2007	2008	2009	2010(i)	2011(i)	2012(i)	2013(i)	2014(i)
Net sales	15,321	18,249	20,893	20,131	14,544	14,021	15,215	14,984	15,227	15,708
Cost of sales(1)	(9,271)	(11,649)	(13,868)	(13,735)	(10,270)	(10,090)	(10,912)	(10,548)	(10,489)	(10,676)
Gross profit	6,050	6,600	7,025	6,396	4,274	3,930	4,303	4,436	4,738	5,032
Operating expenses	(3,563)	(3,655)	(4,130)	(4,069)	(3,109)	(3,083)	(3,353)	(3,143)	(3,220)	(3,373)
Operating earnings before other expenses, net	2,487	2,945	2,895	2,327	1,165	847	951	1,293	1,518	1,659
Other expenses, net	(316)	(49)	(273)	(1,909)	(407)	(500)	(419)	(418)	(382)	(384)
Financial expense	(526)	(494)	(807)	(910)	(994)	(1,164)	(1,353)	(1,408)	(1,552)	(1,608)
Other financial (expense) income, net(2)	765	462	900	(1,617)	(117)	(41)	(177)	74	133	187
Income (Loss) before income taxes	2,495	2,989	2,851	(2,031)	(341)	(897)	(1,025)	(403)	(265)	(124)
Discontinued Operations(3)	-	-	26	187	(314)	-	-	-	-	-
Non-controlling interest(4)	55	110	77	4	18	4	2	50	95	82
Controlling interest net income (loss)	2,112	2,378	2,391	203	104	(1,064)	(1,999)	(913)	(843)	(507)
Millions of average ADSs outstanding(5)(6)	692	718	743	838	893	1,104	1,109	1,117	1,170	1,256
Earnings (Loss) per ADS(6)(7)	3.05	3.31	3.21	0.24	0.11	(0.96)	(1.80)	(0.82)	(0.71)	(0.39)
Dividends per ADS(5)(6)(8)	0.60	0.90	0.83	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Balance sheet information										
Cash and cash equivalents	601	1,579	743	939	1,077	676	1,155	971	1,163	854
Net working capital(9)	1,268	887	1,383	1,191	946	1,512	1,697	1,530	1,591	1,377
Property, plant, and equipment, net(10)	15,542	17,196	22,895	19,671	19,776	17,902	16,787	16,582	15,764	13,767
Total assets	26,763	29,972	49,662	45,387	44,483	40,848	38,800	37,260	38,018	34,936
Short-term debt and other financial obligations(11)	1,191	1,252	3,311	6,934	565	826	887	589	730	1,765
Long-term debt and other financial obligations(11)	8,287	6,290	16,542	11,849	15,565	16,214	16,976	16,378	16,917	14,818
Total liabilities	16,409	15,193	30,967	28,119	24,806	26,027	26,501	25,149	26,652	24,884
Non-controlling interest and perpetual debentures(4)	529	1,920	3,753	3,390	3,338	1,573	1,189	1,127	1,145	1,158
Total controlling stockholders' equity	9,825	12,859	14,942	13,879	16,339	13,248	11,111	10,984	10,221	8,894
Total stockholders' equity	10,354	14,779	18,695	17,268	19,677	14,821	12,300	12,111	11,366	10,052
Book value per ADS(5)(6)	13.94	17.55	19.90	16.34	16.37	12.00	10.02	9.83	8.74	7.08
Other financial data										
Operating margin	16.2%	16.1%	13.9%	11.6%	8.0%	6.0%	6.2%	8.6%	10.0%	10.6%
Operating EBITDA margin(9)	23.2%	22.7%	21.6%	20.3%	18.3%	16.8%	15.6%	17.5%	17.4%	17.4%
Operating EBITDA(9)	3,557	4,138	4,512	4,080	2,657	2,355	2,381	2,624	2,643	2,740
Free cash flow after maintenance capital expenditures(9)	2,198	2,689	2,455	2,600	1,215	455	191	167	(89)	401

Notes to selected consolidated financial information

1. Cost of sales includes depreciation, amortization and depletion of assets involved in production, expenses related to storage in production plants, and beginning in 2008, freight expenses of raw material in plants and delivery expenses of CEMEX's ready-mix concrete business.

2. Other financial (expense) income, net, includes financial income, realized and unrealized gains and losses from financial instruments, foreign exchange results and the effects of net present value on assets and liabilities.

3. In October 2009, CEMEX completed the sale of its Australian operations for an amount then equivalent to approximately US$1,700 million. Australia's operating results, net of income tax, for the years ended 2007, 2008 and 2009, were presented in a single line item as "Discontinued Operations" in our consolidated statement of operations.

4. From 2007 through 2014, non-controlling interest includes US$3,065 million, US$3,020 million, US$3,045 million, US$1,320 million, US$938 million, US$473 million, US$477 million and US$466 million, respectively, of aggregate notional amounts of perpetual debentures issued by consolidated entities. For accounting purposes, these debentures represent equity instruments (See note 20D to the 2014 Annual Report's Financial Statements).

5. Thenumber of ADSs outstanding, stated in millions of ADSs: (i) represents the total average amount of ADS equivalent units outstanding of each year, (ii) includes the total number of ADS equivalents issued in underlying derivative transactions, and (iii) excludes the total number of ADS equivalents issued by CEMEX and owned by its subsidiaries. Each ADS listed on the New York Stock Exchange represents 10 CPOs.

6. Our shareholders approved stock splits in 2005 and 2006. Consequently, each of our existing CPOs was surrendered in exchange for two new CPOs. The proportional equity interest participation of the stockholders in CEMEX's common stock did not change as a result of the stock splits mentioned above. The number of our ADSs outstanding did not change as a result of the stock splits in 2005. Instead, the ratio of CPOs to ADSs was modified so that each ADS represented 10 new CPOs. As a result of the stock split approved during 2006, one additional ADS was issued in exchange for each existing ADS, each ADS representing 10 new CPOs. Earnings per ADS and the number of ADSs outstanding for the years ending December 31, 2005 and 2006, were adjusted to make the effect of the stock splits retroactive for the correspondent years. In the Consolidated Financial Statements, earnings (loss) per share are presented on a per-share basis (See note 22 to the 2014 Annual Report's Financial Statements).

7. Forpurposes of the selected financial information for the periods ended December 31, 2005 through 2014, the earnings (losses)-per-ADS amounts were determined by considering the average amount of balance number of ADS equivalent units outstanding during each year. These numbers of ADSs outstanding were not restated retrospectively to give effect to stock dividends occurring during the period, as it would be required under MFRS and IFRS for their disclosure in the consolidated financial statements.

8. Dividends declared at each year's annual stockholders' meeting for each period are reflected as dividends for the preceding year. We did not declare a dividend from the years 2008 to 2013. Instead, at our 2009 through 2014 annual shareholders' meetings, CEMEX's stockholders approved a capitalization of retained earnings. New CPOs issued pursuant to the capitalization were allocated to shareholders on a pro-rata basis. As a result, shares equivalent to approximately 335 million CPOs, 384 million CPOs, 401 million CPOs, 419 million CPOs, 437 million CPOs and 468 million CPOs were issued and paid each year from 2009 through 2014, respectively. CPO holders received one new CPO for each 25 CPOs held, and ADS holders received one new ADS for each 25 ADSs held. There was no cash distribution and no entitlement to fractional shares. (See note 20A to the 2014 Annual Report's Financial Statements).

9. Please refer to page 120 for the definition of terms.

10. In 2014, property, plant, and equipment, net, excludes the assets of the western region of Germany and Andorra, Spain, that were classified as held for sale, as mentioned in note 15A to the 2014 Annual Report's Financial Statements.

11. From 2010 through 2014, other financial obligations include the liability components associated with CEMEX's financial instruments convertible into CEMEX's CPOs, liabilities secured with accounts receivable as well as CEMEX's capital leases (See note 16B to the 2014 Annual Report's Financial Statements). Prior to 2010, there were no significant transactions concerning capital leases or convertible financial instruments.

(i) As a result of requirements by the National Banking and Exchange Commission, CEMEX prepares its consolidated financial statements using International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. Accordingly, CEMEX's consolidated financial statements as of December 31, 2014, 2013, 2012, 2011 and 2010 and for the years ended December 31, 2014, 2013, 2012, 2011 and 2010, were prepared and presented in accordance with IFRS. Prior years were prepared and presented in accordance with Mexican Financial Reporting Standards ("MFRS"). Reconciling one-time adjustments between IFRS and MFRS were recognized in the opening balance sheet under IFRS as of January 1, 2010 against stockholders' equity.

(*) The effects associated with newly issued IFRS are recognized in the year when they become mandatory and are applied retrospectively only for comparative prior periods presented in the set of financial statements issued in the year of adoption. Earlier periods are not restated to give retroactive effect to such new standards (See Note 2 of the 2014 Annual Report's Financial Statements).

Company overview

Business

CEMEX is a global building materials company that provides high-quality products and reliable service to customers and communities in more than 50 countries throughout the world.

CEMEX has a rich history of improving the well-being of those it serves through its efforts to pursue innovative industry solutions and efficiency advancements and to promote a sustainable future.

Our company was founded in Mexico in 1906, and we have grown from a local player to one of the top global companies in our industry, with approximately 44,000 employees worldwide. Today, we are strategically positioned in the Americas, Europe, Africa, the Middle East, and Asia. Our operations network produces, distributes, and markets cement, ready-mix concrete, aggregates, and related building materials to customers in over 50 countries, and we maintain trade relationships in over 100 nations.

Mission

Our mission is to create sustainable value by providing industry-leading products and solutions to satisfy the construction needs of our customers around the world.

Business Strategy

To achieve our mission, our strategy is to create value by building and managing a global portfolio of integrated cement, ready-mix concrete, aggregates, and related businesses. We accomplish this by ensuring we:

- Value our people as our main competitive advantage;
- Help our customers succeed;
- Pursue markets that offer long-term profitability; and
- Ensure sustainability is fully embedded in our business.

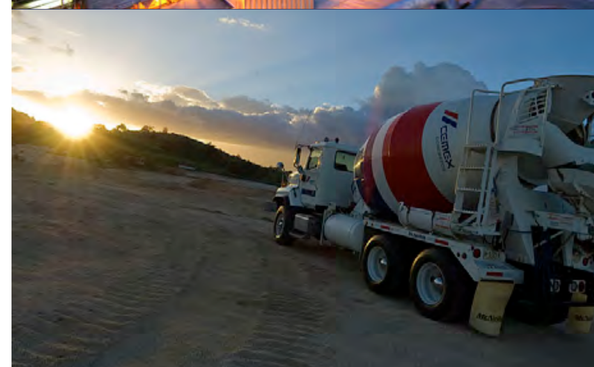
Value our people as our main competitive advantage

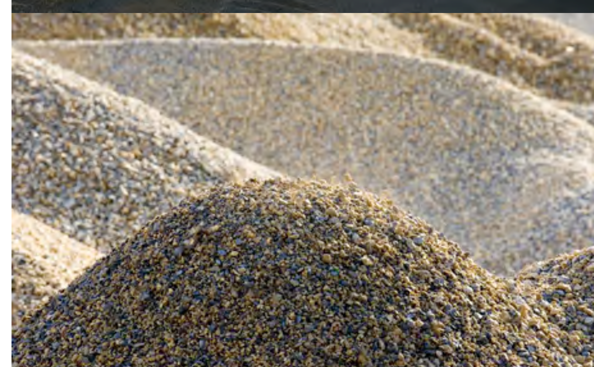
Our people are our competitive advantage. That is why we hire the best and the brightest, and we take care of them. Indeed, employee health and safety is our company's top priority. Ultimately, our goal is to achieve zero injuries each and every day.

We foster our people's professional growth, helping them to fulfill their career ambitions. To this end, we provide continuous training and development opportunities that enhance our employees' skills and enable them to work smartly, safely, and effectively. Moreover, we provide our employees with assignments that enhance their personal and professional growth, facilitate the exchange of best practices, and strengthen our shared corporate culture.

We also identify future leaders and foster their development: teaching them, coaching them, and empowering them to succeed. To prepare the leaders who will

Our operations network produces, distributes, and markets cement, ready-mix concrete, aggregates, and related building materials in over 50 countries.





Customer-oriented company
We continue to get closer to our customers, build lasting relationships, and listen to understand their needs.

successfully guide our organization, we offer a portfolio of inter-connected leadership development initiatives.

We further encourage our people to speak up, to provide ideas, and to help solve problems. By truly valuing our people, we advance the culture we strive to achieve at CEMEX.

Help our customers succeed

A core strategic goal for us at CEMEX is to become the most customer-oriented company in our industry. To accomplish this, we must continue to get closer to our customers, build lasting relationships, and listen carefully to understand their needs.

With this in mind, we are investing considerable time and effort to maximize our commercial excellence across our worldwide organization. We want CEMEX to be the supplier and partner of choice for our customers—whether global construction companies, governmental entities, or individuals building or expanding their family's first home. We look to provide them with the most efficient and effective building solutions for their construction project, large or small. To this end, we help our customers succeed by delivering quality products, innovative solutions, and great customer service in all major construction segments, including the residential, commercial, industrial, and infrastructure sectors.

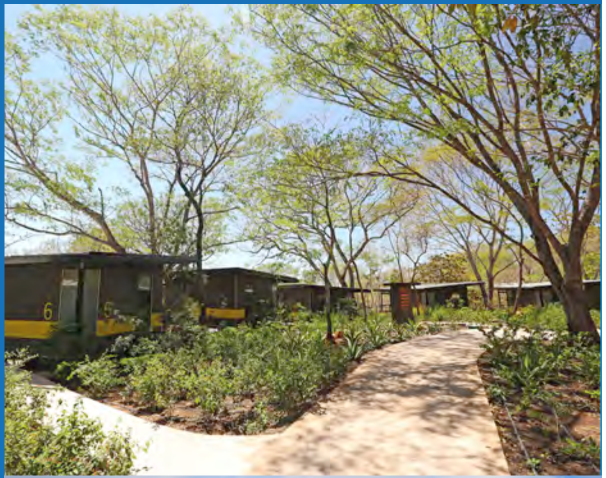
As a solutions-driven company, we continually do more to understand and satisfy our customers' evolving needs. By constantly asking ourselves: What are the challenges our customers are facing? What success means to them? What are the products they need not just today, but in the future? We are all driven to drill even deeper to solve our customers' important challenges and ensure that they succeed.

Pursue markets that offer long-term profitability

We do business in markets where we can add value for our employees, our customers, and our shareholders. We will operate only in those markets that offer long-term profitability.

Our geographically diverse portfolio of assets provides us with the opportunity for significant profitable organic growth over the medium to long term. Consequently, we will remain selective and strategic about where we do business, and will not chase growth simply for the sake of growth. We will also continue to optimize our portfolio to ensure that we are in the right businesses in the right markets with the right returns.

Leveraging our global presence and extensive operations worldwide, we will further continue to focus on what we do best: our core cement, ready-mix concrete, aggregates, and related businesses. By managing our core operations as one vertically integrated business, we not only capture a greater portion of the cement value chain, but also get closer to our customers by offering comprehensive building solutions. This strategic focus historically enables us to grow our existing businesses, particularly in high-growth



We look to take the lead in sustainable construction and also actively participate in low-income housing programs and high-scale infrastructure projects.
Río Perdido Hotel, Costa Rica
Affordable Housing Initiative, Colombia

markets and specialized, higher-margin products. We will only venture beyond our core strengths when it is essential to better market our products and it is aligned with our strategy.

Ensure sustainability is fully embedded in our business

At CEMEX, we ensure sustainability is fully embedded in our business strategy and day-to-day operations. Our goal is to provide building solutions that meet the needs of a resource-constrained world, to minimize the ecological footprint of our operations, and to foster closer relationships with all of our relevant stakeholders.

Among our priorities, we look to take the lead in sustainable construction through the development of products, services, and building solutions for a low-carbon economy. We also actively participate in low-income housing programs and high-scale infrastructure projects.

Moreover, as part of our efforts to reduce our ecological footprint, we increase our use of alternative fuels and raw materials, improve our energy efficiency, and contract renewable power where feasible. Additionally, we optimize air quality, waste management, and recycling; diminish disturbances from noise and dust; and implement biodiversity action plans at our quarries.

Furthermore, we engage our key stakeholders. In particular, we place a top priority on the health and safety of our employees, our contractors, and our communities. We are committed to playing a responsible role in the social and economic development of our local communities, and we collaborate with governments, NGOs, and opinion leaders to anticipate and address emerging social demands.

Financial Position

We continue to focus on strengthening our financial position and regaining our investment-grade capital structure by improving our cash flow generation, reducing our debt, and extending our maturities through different strategic initiatives. As a result of our efforts, we have reduced total debt plus perpetual securities by approximately US$5.8 billion since June 2009.

Over the course of the year, we placed approximately US$3.2 billion of senior secured notes ("notes") at competitive yields. In April 2014, we issued €400 million of 5.250% notes maturing in 2021 and US$1.0 billion of 6.000% notes maturing in 2024. In September 2014, we issued €400 million of 4.750% notes maturing in 2022 and US$1.1 billion of 5.700% notes maturing in 2025. The proceeds of these transactions were used to pay higher coupon debt.

We also returned to the syndicated bank loan market in October through a new Credit Agreement for US$1.865 billion with improved terms over the existing Facilities Agreement, as follows:

- An average four-year term with equal semi-annual payments of principal of 20% each, beginning on the third anniversary of the Credit Agreement and with the last payment in September 2019;
- A spread over LIBOR of between 250 and 375 basis points, depending on the level of our leverage;
- A revolving credit tranche of 40% of the total principal amount with the same maturity; and
- An improvement in certain covenants and undertakings that will provide us with more flexibility.

The proceeds from the Credit Agreement were used to refinance US$1.865 billion of debt under the Facilities Agreement. The Credit Agreement, which is expected to yield average annual interest savings of US$29 million, represented our first increase in bank exposure in six years, rebalancing and concentrating our relationship with supportive banks. Additionally, we successfully amended key terms of the Facilities Agreement to conform with those of the Credit Agreement.

We further early converted approximately US$511 million of our 4.875% convertible subordinated notes due 2015, and issued contingent convertible units for the remaining US$200 million of these notes outstanding, eliminating refinancing risk.

These transactions achieved annual cash interest savings of approximately US$120 million during the year.

Moreover, we continued to optimize our maintenance and strategic capital expenditures to maximize our free cash flow generation. In 2014, we limited our total capital expenditures ("CAPEX") to approximately US$702 million, including approximately US$190 million in strategic CAPEX.

For the year, we extended the average life of our debt to 4.9 years from 4.5 years at the beginning of 2014. We also maintained more than adequate liquidity to support our operations and continued to comply with our financial obligations.

Alignment with Investor Interests

Employee stock-ownership plan

To better align our executives' interests with those of our shareholders, we began offering executives a new stock-ownership program in 2005. The plan moves our company's long-term incentives from stock option grants to restricted stock awards. As of December 31, 2014, our executives held 29,509,762 restricted CPOs, representing 0.2% of our total CPOs outstanding.

We do business in markets where we can add value for our employees, our customers, and our shareholders.
San Marcos Bridge, Mexico

Corporate governance

We are committed to the highest standards of corporate governance. Our corporate governance practices are governed by our bylaws and all applicable provisions in both Mexican and U.S. securities laws. On a voluntarily basis, we also comply with the Mexican Code of Best Practices, which provides recommendations for better corporate practices for listed companies in Mexico. Our company's board of directors is composed of qualified directors who provide appropriate oversight and meet the independence criteria under applicable laws. The requirement of independence of our audit committee members satisfies the independence and other requirements under applicable law, and one member of our audit committee meets the requirements of a "financial expert" as defined by the Sarbanes-Oxley Act of 2002 (SOX).

We also have designed and deployed a formal internal process to support the certification by our Chief Executive Officer and our Chief Financial Officer of the information that we present in CEMEX's periodic reports to the U.S. Securities and Exchange Commission, as well as to the corresponding securities authorities in Mexico. Moreover, in compliance with applicable requirements under SOX, we have established: 1) a system to ensure that relevant information reaches senior management in a timely manner; 2) a system for anonymously and confidentially communicating to the audit committee complaints and concerns regarding accounting and audit issues; 3) a process for anonymously and confidentially submitting complaints related to unethical conduct and misuse of assets; and 4) a task force to follow legal requirements and best corporate-governance practices and, when appropriate, propose further improvements. Our code of ethics reflects the requirements of SOX. We are in compliance with the applicable sections of SOX, including section 404.

US$1.87 billion

in New Syndicated-Bank Loan with improved terms reflecting CEMEX's better credit profile

Management discussion and analysis

Operational results and financial condition of the company

Consolidated Results

Net sales increased 3% to US$15.7 billion in 2014. The growth in consolidated net sales was the result of higher prices for our products in local currency terms in most of our operations, as well as higher volumes in our Mexico, U.S., and South, Central America and the Caribbean regions.

Cost of sales as a percentage of net sales decreased 0.9 percentage points, from 68.9% in 2013 to 68.0% in 2014. The decrease in cost of sales as a percentage of net sales was mainly the result of our continuous improvement in operating efficiency and product mix.

Operating expenses as a percentage of net sales increased 0.3 percentage points, from 21.2% in 2013 to 21.5% in 2014, mainly due to higher distribution expenses.

Operating EBITDA increased 4% to US$2.7 billion in 2014. The increase was due mainly to higher contributions from our U.S., Northern Europe, Mediterranean, and Asia regions.

Operating EBITDA margin remained flat at 17.4% during 2014 versus the preceding year.

Other expenses, net, for the year were US$384 million, which mainly included impairment of fixed assets, a loss in sales of fixed assets, and severance payments.

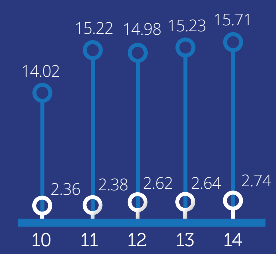
We reported a loss on financial instruments of US$65 million in 2014. This loss resulted mainly from our equity derivatives related to CEMEX shares.

We reported a foreign exchange gain of US$293 million in 2014, resulting mainly from the fluctuation of the Mexican peso versus the U.S. dollar.

We reported a controlling interest net loss of US$507 million in 2014 versus a loss of US$843 million in 2013. The lower annual loss primarily reflects higher operating earnings before other expenses, net, higher foreign exchange gain, and lower income tax, partially offset by a higher loss on financial instruments.

Total debt plus perpetual notes decreased US$1.2 billion to US$16.3 billion at the end of 2014.

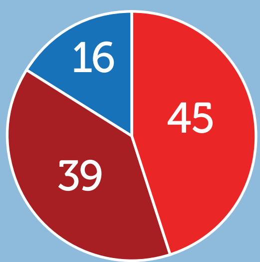
Net sales and operating EBITDA
(billions of US dollars)



Free cash flow after maintenance capital expenditures
(millions of US dollars)

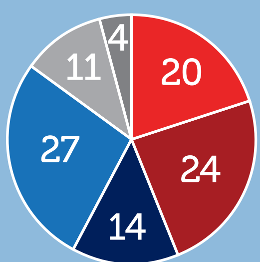
Global review of operations

Sales distribution by product
(percentage)



- Cement
- Ready-mix
- Aggregates

Sales distribution by region[9]
(percentage)



- Mexico
- United States
- South, Central America and the Caribbean
- Northern Europe
- Mediterranean
- Asia

Global operations

	MEXICO	UNITED STATES[1]	NORTHERN EUROPE[2]	MEDITER-RANEAN[3]	SOUTH, CENTRAL AMERICA AND THE CARIBBEAN[4]	ASIA[5]	OTHER AND INTERCOMPANY ELIMINATIONS	TOTAL
Net sales	3,185	3,678	4,153	1,644	2,195	612	241	15,708
Operating earnings before other expenses, net	819	(9)	140	234	639	112	(278)	1,659
Operating EBITDA	999	421	367	333	727	143	(250)	2,740
Assets[6]	5,196	15,541	5,004	2,761	2,328	776	3,329	34,936

millions of US dollars as of December 31, 2014

Global capacity[7]

	MEXICO	UNITED STATES	NORTHERN EUROPE	MEDITER-RANEAN	SOUTH, CENTRAL AMERICA AND THE CARIBBEAN	ASIA	OTHER AND INTERCOMPANY ELIMINATIONS	TOTAL
Cement production capacity (million metric tons/year)	29.3	17.1	12.4	17.2	12.0	5.7		93.7
Cement plants (controlled)	15	13	7	10	7	3		55
Cement plants (minority part.)	3	5	1	0	3	0		12
Ready-mix plants[8]	282	353	785	165	134	17		1,736
Aggregates quarries[8]	16	74	197	30	20	4		341
Land distribution centers	78	41	32	32	25	25		233
Marine terminals	7	5	23	13	11	4		63

as of December 31, 2014

1 Beginning March 31, 2011, includes the operations of Ready Mix USA LLC. **2** Includes operations in Austria, Czech Republic, Finland, France, Germany, Hungary, Ireland (until August 2014), Latvia, Lithuania, Norway, Poland, Sweden, and the United Kingdom. **3** Includes operations in Croatia, Egypt, Israel, Spain, and the United Arab Emirates. **4** Includes operations in Arg entina, Colombia, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Jamaica, Nicaragua, Panama, Peru, Puerto Rico, as well as other operations in the Caribbean region. **5** Includes operations in Bangladesh, China (until September 2014), Malaysia, the Philippines, and Thailand. **6** Includes assets in associated participation. **7** This table does not give effect to the transactions with Holcim. **8** Includes active and inactive operations that are leased, owned, or with a minority participation; aggregates quarries with depleted reserves are excluded. **9** Before other and intercompany eliminations.

Global review of operations

The residential construction sector was an important driver of demand for our products in our U.S. and Mexican operations.

Affordable Housing Project, Mexico

Use of ready-mix in housing projects, United States

Mexico

In 2014, our Mexican operations' net sales remained flat year over year at US$3.2 billion, and operating EBITDA declined 1% to US$1.0 billion. Our domestic gray cement, ready-mix concrete, and aggregates volumes increased 2%, 3%, and 10%, respectively, for the year.

During the year, bulk cement sales performed positively driven by the formal residential sector and, to a lesser extent, the industrial-and-commercial sector. The informal residential sector showed slight growth in the second half of the year supported by improved economic indicators such as job creation, consumer confidence, and remittances. Toward the end of the year, the infrastructure sector saw increased activity fostered by the continued strong levels of public investment.

United States

Our U.S. operations' net sales increased 11% year over year to US$3.7 billion in 2014. Operating EBITDA rose to US$421 million, from US$255 million a year ago. Our U.S. operations' domestic gray cement and ready-mix concrete volumes, adjusted for the transfer of our ready-mix assets with Concrete Supply, both increased 7%, while our aggregates volumes declined by 2% for 2014.

Our increased cement volumes for the year reflected improved demand in most of our markets. The industrial-and-commercial sector and the steady expansion of the residential sector were the main drivers of volume growth. Office and manufacturing construction activity contributed favorably to the performance of the industrial-and-commercial sector, while strong fundamentals such as relatively high affordability, large pent-up demand, and low inventory levels drove residential construction sector activity. The infrastructure sector also contributed marginally to volume growth during the year.

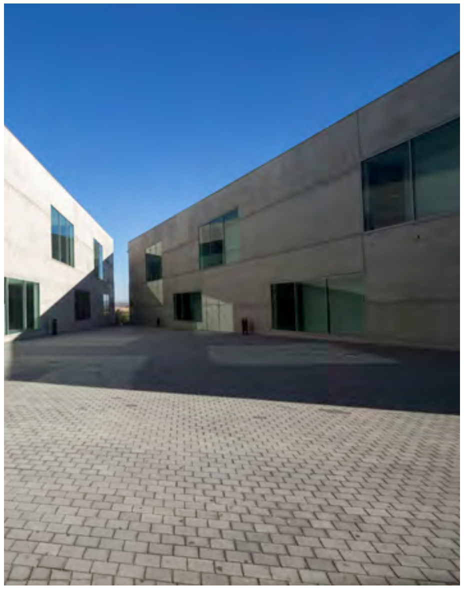
Northern Europe

Our Northern European operations' net sales increased 2% year over year to US$4.2 billion, and operating EBITDA improved 11% to US$367 million for 2014. For the full year, both our domestic gray cement and aggregates volumes increased 5%, while our ready-mix concrete volumes declined 2%.

In Germany, our operations' domestic gray cement volumes during 2014 remained flat versus the preceding year. The decrease in our volumes reflected the general change in the economic outlook and lower activity across all construction sectors during the second half of the

In Poland, the infrastructure sector was mainly responsible for increased construction activity for the year.
Protection for Dock Breakwater Extension, Poland

During 2014, Spain recorded cement and ready-mix concrete volume growth for the first time since 2005 and 2006, respectively.
San Jorge University, Spain



year. Nevertheless, the residential sector continued to benefit from low unemployment levels and mortgage rates, wage growth, and net immigration, while the industrial-and-commercial sector experienced postponements and cancellations of projects.

In Poland, our operations' domestic gray cement volumes increased 6% for the year. Coming from a low base, the infrastructure sector remained the main driver of demand. Industrial-and-commercial sector activity was driven by office, warehouse, and hotel construction. After a positive first half of the year, activity slowed in the residential sector.

In France, our operations' ready-mix concrete volumes decreased 6%, while our aggregates volumes increased 4% in 2014. During the year, we experienced increased activity in traded aggregates volumes. Our volumes for the year were affected by the deterioration of the country's economy. The infrastructure sector was supported by a number of ongoing highway and high-speed railway projects that started during 2012; however, this sector's activity slowed as a result of financing constraints and the government's goal to reduce the deficit. The residential sector remained affected by the high level of unemployment, the loss of purchasing power, and a less attractive buy-to-let program.

In the United Kingdom, our operations' domestic gray cement, ready-mix concrete, and aggregates volumes increased 2%, 1%, and 13%, respectively, for the year. The residential sector drove demand for our products, supported by the improvement in economic conditions, a rise in consumer confidence, and government incentives to promote home ownership. The industrial-and-commercial sector also performed favorably during the year, driven by warehouse and office construction in large cities.

Mediterranean

In the Mediterranean region, our operations' net sales increased 9% year over year to US$1.6 billion, while operating EBITDA improved 3% to US$333 million in 2014. As a whole, our regional operations' ready-mix concrete volumes increased 8%, while our domestic gray cement and aggregates volumes decreased 2% and 4%, respectively, for the year.

Our Spanish operations' domestic gray cement and ready-mix concrete volumes increased 2% and 6%, respectively, in 2014. The improvement in the country's macroeconomic conditions, better credit conditions, and the stabilization of home prices led to improved residential sector activity. In the infrastructure sector, the increase in public biddings observed during the year started to translate into construction activity during the latter part of the year.

In Egypt, our operations' domestic gray cement volumes decreased 6% for the year.

Volumes during the year were affected by electricity shortages and increased cement production capacity in the country. The informal residential sector was the main driver of demand in the country, supported by our alternative fuel strategy, while the formal residential sector experienced increased activity.

South, Central America and the Caribbean

In 2014, our net sales in the region decreased 2% to US$2.2 billion, while our operating EBITDA declined 8% to US$727 million. As a whole, our regional operations' domestic gray cement, ready-mix concrete, and aggregates volumes improved 5%, 8%, and 15%, respectively, for the year.

Our Colombian operations' domestic gray cement, ready-mix concrete, and aggregates volumes increased 16%, 14%, and 20%, respectively, in 2014. Construction activity during the year was driven by positive performance in all segments of demand. The residential sector continued its positive trend, benefiting from government-sponsored housing initiatives. The informal residential sector performed favorably during the year, supported by positive economic conditions. The infrastructure sector was also an important driver of demand for our products, thanks to several ongoing projects that were awarded in prior years.

In Panama, our domestic gray cement and ready-mix concrete volumes declined by 15% and 1%, respectively, while our aggregates volumes increased by 4% for the year. The decline in cement volumes was mainly due to lower consumption from the Panama Canal expansion project. The residential sector was the main driver of demand for our products.

Asia

Our Asian operations' net sales increased 6% year over year to US$612 million, while our operating EBITDA grew 9% to US$143 million in 2014. As a whole, our regional domestic gray cement volumes increased 9%, while our ready-mix concrete and aggregates volumes declined 13% and 22%, respectively, for the year.

In the Philippines, our domestic gray cement volumes increased 11% in 2014, benefiting from strong public and private spending. Our volumes during the year also reflected the introduction of our new production capacity during the second half of the year. The residential sector was supported by favorable economic conditions, including stable levels of inflation and mortgage rates and healthy inflows of remittances. The infrastructure sector also performed positively, benefiting from increased government spending, while the industrial-and-commercial sector continued its favorable trend during the year.

Our Colombian operations' domestic gray cement, ready-mix concrete, and aggregates achieved double-digit volume growth in 2014.
Colombia Ave. Underpass, Colombia

In the Philippines, our cement volumes benefited from strong public and private spending during the year.
City of Dreams, Philippines

9.5 million metric tons

our trading volume of cement and clinker

Trading

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

In 2014, we enjoyed trading relationships in over 100 countries. Our trading volume totaled almost 10.2 million metric tons of cementitious materials, including approximately 9.5 million metric tons of cement and clinker. We also maintained a sizeable trading position of 0.7 million metric tons of granulated blast furnace slag, a non-clinker cementitious material.

Freight rates, which have been extremely volatile in recent years, account for a large share of our total import supply cost. However, we have obtained significant savings by timely contracting maritime transportation and by using our own and chartered fleets—which transported approximately 34% of our traded cement and clinker volume in 2014.

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

Our trading operations help us to optimize our worldwide production capacity, deliver excess cement to where it is most needed, and explore new markets without the necessity of making immediate capital investments.

Consolidated financial statements

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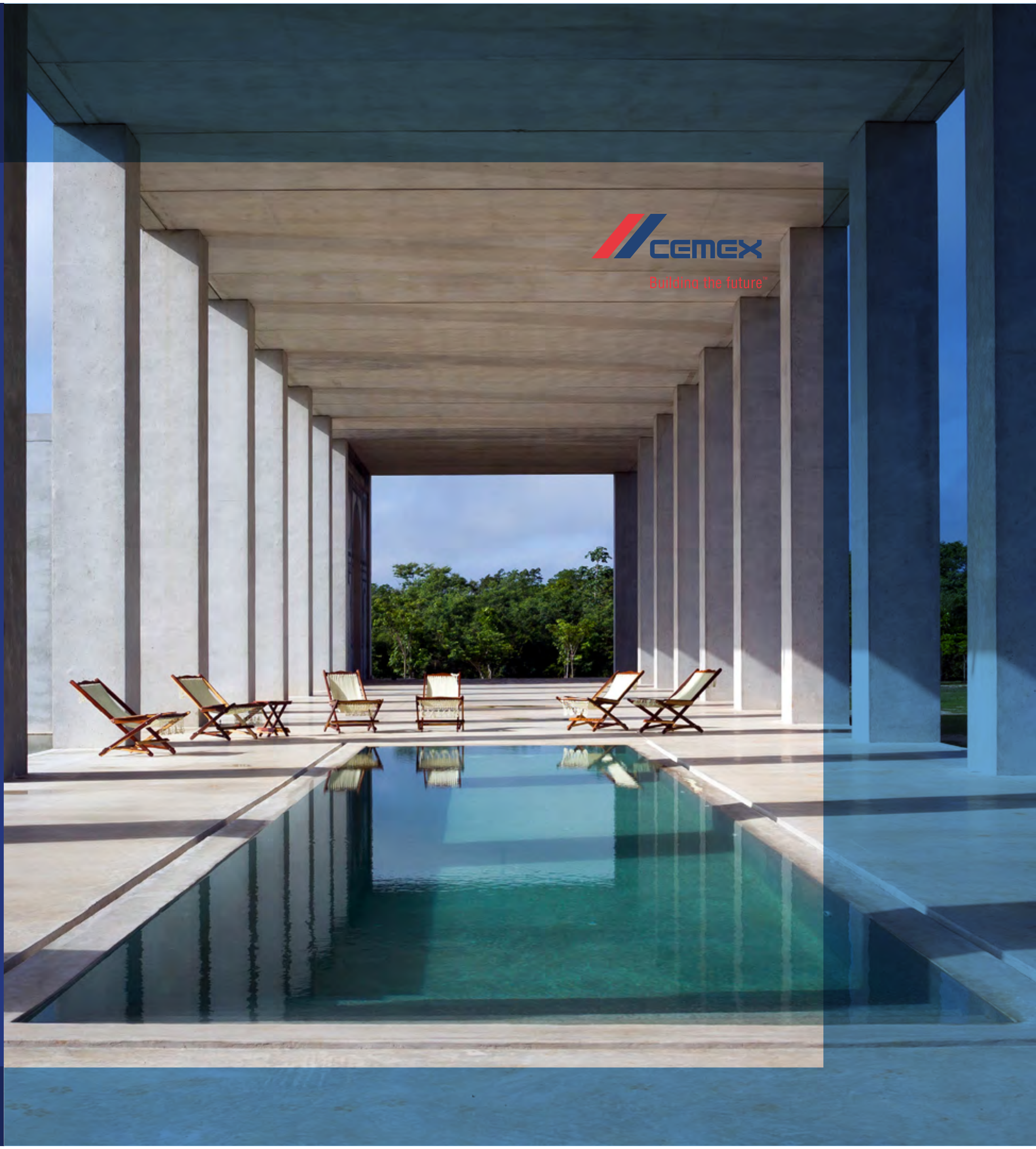

Independent auditor's report

The Board of Directors

and Stockholders

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

We have audited the accompanying consolidated financial statements of CEMEX, S.A.B. de C.V. and its subsidiaries ("the Company"), which comprise the consolidated balance sheets as at December 31, 2014 and 2013, the consolidated statements of operations, comprehensive loss, changes in stockholders' equity, and cash flows for the years ended December 31, 2014, 2013 and 2012, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of CEMEX, S.A.B. de C.V. and its subsidiaries as at December 31, 2014 and 2013, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2014, 2013 and 2012, in accordance with International Financial Reporting Standards.

KPMG Cárdenas Dosal, S.C.

Luis Gabriel Ortiz Esqueda

Monterrey, N.L., Mexico
January 29, 2015

Consolidated statements of operations

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

	Note		Years ended December 31, 2014	2013	2012
Net sales	3	$	210,023	195,661	197,036
Cost of sales	2R		(142,746)	(134,774)	(138,706)
Gross profit			**67,277**	**60,887**	**58,330**
Administrative and selling expenses			(25,263)	(24,142)	(23,749)
Distribution expenses			(19,831)	(17,241)	(17,580)
	2R		(45,094)	(41,383)	(41,329)
Operating earnings before other expenses, net	2A		**22,183**	**19,504**	**17,001**
Other expenses, net	6		(5,128)	(4,903)	(5,490)
Operating earnings			**17,055**	**14,601**	**11,511**
Financial expense	16		(21,504)	(19,937)	(18,511)
Other financial income, net	7		2,495	1,706	977
Equity in gain of associates	13A		297	229	728
Loss before income tax			**(1,657)**	**(3,401)**	**(5,295)**
Income tax	19		(4,023)	(6,210)	(6,043)
CONSOLIDATED NET LOSS			**(5,680)**	**(9,611)**	**(11,338)**
Non-controlling interest net income			1,103	1,223	662
CONTROLLING INTEREST NET LOSS		**$**	**(6,783)**	**(10,834)**	**(12,000)**
BASIC LOSS PER SHARE	22	**$**	**(0.18)**	**(0.29)**	**(0.33)**
DILUTED LOSS PER SHARE	22	**$**	**(0.18)**	**(0.29)**	**(0.33)**

The accompanying notes are part of these consolidated financial statements.

Consolidated statements of comprehensive loss

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

	Note		Years ended December 31, 2014	2013	2012
CONSOLIDATED NET LOSS		$	**(5,680)**	**(9,611)**	**(11,338)**
Items that will not be reclassified subsequently to profit or loss					
Actuarial losses	18		(3,025)	(391)	(754)
Income tax recognized directly in other comprehensive income	19		486	(122)	263
			(2,539)	(513)	(491)
Items that will be reclassified subsequently to profit or loss when specific conditions are met					
Effects from available-for-sale investments	13B		(94)	80	(44)
Currency translation of foreign subsidiaries	20B		501	952	(7,324)
Income tax recognized directly in other comprehensive income	19		(85)	(1,085)	(3,639)
			322	(53)	(11,007)
Other comprehensive loss			(2,217)	(566)	(11,498)
TOTAL COMPREHENSIVE LOSS			**(7,897)**	**(10,177)**	**(22,836)**
Non-controlling interest comprehensive income			2,129	892	662
CONTROLLING INTEREST COMPREHENSIVE LOSS		$	**(10,026)**	**(11,069)**	**(23,498)**

The accompanying notes are part of these consolidated financial statements.

Consolidated balance sheets

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

	Note		December 31, 2014	2013
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	8	$	12,589	15,176
Trade receivables less allowance for doubtful accounts	9		26,954	25,971
Other accounts receivable	10		4,435	7,010
Inventories, net	11		18,074	16,985
Other current assets	12		8,906	3,906
Total current assets			70,958	69,048
NON-CURRENT ASSETS				
Investments in associates	13A		9,560	9,022
Other investments and non-current accounts receivable	13B		10,317	12,060
Property, machinery and equipment, net	14		202,928	205,717
Goodwill and intangible assets, net	15		193,484	174,940
Deferred income taxes	19B		27,714	25,343
Total non-current assets			444,003	427,082
TOTAL ASSETS		$	**514,961**	**496,130**
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Short-term debt including current maturities of long-term debt	16A	$	14,507	3,959
Other financial obligations	16B		11,512	5,568
Trade payables			24,271	22,202
Income tax payable			9,890	9,779
Other accounts payable and accrued expenses	17		20,045	18,054
Total current liabilities			80,225	59,562
NON-CURRENT LIABILITIES				
Long-term debt	16A		191,327	187,021
Other financial obligations	16B		27,083	33,750
Employee benefits	18		16,881	14,073
Deferred income taxes	19B		19,783	18,315
Other non-current liabilities	17		31,491	35,091
Total non-current liabilities			286,565	288,250
TOTAL LIABILITIES			**366,790**	**347,812**
STOCKHOLDERS' EQUITY				
Controlling interest:				
Common stock and additional paid-in capital	20A		105,367	88,943
Other equity reserves	20B		10,738	15,037
Retained earnings	20C		21,781	40,233
Net loss			(6,783)	(10,834)
Total controlling interest			131,103	133,379
Non-controlling interest and perpetual debentures	20D		17,068	14,939
TOTAL STOCKHOLDERS' EQUITY			**148,171**	**148,318**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		$	**514,961**	**496,130**

The accompanying notes are part of these consolidated financial statements.

Consolidated statements of cash flows

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

(Millions of Mexican pesos)

	Notes		Years ended December 31, 2014	2013	2012
OPERATING ACTIVITIES					
Consolidated net loss		$	**(5,680)**	**(9,611)**	**(11,338)**
Non-cash items:					
Depreciation and amortization of assets	5		14,457	14,459	17,505
Impairment losses	6		3,867	1,591	1,661
Equity in gain of associates	13A		(297)	(229)	(728)
Other (expenses) income, net			(409)	476	1,593
Financial items, net			19,009	18,231	17,534
Income taxes	19		4,023	6,210	6,043
Changes in working capital, excluding income taxes			1,544	(4,082)	(2,048)
Net cash flow provided by operating activities before interest, coupons on perpetual debentures and income taxes			**36,514**	**27,045**	**30,222**
Financial expense paid in cash including coupons on perpetual debentures	20D		(16,844)	(19,110)	(19,564)
Income taxes paid in cash			(7,678)	(6,665)	(4,709)
Net cash flows provided by operating activities			**11,992**	**1,270**	**5,949**
INVESTING ACTIVITIES					
Property, machinery and equipment, net	14		(6,134)	(5,570)	(5,922)
Disposal (acquisition) of subsidiaries and associates, net	13, 15		167	1,259	(895)
Intangible assets and other deferred charges	15		(902)	(1,203)	(438)
Long term assets and others, net			208	118	4,696
Net cash flows used in investing activities			**(6,661)**	**(5,396)**	**(2,559)**
FINANCING ACTIVITIES					
Issuance of common stock by subsidiaries	20D		–	–	12,442
Derivative instruments			1,561	(256)	1,633
Issuance (repayment) of debt, net	16A		(11,110)	5,933	(17,239)
Securitization of trade receivables			2,052	(1,854)	(193)
Non-current liabilities, net			(1,130)	(568)	(1,679)
Net cash flows (used in) provided by financing activities			**(8,627)**	**3,255**	**(5,036)**
Decrease in cash and cash equivalents			(3,296)	(871)	(1,646)
Cash conversion effect, net			709	3,569	(2,004)
Cash and cash equivalents at beginning of year			15,176	12,478	16,128
CASH AND CASH EQUIVALENTS AT END OF YEAR	8	$	**12,589**	**15,176**	**12,478**
Changes in working capital, excluding income taxes:					
Trade receivables, net		$	(3,266)	(2,187)	2,956
Other accounts receivable and other assets			1,264	(1,033)	(2,010)
Inventories			(2,735)	(616)	1,412
Trade payables			3,794	1,620	(424)
Other accounts payable and accrued expenses			2,487	(1,866)	(3,982)
Changes in working capital, excluding income taxes		$	**1,544**	**(4,082)**	**(2,048)**

The accompanying notes are part of these consolidated financial statements.

Statements of changes in stockholders' equity

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

and subsidiaries

(Millions of Mexican pesos)

	Notes	Common stock	Additional paid-in capital	Other equity reserves	Retained earnings	Total controlling interest	Non-controlling interest	Total stockholders' equity
Balance at December 31, 2011		**$ 4,135**	**109,309**	**14,965**	**26,695**	**155,104**	**16,602**	**171,706**
Net loss		–	–	–	(12,000)	(12,000)	662	(11,338)
Total other items of comprehensive loss		–	–	(11,498)	–	(11,498)	–	(11,498)
Capitalization of retained earnings	20A	4	4,134	–	(4,138)	–	–	–
Stock-based compensation	20A, 21	–	486	136	–	622	–	622
Effects of perpetual debentures	20D	–	–	1,227	–	1,227	(7,004)	(5,777)
Changes in non-controlling interest	20D	–	–	7,684	–	7,684	4,228	11,912
Balance at December 31, 2012		**4,139**	**113,929**	**12,514**	**10,557**	**141,139**	**14,488**	**155,627**
Net loss		–	–	–	(10,834)	(10,834)	1,223	(9,611)
Total other items of comprehensive loss		–	–	(235)	–	(235)	(331)	(566)
Change in the Parent Company's functional currency	20D	–	–	3,027	–	3,027	–	3,027
Restitution of retained earnings		–	(35,667)	–	35,667	–	–	–
Capitalization of retained earnings	20A	4	5,987	–	(5,991)	–	–	–
Stock-based compensation	20A, 21	–	551	136	–	687	–	687
Effects of perpetual debentures	20D	–	–	(405)	–	(405)	–	(405)
Changes in non-controlling interest	20D	–	–	–	–	–	(441)	(441)
Balance at December 31, 2013		**4,143**	**84,800**	**15,037**	**29,399**	**133,379**	**14,939**	**148,318**
Net loss		–	–	–	(6,783)	(6,783)	1,103	(5,680)
Total other items of comprehensive loss		–	–	(3,243)	–	(3,243)	1,026	(2,217)
Effects of early conversion of subordinated notes	16B	4	8,037	(601)	–	7,440	–	7,440
Capitalization of retained earnings	20A	4	7,614	–	(7,618)	–	–	–
Stock-based compensation	20A, 21	–	765	(35)	–	730	–	730
Effects of perpetual debentures	20D	–	–	(420)	–	(420)	–	(420)
Balance at December 31, 2014		**$ 4,151**	**101,216**	**10,738**	**14,998**	**131,103**	**17,068**	**148,171**

The accompanying notes are part of these consolidated financial statements.

Notes to the consolidated financial statements

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

and subsidiaries

As of December 31, 2014,

2013 and 2012

(Millions of Mexican pesos)

1) Description of business

CEMEX, S.A.B. de C.V., a public stock corporation with variable capital (S.A.B. de C.V.) organized under the laws of the United Mexican States, or Mexico, is a holding company (parent) of entities whose main activities are oriented to the construction industry, through the production, marketing, distribution and sale of cement, ready-mix concrete, aggregates and other construction materials. In addition, in order to facilitate the acquisition of financing and to run its operations in Mexico more efficiently considering that there are efficiency and improvement opportunities by shifting from a platform where its customers were served from different entities according to its line of business (i.e. cement, concrete, aggregates), into a platform where customers, sorted by end-user segment (i.e. distributor, builder, manufacturer) are now serviced from a single entity. In a first phase, beginning in April 1, 2014, CEMEX, S.A.B de C.V. integrated and carried out all businesses and operational activities of the cement and aggregates sectors in Mexico. During the second phase beginning in 2015, CEMEX, S.A.B. de C.V. will integrate productive, commercial, marketing and administrative activities related to the sale of ready-mix concrete in Mexico.

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

The terms "CEMEX, S.A.B. de C.V." and/or the "Parent Company" used in these accompanying notes to the financial statements refer to CEMEX, S.A.B. de C.V. without its consolidated subsidiaries. The terms the "Company" or "CEMEX" refer to CEMEX, S.A.B. de C.V. together with its consolidated subsidiaries. The issuance of these consolidated financial statements was authorized by the management of CEMEX, S.A.B. de C.V. on January 29, 2015.

2) Significant accounting policies

2A) Basis of presentation and disclosure

The consolidated financial statements as of December 31, 2014 and 2013 and for the years ended December 31, 2014, 2013 and 2012, were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Presentation currency and definition of terms

The presentation currency of the consolidated financial statements is the Mexican peso, which is also the currency in which the Company submits its periodic filings to the MSE. When reference is made to pesos or "$" it means Mexican pesos. The amounts in the financial statements and the accompanying notes are stated in millions, except when references are made to loss per share and/or prices per share. When reference is made to "US$" or "dollars," it means dollars of the United States of America ("United States"). When reference is made to "€" or "euros," it means the currency in circulation in a significant number of European Union ("EU") countries. When it is deemed relevant, certain amounts presented in the notes to the financial statements include between parentheses a convenience translation into dollars or into pesos, as applicable. These translations should not be construed as representations that the amounts in pesos or dollars, as applicable, actually represent those peso or dollar amounts or could be converted into pesos or dollars at the rate indicated. As of December 31, 2014 and 2013, translations of pesos into dollars and dollars into pesos, were determined for balance sheet amounts using the closing exchange rates of $14.74 and $13.05 pesos per dollar, respectively, and for statements of operations amounts, using the average exchange rates of $13.37, $12.85 and $13.15 pesos per dollar for 2014, 2013 and 2012, respectively. When the amounts between parentheses are the peso and the dollar, the amounts were determined by translating the euro amount into dollars using the closing exchange rates at year-end and then translating the dollars into pesos as previously described.

All amounts disclosed in these notes to the financial statements, mainly in connection with tax or legal proceedings (notes 19D and 24), which are originated in jurisdictions which currencies are different to the dollar, are presented in dollar equivalents as of the closing of the most recent year presented. Consequently, without any change in the original currency, such dollar amounts will fluctuate over time due to changes in exchange rates.

Statements of operations

In the statements of operations, CEMEX includes the line item titled "Operating earnings before other expenses, net" considering that it is a relevant measure for CEMEX's management as explained in note 4. Under IFRS, while there are line items that are customarily included in the statement of operations, such as net sales, operating costs and expenses and financial revenues and expenses, among others, the inclusion of certain subtotals such as "Operating earnings before other expenses, net," and the display of such statement of operations varies significantly by industry and company according to specific needs.

The line item "Other expenses, net" in the statements of operations consists primarily of revenues and expenses not directly related to CEMEX's main activities, or which are of an unusual and/or non-recurring nature, including impairment losses of long-lived assets, results on disposal of assets and restructuring costs, among others (note 6).

Statements of other comprehensive loss

For the years ended December 31, 2014, 2013 and 2012, based on IAS 1, *Presentation of financial statements*, CEMEX presents line items for amounts of other comprehensive income (loss) in the period grouped into those that, in accordance with other IFRSs: a) will not be reclassified subsequently to profit or loss; and b) will be reclassified subsequently to profit or loss when specific conditions are met.

Statements of cash flows

The statements of cash flows present cash inflows and outflows, excluding unrealized foreign exchange effects, as well as the following transactions that did not represent sources or uses of cash:

- In 2014, the decrease in debt for $6,483, the decrease in other equity reserves for $601, the increase in common stock for $4 and the increase in additional paid-in capital for $8,037, in connection with several early conversions of the 4.875% Optional Convertible Subordinated Notes due 2015 (the "2015 Convertible Notes") for a notional amount of approximately US$511, incurred in different dates during the year, pursuant to which inducement premiums of approximately $828 were recognized as expense within the line item "Other financial income, net" (note 16B);
- In 2014, 2013 and 2012, the increases in common stock and additional paid-in capital associated with: (i) the capitalization of retained earnings for $7,618, $5,991 and $4,138, respectively (note 20A); and (ii) CPOs issued as part of the executive stock-based compensation for $765, $551 y $486, respectively (note 20A);
- In 2014, 2013 and 2012, the increases in property, plant and equipment for approximately $108, $141 and $2,025, respectively, a decrease in debt for approximately $827, a decrease of approximately $657, and an increase of approximately $1,401, respectively, associated with the negotiation of capital leases during the year (note 16B);
- In 2013, the increase in investments in associates for $712, related to CEMEX´s joint arrangement in Concrete Supply Co., LLC. (note 13A). As part of the agreement CEMEX contributed cash of approximately US$4 million;
- In 2013, the decrease in other non-current liabilities for approximately $4,325 before a deferred tax liability of approximately $1,298, as a result of the change in the functional currency at the Parent Company (note 16B);
- In 2012, the exchange of approximately US$452 (48%) of CEMEX's then outstanding perpetual debentures and of approximately €470 (53%) of CEMEX's then outstanding Euro-denominated 4.75% notes due 2014, for new Euro-denominated notes for €179 and new Dollar-denominated notes for US$704. These exchanges represented a net increase in debt of $4,111, a reduction in equity's non controlling interest of $5,808, and an increase in equity's controlling interest of $1,680.

2B) Principles of consolidation

Pursuant to IFRS 10, *Consolidated financial statements*, the consolidated financial statements include those of CEMEX, S.A.B. de C.V. and those of the entities, including Special Purpose Entities ("SPEs"), in which the Parent Company exercises control, by means of which the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Among other factors, control is evidenced when the Parent Company: a) holds directly or through subsidiaries, more than 50% of an entity's common stock; b) has the power, directly or indirectly, to govern the administrative, financial and operating policies of an entity, or c) is the primary receptor of the risks and rewards of a SPE. Balances and operations between related parties are eliminated in consolidation.

Pursuant to IAS 28, *Investments in associates*, investments in associates are accounted for by the equity method when CEMEX has significant influence, which is generally presumed with a minimum equity interest of 20%, unless it is proven in unusual cases that CEMEX has significant influence with a lower percentage. The equity method reflects in the financial statements the investment's original cost and the proportional interest of the holding company in the associate's equity and earnings after acquisition, considering, if applicable, the effects of inflation. According to IFRS 11, *Joint arrangements*, the financial statements of joint ventures, are those joint arrangements in which CEMEX and other third-party investors have agreed to exercise joint control and have rights to the net assets of the arrangement, are recognized under the equity method, whereas, the financial statements of joint operations, in which the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement, are proportionally consolidated line-by-line. The equity method is discontinued when the carrying amount of the investment, including any long-term interest in the associate or joint venture, is reduced to zero, unless CEMEX has incurred or guaranteed additional obligations of the associate or joint venture.

Other investments of a permanent nature where CEMEX holds equity interests of less than 20% and/or there is no significant influence are carried at their historical cost.

2C) Use of estimates and critical assumptions

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

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

2D) Foreign currency transactions and translation of foreign currency financial statements

According to IAS 21, *The effects of changes in foreign exchange rates* ("IAS 21"), transactions denominated in foreign currencies are recorded in the functional currency at the exchange rates prevailing on the dates of their execution. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the balance sheet date, and the resulting foreign exchange fluctuations are recognized in earnings, except for exchange fluctuations arising from: 1) foreign currency indebtedness associated to the acquisition of foreign entities; and 2) fluctuations associated with related parties' balances denominated in foreign currency, which settlement is neither planned nor likely to occur in the foreseeable future and as a result, such balances are of a permanent investment nature. These fluctuations are recorded against "Other equity reserves," as part of the foreign currency translation adjustment (note 20B) until the disposal of the foreign net investment, at which time, the accumulated amount is recycled through the statement of operations as part of the gain or loss on disposal.

The financial statements of foreign subsidiaries, as determined using their respective functional currency, are translated to pesos at the closing exchange rate for balance sheet accounts and at the closing exchange rates of each month within the period for statements of operations accounts. The functional currency is that in which each consolidated entity primarily generates and expends cash. The corresponding translation effect is included within "Other equity reserves" and is presented in the statement of other comprehensive income (loss) for the period as part of the foreign currency translation adjustment (note 20B) until the disposal of the net investment in the foreign subsidiary.

(Millions of Mexican pesos)

Considering guidance in IAS 21, and changing circumstances on the net monetary position in foreign currencies of the Parent Company, resulting mainly from: a) a significant decrease in tax liabilities denominated in Mexican Pesos; b) a significant increase in its U.S. Dollar-denominated debt and other financial obligations; and c) the increase in U.S. Dollar-denominated intra-group administrative expenses associated with the externalization of major back office activities with IBM (note 23C); effective as of January 1, 2013, CEMEX, S.A.B. de C.V., on a stand-alone basis, prospectively changed its functional currency from the Mexican Peso to the U.S. Dollar. The main effects in the Parent Company's-only financial statements beginning on January 1, 2013, associated with the change in functional currency, as compared to prior years are: i) all transactions, revenues and expenses in any currency are recognized in U.S. Dollars at the exchange rates prevailing at their execution dates; ii) monetary balances of CEMEX, S.A.B. de C.V. denominated in U.S. Dollars will not generate foreign currency fluctuations, while monetary balances in Mexican Pesos and other non-U.S. Dollar-denominated balances will now generate foreign currency fluctuations through the statement of operations; and iii) the conversion option embedded in the Parent Company's mandatory convertible notes denominated in pesos are now treated as a stand-alone derivative instrument with changes in fair value through the statement of operations (notes 16B and 16D), the options embedded in the Parent Company's optional convertible notes denominated in dollars ceased to be treated as stand-alone derivatives, recognizing its fair value as an equity component (notes 16B and 16D). Based on IFRS, prior period financial statements were not restated.

During the reported periods, there were no subsidiaries whose functional currency was the currency of a hyperinflationary economy, which is generally considered to exist when the cumulative inflation rate over the last three years is approaching, or exceeds, 100%. In a hyperinflationary economy, the accounts of the subsidiary's statements of operations should be restated to constant amounts as of the reporting date, in which case, both the balance sheet accounts and the statements of operations accounts would be translated to pesos at the closing exchange rates of the year.

The most significant closing exchange rates and the approximate average exchange rates for balance sheet accounts and income statement accounts, as of December 31 2014, 2013 and 2012, were as follows:

	2014		2013		2012	
Currency	Closing	Average	Closing	Average	Closing	Average
Dollar	14.7400	13.3700	13.0500	12.8500	12.8500	13.1500
Euro	17.8386	17.6306	17.9554	17.1079	16.9615	16.9688
British Pound Sterling	22.9738	21.9931	21.6167	20.1106	20.8841	20.9373
Colombian Peso	0.0062	0.0066	0.0068	0.0068	0.0073	0.0073
Egyptian Pound	2.0584	1.8824	1.8750	1.8600	2.0233	2.1590
Philippine Peso	0.3296	0.3009	0.2940	0.3014	0.3130	0.3125

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

2E) Cash and cash equivalents (note 8)

The balance in this caption is comprised of available amounts of cash and cash equivalents, mainly represented by highly-liquid short-term investments, which are easily convertible into cash, and which are not subject to significant risks of changes in their values, including overnight investments, which yield fixed returns and have maturities of less than three months from the investment date. These fixed-income investments are recorded at cost plus accrued interest. Other investments which are easily convertible into cash are recorded at their market value. Gains or losses resulting from changes in market values and accrued interest are included in the statements of operations as part of "Other financial income (expense), net."

The amount of cash and cash equivalents in the balance sheet includes restricted cash and investments, comprised of deposits in margin accounts that guarantee several of CEMEX's obligations, to the extent that the restriction will be lifted in less than three months from the balance sheet date. When the restriction period is greater than three months, such restricted cash and investments are not considered cash equivalents and are included within short-term or long-term "Other accounts receivable," as appropriate. When contracts contain provisions for net settlement, these restricted amounts of cash and investments are offset against the liabilities that CEMEX has with its counterparties.

2F) Trade accounts receivable and other current accounts receivable (notes 9 and 10)

According to IAS 39, *Financial instruments: recognition and measurement* ("IAS 39"), items under this caption are classified as "loans and receivables", with no explicit cost, which are recorded at their amortized cost, which is represented by the net present value of the consideration receivable or payable as of the transaction date. Due to their short-term nature, CEMEX initially recognizes these receivables at the original invoiced amount less an estimate of doubtful accounts. Allowances for doubtful accounts as well as impairment of other current accounts receivable, are recognized against administrative and selling expenses.

Trade receivables sold under securitization programs, in which CEMEX maintains a residual interest in the trade accounts receivable sold in case of recovery failure, as well as continued involvement in such assets, do not qualify for derecognition and are maintained on the balance sheet.

2G) Inventories (note 11)

Inventories are valued using the lower of cost and net realizable value. The cost of inventories includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. CEMEX analyzes its inventory balances to determine if, as a result of internal events, such as physical damage, or external events, such as technological changes or market conditions, certain portions of such balances have become obsolete or impaired. When an impairment situation arises, the inventory balance is adjusted to its net realizable value, whereas, if an obsolescence situation occurs, the inventory obsolescence reserve is increased. In both cases, these adjustments are recognized against the results for the period. Advances to suppliers of inventory are presented as part of other short-term accounts receivable.

2H) Other investments and non-current receivables (note 13B)

As part of the category of "loans and receivables" under IAS 39, non-current accounts receivable, as well as investments classified as held to maturity are initially recognized at their amortized cost. Subsequent changes in net present value are recognized in the statements of operations as part of "Other financial income (expenses), net".

Investments in financial instruments held for trading, as well as those investments available for sale, classified under IAS 39, are recognized at their estimated fair value, in the first case through the statements of operations as part of "Other financial income (expenses), net", and in the second case, changes in valuation are recognized as part of "Other comprehensive income (loss) of the period" within "Other equity reserves" until their time of disposition, when all valuation effects accrued in equity are reclassified to "Other financial income (expenses), net" in the statements of operations. These investments are tested for impairment upon the occurrence of a significant adverse change or at least once a year during the last quarter.

2I) Property, machinery and equipment (note 14)

Property, machinery and equipment are recognized at their acquisition or construction cost, as applicable, less accumulated depreciation and accumulated impairment losses. Depreciation of fixed assets is recognized as part of cost and operating expenses (note 5), and is calculated using the straight-line method over the estimated useful lives of the assets, except for mineral reserves, which are depleted using the units-of-production method.

(Millions of Mexican pesos)

As of December 31, 2014, the maximum average useful lives by category of fixed assets were as follows:

	Years
Administrative buildings	34
Industrial buildings	33
Machinery and equipment in plant	18
Ready-mix trucks and motor vehicles	7
Office equipment and other assets	6

CEMEX capitalizes, as part of the related cost of fixed assets, interest expense from existing debt during the construction or installation period of significant fixed assets, considering CEMEX's corporate average interest rate and the average balance of investments in process for the period.

Based on IFRIC 20, *Stripping costs in the production phase of a surface mine* ("IFRIC 20"), all waste removal costs or stripping costs incurred in the operative phase of a surface mine that result in improved access to mineral reserves are recognized as part of the carrying amount of the related quarries. The capitalized amounts are further amortized over the expected useful life of exposed ore body based on the units of production method. Until December 31, 2012, only initial stripping costs were capitalized, while ongoing stripping costs in the same quarry were expensed as incurred, consequently, the consolidated statement of operations for the year ended December 31, 2012 included as part of these consolidated financial statements was restated as a result of the adoption of IFRIC 20. The effects were not significant.

Costs incurred in respect of operating fixed assets that result in future economic benefits, such as an extension in their useful lives, an increase in their production capacity or in safety, as well as those costs incurred to mitigate or prevent environmental damage, are capitalized as part of the carrying amount of the related assets. The capitalized costs are depreciated over the remaining useful lives of such fixed assets. Periodic maintenance on fixed assets is expensed as incurred. Advances to suppliers of fixed assets are presented as part of other long-term accounts receivable.

2J) Business combinations, goodwill, other intangible assets and deferred charges (note 15)

Business combinations are recognized using the purchase method, by allocating the consideration transferred to assume control of the entity to all assets acquired and liabilities assumed, based on their estimated fair values as of the acquisition date. Intangible assets acquired are identified and recognized at fair value. Any unallocated portion of the purchase price represents goodwill, which is not amortized and is subject to periodic impairment tests (note 2K), can be adjusted for any correction to the preliminary assessment given to the assets acquired and/or liabilities assumed within the twelve-month period after purchase. Costs associated with the acquisition are expensed in the statements of operations as incurred.

CEMEX capitalizes intangible assets acquired, as well as costs incurred in the development of intangible assets, when future economic benefits associated with the assets are identified and there is evidence of control over such benefits. Intangible assets are presented at their acquisition or development cost. Such assets are classified as having a definite or indefinite life; the latter are not amortized since the period cannot be accurately established in which the benefits associated with such intangibles will terminate. Amortization of intangible assets of definite life is calculated under the straight-line method and recognized as part of costs and operating expenses (note 5).

Startup costs are recognized in the statements of operations as they are incurred. Costs associated with research and development activities ("R&D activities"), performed by CEMEX to create products and services, as well as to develop processes, equipment and methods to optimize operational efficiency and reduce costs, are recognized in the operating results as incurred. The Technology and Energy departments in CEMEX undertake all significant R&D activities as part of their daily activities. In 2014, 2013 and 2012, total combined expenses of these departments were approximately $538 (US$36), $494 (US$38) and $514 (US$40), respectively. Development costs are capitalized only if they meet the definition of intangible asset mentioned above.

Direct costs incurred in the development stage of computer software for internal use are capitalized and amortized through the operating results over the useful life of the software, which on average is approximately 5 years.

Costs incurred in exploration activities such as payments for rights to explore, topographical and geological studies, as well as trenching, among other items incurred to assess the technical and commercial feasibility of extracting a mineral resource, which are not significant to CEMEX, are capitalized when future economic benefits associated with such activities are identified. When extraction begins, these costs are amortized during the useful life of the quarry based on the estimated tons of material to be extracted. When future economic benefits are not achieved, any capitalized costs are subject to impairment.

CEMEX's extraction rights have maximum useful lives that range from 30 to 100 years, depending on the sector, and the expected life of the related reserves. As of December 31, 2014, except for extraction rights and/or as otherwise indicated, CEMEX's intangible assets are amortized on a straight line basis over their useful lives that range on average from 3 to 20 years.

2K) Impairment of long lived assets (notes 14 and 15)

Impairment of property, machinery and equipment, intangible assets of definite life and other investments

Property, machinery and equipment, intangible assets of definite life and other investments are tested for impairment upon the occurrence of factors such as the occurrence of a significant adverse event, changes in CEMEX's operating environment, changes in projected use or in technology, as well as expectations of lower operating results for each cash generating unit, in order to determine whether their carrying amounts may not be recovered. In such cases, an impairment loss is recorded in the income statements for the period when such determination is made within "Other expenses, net." The impairment loss of an asset results from the excess of the asset's carrying amount over its recoverable amount, corresponding to the higher of the fair value of the asset, less costs to sell such asset, and the asset's value in use, the latter represented by the net present value of estimated cash flows related to the use and eventual disposal of the asset.

Significant judgment by management is required to appropriately assess the fair values and values in use of these assets. The main assumptions utilized to develop these estimates are a discount rate that reflects the risk of the cash flows associated with the assets evaluated and the estimations of generation of future income. Those assumptions are evaluated for reasonableness by comparing such discount rates to available market information and by comparing to third-party expectations of industry growth, such as governmental agencies or industry chambers of commerce.

Goodwill

Goodwill is tested for impairment when required due to significant adverse changes or at least once a year, during the last quarter of such year, by determining the recoverable amount of the group of cash-generating units ("CGUs") to which goodwill balances have been allocated, which consists of the higher of such group of CGUs fair value, less cost to sell and its value in use, represented by the discounted amount of estimated future cash flows to be generated by such CGUs to which goodwill has been allocated. Other intangible assets of indefinite life may be tested at the CGU or group of CGUs level, depending on their allocation. CEMEX determines discounted cash flows generally over periods of 5 years. In specific circumstances, when, according to CEMEX's experience, actual results for a given cash-generating unit do not fairly reflect historical performance and most external economic variables provide the Company with confidence that a reasonably determinable improvement in the mid-term is expected in their operating results, management uses cash flow projections over a period of up to 10 years, to the extent CEMEX has detailed, explicit and reliable financial forecasts and is confident and can demonstrate its ability, based on past experience, to forecast cash flows accurately over that longer period. The number of additional periods above the standard period of 5 years of cash flow projections up to 10 years is determined by the extent to which future expected average performance resembles the historical average performance. If the value in use of a group of CGUs to which goodwill has been allocated is lower than its corresponding carrying amount, CEMEX determines the fair value of such group of CGUs using methodologies generally accepted in the market to determine the value of entities, such as multiples of Operating EBITDA and by reference to other market transactions, among others. An impairment loss is recognized within other expenses, net, if the recoverable amount is lower than the net book value of the group of CGUs to which goodwill has been allocated. Impairment charges recognized on goodwill are not reversed in subsequent periods.

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

Impairment tests are significantly sensitive to, among other factors, the estimation of future prices of CEMEX's products, the development of operating expenses, local and international economic trends in the construction industry, the long-term growth expectations in the different markets, as well as the discount rates and the growth rates in perpetuity applied. For purposes of estimating future prices, CEMEX uses, to the extent available, historical data plus the expected increase or decrease according to information issued by trusted external sources, such as national construction or cement producer chambers and/or in governmental economic expectations. Operating expenses are normally measured as a constant proportion of revenues, following past experience. However, such operating expenses are also reviewed considering external information sources in respect to inputs that behave according to international prices, such as gas and oil. CEMEX uses specific pre-tax discount rates for each group of CGUs to which goodwill is allocated, which are applied to discount pre-tax cash flows. The amounts of estimated undiscounted cash flows are significantly sensitive to the growth rate in perpetuity applied. Likewise, the amounts of discounted estimated future cash flows are significantly sensitive to the weighted average cost of capital (discount rate) applied. The higher the growth rate in perpetuity applied, the higher the amount of undiscounted future cash flows by group of CGUs obtained. Conversely, the higher the discount rate applied, the lower the amount of discounted estimated future cash flows by group of CGUs obtained.

2L) Financial liabilities, derivative financial instruments and fair value measurements (note 16)

Debt

Bank loans and notes payable are recognized at their amortized cost. Interest accrued on financial instruments is recognized in the balance sheet within "Other accounts payable and accrued expenses" against financial expense. During the reported periods, CEMEX did not have financial liabilities voluntarily recognized at fair value or associated to fair value hedge strategies with derivative financial instruments. Direct costs incurred in debt issuances or borrowings, as well as debt refinancing or non-substantial modifications to debt agreements that did not represent an extinguishment of debt by considering: a) that the relevant economic terms of the new instrument are not substantially different to the replaced instrument; and b) the proportion in which the final holders of the new instrument are the same of the replaced instrument, adjust the carrying amount of related debt are amortized as interest expense as part of the effective interest rate of each transaction over its maturity. These costs include commissions and professional fees. Costs incurred in the extinguishment of debt, as well as debt refinancing or modifications to debt agreements when the new instrument is substantially different to the old instrument according to a qualitative and quantitative analysis, are recognized in the statements of operations within "Financial expense" as incurred.

Capital leases

Capital leases, in which CEMEX has substantially all risks and rewards associated with the ownership of an asset, are recognized as financing liabilities against a corresponding fixed asset for the lesser of the market value of the leased asset and the net present value of future minimum payments, using the contract's implicit interest rate to the extent available, or the incremental borrowing cost. Among other elements, the main factors that determine a capital lease are: a) if ownership title of the asset is transferred to CEMEX at the expiration of the contract; b) if CEMEX has a bargain purchase option to acquire the asset at the end of the lease term; c) if the lease term covers the majority of the useful life of the asset; and/or d) if the net present value of minimum payments represents substantially all the fair value of the related asset at the beginning of the lease.

Financial instruments with components of both liabilities and equity

Based on IAS 32, *Financial instruments: presentation* ("IAS 32") and IAS 39, when a financial instrument contains components of both liability and equity, such as a note that at maturity is convertible into a fixed number of CEMEX's shares and the currency in which the instrument is denominated is the same as the functional currency of the issuer, each component is recognized separately in the balance sheet according to the specific characteristics of each transaction. In the case of instruments mandatorily convertible into shares of the issuer, the liability component represents the net present value of interest payments on the principal amount using a market interest rate, without assuming any early conversion, and is recognized within "Other financial obligations," whereas the equity component represents the difference between the principal amount and the liability component, and is recognized within "Other equity reserves" net of commissions. In the case of instruments that are optionally convertible into a fixed number of shares, the liability component represents the difference between the principal amount and the fair value of the conversion option premium, which reflects the equity component (note 2P). When the transaction is denominated in a currency different than the functional currency of the issuer, the conversion option is accounted for as a derivative financial instrument at fair value in the statements of operations.

Derivative financial instruments

CEMEX recognizes all derivative instruments as assets or liabilities in the balance sheet at their estimated fair values, and the changes in such fair values are recognized in the statements of operations within "Other financial expense, net" for the period in which they occur, except for changes in fair value of derivative instruments associated with cash flow hedges, in which case, such changes in fair value are recognized in stockholders' equity, and are reclassified to earnings as the interest expense of the related debt is accrued, in the case of interest rate swaps, or when the underlying products are consumed in the case of contracts on the price of raw materials and commodities. Likewise, in hedges of the net investment in foreign subsidiaries, changes in fair value are recognized in stockholders' equity as part of the foreign currency translation result (note 2D), which reversal to earnings would take place upon disposal of the foreign investment. During the reported periods, CEMEX has not designated any derivative instruments in fair value hedges. Derivative instruments are negotiated with institutions with significant financial capacity; therefore, CEMEX believes the risk of non-performance of the obligations agreed to by such counterparties to be minimal.

Accrued interest generated by interest rate derivative instruments, when applicable, is recognized as financial expense in the relevant period, adjusting the effective interest rate of the related debt.

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

Put options granted for the purchase of non-controlling interests and associates

Represent agreements by means of which CEMEX commits to acquire, in case the counterparty exercises its right to sell at a future date at a predefined price formula or at fair market value, the shares of a non-controlling interest in a subsidiary of CEMEX or an associate. In respect of a put option granted for the purchase of a non-controlling interest in a CEMEX subsidiary, to the extent CEMEX should settle the obligation in cash or through the delivery of other financial asset CEMEX recognizes a liability for the net present value of the redemption amount as of the financial statements' date against the controlling interest within stockholders' equity. A liability is not recognized as a result of an option granted for the purchase of a non-controlling interest when the redemption amount is determined at fair market value at the exercise date and CEMEX has the election to settle using its own shares.

In respect of a put option granted for the purchase of an associate, CEMEX would recognize a liability against a loss in the statements of operations whenever the estimated purchase price exceeds the fair value of the net assets to be acquired by CEMEX, had the counterparty exercised its right to sell.

Fair value measurements

CEMEX applies the guidance of IFRS 13, *Fair value measurements* ("IFRS 13") for its fair value measurements of financial assets and financial liabilities recognized or disclosed at fair value. IFRS 13 does not require fair value measurements in addition to those already required or permitted by other IFRSs and is not intended to establish valuation standards or affect valuation practices outside financial reporting. Under IFRS 13, fair value represents an "Exit Value," which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, considering the counterparty's credit risk in the valuation.

The concept of exit value is premised on the existence of a market and market participants for the specific asset or liability. When there is no market and/or market participants willing to make a market, IFRS 13 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that CEMEX has the ability to access at the measurement date. A quote price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available.
- Level 2 inputs are inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly, and are used mainly to determine the fair value of securities, investments or loans that are not actively traded. Level 2 inputs included equity prices, certain interest rates and yield curves, implied volatility, credit spreads and other market corroborated inputs, including inputs extrapolated from other observable inputs. In the absence of Level 1 inputs CEMEX determined fair values by iteration of the applicable Level 2 inputs, the number of securities and/or the other relevant terms of the contract, as applicable.
- Level 3 inputs are unobservable inputs for the asset or liability. CEMEX used unobservable inputs to determine fair values, to the extent there are no Level 1 or Level 2 inputs, in valuation models such as Black-Scholes, binomial, discounted cash flows or multiples of Operative EBITDA, including risk assumptions consistent with what market participants would use to arrive at fair value.

2M) Provisions

CEMEX recognizes provisions when it has a legal or constructive obligation resulting from past events, whose resolution would imply cash outflows or the delivery of other resources owned by the Company. As of December 31, 2014 and 2013 some significant proceedings that gave rise to a portion of the carrying amount of CEMEX's other current and non-current liabilities and provisions are detailed in note 24A.

In May 2013, the IASB issued IFRIC 21, *Levies* ("IFRIC 21"), setting up guidance on the accounting for levies imposed by governments. IFRIC 21, which was effective January 1, 2014, clarifies, among other aspects, that the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified in the legislation, and that an entity does not have a constructive obligation to pay a levy that will be triggered by operating in a future period. CEMEX implemented IFRIC 21 as of January 1, 2014. Given that clear interpretive guidance on the application of IFRIC 21 is not yet available, the adoption of this standard required management to exercise judgment on the conclusion that the effects were not significant. As a result of this assessment it was also determined that the effects from judgments made in measuring the impact of this adoption may subsequently vary from conclusive interpretive guidance when it becomes available.

Restructuring (note 17)

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

Asset retirement obligations (note 17)
Unavoidable obligations, legal or constructive, to restore operating sites upon retirement of long-lived assets at the end of their useful lives are measured at the net present value of estimated future cash flows to be incurred in the restoration process, and are initially recognized against the related assets' book value. The increase to the assets' book value is depreciated during its remaining useful life. The increase in the liability related to the passage of time is charged to the line item "Other financial expenses, net." Adjustments to the liability for changes in estimations are recognized against fixed assets, and depreciation is modified prospectively. These obligations are related mainly to future costs of demolition, cleaning and reforestation, so that quarries, maritime terminals and other production sites are left in acceptable condition at the end of their operation.

Costs related to remediation of the environment (notes 17 and 24)
Provisions associated with environmental damage represent the estimated future cost of remediation, which are recognized at their nominal value when the time schedule for the disbursement is not clear, or when the economic effect for the passage of time is not significant; otherwise, such provisions are recognized at their discounted values. Reimbursements from insurance companies are recognized as assets only when their recovery is practically certain. In that case, such reimbursement assets are not offset against the provision for remediation costs.

Contingencies and commitments (notes 23 and 24)
Obligations or losses related to contingencies are recognized as liabilities in the balance sheet when present obligations exist resulting from past events that are expected to result in an outflow of resources and the amount can be measured reliably. Otherwise, a qualitative disclosure is included in the notes to the financial statements. The effects of long-term commitments established with third parties, such as supply contracts with suppliers or customers, are recognized in the financial statements on an incurred or accrued basis, after taking into consideration the substance of the agreements. Relevant commitments are disclosed in the notes to the financial statements. The Company does not recognize contingent revenues, income or assets, unless their realization is virtually certain.

2N) Pensions and postretirement employee benefits (note 18)
Defined contribution pension plans
The costs of defined contribution pension plans are recognized in the operating results as they are incurred. Liabilities arising from such plans are settled through cash transfers to the employees' retirement accounts, without generating future obligations.

Defined benefit pension plans, other postretirement benefits and termination benefits
Based on IAS 19, *Employee benefits* ("IAS19"), the costs associated with employees' benefits for: a) defined benefit pension plans; and b) other postretirement benefits, basically comprised of health care benefits, life insurance and seniority premiums, granted by CEMEX and/or pursuant to applicable law, are recognized as services are rendered, based on actuarial estimations of the benefits' present value with the advice of external actuaries. For certain pension plans, CEMEX has created irrevocable trust funds to cover future benefit payments ("plan assets"). These plan assets are valued at their estimated fair value at the balance sheet date. The actuarial assumptions and accounting policy consider: a) the use of nominal rates, b) a single rate is used for the determination of the expected return on plan assets and the discount of the benefits obligation to present value; c) a net interest is recognized on the net defined benefit liability (liability minus plan assets), and d) all actuarial gains and losses for the period, related to differences between the projected and real actuarial assumptions at the end of the period, as well as the difference between the expected and real return on plan assets, are recognized as part of "Other comprehensive income or loss" within stockholders' equity. Until December 31, 2012, the expected rates of return on plan assets were determined based on market prices prevailing on the calculation date, applicable to the period over which the obligation were expected to be settled. As a result of the adoption of amendments to IAS 19 on January 1, 2013, CEMEX restated its consolidated statement of operations for the year ended December 31, 2012. The effects were no significant.

The service cost, corresponding to the increase in the obligation for additional benefits earned by employees during the period, is recognized within operating costs and expenses. The net interest is recognized within "Other financial expenses, net."

The effects from modifications to the pension plans that affect the cost of past services are recognized within operating costs and expenses during the period in which such modifications become effective with respect to the employees or without delay if changes are effective immediately. Likewise, the effects from curtailments and/or settlements of obligations occurring during the period, associated with events that significantly reduce the cost of future services and/or reduce significantly the population subject to pension benefits, respectively, are recognized within operating costs and expenses.

Termination benefits, not associated with a restructuring event, which mainly represent severance payments by law, are recognized in the operating results for the period in which they are incurred.

2O) Income taxes (note 19)

Based on IAS 12, *Income taxes* ("IAS 12"), the effects reflected in the statements of operations for income taxes include the amounts incurred during the period and the amounts of deferred income taxes, determined according to the income tax law applicable to each subsidiary. Consolidated deferred income taxes represent the addition of the amounts determined in each subsidiary by applying the enacted statutory income tax rate to the total temporary differences resulting from comparing the book and taxable values of assets and liabilities, considering tax loss carryforwards as well as other recoverable taxes and tax credits, to the extent that it is probable that future taxable profits will be available against which they can be utilized. The measurement of deferred income taxes reflects the tax consequences that follow the manner in which CEMEX expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred income taxes for the period represent the difference between balances of deferred income at the beginning and the end of the period. Deferred income tax assets and liabilities relating to different tax jurisdictions are not offset. According to IFRS, all items charged or credited directly in stockholders' equity or as part of other comprehensive income or loss for the period are recognized net of their current and deferred income tax effects. The effect of a change in enacted statutory tax rates is recognized in the period in which the change is officially enacted.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is not considered probable that the related tax benefit will be realized. In conducting such assessment, CEMEX analyzes the aggregate amount of self-determined tax loss carryforwards included in its income tax returns in each country where CEMEX believes, based on available evidence, that the tax authorities would not reject such tax loss carryforwards; and the likelihood of the recoverability of such tax loss carryforwards prior to their expiration through an analysis of estimated future taxable income. If CEMEX believes that it is probable that the tax authorities would reject a self-determined deferred tax asset, it would decrease such asset. Likewise, if CEMEX believes that it would not be able to use a tax loss carryforward before its expiration or any other deferred tax asset, CEMEX would not recognize such deferred tax asset. Both situations would result in additional income tax expense for the period in which such determination is made. In order to determine whether it is probable that deferred tax assets will ultimately be realized, CEMEX takes into consideration all available positive and negative evidence, including factors such as market conditions, industry analysis, expansion plans, projected taxable income, carryforward periods, current tax structure, potential changes or adjustments in tax structure, tax planning strategies, future reversals of existing temporary differences, etc. Likewise, every reporting period, CEMEX analyzes its actual results versus the Company's estimates, and adjusts, as necessary, its tax asset valuations. If actual results vary from CEMEX's estimates, the deferred tax asset and/or valuations may be affected and necessary adjustments will be made based on relevant information. Any adjustments recorded will affect CEMEX's statements of operations in such period.

The income tax effects from an uncertain tax position are recognized when it is more-likely-than-not that the position will be sustained based on its technical merits and assuming that the tax authorities will examine each position and have full knowledge of all relevant information, and they are measured using a cumulative probability model. Each position has been considered on its own, regardless of its relation to any other broader tax settlement. The more-likely-than-not threshold represents a positive assertion by management that CEMEX is entitled to the economic benefits of a tax position. If a tax position is not considered more-likely-than-not to be sustained, no benefits of the position are recognized. CEMEX's policy is to recognize interest and penalties related to unrecognized tax benefits as part of the income tax in the consolidated statements of operations.

2P) Stockholders' equity

Common stock and additional paid-in capital (note 20A)

These items represent the value of stockholders' contributions, and include increases related to the capitalization of retained earnings and the recognition of executive compensation programs in CEMEX's CPOs as well as decreases associated with the restitution of retained earnings.

Other equity reserves (note 20B)

This caption groups the cumulative effects of items and transactions that are, temporarily or permanently, recognized directly to stockholders' equity, and includes the elements presented in the statements of comprehensive income (loss). Comprehensive income (loss) for the period includes, in addition to net income (loss), certain changes in stockholders' equity during a period that do not result from investments by owners and distributions to owners. The most significant items within "Other equity reserves" during the reported periods are as follows:

Items of "Other equity reserves" included within other comprehensive loss:

- Currency translation effects from the translation of foreign subsidiaries' financial statements, net of: a) exchange results from foreign currency debt directly related to the acquisition of foreign subsidiaries; and b) exchange results from foreign currency related parties balances that are of a long-term investment nature (note 2D);
- The effective portion of the valuation and liquidation effects from derivative instruments under cash flow hedging relationships, which are recorded temporarily in stockholders' equity (note 2L);
- Changes in fair value during the tenure of available-for-sale investments until their disposal (note 2H); and
- Current and deferred income taxes during the period arising from items whose effects are directly recognized in stockholders' equity.

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

- Effects related to controlling stockholders' equity for changes or transactions affecting non-controlling interest stockholders in CEMEX's consolidated subsidiaries;
- Effects attributable to controlling stockholders' equity for financial instruments issued by consolidated subsidiaries that qualify for accounting purposes as equity instruments, such as the interest expense paid on perpetual debentures;
- The equity component determined upon issuance of convertible securities or upon classification, which are mandatorily or optionally convertible into shares of the Parent Company (note 16B) and that qualify under IFRS as instruments having components of liability and equity (note 2L). Upon conversion, this amount will be reclassified to common stock and additional paid-in capital; and
- The cancellation of the Parent Company's shares held by consolidated entities.

Retained earnings (note 20C)

Retained earnings represent the cumulative net results of prior accounting periods, net of: a) dividends declared to stockholders; b) recapitalizations of retained earnings; c) the effects generated form initial adoption of IFRS as of January 1, 2010 according to IFRS 1; and d) when applicable, the restitution of retained earnings from other line items within stockholder´s equity.

Non-controlling interest and perpetual debentures (note 20D)

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

2Q) Revenue recognition (note 3)

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

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

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

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

2R) Cost of sales, administrative and selling expenses and distribution expenses

Cost of sales represents the production cost of inventories at the moment of sale. Such cost of sales includes depreciation, amortization and depletion of assets involved in production and expenses related to storage in production plants. Cost of sales excludes expenses related to personnel, equipment and services involved in sale activities and storage of product at points of sales, which are included as part of the administrative and selling expenses. Cost of sales includes freight expenses of raw material in plants and delivery expenses of CEMEX's ready-mix concrete business, but excludes freight expenses of finished products between plants and points of sale and freight expenses between points of sales and the customers' facilities, which are included as part of the distribution expenses line item. For the years ended December 31, 2014, 2013 and 2012, selling expenses included as part of the selling and administrative expenses line item amounted to $6,218, $8,120 and $7,946, respectively.

2S) Executive stock-based compensation (note 21)

Based on IFRS 2, *Share-based payments* ("IFRS 2"), stock awards based on shares of the Parent Company and/or a subsidiary granted to executives are defined as equity instruments when services received from employees are settled by delivering CEMEX's shares; or as liability instruments when CEMEX commits to make cash payments to the executives on the exercise date of the awards based on changes in CEMEX's own stock (intrinsic value). The cost of equity instruments represents their estimated fair value at the date of grant and is recognized in the statements of operations during the period in which the exercise rights of the employees become vested. In respect of liability instruments, these instruments are valued at their estimated fair value at each reporting date, recognizing the changes in fair value through the operating results. CEMEX determines the estimated fair value of options using the binomial financial option-pricing model.

2T) Emission rights

In some of the countries where CEMEX operates, such as EU countries, governments have established mechanisms aimed at reducing carbon dioxide emissions ("CO^2") by means of which industries releasing CO^2 must submit to the environmental authorities at the end of a compliance period emission rights for a volume equivalent to the tons of CO^2 released. Since the mechanism for emissions reduction in the EU has been in operation, a certain number of emission rights based on historical levels have been granted by the relevant environmental authorities to the different industries free of cost. Therefore, companies have to buy additional emission rights to meet deficits between actual CO^2 emissions during the compliance period and emission rights actually held, or they can dispose of any surplus of emission rights in the market. In addition, the United Nations Framework Convention on Climate Change ("UNFCCC") grants Certified Emission Reductions ("CERs") to qualified CO^2 emission reduction projects. CERs may be used in specified proportions to settle emission rights obligations in the EU. CEMEX actively participates in the development of projects aimed to reduce CO^2 emissions. Some of these projects have been awarded with CERs.

CEMEX does not maintain emission rights, CERs and/or enter into forward transactions with trading purposes. In the absence of an IFRS that defines an accounting treatment for these schemes, CEMEX accounts for the effects associated with CO^2 emission reduction mechanisms as follows:

- Emission rights granted by governments are not recognized in the balance sheet considering that their cost is zero.
- Revenues from the sale of any surplus of emission rights are recognized by decreasing cost of sales; in the case of forward sale transactions, revenues are recognized upon physical delivery of the emission certificates.
- Emission rights and/or CERs acquired to hedge current CO^2 emissions are recognized as intangible assets at cost, and are further amortized to cost of sales during the compliance period. In the case of forward purchases, assets are recognized upon physical reception of the emission certificates.
- CEMEX accrues a provision against cost of sales when the estimated annual emissions of CO^2 are expected to exceed the number of emission rights, net of any benefit obtained through swap transactions of emission rights for CERs.
- CERs received from the UNFCCC are recognized as intangible assets at their development cost, which are attributable mainly to legal expenses incurred in the process of obtaining such CERs.

The combined effect of the use of alternate fuels that help reduce the emission of CO^2, and the downturn in produced cement volumes in the EU, generated a surplus of emission rights held over the estimated CO^2 emissions in the recent years. During 2014, 2013 and 2012, there were no sales of emission rights to third parties.

2U) Concentration of credit

CEMEX sells its products primarily to distributors in the construction industry, with no specific geographic concentration within the countries in which CEMEX operates. As of and for the years ended December 31, 2014, 2013 and 2012, no single customer individually accounted for a significant amount of the reported amounts of sales or in the balances of trade receivables. In addition, there is no significant concentration of a specific supplier relating to the purchase of raw materials.

2V) Newly issued IFRS not yet adopted

There are a number of IFRS issued as of the date of issuance of these financial statements but which have not yet been adopted, which are listed below. Except as otherwise indicated, CEMEX expects to adopt these IFRS when they become effective.

- IFRS 9, *Financial instruments: classification and measurement* ("IFRS 9"). Phase 1: during 2009 and 2010, the IASB issued the chapters of IFRS 9 relating to the classification and measurement of financial assets and liabilities, and incorporated limited amendments in July 2014 for the classification and measurement of financial assets. Phase 2: in July 2014, the IASB added to IFRS 9 the impairment requirements related to the accounting for expected credit losses on an entity's financial assets and commitments to extend credits. Phase 3: in November 2013, the IASB added to IFRS 9 the requirements related to hedge accounting. As intended by the IASB, IFRS 9 will replace IAS 39 in its entirety. IFRS 9 requires an entity to recognize a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. At initial recognition, an entity shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability, and includes a category of financial assets at fair value through other comprehensive income for simple debt instruments. In respect to impairment requirements, IFRS 9 eliminates the threshold set forth in IAS 39 for the recognition of credit losses. Under the impairment approach in IFRS 9 it is no longer necessary for a credit event to have occurred before credit losses are recognized, instead, an entity always accounts for expected credit losses, and changes in those expected losses through profit or loss. In respect to hedging activities, the requirements of IFRS 9 align hedge accounting more closely with an entity's risk management through a principles-based approach. Nonetheless, the IASB provided entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 or continuing to apply the existing hedge accounting requirements in IAS 39 until the IASB completes its project on the accounting for macro hedging. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. If an entity elects to apply IFRS 9 early, it must apply all of the requirements in this standard at the same time. CEMEX is currently evaluating the impact that IFRS 9 will have on the classification and measurement of its financial assets and financial liabilities, impairment of financial assets and hedging activities. Preliminarily, CEMEX does not expect a significant effect. Nonetheless, CEMEX is not considering an early application of IFRS 9.

- In May 2014, the IASB issued IFRS 15, *Revenue from contracts with customers* ("IFRS 15"). The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, following a five step model: Step 1: Identify the contract(s) with a customer, which is an agreement between two or more parties that creates enforceable rights and obligations; Step 2: Identify the performance obligations in the contract, considering that if a contract includes promises to transfer distinct goods or services to a customer, the promises are performance obligations and are accounted for separately; Step 3: Determine the transaction price, which is the amount of consideration in a contract to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer; Step 4: Allocate the transaction price to the performance obligations in the contract, on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract; and Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation, by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). IFRS 15 also includes disclosure requirements that would provide users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. IFRS 15 will supersede all existing guidance on revenue recognition. IFRS 15 is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted considering certain additional disclosure requirements. CEMEX is currently evaluating the impact that IFRS 15 will have on the recognition of revenue from its contracts with customers. Preliminarily, CEMEX does not expect a significant effect. Nonetheless, CEMEX is not considering an early application of IFRS 15.

Notes to the consolidated financial statements

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

and subsidiaries

As of December 31, 2014, 2013 and 2012

(Millions of Mexican pesos)

3) Revenues and construction contracts

For the years ended December 31, 2014, 2013 and 2012, net sales, after sales and eliminations between related parties resulting from consolidation, were as follows:

		2014	2013	2012
From the sale of goods associated to CEMEX's main activities [1]	$	202,529	187,335	189,219
From the sale of services [2]		2,618	2,523	2,574
From the sale of other goods and services [3]		4,876	5,803	5,243
	$	210,023	195,661	197,036

[1] Includes in each period those revenues generated under construction contracts that are presented in the table below.

[2] Refers mainly to revenues generated by Neoris N.V., a subsidiary involved in providing information technology solutions and services.

[3] Refers mainly to revenues generated by subsidiaries not individually significant operating in different lines of business.

For the years ended December 31, 2014, 2013 and 2012, revenues and costs related to construction contracts in progress were as follows:

		Recognized to date [1]	2014	2013	2012
Revenue from construction contracts included in consolidated net sales [2]	$	4,026	328	1,319	180
Costs incurred in construction contracts included in consolidated cost of sales [3]		(2,986)	(291)	(1,144)	(80)
Construction contracts operating profit	$	1,040	37	175	100

[1] Revenues and costs recognized from inception of the contracts until December 31, 2014 in connection with those projects still in progress.

[2] Revenues from construction contracts during 2014, 2013 and 2012, determined under the percentage of completion method, were mainly obtained in Mexico and Colombia.

[3] Refers to actual costs incurred during the periods. The oldest contract in progress as of December 31, 2014 started in 2010.

As of December 31, 2014 and 2013, amounts receivable for progress billings to customers of construction contracts and/or advances received by CEMEX from these customers were not significant.

4) Selected financial information by geographic operating segment

CEMEX applies IFRS 8, *Operating Segments* ("IFRS 8"), for the disclosure of its operating segments, which are defined as the components of an entity that engage in business activities from which they may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's top management to make decisions about resources to be allocated to the segments and assess their performance, and for which discrete financial information is available.

CEMEX's main activities are oriented to the construction industry segment through the production, distribution, marketing and sale of cement, ready-mix concrete, aggregates and other construction materials. CEMEX operates geographically on a regional basis. Beginning in April 2011, CEMEX's operations were reorganized into six geographical regions, each under the supervision of a regional president: 1) Mexico, 2) United States, 3) Northern Europe, 4) Mediterranean, 5) South America and the Caribbean ("SAC"), and 6) Asia. Each regional president supervises and is responsible for all the business activities in the countries comprising the region. These activities refer to the production, distribution, marketing and sale of cement, ready-mix concrete, aggregates and other construction materials, the allocation of resources and the review of their performance and operating results. All regional presidents report directly to CEMEX's Chief Executive Officer. The country manager, who is one level below the regional president in the organizational structure, reports the performance and operating results of its country to the regional president, including all the operating sectors. CEMEX's top management internally evaluates the results and performance of each country and region for decision-making purposes and allocation of resources, following a vertical integration approach considering: a) that the operating components that comprise the reported segment have similar economic characteristics; b) that the reported segments are used by CEMEX to organize and evaluate its activities in its internal information system; c) the homogeneous nature of the items produced and traded in each operative component, which are all used by the construction industry; d) the vertical integration in the value chain of the products comprising each component; e) the type of clients, which are substantially similar in all components; f) the operative integration among components; and g) that the compensation system of a specific country is based on the consolidated results of the geographic segment and not on the particular results of the components. In accordance with this approach, in CEMEX's daily operations, management allocates economic resources and evaluates operating results on a country basis rather than on an operating component basis.

Based on IFRS 8 and considering the financial information that is regularly reviewed by CEMEX's top management, each of the six geographic regions in which CEMEX operates and the countries that comprise such regions represent reportable operating segments. However, for disclosure purposes in the notes to the financial statements, considering similar regional and economic characteristics and/or the fact that certain countries do not exceed the materiality thresholds included in IFRS 8 to be reported separately, such countries have been aggregated and presented as single line items as follows: a) "Rest of Northern Europe" is mainly comprised of CEMEX's operations in Ireland, the Czech Republic, Austria, Poland, Hungary and Latvia, as well as trading activities in Scandinavia and Finland; b) "Rest of Mediterranean" is mainly comprised of CEMEX's operations in Croatia, the United Arab Emirates and Israel; c) "Rest of South America and the Caribbean" or "Rest of SAC" is mainly comprised of CEMEX's operations in Costa Rica, Panama, Puerto Rico, the Dominican Republic, Nicaragua, Jamaica and other countries in the Caribbean, Guatemala, and small ready-mix concrete operations in Argentina; and d) "Rest of Asia" is mainly comprised of CEMEX's operations in Thailand, Bangladesh, China and Malaysia. The segment "Others" refers to: 1) cement trade maritime operations, 2) Neoris N.V., CEMEX's subsidiary involved in the development of information technology solutions, 3) the Parent Company and other corporate entities, and 4) other minor subsidiaries with different lines of business.

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The main indicator used by CEMEX's management to evaluate the performance of each country is "Operating EBITDA", representing operating earnings before other expenses, net, plus depreciation and amortization, considering that such amount represents a relevant measure for CEMEX's management as an indicator of the ability to internally fund capital expenditures, as well as a widely accepted financial indicator to measure CEMEX's ability to service or incur debt (note 16). Operating EBITDA should not be considered as an indicator of CEMEX's financial performance, as an alternative to cash flow, as a measure of liquidity, or as being comparable to other similarly titled measures of other companies. This indicator, which is presented in the selected financial information by geographic operating segment, is consistent with the information used by CEMEX's management for decision-making purposes. The accounting policies applied to determine the financial information by geographic operating segment are consistent with those described in note 2. CEMEX recognizes sales and other transactions between related parties based on market values.

Selected information of the consolidated statements of operations by geographic operating segment for the years ended December 31, 2014, 2013 and 2012 was as follows:

2014	Net sales (including related parties)	Less: Related parties	Net sales	Operating EBITDA	Less: Depreciation and amortization	Operating earnings before other expenses, net	Other expenses, net	Financial expense	Other financing items, net
Mexico	$ 51,411	(10,142)	41,269	13,480	2,420	11,060	734	(262)	481
United States	49,127	(32)	49,095	5,337	5,718	(381)	(346)	(417)	(122)
Northern Europe									
United Kingdom	17,071	–	17,071	1,672	1,004	668	1,062	(33)	(378)
Germany	14,138	(1,247)	12,891	869	625	244	(797)	(29)	(122)
France	12,914	–	12,914	852	516	336	(94)	(72)	(4)
Rest of Northern Europe	12,936	(957)	11,979	1,348	897	451	(356)	(31)	(90)
Mediterranean									
Spain	4,717	(559)	4,158	363	571	(208)	(2,107)	(29)	(4)
Egypt	7,123	(12)	7,111	2,664	474	2,190	(209)	(28)	15
Rest of Mediterranean	10,294	(94)	10,200	1,344	285	1,059	(73)	(26)	(13)
South America and the Caribbean									
Colombia	13,242	(1)	13,241	4,838	476	4,362	52	(90)	(353)
Rest of SAC	16,292	(1,865)	14,427	4,767	688	4,079	(101)	(44)	9
Asia									
Philippines	5,912	(2)	5,910	1,374	338	1,036	40	(5)	(8)
Rest of Asia	2,263	–	2,263	170	71	99	(174)	(6)	36
Others	13,532	(6,038)	7,494	(2,438)	374	(2,812)	(2,759)	(20,432)	3,048
Total	$ 230,972	(20,949)	210,023	36,640	14,457	22,183	(5,128)	(21,504)	2,495

(Millions of Mexican pesos)

2013	Net sales (including related parties)	Less: Related parties	Net sales	Operating EBITDA	Less: Depreciation and amortization	Operating earnings before other expenses, net	Other expenses, net	Financial expense	Other financing items, net
Mexico	$ 40,932	(1,507)	39,425	12,740	2,493	10,247	(721)	(337)	206
United States	42,582	(128)	42,454	2,979	5,885	(2,906)	(359)	(501)	(129)
Northern Europe									
United Kingdom	14,368	–	14,368	1,005	882	123	(258)	(113)	(220)
Germany	13,715	(976)	12,739	826	643	183	(80)	(11)	(125)
France	13,393	–	13,393	1,274	532	742	(160)	(61)	(22)
Rest of Northern Europe	12,250	(822)	11,428	1,310	889	421	(115)	(13)	(141)
Mediterranean									
Spain	3,856	(203)	3,653	360	629	(269)	(1,439)	(55)	11
Egypt	6,162	3	6,165	2,373	462	1,911	(144)	(15)	55
Rest of Mediterranean	9,517	(91)	9,426	1,334	225	1,109	(12)	(49)	30
South America and the Caribbean									
Colombia	13,203	–	13,203	5,449	485	4,964	(87)	(177)	(183)
Rest of SAC	15,527	(1,843)	13,684	4,518	675	3,843	(345)	(49)	(11)
Asia									
Philippines	5,067	–	5,067	1,173	320	853	12	(3)	38
Rest of Asia	2,330	–	2,330	153	80	73	57	(12)	29
Others	16,604	(8,278)	8,326	(1,531)	259	(1,790)	(1,252)	(18,541)	2,168
Total	$ 209,506	(13,845)	195,661	33,963	14,459	19,504	(4,903)	(19,937)	1,706

2012	Net sales (including related parties)	Less: Related parties	Net sales	Operating EBITDA	Less: Depreciation and amortization	Operating earnings before other expenses, net	Other expenses, net	Financial expense	Other financing items, net
Mexico	$ 44,412	(1,425)	42,987	16,048	2,645	13,403	(94)	(438)	(84)
United States	40,319	(122)	40,197	405	6,464	(6,059)	(967)	(617)	(159)
Northern Europe									
United Kingdom	14,620	–	14,620	1,910	996	914	(297)	(244)	(701)
Germany	14,406	(953)	13,453	704	1,015	(311)	(258)	(18)	(170)
France	13,324	–	13,324	1,340	581	759	(156)	(68)	13
Rest of Northern Europe	12,778	(806)	11,972	1,797	918	879	440	(119)	56
Mediterranean									
Spain	4,841	(155)	4,686	1,349	690	659	(1,443)	(111)	944
Egypt	6,382	(190)	6,192	2,473	556	1,917	(203)	(9)	82
Rest of Mediterranean	8,160	(37)	8,123	1,069	307	762	(112)	(47)	(91)
South America and the Caribbean									
Colombia	11,932	–	11,932	4,905	396	4,509	31	(139)	348
Rest of SAC	16,450	(1,851)	14,599	4,417	761	3,656	(70)	(62)	5
Asia									
Philippines	4,704	–	4,704	901	305	596	27	(3)	(11)
Rest of Asia	2,430	–	2,430	110	75	35	13	(13)	–
Others	15,154	(7,337)	7,817	(2,922)	1,796	(4,718)	(2,401)	(16,623)	745
Total	$ 209,912	(12,876)	197,036	34,506	17,505	17,001	(5,490)	(18,511)	977

The information of equity in income of associates by geographic Operating segment for the years ended December 31, 2014, 2013 and 2012 is included in the note 13A.

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As of December 31, 2014 and 2013, selected balance sheet information by geographic segment was as follows:

2014		Investments in in associates	Other segment assets	Total assets	Total liabilities	Net assets by segment	Additions to fixed assets [1]
Mexico	$	855	75,739	76,594	17,367	59,227	1,177
United States		1,007	228,068	229,075	15,420	213,655	2,738
Northern Europe							
United Kingdom		104	29,780	29,884	16,736	13,148	626
Germany		61	12,383	12,444	7,683	4,761	389
France		544	14,019	14,563	5,960	8,603	362
Rest of Northern Europe		73	16,791	16,864	4,541	12,323	353
Mediterranean							
Spain		77	21,343	21,420	2,583	18,837	166
Egypt		–	7,914	7,914	4,182	3,732	418
Rest of Mediterranean		5	11,364	11,369	4,518	6,851	289
South America and the Caribbean							
Colombia		–	15,949	15,949	9,447	6,502	1,378
Rest of South America and the Caribbean		24	18,341	18,365	3,361	15,004	766
Asia							
Philippines		3	9,567	9,570	1,931	7,639	705
Rest of Asia		–	1,871	1,871	751	1,120	49
Others		6,807	42,272	49,079	272,310	(223,231)	70
Total	$	9,560	505,401	514,961	366,790	148,171	9,486

2013		Investments in associates	Other segment assets	Total assets	Total liabilities	Net assets by segment	Additions to fixed assets [1]
Mexico	$	821	75,948	76,769	16,230	60,539	1,182
United States		920	205,487	206,407	11,259	195,148	2,237
Northern Europe							
United Kingdom		190	28,512	28,702	12,710	15,992	567
Germany		59	12,845	12,904	6,891	6,013	556
France		539	14,629	15,168	4,839	10,329	482
Rest of Northern Europe		74	18,089	18,163	4,400	13,763	505
Mediterranean							
Spain		15	23,362	23,377	2,539	20,838	151
Egypt		–	7,498	7,498	3,402	4,096	314
Rest of Mediterranean		6	10,646	10,652	3,711	6,941	299
South America and the Caribbean							
Colombia		–	17,285	17,285	9,948	7,337	934
Rest of South America and the Caribbean		24	16,681	16,705	3,233	13,472	594
Asia							
Philippines		3	7,716	7,719	1,296	6,423	451
Rest of Asia		–	2,116	2,116	711	1,405	74
Others		6,371	46,294	52,665	266,643	(213,978)	63
Total	$	9,022	487,108	496,130	347,812	148,318	8,409

[1] In 2014 and 2013, the total "Additions to fixed assets "includes capital expenditures of approximately $8,866 and $7,769, respectively (note 14).

Total consolidated liabilities as of December 31, 2014 and 2013 included debt of $205,834 and $190,980, respectively. Of such balances, as of December 31, 2014 and 2013, 59% and 49% was in the Parent Company, 8% and 17% was in Spain, 32% and 32% was in finance subsidiaries in the Netherlands, Luxembourg and the United States, and 1% and 2% was in other countries, respectively. As mentioned above, the Parent Company and the finance subsidiaries mentioned above are included within the segment "Others".

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

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Net sales by product and geographic segment for the years ended December 31, 2014, 2013 and 2012 were as follows:

2014	Cement	Concrete	Aggregates	Others	Eliminations	Net sales
Mexico	$ 27,667	12,855	2,963	9,056	(11,272)	41,269
United States	17,937	21,490	9,886	12,294	(12,512)	49,095
Northern Europe						
United Kingdom	3,824	6,666	6,128	7,929	(7,476)	17,071
Germany	4,883	6,600	4,042	2,434	(5,068)	12,891
France	–	10,826	4,585	215	(2,712)	12,914
Rest of Northern Europe	5,305	5,753	2,427	893	(2,399)	11,979
Mediterranean						
Spain	3,856	783	168	359	(1,008)	4,158
Egypt	6,402	542	19	318	(170)	7,111
Rest of Mediterranean	2,289	7,082	1,755	996	(1,922)	10,200
South America and the Caribbean						
Colombia	9,544	4,964	1,547	770	(3,584)	13,241
Rest of South America and the Caribbean	13,123	3,417	712	690	(3,515)	14,427
Asia						
Philippines	5,849	48	–	27	(14)	5,910
Rest of Asia	998	1,099	94	102	(30)	2,263
Others	–	–	–	11,605	(4,111)	7,494
Total	$ 101,677	82,125	34,326	47,688	(55,793)	210,023

2013	Cement	Concrete	Aggregates	Others	Eliminations	Net sales
Mexico	$ 26,497	12,228	2,580	9,924	(11,804)	39,425
United States	15,296	18,589	8,764	10,793	(10,988)	42,454
Northern Europe						
United Kingdom	3,387	5,699	4,856	6,952	(6,526)	14,368
Germany	4,460	6,386	3,972	2,524	(4,603)	12,739
France	–	11,244	4,378	189	(2,418)	13,393
Rest of Northern Europe	5,377	5,775	2,186	619	(2,529)	11,428
Mediterranean						
Spain	3,057	678	174	368	(624)	3,653
Egypt	5,718	403	18	128	(102)	6,165
Rest of Mediterranean	2,122	6,214	1,438	911	(1,259)	9,426
South America and the Caribbean						
Colombia	8,847	4,474	1,358	630	(2,106)	13,203
Rest of South America and the Caribbean	12,677	3,240	651	552	(3,436)	13,684
Asia						
Philippines	5,040	10	–	23	(6)	5,067
Rest of Asia	977	1,166	143	101	(57)	2,330
Others	–	–	–	16,605	(8,279)	8,326
Total	$ 93,455	76,106	30,518	50,319	(54,737)	195,661

(Millions of Mexican pesos)

2012	Cement	Concrete	Aggregates	Others	Eliminations	Net sales
Mexico	$ 29,229	12,927	2,478	10,090	(11,737)	42,987
United States	14,372	16,653	8,215	11,204	(10,247)	40,197
Northern Europe						
United Kingdom	3,404	5,628	5,064	7,345	(6,821)	14,620
Germany	4,546	6,264	3,882	3,283	(4,522)	13,453
France	–	11,181	4,112	312	(2,281)	13,324
Rest of Northern Europe	5,103	6,066	2,155	892	(2,244)	11,972
Mediterranean						
Spain	3,829	965	316	397	(821)	4,686
Egypt	5,461	463	24	525	(281)	6,192
Rest of Mediterranean	1,910	5,130	1,187	1,018	(1,122)	8,123
South America and the Caribbean						
Colombia	8,911	4,102	1,351	897	(3,329)	11,932
Rest of South America and the Caribbean	12,832	3,337	619	703	(2,892)	14,599
Asia						
Philippines	4,702	–	1	2	(1)	4,704
Rest of Asia	954	1,320	102	92	(38)	2,430
Others	–	–	–	15,153	(7,336)	7,817
Total	$ 95,253	74,036	29,506	51,913	(53,672)	197,036

5) Depreciation and amortization

Depreciation and amortization recognized during 2014, 2013 and 2012 is detailed as follows:

	2014	2013	2012
Depreciation and amortization expense related to assets used in the production process	$ 12,912	13,048	14,182
Depreciation and amortization expense related to assets used in administrative and selling activities	1,545	1,411	3,323
	$ 14,457	14,459	17,505

6) Other expenses, net

"Other expenses, net" in 2014, 2013 and 2012, consisted of the following:

	2014	2013	2012
Impairment losses and effects from assets held for sale (notes 11, 12, 13B, 14 and 15) [1]	$ (3,867)	(1,591)	(1,661)
Restructuring costs [2]	(546)	(963)	(3,079)
Charitable contributions	(18)	(25)	(100)
Results from the sale of assets and others, net	(697)	(2,324)	(650)
	$ (5,128)	(4,903)	(5,490)

[1] In 2014, includes impairment losses on inventory of $292, as well as aggregate impairment losses from assets reclassified to held for sale for approximately $2,392, both in connection with the projected sale transactions in the western region of Germany and in Andorra, Spain (notes 11, 12 and 15B).

[2] In 2014, 2013 and 2012, restructuring costs mainly refer to severance payments. During 2012, in connection with the 10-year services agreement with IBM (note 23C), CEMEX recognized one-time restructuring costs of approximately US$138 ($1,818), of which, approximately US$54 ($710) were related to severance payments for termination of employees' employment.

(Millions of Mexican pesos)

7) Other financial income, net

"Other financial income, net" in 2014, 2013 and 2012, is detailed as follows:

		2014	2013	2012
Financial income	$	324	424	620
Results from financial instruments, net (notes 13B and 16D)		(874)	2,075	178
Foreign exchange results		3,920	57	1,142
Effects of net present value on assets and liabilities and others, net		(875)	(850)	(963)
	$	2,495	1,706	977

8) Cash and cash equivalents

As of December 31, 2014 and 2013, consolidated cash and cash equivalents consisted of:

		2014	2013
Cash and bank accounts	$	9,577	5,007
Fixed-income securities and other cash equivalents [1]		3,012	10,169
	$	12,589	15,176

[1] As of December 31, 2013, this caption included approximately $3,734 of cash that was used for payment of CEMEX Finance Europe B.V.'s 4.75% notes payment due on March 2014. As of December 31, 2014 and 2013, this caption included restricted deposits related to insurance contracts of approximately $31 and $34, respectively.

Based on net settlement agreements, the balance of cash and cash equivalents excludes deposits in margin accounts that guarantee several obligations of CEMEX of approximately $695 in 2014 and $564 in 2013, which were offset against the corresponding obligations of CEMEX with the counterparties, considering CEMEX's right, ability and intention to settle the amounts on a net basis.

9) Trade accounts receivable

As of December 31, 2014 and 2013, consolidated trade accounts receivable consisted of:

		2014	2013
Trade accounts receivable	$	28,810	27,775
Allowances for doubtful accounts		(1,856)	(1,804)
	$	26,954	25,971

As of December 31, 2014 and 2013, trade accounts receivable include receivables of $11,538 (US$783) and $8,487 (US$650), respectively, that were sold under outstanding securitization programs for the sale of trade accounts receivable and/or factoring programs with recourse in Mexico, the United States, France and the United Kingdom. Under the outstanding securitization programs, CEMEX effectively surrenders control associated with the trade accounts receivable sold and there is no guarantee or obligation to reacquire the assets. However, CEMEX retains certain residual interest in the programs and/or maintains continuing involvement with the accounts receivable; therefore, the amounts received are recognized within "Other financial obligations." Trade accounts receivable qualifying for sale exclude amounts over certain days past due or concentrations over certain limits to any one customer, according to the terms of the programs. The portion of the accounts receivable sold maintained as reserves amounted to $1,775 in 2014 and $1,516 in 2013. Therefore, the funded amount to CEMEX was $9,763 (US$662) in 2014 and $6,971 (US$534) in 2013, representing the amounts recognized within the line item of "Other financial obligations." The discount granted to the acquirers of the trade accounts receivable is recorded as financial expense and amounted to approximately $298 (US$22) in 2014, $317 (US$25) in 2013 and $368 (US$28) in 2012. CEMEX's securitization programs are negotiated for specific periods and may be renewed at their maturity. The securitization programs outstanding as of December 31, 2014 in Mexico, the United States, France and the United Kingdom mature in March 2017, May 2015, March 2015 and March 2015, respectively.

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Allowances for doubtful accounts are established according to the credit history and risk profile of each customer. Changes in the valuation of this caption allowance for doubtful accounts in 2014, 2013 and 2012, were as follows:

		2014	2013	2012
Allowances for doubtful accounts at beginning of period	$	1,804	1,766	2,171
Charged to selling expenses		442	561	372
Deductions		(394)	(587)	(595)
Foreign currency translation effects		4	64	(182)
Allowances for doubtful accounts at end of period	$	1,856	1,804	1,766

10) Other accounts receivable

As of December 31, 2014 and 2013, consolidated other accounts receivable consisted of:

		2014	2013
Non-trade accounts receivable [1]	$	2,143	2,683
Interest and notes receivable [2]		1,313	1,952
Loans to employees and others		155	154
Refundable taxes		824	2,221
	$	4,435	7,010

[1] Non-trade accounts receivable are mainly attributable to the sale of assets.

[2] Includes $161 in 2014 and $174 in 2013, representing the short-term portion of a restricted investment related to coupon payments under CEMEX's perpetual debentures (note 20D).

11) Inventories

As of December 31, 2014 and 2013, the consolidated balance of inventories was summarized as follows:

		2014	2013
Finished goods	$	6,588	6,153
Work-in-process		3,278	2,825
Raw materials		3,019	3,121
Materials and spare parts		4,768	4,683
Inventory in transit		839	689
Allowance for obsolescence		(418)	(486)
	$	18,074	16,985

For the years ended December 31, 2014, 2013 and 2012, CEMEX recognized within cost of sales in the statements of operations, inventory impairment losses of approximately $36, $6 and $44, respectively. In addition, in 2014, CEMEX recognized as part of "Other expenses, net" impairment losses related to inventories of raw materials of approximately $292 that become obsolete as a result of the decision of divesting assets in the western region of Germany (note 15B).

(Millions of Mexican pesos)

12) Other current assets

As of December 31, 2014 and 2013, consolidated other current assets consisted of:

		2014	2013
Advance payments	$	2,791	2,296
Assets held for sale		6,115	1,610
	$	8,906	3,906

As of December 31, 2014 and 2013, the caption of advance payments included advances to suppliers of inventory that were not significant (note 2G). Assets held for sale are stated at their estimated realizable value and include real estate properties received in payment of trade receivables as well as other assets held for sale. In addition, in 2014, assets held for sale include: a) those assets that were divested in the western region of Germany on January 5, 2015 for $4,658 (note 15B) and; b) those idle operating assets in Andorra, Spain for $451 expected to be sold during the first quarter of 2015 (note 15B). The related assets in the western region of Germany and in Andorra, Spain were recognized at their estimated realizable value, net of costs to sell, and the reclassification from fixed assets to assets held for sale resulted in losses of approximately $242, which includes a loss of approximately $210 from the proportional reclassification to earnings of currency translation adjustments of the net investment in Germany accrued in equity (note 2D), and $2,150, respectively, recognized in 2014 within "Other expenses, net." During 2014, 2013 and 2012, CEMEX recognized within "Other expenses, net" impairment losses in connection with assets held for sale for approximately $55, $56 and $595, respectively.

13) Investments in associates and other investments and non-current accounts receivable

13A) Investments in associates

As of December 31, 2014 and 2013, the main investments in common shares of associates were as follows:

	Activity	Country	%		2014	2013
Control Administrativo Mexicano, S.A. de C.V.	Cement	Mexico	49.0	$	4,826	4,420
Concrete Supply Co. LLC	Concrete	United States	40.0		765	712
Akmenes Cementas AB	Cement	Lithuania	37.8		546	551
Cancem, S.A. de C.V.	Cement	Mexico	10.3		476	476
ABC Capital, S.A. Institución de Banca Múltiple	Financing	Mexico	43.3		371	411
Trinidad Cement Ltd	Cement	Trinidad and Tobago	20.0		286	307
Lehigh White Cement Company	Cement	United States	24.5		223	184
Société Méridionale de Carrières	Aggregates	France	33.3		221	228
Société d'Exploitation de Carrières	Aggregates	France	50.0		179	163
Industrias Básicas, S.A.	Cement	Panama	25.0		127	128
Société des Ciments Antillais	Cement	French Antilles	26.0		74	74
Other companies	—	—	—		1,466	1,368
				$	9,560	9,022

Out of which:

		2014	2013
Book value at acquisition date	$	3,334	3,236
Changes in stockholders' equity	$	6,226	5,786

As of December 31, 2014 and 2013, there were no written put options granted by CEMEX for the purchase of investments in associates.

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During 2013, with the aim of improving its strategic position in Lithuania, CEMEX increased by approximately 4% its equity interest in Akmenes Cementas AB for approximately US$8. In addition, CEMEX holds approximately 11.8% of preferred shares that have no voting rights of Akmenes Cements AB.

In September 2013, CEMEX entered into contribution agreements with Concrete Supply Holding Company ("CSH"). The agreements established a new limited liability company, Concrete Supply Company LLC ("CSC LLC"). As a result, CEMEX recognized assets at fair value for approximately US$54 ($712) which represented the assets contributed to CSC LLC, giving CEMEX a 40% non-controlling interest in CSC LLC. CSH also contributed ready mix assets to CSC LLC with a fair value of approximately US$87 ($1,147). CSC LLC was formed for the purpose of engaging in the production, sale and distribution of ready-mix concrete within North and South Carolina, United States.

Equity in net income (loss) of associates by geographic operating segment in 2014, 2013 and 2012 is detailed as follows:

	2014	2013 [1]	2012
Mexico	$ 242	(6)	92
United States	4	91	343
Northern Europe	60	111	157
Mediterranean	16	16	(90)
Corporate and others	(25)	17	226
	$ 297	229	728

Combined condensed balance sheet information of CEMEX's associates as of December 31, 2014 and 2013 is set forth below:

	2014	2013 [1]
Current assets	$ 15,548	14,192
Non-current assets	39,436	37,974
Total assets	54,984	52,166
Current liabilities	5,838	5,465
Non-current liabilities	18,596	17,531
Total liabilities	24,434	22,996
Total net assets	$ 30,550	29,170

Combined selected information of the statements of operations of CEMEX's associates in 2014, 2013 and 2012 is set forth below:

	2014	2013 [1]	2012
Sales	$ 20,551	19,966	11,693
Operating earnings	2,786	2,024	1,160
Income (loss) before income tax	1,620	928	531
Net income (loss)	945	455	517

[1] In 2013, the combined condensed selected information of balance sheet and statements of operations of CEMEX's associates presented in the tables above did not include the balances and operations of CSC LLC as of and for the three-month period ended December 31, 2013.

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13B) Other investments and non-current accounts receivable

As of December 31, 2014 and 2013, consolidated other investments and non-current accounts receivable were summarized as follows:

		2014	2013
Non-current portion of valuation of derivative financial instruments	$	4,816	6,274
Non-current accounts receivable and other investments [1]		4,933	4,983
Investments available-for-sale [2]		246	340
Investments held for trading [3]		322	463
	$	10,317	12,060

[1] Includes, among other items: a) advances to suppliers of fixed assets of approximately $143 in 2014 and $138 in 2013; and b) the non-current portion of a restricted investment used to pay coupons under the perpetual debentures (note 20D) of approximately $200 in 2014 and $326 in 2013. CEMEX recognized impairment losses of non-current accounts receivable in the United Kingdom of approximately $16 in 2014, and the United States of approximately $14 in 2013 and $90 in 2012.

[2] This line item includes an investment in CPOs of Axtel, S.A.B. de C.V. (“Axtel”).

[3] This line item refers to investments in private funds. In 2014 and 2013, no contributions were made to such private funds.

14) Property, machinery and equipment, net

As of December 31, 2014 and 2013, consolidated property, machinery and equipment, net and the changes in such line item during 2014, 2013 and 2012, were as follows:

	2014				
	Land and mineral reserves [1]	Building [1]	Machinery and equipment [2]	Construction in progress	Total
Cost at beginning of period	$ 75,415	41,531	179,905	12,817	309,668
Accumulated depreciation and depletion	(8,675)	(14,657)	(80,619)	–	(103,951)
Net book value at beginning of period	66,740	26,874	99,286	12,817	205,717
Capital expenditures	675	566	7,625	–	8,866
Additions through capital leases	–	–	108	–	108
Stripping costs	512	–	–	–	512
Total additions	1,187	566	7,733	–	9,486
Disposals [3]	(548)	(367)	(1,294)	(252)	(2,461)
Reclassifications [4]	(1,116)	(257)	(5,416)	(39)	(6,828)
Depreciation and depletion for the period	(1,888)	(1,778)	(9,283)	–	(12,949)
Impairment losses	(271)	(202)	(116)	–	(589)
Foreign currency translation effects	4,571	1,667	3,360	954	10,552
Cost at end of period	78,511	43,473	185,629	13,480	321,093
Accumulated depreciation and depletion	(9,836)	(16,970)	(91,359)	–	(118,165)
Net book value at end of period	$ 68,675	26,503	94,270	13,480	202,928

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	2013					
	Land and mineral reserves [1]	Building [1]	Machinery and equipment [2]	Construction in progress	Total	2012
Cost at beginning of period	$ 76,620	40,316	176,720	14,276	307,932	324,580
Accumulated depreciation and depletion	(7,681)	(12,703)	(74,473)	–	(94,857)	(90,237)
Net book value at beginning of period	68,939	27,613	102,247	14,276	213,075	234,343
Capital expenditures	961	632	6,176	–	7,769	7,899
Additions through capital leases	–	38	103	–	141	2,025
Stripping costs	499	–	–	–	499	439
Capitalization of financial expense	–	–	–	–	–	102
Total additions	1,460	670	6,279	–	8,409	10,465
Disposals [3]	(1,014)	(471)	(1,465)	(10)	(2,960)	(3,381)
Reclassifications [4]	(317)	(98)	(246)	(4)	(665)	(1,102)
Depreciation and depletion for the period	(1,501)	(1,873)	(9,758)	–	(13,132)	(14,392)
Impairment losses	(240)	(96)	(1,022)	–	(1,358)	(542)
Foreign currency translation effects	(587)	1,129	3,251	(1,445)	2,348	(12,316)
Cost at end of period	75,415	41,531	179,905	12,817	309,668	307,932
Accumulated depreciation and depletion	(8,675)	(14,657)	(80,619)	–	(103,951)	(94,857)
Net book value at end of period	$ 66,740	26,874	99,286	12,817	205,717	213,075

1 Includes corporate buildings and related land sold to financial institutions during 2012 and 2011, which were leased back, without incurring any change in the carrying amount of such assets or gain or loss on the transactions. The aggregate carrying amount of these assets as of December 31, 2014 and 2013 was approximately $1,953 and $2,041, respectively.

2 Includes assets, mainly mobile equipment, acquired through capital leases, which carrying amount as of December 31, 2014 and 2013 was approximately $108 and $141, respectively.

3 In 2014, the sales of non-strategic fixed assets in the United States, the United Kingdom and Ireland for $757, $539 and $537, respectively. In 2013, includes sales of non-strategic fixed assets in Mexico, the United States, and United Kingdom for $680, $702 and $920, respectively. In 2012, includes sales of non-strategic fixed assets in the United States, the United Kingdom and Mexico for $384, $1,129 and $1,160, respectively.

4 In 2014, refers primarily to the reclassification to assets held for sale in connection with the agreement to divest assets in the western region of Germany and in Andorra, Spain (notes 12 and 15B) for $3,956 and $2,601, respectively. In 2013, as described in note 13A, CEMEX contributed fixed assets to its associate Concrete Supply Co., LLC for approximately $445. In 2012, due to decision to dispose of certain components of CGUs in the United States, CEMEX reclassified approximately $1,102 of fixed assets associated with such CGUs to assets held for sale (note 12).

(Millions of Mexican pesos)

CEMEX has significant balances of property, machinery and equipment. As of December 31, 2014 and 2013, the consolidated balances of property, machinery and equipment, net, represented approximately 39.4% and 41.5%, respectively, of CEMEX's total consolidated assets. As a result of impairment tests conducted on several CGUs considering certain triggering events, mainly: a) the closing and/or reduction of operations of cement and ready-mix concrete plants resulting from adjusting the supply to current demand conditions; and b) the transferring of installed capacity to more efficient plants, for the years ended December 31, 2014, 2013 and 2012, CEMEX adjusted the related fixed assets to their estimated value in use in those circumstances in which the assets would continue in operation based on estimated cash flows during the remaining useful life, or to their realizable value, in case of permanent shut down, and recognized impairment losses (note 2K) during 2014, 2013 and 2012 in the following countries and for the following amounts:

	2014	2013	2012
Mexico	$ 221	36	203
Spain	125	917	–
United States	108	134	71
United Kingdom	59	–	–
Germany	19	59	128
Bangladesh	14	–	–
Puerto Rico	–	187	–
Latvia	–	2	38
Ireland	–	–	64
Other countries	43	23	38
	$ 589	1,358	542

15) Goodwill and intangible assets

15A) Balances and changes during the period

As of December 31, 2014 and 2013, consolidated goodwill, intangible assets and deferred charges were summarized as follows:

	2014			2013		
	Cost	Accumulated amortization	Carrying amount	Cost	Accumulated amortization	Carrying amount
Intangible assets of indefinite useful life:						
Goodwill	$ 160,544	–	160,544	$ 144,457	–	144,457
Intangible assets of definite useful life:						
Extraction rights	30,677	(3,347)	27,330	27,550	(2,554)	24,996
Industrial property and trademarks	267	(145)	122	248	(108)	140
Customer relationships	5,405	(4,012)	1,393	4,829	(3,090)	1,739
Mining projects	1,746	(245)	1,501	1,562	(221)	1,341
Others intangible assets	8,563	(5,969)	2,594	7,023	(4,756)	2,267
	$ 207,202	(13,718)	193,484	$ 185,669	(10,729)	174,940

The amortization of intangible assets of definite useful life was approximately $1,508 in 2014, $1,327 in 2013 and $3,113 in 2012, and was recognized within operating costs and expenses.

(Millions of Mexican pesos)

Goodwill

Changes in consolidated goodwill in 2014, 2013 and 2012 were as follows:

	2014	2013	2012
Balance at beginning of period	$ 144,457	142,444	152,674
Disposals and cancellations [1]	–	–	(323)
Reclassification to assets held for sale [2]	–	–	(212)
Foreign currency translation effects	16,087	2,013	(9,695)
Balance at end of period	$ 160,544	144,457	142,444

[1] In 2012, due to the decision to sell certain milling assets from CEMEX's operations in Spain to its operations in Colombia, CEMEX cancelled approximately $323 of goodwill in Spain associated with the original acquisition of the entity that held the assets against other expenses, net.

[2] In 2012, due to the classification of certain CGUs in the United States to assets held for sale, considering the historical average Operating EBITDA generation of such CGUs, CEMEX allocated approximately $212 of goodwill related to the groups of CGUs to which goodwill had been allocated in such country to the fair value less cost to sale associated with such assets recognized in assets held for sale (note 12).

Intangible assets of definite life

Changes in intangible assets of definite life in 2014, 2013 and 2012 were as follows:

	2014					
	Extraction rights	Industrial property and trademarks	Customer relations	Mining Projects	Others [1]	Total
Balance at beginning of period	$ 24,996	140	1,739	1,341	2,267	30,483
Additions (disposals), net [1]	118	605	–	(19)	(51)	653
Amortization	(624)	(134)	(509)	(45)	(196)	(1,508)
Reclassification to assets held for sale	–	–	(5)	–	–	(5)
Foreign currency translation effects	2,840	(489)	168	224	574	3,317
Balance at the end of period	$ 27,330	122	1,393	1,501	2,594	32,940

	2013						
	Extraction rights	Industrial property and trademarks	Customer relations	Mining Projects	Others [1]	Total	2012
Balance at beginning of period	$ 25,174	353	2,256	1,079	1,684	30,546	35,971
Additions (disposals), net [1]	(110)	(69)	(9)	537	185	534	(500)
Reclassification to assets held for sale	–	–	(13)	–	(35)	(48)	–
Amortization	(447)	(295)	(498)	(53)	(34)	(1,327)	(3,113)
Impairment losses	–	(5)	(29)	–	(129)	(163)	(111)
Foreign currency translation effects	379	156	32	(222)	596	941	(1,701)
Balance at the end of period	$ 24,996	140	1,739	1,341	2,267	30,483	30,546

[1] As of December 31, 2014 and 2013, "Others" includes the carrying amount of internal-use software of approximately $1,560 and $984, respectively. Capitalized direct costs incurred in the development stage of internal-use software, such as professional fees, direct labor and related travel expenses, amounted to approximately $702 in 2014, $562 in 2013 and $352 in 2012.

When impairment indicators exist, for each intangible asset, CEMEX determines its projected revenue streams over the estimated useful life of the asset. In order to obtain discounted cash flows attributable to each intangible asset, such revenues are adjusted for operating expenses, changes in working capital and other expenditures, as applicable, and discounted to net present value using the risk adjusted discount rate of return. Significant management judgment is necessary to determine the appropriate valuation method and estimates under the key assumptions, among which are: a) the useful life of the asset; b) the risk adjusted discount rate of return; c) royalty rates; and d) growth rates. Assumptions used for these cash flows are consistent with internal forecasts and industry practices. The fair values of intangible assets are very sensitive to changes in the significant assumptions used in their calculation. Certain key assumptions are more subjective than others. In respect of trademarks, CEMEX considers that the most subjective key assumption in the determination of revenue streams is the royalty rate. In respect of extraction rights and customer relationships, the most subjective assumptions are revenue growth rates and estimated useful lives. CEMEX validates its assumptions through benchmarking with industry practices and the corroboration of third party valuation advisors.

15B) Main acquisitions and divestitures during the reported periods

On October 31, 2014, CEMEX announced the signing of binding agreements with Holcim Ltd. ("Holcim"), a global producer of building materials based in Switzerland. Pursuant to these agreements, CEMEX and Holcim agreed to conduct a series of related transactions, finally executed on January 5, 2015 (note 26) after customary conditions precedent were concluded, with retrospective effects as of January 1, 2015, by means of which: a) in the Czech Republic, CEMEX acquired all of Holcim's assets, including a cement plant, four aggregates quarries and 17 ready-mix plants for approximately €115 (US$139 or $2,049); b) in Germany, CEMEX sold to Holcim its assets in the western region of the country, consisting of one cement plant, two cement grinding mills, one slag granulator, 22 aggregates quarries and 79 ready-mix plants for approximately €171 (US$207 or $3,047), while CEMEX maintained its operations in the north, east and south of the country; and c) in Spain, CEMEX acquired from Holcim one cement plant in the southern part of the country with a production capacity of 850 thousand tons, and one cement mill in the central part of the country with grinding capacity of 900 thousand tons, among other related assets for approximately €89 (US$108 or $1,592); and d) CEMEX agreed a final payment in cash, after combined debt and working capital adjustments agreed with Holcim, of approximately €33 (US$40 or $594). Holcim kept its other operations in Spain. Initially, it was announced that Holcim would contribute all its operations in the country to CEMEX España Operaciones, S.L. ("CEMEX España Operaciones"), CEMEX's operating subsidiary in the country, in exchange for approximately 25% of the resulting combined entity's common stock, reflecting at the time the relative estimated fair value of the net assets to be contributed, while CEMEX would hold a 75% equity interest in CEMEX España Operaciones but the scope was modified. The aforementioned transactions were authorized by european competition authorities in Germany, Spain and the Czech Republic in which the transaction in this country is concerned. As of December 31, 2014, the related CEMEX's net assets in the western region of Germany were reclassified to assets and liabilities held for sale at their expected selling price less certain costs for disposal (notes 12 and 17).

In Germany, the operations of the net assets sold by CEMEX to Holcim on January 5, 2015 were consolidated by CEMEX line-by-line for all the periods presented. CEMEX measured the materiality of such net assets using a threshold of 5% of consolidated net sales, operating earnings before other expenses, net gain (loss) and total assets. Considering the results of the quantitative tests and its remaining ongoing operations in its operating segment in Germany, CEMEX concluded that the net assets sold in Germany did not reach the materiality thresholds to be classified as discontinued operations. The results of CEMEX's quantitative tests for the years ended December 31, 2014, 2013 and 2012 were as follows:

(Millions of U.S. dollars)	2014	2013	2012
Net sales			
CEMEX consolidated	US$ 15,709	15,227	14,984
German assets held for sale	498	474	479
	3.2%	3.1%	3.2%
Operating earnings before other expenses, net			
CEMEX consolidated	US$ 1,659	1,518	1,293
German assets held for sale	17	8	(12)
	1.0%	0.5%	N/A
Consolidated net income (loss)			
CEMEX consolidated	US$ (425)	(748)	(862)
German assets held for sale	9	(1)	(17)
	N/A	0.1%	1.9%
Total assets			
CEMEX consolidated	US$ 34,936	38,018	
German assets held for sale	316	374	
	0.9%	1.0%	

For 2014, 2013 and 2012, selected combined statement of operations information of the assets held for sale in Germany was as follows:

	2014	2013	2012
Net sales	$ 6,655	6,091	6,301
Operating earnings before other expenses, net	227	98	(157)
Net income (loss)	122	(14)	(217)

As of December 31, 2014, the condensed combined balance sheet of the assets held for sale in Germany was as follows:

	2014
Current assets	$ 713
Non-current assets	3,945
Total assets	4,658
Current liabilities	595
Non-current liabilities	1,016
Total liabilities	1,611
Total net assets	$ 3,047

(Millions of Mexican pesos)

As of December 31, 2014, CEMEX was in negotiations with an international investor to sell its idle operating assets in Andorra, Spain for approximately €25 (US$31 or $451). After certain conditions precedent, the transaction is expected to be finalized during the first quarter of 2015. The related assets were reclassified to assets held for sale (notes 12 and 14). Subject to further negotiation, CEMEX may provide decommissioning services to the third party for an estimated additional amount of €15 (US$18 or $268).

As of December 2014, CEMEX sold significantly all the operating assets of Readymix plc ("Readymix"), CEMEX's main operating subsidiary in the Republic of Ireland, and an indirect subsidiary of CEMEX España, for €19 (US$23 or $339), recognizing a loss on sale of approximately €14 (US$17 or $250). Previously, on May 17, 2012, and after compliance with applicable regulations in such country, CEMEX acquired the 38.8% non-controlling interest held by third parties for €0.25 per share in cash or approximately €11 (US$15 or $187). The listing and trading of Readymix's shares on the Irish Stock Exchange was cancelled beginning on May 18, 2012.

On November 15, 2012, as described in note 20D, and giving effect to the put option granted to the initial purchasers in December 2012, CEMEX sold a non-controlling interest of 26.65% in CEMEX Latam Holdings, S.A, a direct subsidiary of CEMEX España S.A, ("CEMEX España") for a net amount of approximately US$960 ($12,336).

On October 12, 2012, in a private transaction, CEMEX made the final payment in connection with the acquisition, initiated in April 2012, of the 49% non-controlling interest in an indirect holding company of Global Cement, S.A., which on May 23, 2013 changed its name to CEMEX Guatemala, S.A., CEMEX's main operating subsidiary in Guatemala, for a total amount of approximately US$54 ($694), recognizing a reduction in the line item "Other equity reserves" of approximately US$32 ($411).

15C) Analysis of goodwill impairment

As of December 31, 2014 and 2013, goodwill balances allocated by operating segment were as follows:

		2014	2013
United States	$	125,447	111,064
Mexico		6,648	6,399
Northern Europe			
United Kingdom		4,905	4,559
France		3,717	3,638
Czech Republic		456	428
Mediterranean			
Spain		9,577	8,845
United Arab Emirates		1,460	1,370
Egypt		231	231
SA&C			
Colombia		5,225	5,289
Dominican Republic		208	215
Rest of SA&C [1]		786	743
Asia			
Philippines		1,478	1,317
Others			
Other reporting segments [2]		406	359
	$	160,544	144,457

[1] This caption refers to the operating segments in the Caribbean, Argentina, Costa Rica and Panama.

[2] This caption is primarily associated with Neoris N.V., CEMEX's subsidiary involved in the sale of information technology and services.

(Millions of Mexican pesos)

CEMEX is engaged in the production, marketing, distribution and sale of cement, ready-mix concrete, aggregates and other construction materials. The geographic operating segments reported by CEMEX (note 4) represent CEMEX's groups of CGUs to which goodwill has been allocated for purposes of testing goodwill for impairment. Correspondingly, each of CEMEX's geographic operating segments is comprised of CEMEX's operations in a country. Each country or operating segment is, in turn, comprised of a lower level of CGUs, which are not larger than an operating segment, identified by CEMEX as geographical zones within the country in which all main business activities are conducted. For purposes of goodwill impairment tests, all cash-generating units within a country are aggregated, as goodwill is allocated at that level. In order to arrive at these conclusions, CEMEX evaluated: a) that after the acquisition, goodwill is allocated at the level of the reportable operating segment and represents the lowest level within CEMEX at which goodwill is monitored for internal management purposes and reflects the way CEMEX manages its operations and allocates resources; b) that the cash-generating units that comprise the reported segment have similar economic characteristics; c) that the reported segments are used by CEMEX to organize and evaluate its activities in its internal information systems; d) the homogeneous nature of the items produced and traded in each cash-generating unit, which are all used by the construction industry; e) the vertical integration in the value chain of the products comprising each component; f) the type of clients, which are substantially similar in all components; g) the operative integration among components; and h) that the compensation system of a specific country is based on the consolidated results of the geographic operating segment and not on the particular results of the components. Considering materiality for disclosure purposes, in note 15C, certain balances of goodwill were presented for Rest of Northern Europe or Rest of South America and the Caribbean, but this does not represent that goodwill was tested at a level higher than for operations in an individual country.

Impairment tests are significantly sensitive to, among other factors, the estimation of future prices of CEMEX's products, the development of operating expenses, local and international economic trends in the construction industry, the long-term growth expectations in the different markets, as well as the discount rates and the long-term growth rates applied. CEMEX's cash flow projections to determine the value in use of its CGUs to which goodwill has been allocated consider the use of long-term economic assumptions. CEMEX believes that its discounted cash flow projections and the discount rates used reasonably reflect current economic conditions at the time of the calculations, considering, among other factors that: a) the cost of capital reflects current risks and volatility in the markets; and b) the cost of debt represents the average of industry specific interest rates observed in recent transactions. Other key assumptions used to determine CEMEX's discounted cash flows are volume and price increases or decreases by main product during the projected periods. Volume increases or decreases generally reflect forecasts issued by trustworthy external sources, occasionally adjusted based on CEMEX's actual backlog, experience and judgment considering its concentration in certain sectors, while price changes normally reflect the expected inflation in the respective country. Operating costs and expenses during all periods are maintained as a fixed percent of revenues considering historic performance.

During the last quarter of 2014, 2013 and 2012, CEMEX performed its annual goodwill impairment test. Based on these analyses, CEMEX did not determine impairment losses of goodwill in any of the reported periods.

CEMEX's pre-tax discount rates and long-term growth rates used to determine the discounted cash flows in the group of CGUs with the main goodwill balances were as follows:

	Discount rates			Growth rates		
Groups of CGUs	2014	2013	2012	2014	2013	2012
United States	8.7%	9.8%	9.9%	2.5%	2.5%	2.5%
Spain	10.1%	11.4%	11.5%	2.0%	2.3%	2.5%
Mexico	9.7%	10.9%	10.7%	3.8%	3.8%	3.0%
Colombia	9.7%	10.9%	10.7%	3.0%	4.2%	3.5%
France	9.2%	10.7%	10.3%	1.7%	1.7%	1.9%
United Arab Emirates	10.4%	12.2%	13.3%	3.4%	3.4%	3.6%
United Kingdom	9.0%	10.5%	10.3%	2.4%	2.1%	2.7%
Egypt	11.6%	13.0%	13.5%	4.0%	4.0%	4.0%
Range of discount rates in other countries	9.2% - 14.0%	11.0% - 12.3%	11.1% - 13.3%	2.1% - 4.9%	2.4% - 5.0%	3.4% - 4.0%

Notes to the consolidated financial statements

CEMEX, S.A.B. de C.V.
and subsidiaries
As of December 31, 2014, 2013 and 2012
(Millions of Mexican pesos)

As of December 31, 2014, the discount rates used by CEMEX in its cash flows projections generally decreased from the values determined in 2013, mainly as a result of the reduction of the funding cost observed in the industry as compared to the prior year and the reduction in the risk free rate, significant assumptions in the determination of the discount rates. The funding cost decreased from 7.0% in 2013 to 6.1% in 2014, while the risk free rate decreased from 3.7% in 2013 to 3.1% in 2014. As of December 31, 2013, the discount rates changed slightly from the values determined in 2012, in each case mainly as a result of variations in the country specific sovereign yield as compared to the prior year. In respect to long-term growth rates, following general practice under IFRS, CEMEX uses country specific rates, which are mainly obtained from the Consensus Economics, a compilation of analysts' forecast worldwide, or from the International Monetary Fund when the first are not available for a specific country.

In connection with the assumptions included in the table above, CEMEX made sensitivity analyses to changes in assumptions, affecting the value in use of all groups of CGUs with an independent reasonable possible increase of 1% in the pre-tax discount rate, and an independent possible decrease of 1% in the long-term growth rate. In addition, CEMEX performed cross-check analyses for reasonableness of its results using multiples of Operating EBITDA. In order to arrive at these multiples, which represent a reasonableness check of the discounted cash flow models, CEMEX determined a weighted average multiple of Operating EBITDA to enterprise value observed in the industry. The average multiple was then applied to a stabilized amount of Operating EBITDA and the result was compared to the corresponding carrying amount for each group of CGUs to which goodwill has been allocated. CEMEX considered an industry weighted average Operating EBITDA multiple of 9.5 times in 2014 and 10.3 times in 2013 and 2012. CEMEX's own Operating EBITDA multiple was 10.9 times in 2014, 11.6 times in 2013 and 10.6 times in 2012. The lowest multiple observed in CEMEX's benchmark was 6.0 times in 2014 and 7.2 times in 2013 and 2012, and the highest being 16.4 times in 2014, 20.9 times in 2013 and 21.3 times in 2012.

As of December 31, 2014 and 2013, none of CEMEX's sensitivity analyses resulted in a relative impairment risk in CEMEX's operating segments. Whereas, as of December 31, 2012, the impairment charges resulting from the sensitivity analyses that would have resulted from an independent change of each one of the variables and/or by the use of multiples of Operating EBITDA, regarding the operating segment that presented a relative impairment risk, would have been as follows:

As of December 31, 2012			Sensitivity analysis		
(Amounts in millions)		Recognized impairment charges	Discount rate + 1pt	Long-term growth rate - 1pt	Multiples of Operating EBITDA
Spain	US$	–	99	–	39
United Arab Emirates		–	8	–	–

CEMEX continually monitors the evolution of the specific CGUs to which goodwill has been allocated that have presented relative goodwill impairment risk in any of the reported periods and, in the event that the relevant economic variables and the related cash flows projections would be negatively affected, it may result in a goodwill impairment loss in the future.

(Millions of Mexican pesos)

CEMEX maintains a market capitalization significantly lower than its levels prior to the 2008 global crisis, which CEMEX believes is due to factors such as: a) the contraction of the global construction industry and mainly in the United States, which has experienced a continued slow recovery after the crisis of 2008, that has significantly affected CEMEX's operations in such country and consequently its overall generation of cash flows; b) CEMEX's significant amount of consolidated debt and its operation since August 2009 under agreements with its main creditors (note 16A), considering the high uncertainty perceived by stakeholders regarding CEMEX's odds of successfully achieving the different milestones established with its main creditors; and c) the transfer of capital, mainly due to high volatility generated by continued liquidity problems in certain European countries, from variable income securities in developing countries such as Mexico to fixed income securities in developed countries such as the United States. The market price of CEMEX's CPO has recovered significantly after CEMEX's renegotiation of September 2012 (note 16A). In dollar terms, CEMEX's market capitalization increased by 25% in 2013 compared to 2012, to approximately US$13.5 billion ($176.1 billion), and decreased approximately 6% in 2014 compared to 2013 to approximately US$12.7 billion ($186.8 billion), due to a significant depreciation of the peso against the dollar during the last quarter of 2014, as part of a general appreciation of the dollar against all major currencies in the world during such period. During 2014 the Mexican peso depreciated 13% against the dollar.

As of December 31, 2014 and 2013, Goodwill allocated to the United States accounted for approximately 78% and 77%, respectively, of CEMEX's total amount of consolidated goodwill. In connection with CEMEX's determination of value in use relative to its groups of CGUs in the United States in the reported periods, CEMEX has considered several factors, such as the historical performance of such operating segment, including operating losses in recent years, the long-term nature of CEMEX's investment, the recent signs of recovery in the construction industry, the significant economic barriers for new potential competitors considering the high investment required, and the lack of susceptibility of the industry to technology improvements or alternate construction products, among other factors. CEMEX has also considered recent developments in its operations in the United States, such as the increases in ready-mix concrete volumes of approximately 2% in 2014, 8% in 2013 and 20% in 2012, and the increases in ready-mix concrete prices of approximately 8% in 2014, 6% in 2013 and 4% in 2012, which are key drivers for cement consumption and CEMEX's profitability, and which trends are expected to continue over the next few years, as anticipated in CEMEX's cash flow projections.

16) Financial instruments

16A) Short-term and long-term debt

As of December 31, 2014 and 2013, CEMEX´s consolidated debt summarized by interest rates and currencies, was as follow:

	2014			2013		
	Short-Term	Long-Term	Total	Short-Term	Long-Term	Total
Floating rate debt	$ 11,042	54,529	65,571	$ 82	70,707	70,789
Fixed rate debt	3,465	136,798	140,263	3,877	116,314	120,191
	$ 14,507	191,327	205,834	$ 3,959	187,021	190,980
Effective rate [1]						
Floating rate	5.2%	4.4%		3.9%	4.9%	
Fixed rate	8.8%	7.3%		4.7%	8.5%	

	2014				2013			
Currency	Short-term	Long-term	Total	Effective rate [1]	Short-Term	Long-Term	Total	Effective rate [1]
Dollars	$ 14,439	165,999	180,438	6.6%	$ 125	163,632	163,757	7.2%
Euros	23	23,783	23,806	5.5%	3,765	20,895	24,660	6.2%
Pesos	–	1,495	1,495	6.5%	–	2,413	2,413	7.4%
Other currencies	45	50	95	4.8%	69	81	150	4.7%
	$ 14,507	191,327	205,834		$ 3,959	187,021	190,980	

[1] Represents the weighted average effective interest rate.

(Millions of Mexican pesos)

As of December 31, 2014 and 2013, CEMEX´s consolidated debt summarized by type of instrument, was as follow:

2014		Short-term	Long-term	2013		Short-term	Long-term
Bank loans				**Bank loans**			
Loans in foreign countries, 2015 to 2018	$	7	223	Loans in Mexico, 2014 to 2017	$	–	1,090
Syndicated loans, 2015 to 2019		–	47,018	Loans in foreign countries, 2014 to 2018		6	1,234
		7	47,241	Syndicated loans, 2014 to 2017		–	53,102
						6	55,426
Notes payable				**Notes payable**			
Notes payable in Mexico, 2015 to 2017		–	614	Notes payable in Mexico, 2014 to 2017		–	589
Medium-term notes, 2015 to 2025		–	155,470	Medium-term notes, 2014 to 2022		–	132,702
Other notes payable, 2015 to 2025		94	2,408	Other notes payable, 2014 to 2025		87	2,170
		94	158,492			87	135,461
Total bank loans and notes payable		101	205,733	Total bank loans and notes payable		93	190,887
Current maturities		14,406	(14,406)	Current maturities		3,866	(3,866)
	$	14,507	191,327		$	3,959	187,021

As of December 31, 2014 and 2013, discounts, fees and other direct costs incurred in the issuance of CEMEX's outstanding notes payable for approximately US$155 and US$177, respectively, adjust the balance of notes payable, and are amortized to financing expense over the maturity of the related debt instruments.

Changes in consolidated debt for the years ended December 31, 2014, 2013 and 2012 were as follows:

		2014	2013	2012
Debt at beginning of year	$	190,980	178,135	208,471
Proceeds from new debt instruments		72,534	40,661	33,468
Debt repayments		(79,248)	(31,913)	(52,699)
Issuance of debt in exchange for perpetual notes		–	–	4,123
Foreign currency translation and inflation effects		21,568	4,097	(15,228)
Debt at end of year	$	205,834	190,980	178,135

As of December 31, 2014 and 2013, as presented in the table above of debt by type of instrument, approximately 23% and 29%, respectively, of CEMEX's total indebtedness, was represented by bank loans, of which, in 2014, the most significant portion corresponded to those balances under CEMEX's financing agreement entered into on September 29, 2014 (the "Credit Agreement") of approximately US$1,286 ($18,957) and the financing agreement entered into on September 17, 2012, as amended several times including on October 31, 2014 (the "Facilities Agreement") of approximately US$1,904 ($28,061), both agreements described elsewhere in this note 16A, and in 2013, the most significant portion corresponded to the balance under the Facilities Agreement of approximately US$4,069 ($53,102).

(Millions of Mexican pesos)

In addition, as of December 31, 2014 and 2013, as presented in the table above of debt by type of instrument, approximately 77% and 71%, respectively, of CEMEX's total indebtedness, was represented by notes payable, of which, the most significant portion was long-term in both periods. As of December 31, 2014 and 2013, CEMEX's long-term notes payable are detailed as follows:

Description	Date of issuance	Issuer [1, 2]	Currency	Principal amount	Rate [1]	Maturity date	Repurchased amount	Outstanding amount [3]	2014	2013
July 2025 Notes	02/Apr/03	CEMEX Materials, LLC	Dollar	150	7.70%	21/Jul/25	–	150	$ 2,344	2,091
January 2025 Notes	11/Sep/14	CEMEX, S.A.B. de C.V.	Dollar	1,100	5.70%	11/Jan/25	–	1,100	16,142	–
April 2024 Notes	01/Apr/14	CEMEX Finance LLC	Dollar	1,000	6.00%	01/Apr/24	–	1,000	14,203	–
October 2022 Notes [13]	12/Oct/12	CEMEX Finance LLC	Dollar	1,500	9.375%	12/Oct/22	–	1,500	21,942	19,414
January 2022 Notes	11/Sep/14	CEMEX, S.A.B. de C.V.	Euro	400	4.75%	11/Jan/22	–	400	7,106	–
January 2021 Notes [9, 10]	02/Oct/13	CEMEX, S.A.B. de C.V.	Dollar	1,000	7.25%	15/Jan/21	–	1,000	14,512	12,816
April 2021 Notes	01/Apr/14	CEMEX Finance LLC	Euro	400	5.25%	01/Apr/21	–	400	7,096	–
May 2020 Notes [4, 7]	12/May/10	CEMEX España, S.A.	Dollar	1,193	9.25%	12/May/20	(969)	224	3,124	15,351
December 2019 Notes [11]	12/Aug/13	CEMEX, S.A.B. de C.V.	Dollar	1,000	6.50%	10/Dec/19	–	1,000	14,461	12,755
April 2019 USD Notes [14]	28/Mar/12	CEMEX España, S.A.	Dollar	704	9.875%	30/Apr/19	–	704	10,375	9,185
April 2019 Euro Notes [14]	28/Mar/12	CEMEX España, S.A.	Euro	179	9.875%	30/Apr/19	–	179	3,197	3,218
March 2019 Notes [12]	25/Mar/13	CEMEX, S.A.B. de C.V.	Dollar	600	5.875%	25/Mar/19	–	600	8,798	7,775
October 2018 Variable Notes [9, 10]	02/Oct/13	CEMEX, S.A.B. de C.V.	Dollar	500	L+475bps	15/Oct/18	–	500	7,348	6,498
June 2018 Notes	17/Sep/12	CEMEX, S.A.B. de C.V.	Dollar	500	9.50%	15/Jun/18	–	500	7,335	6,482
January 2018 Notes [4, 7]	11/Jan/11	CEMEX, S.A.B. de C.V.	Dollar	1,650	9.00%	11/Jan/18	(1,089)	561	8,317	21,233
December 2017 Notes [6,9,10]	14/Dec/09	CEMEX Finance LLC	Euro	350	9.625%	14/Dec/17	(350)	–	–	2,318
November 2017 Notes	30/Nov/07	CEMEX, S.A.B. de C.V.	Peso	614	4.40%	17/Nov/17	–	614	614	589
May 2017 Notes [5]	12/May/10	CEMEX España, S.A.	Euro	115	8.875%	12/May/17	(115)	–	–	2,063
September 2015 Variable Notes	05/Apr/11	CEMEX, S.A.B. de C.V.	Dollar	800	L+500bps	30/Sep/15	(16)	784	10,968	9,841
March 2014 Notes [8, 12, 14]	05/Mar/08	CEMEX Finance Europe	Euro	900	4.75%	05/Mar/14	–	–	–	3,732
Other notes payable									610	100
									$ 158,492	135,461

1 In all applicable cases the issuer refers to CEMEX España, S.A. acting through its Luxembourg Branch. The letter "L" included above refers to LIBOR, which represents the London Inter-Bank Offered Rate, variable rate used in international markets for debt denominated in U.S. dollars. As of December 31, 2014 and 2013, 3-Month LIBOR rate was 0.2556% and 0.2461%, respectively. The contraction "bps" means basis points. One hundred basis points equal 1%.

2 Unless otherwise indicated, all issuances are fully and unconditionally guaranteed by CEMEX, S.A.B. de C.V., CEMEX México, S.A. de C.V., CEMEX Concretos S.A. de C.V., Empresas Toltecas de México, S.A. de C.V., New Sunward Holding B.V., CEMEX España, S.A., CEMEX Asia, B.V., CEMEX Corp., CEMEX Egyptian Investments, B.V., CEMEX Egyptian Investments II, B.V., CEMEX France Gestion, (S.A.S.), CEMEX Research Group AG, CEMEX Shipping B.V. and CEMEX UK.

3 Includes all outstanding notes held by CEMEX's subsidiaries.

4 On October 1, 2014, expired a cash tender offer to purchase up to US$1,175 aggregate principal amount of the January 2018 Notes and of the May 2020 Notes. Pursuant to this tender offer and using a portion of the proceeds from the issuance of the January 2025 Notes, CEMEX completed the purchase of approximately US$593 aggregate principal amount of the January 2018 Notes and approximately US$365 aggregate principal amount of the May 2020 Notes.

5 On May 12, 2014, CEMEX completed the redemption of €115 aggregate principal amount of the May 2017 Notes using a portion of the proceeds from the issuance of the April 2021 Notes.

[6] On April 25, 2014, CEMEX completed the redemption of the remaining €130 aggregate principal amount of the December 2017 Notes using a portion of the proceeds from the issuance of the April 2021 Notes.

[7] On April 9, 2014, through a cash tender offer using a portion of the proceeds from the issuance of the April 2024 Notes, CEMEX completed the purchase of US$483 aggregate principal amount of the January 2018 Notes and US$597 aggregate principal amount of the May 2020 Notes.

[8] On March 5, 2014, using a portion of the proceeds from the issuance of the January 2021 Notes, CEMEX repaid the remaining €247 aggregate principal amount outstanding of the March 2014 Notes at their maturity.

[9] On December 14, 2013, subsequent to the tender offers of September 25 described below, CEMEX completed the redemption of all of the outstanding US$355 principal amount of 9.50% Senior Secured Notes due 2016 (the "2016 Notes") issued by CEMEX Finance LLC and the redemption of approximately €39 of the then outstanding €169 aggregate principal amount of the December 2017 Notes.

[10] On September 25, 2013, in connection with the proceeds obtained from the issuance of the October 2018 Variable Notes and of the January 2021 Notes, CEMEX commenced tender offers to purchase any and all of US$825 aggregate principal amount outstanding of the 2016 Notes and to purchase up to €150, further increased €220 on October 3, 2013, of the December 2017 Notes. The remainder was used for general corporate purposes, including the repayment at maturity of the March 2014 Notes. The tender offers resulted in the purchase of approximately US$470 principal amount of the 2016 Notes and approximately €181 principal amount of the December 2017 Notes.

[11] On August 5, 2013, in connection with the issuance of the December 2019 Notes, CEMEX commenced a tender offer to purchase up to US$925 of the then outstanding amount of the 2016 Notes. The tender offer resulted in the purchase of US$925 principal amount of the 2016 Notes.

[12] In March 2013, in connection with the issuance of the March 2019 Notes, CEMEX used the proceeds from the offering for the repayment of US$55 of the remaining indebtedness under CEMEX's Financing Agreement, described elsewhere in this note 16A, the purchase of €183 of the March 2014 Notes and for general corporate purposes, including the repayment of other indebtedness.

[13] In October 2012, in connection with the issuance of the October 2022 Notes, CEMEX used the proceeds to repay indebtedness under the Facilities Agreement, which allowed CEMEX to achieve the first debt repayment milestone and the reduction in the interest rate under such agreement by 25 basis points, as detailed in other section of this note 16A.

[14] In March 2012, through several exchange offers made on a private placement basis, CEMEX finalized the issuance of the April 2019 Euro Notes and the April 2019 USD Notes, in exchange for approximately €470 of its then outstanding March 2014 Notes and approximately US$452 in several series of its then aggregate outstanding perpetual debentures (note 20D). As a result of the private exchanges, CEMEX generated in 2012 a gain of approximately US$131 ($1,680), representing the difference between the notional amount of the April 2019 Euro Notes and the April 2019 USD Notes, and the several series of the reacquired and cancelled perpetual debentures, which was recognized within "Other equity reserves."

During 2014, 2013 and 2012, as a result of the debt transactions incurred by CEMEX mentioned above, including exchange offers and tender offers to replace and/or repurchase existing debt instruments, CEMEX paid combined premiums, fees and issuance costs for approximately US$232 ($3,107), US$155 ($1,988) and US$120 ($1,583), respectively, of which approximately US$167 ($2,236) in 2014 and US$110 ($1,410) in 2013, associated with the extinguished portion of the exchanged or repurchased notes, were recognized in the statement of operations in each year within financial expense. In addition, approximately US$65 ($871) in 2014, US$45 ($578) in 2013 and US$120 ($1,583) in 2012, corresponding to the portion of the combined premiums, fees and issuance costs treated as a refinancing of the old instruments by considering that: a) the relevant economic terms of the old notes were not substantially different; and b) the final holders of the new notes were the same of such portion of the old notes; adjusted the carrying amount of the new debt instruments, and are amortized over the remaining term of each instrument. Moreover, proportional fees and issuance costs related to the extinguished debt instruments for approximately US$87 ($1,161) in 2014, US$34 ($436) in 2013 and US$58 ($766) in 2012 that were pending for amortization were recognized in the statement of operations of each year as part of "Financial expense."

(Millions of Mexican pesos)

The maturities of consolidated long-term debt as of December 31, 2014, were as follows:

		2014
2016	$	101
2017		33,128
2018		27,380
2019		44,248
2020 and thereafter		86,470
	$	191,327

As of December 31, 2014, CEMEX had the following lines of credit, the majority of which are subject to the banks' availability, at annual interest rates ranging between 2.24% and 7.20%, depending on the negotiated currency:

		Lines of credit	Available
Other lines of credit in foreign subsidiaries	$	6,649	5,315
Other lines of credit from banks		5,209	5,209
	$	11,858	10,524

Credit Agreement, Facilities Agreement and Financing Agreement

On September 29, 2014, CEMEX entered into the Credit Agreement for US$1,350, with nine of the main participating banks under its Facilities Agreement. The proceeds from the Credit Agreement were used to repay US$1,350 of debt under the Facilities Agreement. Following such repayment, and along with the repayment on September 12, 2014 of US$350 of debt under the Facilities Agreement using the proceeds from the January 2025 Notes, CEMEX reduced the total outstanding amount under the Facilities Agreement to approximately US$2,475; thereby, CEMEX may avoid a contingent payment of a quarterly fee of 0.50% over such amount from the third quarter of 2015 onwards, subject to certain thresholds in CEMEX's ADS price. Moreover, on November 3, 2014, CEMEX received US$515 of additional commitments from banks that agreed to join the Credit Agreement, increasing the total amount to US$1,865. The incremental amount was applied to partially prepay the Facilities Agreement and other debt. As a result, the remaining outstanding amount under the Facilities Agreement was reduced to approximately US$2,050, scheduled to mature in 2017. The main differences of the Credit Agreement as compared to the main terms of the Facilities Agreement, include: (a) an average 4-year term with equal semi-annual payments of principal of 20% each, beginning on the third anniversary of the Credit Agreement and with the last payment on September 2019, (b) a spread over LIBOR of between 250 and 375 basis points, depending on the level of CEMEX's Leverage Ratio (as defined below); (c) a revolving credit tranche of 40% of the total principal amount with the same maturity; and (d) improvements in certain covenants and undertakings that will provide more flexibility to CEMEX. In addition, on October 31, 2014, CEMEX obtained the required consents to amend certain provisions of the Facilities Agreement to substantially conform such agreement to the Credit Agreement. On December 8, 2014, CEMEX paid a portion of the revolving credit tranche for US$560 ($8,254).

The main amendments of September 29, 2014 to the Facilities Agreement effective on October 31, 2014 include: (a) the aggregate amount allowed for capital expenditures were increased from US$800 to US$1,000 per year excluding certain capital expenditures, and, joint venture investments and acquisitions by CEMEX Latam and its subsidiaries, which capital expenditures, joint venture investments and acquisitions at any time then incurred are subject to a separate aggregate limit of US$500 (or its equivalent); (b) the amounts allowed for permitted acquisitions and investments in joint ventures were increased from US$250 to US$400 per year; (c) the restrictions on asset swaps were eliminated; and (d) a new mandatory prepayment regime that eliminates the mandatory prepayment of debt with excess cash held above certain threshold and provides CEMEX with more discretion to use its cash.

On August 14, 2009, CEMEX entered into a financing with its major creditors, as amended from time to time during 2009, 2010, 2011 and 2012 (the "Financing Agreement"), by means of which CEMEX extended the maturities of US$14,961 of syndicated loans, private placement notes and other obligations. On September 17, 2012, CEMEX entered into the Facilities Agreement pursuant to an invitation to the creditors under the Financing Agreement to exchange their existing loans and private placement notes under the Financing Agreement for new loans and new private placement notes maturing in February 2017 and the June 2018 Notes (the "Exchange Offer"), and completed the refinancing process of approximately 92.7% of the then outstanding debt under the Financing Agreement of US$7,195, after the application of the proceeds from several refinancing transactions, the application of the net proceeds obtained from the sale of assets, and an equity offering of the Parent Company in 2009, with payments due of approximately US$488 in December 2013 and US$6,707 at final maturity in February 2014. As a result of the Exchange Offer, under the Facilities Agreement, CEMEX issued US$6,155 of new loans and private placement notes with a final maturity on February 14, 2017, US$500 of the June 2018 Notes and approximately US$525 aggregate principal amount of loans and private placement notes remained outstanding after the Exchange Offer under the existing Financing Agreement, as amended. Considering that the relevant economic terms of the new debt instruments were not substantially different from those of the original loans and private placements, the aforementioned exchange of debt did not result for financial reporting in the extinguishment of the original financial liabilities; therefore, there were no effects in profit or loss. CEMEX adjusted the carrying amount of the financial liability for approximately US$116 in relation to the fees and cost incurred during the refinancing process, and those costs, together with any remaining costs relative to the Financing Agreement are being amortized over the remaining term of the Facilities Agreement. Subsequently, after the application of proceeds resulting from the October 2022 Notes, the aggregate principal amount of loans and U.S. dollar private placement notes under the amended Financing Agreement was US$55 ($707), with a final maturity on February 14, 2014. This amount was repaid in full in March 2013 with proceeds from the issuance of the March 2019 Notes.

The debt under both, the Credit Agreement and the Facilities Agreement is guaranteed by CEMEX, S.A.B. de C.V., CEMEX México, S.A. de C.V., CEMEX Concretos S.A. de C.V., Empresas Tolteca de México, S.A. de C.V., New Sunward Holding B.V., CEMEX España, S.A., CEMEX Asia, B.V., CEMEX Corp., CEMEX Egyptian Investments, B.V., CEMEX Egyptian Investments II, B.V., CEMEX France Gestion, (S.A.S.), CEMEX Research Group AG, CEMEX Shipping B.V. and CEMEX UK. In addition, the debt under such agreements (together with all other senior capital markets debt issued or guaranteed by CEMEX, and certain other precedent facilities) is also secured by a first-priority security interest in: (a) substantially all the shares of CEMEX México, S.A. de C.V., Centro Distribuidor de Cemento, S.A. de C.V., Corporación Gouda, S.A. de C.V., Mexcement Holdings, S.A. de C.V., New Sunward Holding B.V., CEMEX Trademarks Holding Ltd. and CEMEX España, S.A. (the "Collateral"); and (b) all proceeds of such Collateral. Effective December 1, 2013, Corporación Gouda S.A. de C.V. and Mexcement Holdings, S.A. de C.V. together with other Mexican subsidiaries merged into Centro Distribuidor de Cemento, S.A. de C.V. being Centro Distribuidor de Cemento, S.A. de C.V. the successor and surviving entity and universal successor that assumed all the obligations of the merged entities, which, on December 3, 2013, changed its name to CEMEX Operaciones México, S.A. de C.V. The Credit Agreement contains similar collateral release provisions as the Facilities Agreement.

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

The Credit Agreement and the Facilities Agreement also contain a number of affirmative covenants that, among other things, require CEMEX to provide periodic financial information to its lenders. However, a number of those covenants and restrictions will automatically cease to apply or become less restrictive if CEMEX so elects when (i) CEMEX's Leverage Ratio for the two most recently completed quarterly testing periods is less than or equal to 4.0 times; and (ii) no default under the Credit Agreement and the Facilities Agreement is continuing. At that point the Leverage Ratio must not exceed 4.25 times. Restrictions that will cease to apply when CEMEX satisfies such conditions include the capital expenditure limitations mentioned above and several negative covenants, including limitations on CEMEX's ability to declare or pay cash dividends and distributions to shareholders, limitations on CEMEX's ability to repay existing financial indebtedness, certain asset sale restrictions, certain mandatory prepayment provisions, and restrictions on exercising call options in relation to any perpetual bonds CEMEX issues (provided that creditors will continue to receive the benefit of any restrictive covenants that other creditors receive relating to other financial indebtedness of CEMEX in excess of US$75). At such time, several baskets and caps relating to negative covenants will also increase, including permitted financial indebtedness, permitted guarantees and limitations on liens. However, CEMEX cannot assure that it will be able to meet the conditions for these restrictions to cease to apply prior to the final maturity date under the Credit Agreement and the Facilities Agreement.

In addition, Credit Agreement and the Facilities Agreement contain events of default, some of which may be outside of CEMEX's control. Failure to meet any of these milestones will result in a spring back of the maturity date of CEMEX's indebtedness under the Facilities Agreement, and CEMEX cannot assure that at such time it will be able to repay such indebtedness. Moreover, CEMEX cannot assure that it will be able to comply with the restrictive covenants and limitations contained in the Credit Agreement and the Facilities Agreement. CEMEX's failure to comply with such covenants and limitations could result in an event of default, which could materially and adversely affect CEMEX's business and financial condition.

Financial Covenants

The Credit Agreement and the Facilities Agreement requires CEMEX the compliance with financial ratios, which mainly include: a) the consolidated ratio of debt to Operating EBITDA (the "Leverage Ratio"); and b) the consolidated ratio of Operating EBITDA to interest expense (the "Coverage Ratio"). These financial ratios are calculated according to the formulas established in the debt contracts using the consolidated amounts under IFRS.

CEMEX must comply with a Coverage Ratio for each period of four consecutive fiscal quarters of not less than (i) 1.50 times from the period ending on December 31, 2012 up to and including the period ending on September 30, 2014, (ii) 1.75 times from the period ending on December 31, 2014 up to and including the period ending on September 30, 2015, (iii) 1.85 times for the period ending on December 31, 2015 up to and including the period ending on March 31, 2016, (iv) 2.0 times for the period ending on June 30, 2016 up to and including the period ending on September 30, 2016, and (v) 2.25 times for the period ending on December 31, 2016 and each subsequent reference period. In addition, CEMEX must comply with a maximum Leverage Ratio for each period of four consecutive fiscal quarters not to exceed: (i) 7.0 times for the period ending on December 31, 2012 up to and including the period ending on December 31, 2013, (ii) 6.75 times for the period ending on September 30, 2014, (iii) 6.5 times for the period ending on December 31, 2014 up to and including the period ending on March 31, 2015, (iv) 6.0 times for the period ending on June 30, 2015 up to and including the period ending on September 30, 2015, (v) 5.5 times for the period ending on December 31, 2015 up to and including the period ending on March 31, 2016, (vi) 5.0 times for the period ending on June 30, 2016 up to and including the period ending on September 30, 2016, and (vii) 4.25 times for the period ending on December 31, 2016 and each subsequent reference period.

(Millions of Mexican pesos)

CEMEX's ability to comply with these ratios may be affected by economic conditions and volatility in foreign exchange rates, as well as by overall conditions in the financial and capital markets. For the compliance periods ended as of December 31, 2014, 2013 and 2012, taking into account the Credit Agreement, the Facilities Agreement and the Financing Agreement, as applicable, CEMEX, S.A.B. de C.V. and its subsidiaries were in compliance with the financial covenants imposed by its debt contracts. The main consolidated financial ratios as of December 31, 2014, 2013 and 2012 were as follows:

		Consolidated financial ratios		
		2014	2013	2012
Leverage ratio [1,2]	**Limit**	=< 6.50	=< 7.00	=< 7.00
	Calculation	5.19	5.49	5.44
Coverage ratio [3]	**Limit**	=> 1.75	> 1.50	> 1.50
	Calculation	2.34	2.11	2.10

[1] The leverage ratio is calculated in pesos by dividing "funded debt" by pro forma Operating EBITDA for the last twelve months as of the calculation date. Funded debt equals debt, as reported in the balance sheet excluding finance leases, components of liability of convertible subordinated notes, plus perpetual debentures and guarantees, plus or minus the fair value of derivative financial instruments, as applicable, among other adjustments.

[2] Pro forma Operating EBITDA represents, all calculated in pesos, Operating EBITDA for the last twelve months as of the calculation date, plus the portion of Operating EBITDA referring to such twelve-month period of any significant acquisition made in the period before its consolidation in CEMEX, minus Operating EBITDA referring to such twelve-month period of any significant disposal that had already been liquidated.

[3] The coverage ratio is calculated in pesos using the amounts from the financial statements, by dividing the pro forma Operating EBITDA by the financial expense for the last twelve months as of the calculation date. Financial expense includes interest accrued on the perpetual debentures.

CEMEX will classify all of its outstanding debt as current debt in its balance sheet if: 1) as of any relevant measurement date on which CEMEX fails to comply with the aforementioned financial ratios; or 2) as of any date prior to a subsequent measurement date on which CEMEX expects not to be in compliance with such financial ratios in the absence of: a) amendments and/or waivers covering the next succeeding 12 months; b) high probability that the violation will be cured during any agreed upon remediation period and be sustained for the next succeeding 12 months; and/or c) a signed refinancing agreement to refinance the relevant debt on a long-term basis. Moreover, concurrent with the aforementioned classification of debt in the short-term, the noncompliance of CEMEX with the financial ratios agreed upon pursuant to the Credit Agreement and the Facilities Agreement or, in such event, the absence of a waiver of compliance or a negotiation thereof, after certain procedures upon CEMEX's lenders' request, they would call for the acceleration of payments due under the Credit Agreement and the Facilities Agreement. That scenario will have a material adverse effect on CEMEX's liquidity, capital resources and financial position.

16B) Other financial obligations

As of December 31, 2014 and 2013, other financial obligations in the consolidated balance sheet are detailed as follows:

	2014			2013		
	Short-term	Long-term	Total	Short-term	Long-term	Total
I. Convertible subordinated notes due 2018	$ –	8,891	8,891	$ –	7,565	7,565
I. Convertible subordinated notes due 2016	–	13,642	13,642	–	11,551	11,551
II. Convertible subordinated notes due 2015	2,983	–	2,983	–	8,919	8,919
III. Mandatory convertible securities 2019	206	1,194	1,400	177	1,392	1,569
IV. Liabilities secured with accounts receivable	8,063	1,700	9,763	4,471	2,500	6,971
V. Capital Leases	260	1,656	1,916	920	1,823	2,743
	$ 11,512	27,083	38,595	$ 5,568	33,750	39,318

Financial instruments convertible into CEMEX's shares contain components of liability and equity, which are recognized differently depending upon the currency in which the instrument is denominated and the functional currency of the issuer (note 2L).

I. Optional convertible subordinated notes due in 2016 and 2018

On March 15, 2011, CEMEX, S.A.B. de C.V. closed the offering of US$978 ($11,632) aggregate principal amount of 3.25% convertible subordinated notes due in 2016 (the "2016 Convertible Notes") and US$690 ($8,211) aggregate principal amount of 3.75% convertible subordinated notes due in 2018 (the "2018 Convertible Notes"). The notes are subordinated to all of CEMEX's liabilities and commitments. The notes are convertible into a fixed number of CEMEX's ADSs, at the holder's election, at any time after June 30, 2011 and are subject to antidilution adjustments. As of December 31, 2014 and 2013, the conversion price per ADS was approximately 9.65 dollars and 10.03 dollars, respectively. The fair value of the conversion option as of the issuance date amounted to approximately $3,959, which considering the then functional currency of the issuer, was recognized until December 31, 2012 as a derivative instrument through profit or loss (note 16D). Changes in fair value of the conversion option generated a loss of $1,094 (US$88) in 2012, recognized within "Other financial income (expense), net". Effective January 1, 2013, in connection with the change of the Parent Company's functional currency described in note 2D, which among other effects aligned the functional currency of the issuer with the currency in which the instruments are denominated, the conversion options embedded in the 2016 Convertible Notes and the 2018 Convertible Notes ceased to be treated as stand-alone derivatives at fair value through profit or loss. The liability accrued until December 31, 2012 was cancelled against stockholders' equity. After antidilution adjustments, the conversion rate as of December 31, 2014 and 2013 was 103.6741 ADS and 99.6866 ADS, respectively, per each 1 thousand dollars principal amount of such notes. Concurrent with the offering, a portion of the net proceeds from this transaction were used to fund the purchase of capped call options, which are generally expected to reduce the potential dilution cost to CEMEX upon the potential conversion of such notes (note 16D).

II. Optional convertible subordinated notes due in 2015

On March 30, 2010, CEMEX, S.A.B. de C.V. issued US$715 ($8,837) aggregate principal amount of 4.875% Optional Convertible Subordinated Notes due 2015 (the "2015 Convertible Notes"). The notes are subordinated to all of CEMEX's liabilities and commitments. The notes are convertible into a fixed number of CEMEX's ADSs, at the holder's election, and are subject to antidilution adjustments. As of December 31, 2014 and 2013, the conversion price per ADS was approximately 11.18 dollars and 11.62 dollars, respectively. The fair value of the conversion option as of the issuance date amounted to $1,232, which considering the then functional currency of the issuer was recognized until December 31, 2012 as a derivative instrument through profit or loss (note 16D). Changes in fair value of the conversion option generated a loss of $114 (US$9) in 2012, recognized within "Other financial income (expense), net". Effective January 1, 2013, in connection with the change of the Parent Company's functional currency described in note 2D, which among other effects aligned the functional currency of the issuer with the currency in which the instrument is denominated, the conversion option embedded in the 2015 Convertible Notes ceased to be treated as stand-alone derivative at fair value through the statement of operations. The liability accrued until December 31, 2012 was cancelled against stockholders' equity. After antidilution adjustments, the conversion rate as of December 31, 2014 and 2013 was 89.4729 ADS and 86.0316 ADS, respectively, per each 1 thousand dollars principal amount of such notes. Concurrent with the offering, a portion of the proceeds were used to enter into a capped call transaction that was expected to generally reduce the potential dilution cost to CEMEX, S.A.B. de C.V. upon the potential conversion of the notes (note 16D).

On several dates during 2014, CEMEX, S.A.B. de C.V. entered into private early conversion agreements with certain institutional holders of the 2015 Convertible Notes, pursuant to which such holders converted approximately US$511 in aggregate principal amount of the 2015 Convertible Notes in exchange for approximately 50.4 million ADSs, which includes the number of additional ADSs issued to the holders that converted their notes as inducement premiums, without incurring any cash outflow. As a result of the early conversion agreements, an aggregate amount of approximately $6,483, representing the liability component of the converted notes, was reclassified from other financial obligations to "Other equity reserves." In addition, considering the issuance of shares, CEMEX increased common stock for $4 and additional paid-in capital for $8,037 against "Other equity reserves." The additional ADSs issued as inducement premiums resulted in an aggregate expense of approximately $957, representing the fair value of the ADSs at the issuance dates, which was recognized in the statement of operations in 2014 within "Other financial income (expense), net". As of December 31, 2014, the outstanding principal amount of the 2015 Convertible Notes was of approximately US$204.

On October 3, 2014, in connection with the 2015 Convertible Notes and pursuant to a private offer, the Parent Company issued US$200 ($2,948) Contingent Convertible Units ("CCUs"), by means of which, in exchange for monthly payments by CEMEX to the holders of the CCUs at the annual rate of 3.0% on the notional amount, CEMEX secures the refinancing for any of the 2015 Convertible Notes that would mature without conversion up to US$200 of the principal amount. Based on the contract of the CCUs, the holders invested the US$200 in treasury bonds of the United States, and irrevocably agreed that such investment would be applied, if necessary, in March 2015, to subscribe new convertible notes of the Parent Company for up to US$200. The proceeds from the potential issuance of new convertibles notes in shares of the Parent Company would be used by CEMEX to pay the holders of the 2015 Convertible Notes that would mature without conversion. In case the 2015 Convertible Notes would be converted at their maturity in shares of CEMEX, S.A.B. de C.V., the proceeds invested in treasury bonds of the United States would be returned to the holders of the CCUs. Pursuant to the issuance of the CCUs, CEMEX did not assume additional debt nor is in capacity to use the resources invested by the holders of the CCUs, which, in case they are used, such proceeds would be applied by Bank of New York Mellon, acting as trustee, to subscribe the new convertible notes on behalf of the holders of the CCUs and to pay to the holders of the 2015 Convertible Notes on behalf of CEMEX.

III. Mandatorily convertible securities due in 2019

In December 2009, CEMEX, S.A.B. de C.V. completed its offer to exchange marketable notes issued in Mexico with maturities between 2010 and 2012, into mandatorily convertible securities for approximately $4,126 (US$315) (the "2019 Mandatorily Convertible Securities"). Reflecting antidilution adjustments, at their scheduled conversion in 2019 or earlier if the price of the CPO reaches approximately $29.50 the securities will be mandatorily convertible into approximately 210 million CPOs at a conversion price of approximately $19.66 per CPO. During their tenure, the securities bear interest at an annual rate of 10% payable quarterly. Holders have an option to voluntarily convert their securities, after the first anniversary of their issuance, on any interest payment date into CPOs. Considering the then functional currency of the issuer, the equity component represented by the fair value of the conversion option as of the issuance date of $1,971 was recognized within "Other equity reserves." Effective January 1, 2013, in connection with the change of the Parent Company's functional currency, the conversion option embedded in these securities, which started to be treated as a stand-alone derivative liability at fair value through profit or loss, recognizing an initial effect of $365. Changes in fair value of the conversion option generated a gain for approximately $159 (US$11) in 2014 and a loss of approximately $135 (US$10) in 2013.

IV. Liabilities secured with accounts receivable

As mentioned in note 9, as of December 31, 2014 and 2013, CEMEX maintained securitization programs for the sale of trade accounts receivable established in Mexico, the United States, France and the United Kingdom, by means of which, CEMEX effectively surrenders control associated with the trade accounts receivable sold and there is no guarantee or obligation to reacquire the assets. However, CEMEX retains certain residual interest in the programs and/or maintains continuing involvement with the accounts receivable. Based on IAS 39, CEMEX recognizes cash flows received, that is the funded amounts of the trade receivables sold within "Other financial obligations", and maintains the receivables sold in the balance sheet.

V. Capital leases

CEMEX has several operating and administrative assets, including buildings and mobile equipment, under capital lease contracts. Future payments associated with these contracts are presented in note 23E.

(Millions of Mexican pesos)

16C) Fair value of financial instruments

Financial assets and liabilities

CEMEX's carrying amounts of cash, trade accounts receivable, other accounts receivable, trade accounts payable, other accounts payable and accrued expenses, as well as short-term debt, approximate their corresponding estimated fair values due to the short-term maturity and revolving nature of these financial assets and liabilities. Temporary investments (cash equivalents) and certain long-term investments are recognized at fair value, considering to the extent available, quoted market prices for the same or similar instruments. The estimated fair value of CEMEX´s long-term debt is level 2, and is either based on estimated market prices for such or similar instruments, considering interest rates currently available for CEMEX to negotiate debt with the same maturities, or determined by discounting future cash flows using market-based interest rates currently available to CEMEX.

As of December 31, 2014 and 2013, the carrying amounts of financial assets and liabilities and their respective fair values were as follows:

	2014		2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Derivative instruments (notes 13B and 16D)	$ 4,816	4,816	$ 6,274	6,274
Other investments and non-current accounts receivable (note 13B)	5,501	5,252	5,786	5,586
	$ 10,317	10,068	$ 12,060	11,860
Financial liabilities				
Long-term debt (note 16A)	$ 191,327	200,366	$ 187,021	201,040
Other financial obligations (note 16B)	27,083	37,329	33,750	48,106
Derivative instruments (notes 16D and 17)	413	413	508	508
	$ 218,823	238,108	$ 221,279	249,654

Fair Value Hierarchy

As mentioned in note 2L, CEMEX applies IFRS 13 for fair value measurements of financial assets and financial liabilities recognized or disclosed at fair value. Assets and liabilities carried at fair value in the consolidated balance sheets as of December 31, 2014 and 2013 are included in the following fair value hierarchy categories:

2014	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Derivative instruments (notes 13B and 16D)	$ –	4,816	–	4,816
Investments available-for-sale (note 13B)	246	–	–	246
Investments held for trading (note 13B)	–	322	–	322
	$ 246	5,138	–	5,384
Liabilities measured at fair value				
Derivative instruments (notes 16D and 17)	$ –	413	–	413

2013	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Derivative instruments (notes 13B and 16D)	$ –	6,274	–	6,274
Investments available-for-sale (note 13B)	340	–	–	340
Investments held for trading (note 13B)	–	463	–	463
	$ 340	6,737	–	7,077
Liabilities measured at fair value				
Derivative instruments (notes 16D and 17)	$ –	508	–	508

16D) Derivative financial instruments

During the reported periods, in compliance with the guidelines established by its Risk Management Committee and the restrictions set forth by its debt agreements, CEMEX held interest rate swaps, as well as forward contracts and other derivative instruments on CEMEX, S.A.B. de C.V.'s own CPOs and/or ADSs and third parties' shares, with the objective of, as the case may be: a) changing the risk profile associated with the price of raw materials and other energy projects; and b) other corporate purposes. As of December 31, 2014 and 2013, the notional amounts and fair values of CEMEX's derivative instruments were as follows:

(U.S. dollars millions)		2014 Notional amount	2014 Fair value	2013 Notional amount	2013 Fair value
I. Interest rate swaps	US$	165	33	174	33
II. Equity forwards on third party shares		27	–	27	1
III. Options on the Parent Company's own shares		1,668	266	2,383	408
	US$	1,860	299	2,584	442

The fair values determined by CEMEX for its derivative financial instruments are Level 2. There is no direct measure for the risk of CEMEX or its counterparties in connection with the derivative instruments. Therefore, the risk factors applied for CEMEX's assets and liabilities originated by the valuation of such derivatives were extrapolated from publicly available risk discounts for other public debt instruments of CEMEX and its counterparties.

The caption "Other financial income (expenses), net" includes gains and losses related to the recognition of changes in fair values of the derivative instruments during the applicable period and that represented net losses of $679 (US$46) in 2014, gains of $2,126 (US$163) in 2013 and losses of $98 (US$8) in 2012. As of December 31, 2014 and 2013, pursuant to net balance settlement agreements, cash deposits in margin accounts that guaranteed obligations through derivative financial instruments were offset with the fair value of the derivative instruments for $206 (US$14) and $95 (US$7), respectively.

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

I. Interest rate swap contracts

As of December 31, 2014 and 2013, CEMEX had an interest rate swap maturing in September 2022 associated with agreements entered into by CEMEX for the acquisition of electric energy in Mexico, which fair value represented assets of approximately US$33 and US$33, respectively. Pursuant to this instrument, during the tenure of the swap and based on its notional amount, CEMEX will receive a fixed rate of 5.4% and will pay LIBOR. Changes in the fair value of this interest rate swap generated losses of US$1 ($3) in 2014, US$16 ($207) in 2013 and US$2 ($35) in 2012, recognized in the statements of operations for each year.

II. Equity forwards in third party shares

As of December 31, 2014 and 2013, CEMEX had a forward contract to be settled in cash maturing in October 2015 over the price, in both years, of 59.5 million CPOs of Axtel, a Mexican telecommunications company traded in the MSE. CEMEX negotiated this contract to maintain the exposure to changes in the price of this entity. Changes in the fair value of this instrument generated losses of US$9 ($133) in 2014, gains of US$6 ($76) in 2013 and losses of US$7 ($100) in 2012 recognized in the statements of operations for each period.

III. Options on the Parent Company's own shares

On March 15, 2011, CEMEX, S.A.B. de C.V. entered into a capped call transaction, after antidilution adjustments, over approximately 173 million ADSs (101 million ADSs maturing in March 2016 and 72 million ADSs maturing in March 2018), in connection with the 2016 Convertible Notes and the 2018 Convertible Notes and to effectively increase the conversion price for CEMEX's ADSs under such notes, by means of which, at maturity of the notes, if the market price per ADS is above the strike price of approximately 9.65 dollars, CEMEX will receive in cash the difference between the market price and the strike price, with a maximum appreciation per ADS of approximately 4.45 dollars for the 2016 Convertible Notes and 5.94 dollars for the 2018 Convertible Notes. CEMEX paid aggregate premiums of approximately US$222. As of December 31, 2014 and 2013, the fair value of such options represented an asset of approximately US$294 ($4,335) and US$353 ($4,607), respectively. During 2014, 2013 and 2012, changes in the fair value of these instruments generated losses of US$65 ($962), and gains of US$127 ($1,663) and US$155 ($1,973), respectively, recognized within "Other financial income (expense), net" in the statements of operations.

On March 30, 2010, CEMEX, S.A.B. de C.V. entered into a capped call transaction, after antidilution adjustments, over approximately 64 million ADSs maturing in March 2015, in connection with the 2015 Convertible Notes and to effectively increase the conversion price for CEMEX's CPOs under such notes, by means of which, at maturity of the notes, if the market price per ADS was above the strike price of approximately 11.18 dollars, CEMEX would receive in cash the difference between the market price and the strike price, with a maximum appreciation per ADS of approximately 4.30 dollars. CEMEX paid a premium of approximately US$105. In January, 2014, CEMEX initiated a process to amend the terms of this capped call transaction, pursuant to which, using the then existing market valuation of the instrument, CEMEX received approximately 7.7 million zero-strike call options over a same number of ADSs. In July 2014, CEMEX amended the zero-strike call options to fix a minimum value of approximately US$94. As part of the amendment, CEMEX also retained the economic value of approximately 1 million ADSs. During December 2014, CEMEX further amended and unwound the zero-strike call options, monetizing the remainder value of the approximately 1 million ADSs it had retained, pursuant to which CEMEX received a total payment of approximately US$105. As of December 31, 2013, the combined fair value of such options represented an asset of approximately US$94 ($1,228). During 2014, 2013 and 2012, changes in the fair value of these options generated gains of approximately US$17 ($253), US$36 ($465) and US$47 ($594), respectively, which were recognized within "Other financial income (expense), net" in the statements of operations.

In addition, until December 31, 2012, considering that the functional currency of the issuer and the currency in which the notes are denominated differed, CEMEX separated the conversion options embedded in the 2016 Convertible Notes, the 2018 Convertible Notes and the 2015 Convertible Notes and recognized them at fair value through profit or loss, which as of December 31, 2012, resulted in a liability of approximately US$365 ($4,690), which was reclassified to other equity reserves on January 1, 2013 considering the change in the Parent Company's functional currency (note 2D), which among other effects aligned the functional currency of the issuer with the currency in which the instruments are denominated and consequently, such embedded options ceased to be treated as stand-alone derivatives at fair value through the statement of operations, with no gains or losses recognized. Changes in fair value of the conversion options generated losses of approximately US$299 ($3,786) in 2012.

Conversely, in connection with the 2019 Mandatorily Convertible Securities (note 16B); considering i) the aforementioned change in the functional currency of the Parent Company effective January 1, 2013 and ii) that the currency in which such instruments are denominated and the functional currency of the issuer differ, beginning January 1, 2013, CEMEX separated the conversion option embedded in such instruments and recognized it at fair value through profit or loss, which as of December 31, 2014 and 2013, resulted in a liability of US$28 ($413) and US$39 ($506), respectively. Changes in fair value generated gains of US$11 ($159) in 2014 and losses of US$10 ($135) in 2013. The initial liability as of January 1, 2013 was reclassified from other equity reserves within stockholders' equity with no gains or losses recognized.

As of December 31, 2012, CEMEX had granted a guarantee for a notional amount of approximately US$360, in connection with put option transactions on CEMEX's CPOs entered into by Citibank with a Mexican trust that CEMEX established on behalf of its Mexican pension fund and certain of CEMEX's directors and current and former employees in April 2008, which fair value as of December 31, 2012, net of deposits in margin accounts, represented a liability of US$58 ($740). Between January and April 2013, the notional amount of the guarantee was gradually unwound. Changes in fair value were recognized in the statements of operations within "Other financial income (expense), net," representing losses of US$22 ($284) in 2013 and gains of US$95 ($1,198) in 2012.

16E) Risk management

In recent years, with the exception of the capped call transactions entered into in March 2010 and March 2011 mentioned above (notes 16B and 16D), CEMEX has significantly decreased its use of derivatives instruments related to debt, both currency and interest rate derivatives, thereby reducing the risk of cash margin calls. In addition, the Credit and the Facilities Agreement significantly restrict CEMEX's ability to enter into certain derivative transactions.

Credit risk

Credit risk is the risk of financial loss faced by CEMEX if a customer or counterpart of a financial instrument does not meet its contractual obligations and originates mainly from trade accounts receivable. As of December 31, 2014 and 2013, the maximum exposure to credit risk is represented by the balance of financial assets. Management has developed policies for the authorization of credit to customers. The exposure to credit risk is monitored constantly according to the behavior of payment of the debtors. Credit is assigned on a customer-by-customer basis and is subject to assessments which consider the customers' payment capacity, as well as past behavior regarding due dates, balances past due and delinquent accounts. In cases deemed necessary, CEMEX's management requires guarantees from its customers and financial counterparties with regard to financial assets.

The Company's management has established a policy of low risk which analyzes the creditworthiness of each new client individually before offering the general conditions of payment terms and delivery, the review includes external ratings, when references are available, and in some cases bank references. Threshold of purchase limits are established for each client, which represent the maximum purchase amounts that require different levels of approval. Customers that do not meet the levels of solvency requirements imposed by CEMEX can only carry out transactions by paying cash in advance. As of December 31, 2014, considering CEMEX's best estimate of potential losses based on an analysis of age and considering recovery efforts, the allowance for doubtful accounts was $1,856 (US$126).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates, which only affects CEMEX's results if the fixed-rate long-term debt is measured at fair value. All of CEMEX's fixed-rate long-term debt is carried at amortized cost and therefore is not subject to interest rate risk. CEMEX's exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations with floating interest rates. As of December 31, 2014 and 2013, CEMEX was subject to the volatility of floating interest rates, which, if such rates were to increase, may adversely affect its financing cost and increase its net loss. CEMEX manages its interest rate risk by balancing its exposure to fixed and variable rates while attempting to reduce its interest costs.

As of December 31, 2014 and 2013, approximately 29% and 38%, respectively, of CEMEX's long-term debt was denominated in floating rates at a weighted average interest rate of LIBOR plus 428 basis points in 2014 and 458 basis points in 2013. As of December 31, 2014 and 2013, if interest rates at that date had been 0.5% higher, with all other variables held constant, CEMEX's net loss for 2014 and 2013 would have increased by approximately US$2 ($32) and US$27 ($354), respectively, as a result of higher interest expense on variable rate denominated debt.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. CEMEX's exposure to the risk of changes in foreign exchange rates relates primarily to its operating activities. Due to its geographic diversification, CEMEX's revenues and costs are generated and settled in various countries and in different currencies. For the year ended December 31, 2014, approximately 22% of CEMEX's net sales, before eliminations resulting from consolidation, were generated in Mexico, 21% in the United States, 7% in the United Kingdom, 6% in Germany, 6% in France, 6% in the Rest of Northern Europe region, 2% in Spain, 3% in Egypt, 4% in the Rest of Mediterranean region, 6% in Colombia, 7% in the Rest of South America and the Caribbean region, 5% in Asia and 5% from CEMEX's other operations.

Notes to the consolidated financial statements

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

As of December 31, 2014, 2013 and 2012

(Millions of Mexican pesos)

Foreign exchange gains and losses occur when any entity incurs monetary assets or liabilities in a currency different from its functional currency, and are recorded in the consolidated statements of operations, except for exchange fluctuations associated with foreign currency indebtedness directly related to the acquisition of foreign entities and related parties' long-term balances denominated in foreign currency, for which the resulting gains or losses are reported in other comprehensive income. As of December 31, 2014 and 2013, excluding from the sensitivity analysis the impact of translating the net assets of foreign operations into CEMEX's reporting currency, considering a hypothetic 10% strengthening of the U.S. dollar against the Mexican peso, with all other variables held constant, CEMEX's net loss for 2014 and 2013 would have increased by approximately US$216 ($3,186) and US$59 ($773), respectively, as a result of higher foreign exchange losses on CEMEX's dollar-denominated net monetary liabilities held in consolidated entities with other functional currencies. Conversely, a hypothetic 10% weakening of the U.S. dollar against the Mexican peso would have the opposite effect.

As of December 31, 2014, approximately 88% of CEMEX's financial debt was Dollar-denominated, approximately 12% was Euro-denominated, approximately 1% was Peso-denominated and immaterial amounts were denominated in other currencies; therefore, CEMEX had a foreign currency exposure arising from the Dollar-denominated financial debt, and the Euro-denominated financial debt, versus the currencies in which CEMEX's revenues are settled in most countries in which it operates. CEMEX cannot guarantee that it will generate sufficient revenues in Dollars and Euros from its operations to service these obligations. As of December 31, 2014 and 2013, CEMEX had not implemented any derivative financing hedging strategy to address this foreign currency risk.

As of December 31, 2014 and 2013, CEMEX's consolidated net monetary assets (liabilities) by currency are as follows:

	2014							
	Mexico	USA	Northern Europe	Mediterranean	SAC	Asia	Others	Total
Monetary assets	$ 15,565	8,319	15,954	7,315	5,245	2,126	8,677	63,201
Monetary liabilities	12,389	14,876	32,619	9,336	5,839	2,251	269,141	346,451
Net monetary assets (liabilities)	$ 3,176	(6,557)	(16,665)	(2,021)	(594)	(125)	(260,464)	(283,250)
Out of which:								
Dollars	$ (136)	(6,560)	–	10	598	111	(193,772)	(199,749)
Pesos	3,312	3	–	–	–	–	(35,141)	(31,826)
Euros	–	–	(4,155)	(2,178)	(25)	–	(42,685)	(49,043)
Other currencies	–	–	(12,510)	147	(1,167)	(236)	11,134	(2,632)
	$ 3,176	(6,557)	(16,665)	(2,021)	(594)	(125)	(260,464)	(283,250)

	2013							
	Mexico	USA	Northern Europe	Mediterranean	SAC	Asia	Others	Total
Monetary assets	$ 13,608	7,632	11,237	6,644	6,081	1,775	17,145	64,122
Monetary liabilities	12,135	12,603	27,323	8,493	6,193	1,643	260,543	328,933
Net monetary assets (liabilities)	$ 1,473	(4,971)	(16,086)	(1,849)	(112)	132	(243,398)	(264,811)
Out of which:								
Dollars	$ (688)	(5,283)	–	(6)	1,065	129	(180,829)	(185,612)
Pesos	2,161	1	–	–	–	–	(22,366)	(20,204)
Euros	–	281	(6,623)	(2,091)	1	–	(49,073)	(57,505)
Other currencies	–	30	(9,463)	248	(1,178)	3	8,870	(1,490)
	$ 1,473	(4,971)	(16,086)	(1,849)	(112)	132	(243,398)	(264,811)

Equity risk

Equity risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market price of CEMEX's and/or third party's shares. As described in note 16D, CEMEX has entered into equity forward contracts on Axtel CPOs, as well as capped call based on the price of CEMEX's own ADSs. Under these equity derivative instruments, there is a direct relationship in the change in the fair value of the derivative with the change in price of the underlying share. All changes in fair value of such derivative instruments are recognized in profit or loss as part of "Other financial income (expense), net." A significant decrease in the market price of CEMEX's ADSs would negatively affect CEMEX's liquidity and financial position.

As of December 31, 2014 and 2013, the potential change in the fair value of CEMEX's forward contracts in Axtel's shares that would result from a hypothetical, instantaneous decrease of 10% in the market price of Axtel CPOs, with all other variables held constant, would have increased CEMEX's net loss for 2014 and 2013 by approximately US$1 ($15) and US$2 ($29), respectively, as a result of additional negative changes in fair value associated with such forward contracts. A 10% hypothetical increase in the Axtel CPO price would generate approximately the opposite effect.

As of December 31, 2014 and 2013, the potential change in the fair value of CEMEX's options (capped calls) that would result from a hypothetical, instantaneous decrease of 10% in the market price of CEMEX's ADSs, with all other variables held constant, would have increased CEMEX's net loss for 2014 and 2013 by approximately US$73 ($1,076) and US$89 ($1,155), respectively, as a result of additional negative changes in fair value associated with these contracts. A 10% hypothetical increase in CEMEX's ADS price would generate approximately the opposite effect.

In addition, even though the changes in fair value of CEMEX's embedded conversion options in the convertible notes denominated in a currency other than the functional currency of CEMEX, S.A.B de C.V. affect the statements of operations, they do not imply any risk or variability in cash flows, considering that through their exercise, CEMEX will settle a fixed amount of debt with a fixed amount of shares. As of December 31, 2014 and 2013, the potential change in the fair value of the embedded conversion options in the Mandatorily Convertible Notes 2019 that would result from a hypothetical, instantaneous decrease of 10% in the market price of CEMEX's CPOs, with all other variables held constant, would have decreased CEMEX's net loss for 2014 and 2013 by approximately US$8 ($113) and US$8 ($102), respectively, as a result of additional positive changes in fair value associated with this option. A 10% hypothetical increase in the CEMEX CPO price would generate approximately the opposite effect.

Liquidity risk

Liquidity risk is the risk that CEMEX will not have sufficient funds available to meet its obligations. In recent years, in addition to cash flows provided by its operating activities, in order to meet CEMEX's overall liquidity needs for operations, servicing debt and funding capital expenditures and acquisitions, CEMEX has also relied on cost-cutting and operating improvements to optimize capacity utilization and maximize profitability, as well as borrowing under credit facilities, proceeds of debt and equity offerings, and proceeds from asset sales. CEMEX is exposed to risks from changes in foreign currency exchange rates, prices and currency controls, interest rates, inflation, governmental spending, social instability and other political, economic and/or social developments in the countries in which it operates, any one of which may materially increase CEMEX net loss and reduce cash from operations. CEMEX's consolidated net cash flows provided by operating activities, after interest and taxes, as presented in its consolidated statements of cash flows, were $11,992 in 2014, $1,270 in 2013, and $5,949 in 2012. The maturities of CEMEX's contractual obligations are included in note 23E. As of December 31, 2014, CEMEX has approximately US$560 ($8,254) available in its committed revolving credit tranche under its Credit Agreement (note 16A).

As of December 31, 2014 and 2013, the potential requirement for additional margin calls that would result from a hypothetical instantaneous decrease of 10% in the prices of Axtel shares would not be significant.

(Millions of Mexican pesos)

17) Other current and non-current liabilities

As of December 31, 2014 and 2013, consolidated other current accounts payable and accrued expenses were as follows:

		2014	2013
Provisions [1]	$	10,341	10,186
Interest payable		3,106	3,007
Advances from customers		2,595	2,074
Other accounts payable and accrued expenses		2,392	2,763
Liabilities held for sale (note 15B)		1,611	–
Dividends payable		–	24
	$	20,045	18,054

[1] Current provisions primarily consist of accrued employee benefits, insurance payments, and accruals for legal assessments, among others. These amounts are revolving in nature and are expected to be settled and replaced by similar amounts within the next 12 months.

As of December 31, 2014 and 2013, consolidated other non-current liabilities were as follows:

		2014	2013
Asset retirement obligations [1]	$	7,630	7,190
Accruals for legal assessments and other responsibilities [2]		3,499	3,817
Non-current liabilities for valuation of derivative instruments		413	508
Environmental liabilities [3]		365	522
Other non-current liabilities and provisions [4]		19,584	23,054
	$	31,491	35,091

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

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

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

[4] As of December 31, 2014 and 2013, includes approximately $16,264 and $20,530, respectively, of the non-current portion of taxes payable recognized since 2009 as a result of the changes to the tax consolidation regime in Mexico approved in 2009 and 2013 as described in note 19D. Approximately $5,165 and $4,274 as of December 31, 2014 and 2013 respectively, were included within current taxes payable.

(Millions of Mexican pesos)

Changes in consolidated other non-current liabilities for the years ended December 31, 2014 and 2013 were as follows:

	2014						
	Asset retirement obligations	Environmental liabilities	Accruals for legal proceedings	Valuation of derivative instruments	Other Provisions	Total	2013
Balance at beginning of period	$ 7,190	522	3,817	508	33,240	45,277	42,723
Additions or increase in estimates	378	175	17	–	19,322	19,892	43,700
Releases or decrease in estimates	(352)	(30)	(564)	(159)	(28,864)	(29,969)	(50,433)
Reclassification current to non-current, net	(89)	(23)	24	–	71	(17)	240
Accretion expense	22	–	–	–	(897)	(875)	(850)
Foreign currency translation	481	(279)	205	64	7,053	7,524	9,897
Balance at the end of period	$ 7,630	365	3,499	413	29,925	41,832	45,277
Out of which:							
Current provisions	$ –	–	–	–	10,341	10,341	10,186

18) Pensions and postretirement employee benefits

Defined contribution pension plans

The costs of defined contribution plans for the years ended December 31, 2014, 2013 and 2012 were approximately $497, $455 and $528, respectively. CEMEX contributes periodically the amounts offered by the pension plan to the employee's individual accounts, not retaining any remaining liability as of the balance sheet date.

Defined benefit pension plans

Actuarial results related to pension and other post retirement benefits are recognized in the results and/or in other comprehensive income (loss) for the period in which they are generated, as correspond. For the years ended December 31, 2014, 2013 and 2012, the effects of pension plans and other postretirement benefits are summarized as follows:

	Pensions			Other benefits			Total		
Net period cost (revenue):	2014	2013	2012	2014	2013	2012	2014	2013	2012
Recorded in operating costs and expenses									
Service cost	$ 109	112	138	38	35	59	147	147	197
Past service cost	4	(40)	(1,454)	–	(90)	(21)	4	(130)	(1,475)
Loss (gain) for settlements and curtailments	–	(18)	(513)	(110)	–	(18)	(110)	(18)	(531)
	113	54	(1,829)	(72)	(55)	20	41	(1)	(1,809)
Recorded in other financial expenses									
Net interest cost	529	518	697	60	71	91	589	589	788
Recorded in other comprehensive income for the period									
Actuarial (gains) losses for the period	3,024	729	657	1	(338)	97	3,025	391	754
	$ 3,666	1,301	(475)	(11)	(322)	208	3,655	979	(267)

(Millions of Mexican pesos)

The reconciliations of the actuarial benefits obligations, pension plan assets, and liabilities recognized in the balance sheet as of December 31, 2014 and 2013 are presented as follows:

	Pensions		Other benefits		Total	
	2014	2013	2014	2013	2014	2013
Change in benefits obligation:						
Projected benefit obligation at beginning of year	$ 35,089	33,440	1,357	1,729	36,446	35,169
Service cost	109	112	38	35	147	147
Interest cost	1,529	1,448	62	72	1,591	1,520
Actuarial (gains) losses for the period	3,714	830	2	(338)	3,716	492
Reduction for disposal of assets (note 15B)	(421)	–	–	–	(421)	–
Settlements and curtailments	–	(66)	(110)	(90)	(110)	(156)
Benefits paid	(1,811)	(1,694)	(77)	(76)	(1,888)	(1,770)
Foreign currency translation	2,076	1,019	49	25	2,125	1,044
Projected benefit obligation at end of year	40,285	35,089	1,321	1,357	41,606	36,446
Change in plan assets:						
Fair value of plan assets at beginning of year	22,349	21,691	24	23	22,373	21,714
Return on plan assets	1,000	930	2	1	1,002	931
Actuarial results	690	101	1	–	691	101
Employer contributions	982	642	77	75	1,059	717
Reduction for disposal of assets (note 15B)	(85)	–	–	–	(85)	–
Benefits paid	(1,811)	(1,694)	(77)	(76)	(1,888)	(1,770)
Foreign currency translation	1,573	679	–	1	1,573	680
Fair value of plan assets at end of year	24,698	22,349	27	24	24,725	22,373
Amounts recognized in the balance sheets:						
Net projected liability recognized in the balance sheet	$ 15,587	12,740	1,294	1,333	16,881	14,073

Most CEMEX's defined benefit plans have been closed to new participants for several years. Actuarial losses during 2014 were mainly generated by a reduction in the discount rates applicable to the obligations at the end of the period in the United Kingdom, Germany and the United States, and to a lesser extent by the increase in the expected life assumption in the United States.

As of December 31, 2014 and 2013, plan assets were measured at their estimated fair value and consisted of:

	2014	2013
Cash	$ 1,682	1,761
Investments in corporate bonds	2,731	3,091
Investments in government bonds	8,788	7,170
Total fixed-income securities	13,201	12,022
Investment in marketable securities	7,137	7,178
Other investments and private funds	4,387	3,173
Total variable-income securities	11,524	10,351
Total plan assets	$ 24,725	22,373

As of December 31, 2014 and 2013, based on the hierarchy of fair values established in IFRS 13 (note 16C), investments in plan assets are summarized as follows:

	2014				2013			
(Millions of pesos)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash	$ 1,569	113	–	1,682	1,654	107	–	1,761
Investments in corporate bonds	2,099	632	–	2,731	2,524	567	–	3,091
Investments in government bonds	8,788	–	–	8,788	7,170	–	–	7,170
Total fixed-income securities	12,456	745	–	13,201	11,348	674	–	12,022
Investment in marketable securities	5,547	1,590	–	7,137	5,771	1,407	–	7,178
Other investments and private funds	1,773	2,586	28	4,387	947	2,218	8	3,173
Total variable-income securities	7,320	4,176	28	11,524	6,718	3,625	8	10,351
Total plan assets	$ 19,776	4,921	28	24,725	18,066	4,299	8	22,373

As of December 31, 2014, estimated payments for pensions and other postretirement benefits over the next ten years were as follows:

	2014
2015	2,231
2016	2,186
2017	2,204
2018	2,293
2019	2,254
2020 - 2024	12,476

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

	2014				2013			
	Mexico	United States	United Kingdom	Range of rates in other countries	Mexico	United States	United Kingdom	Range of rates in other countries
Discount rates	5.5%	4.8%	4.4%	2.3% – 7.5%	7.0%	3.9%	4.6%	2.7% – 7.0%
Rate of return on plan assets	5.5%	4.8%	4.4%	2.3% – 7.5%	7.0%	3.9%	4.6%	2.7% – 7.0%
Rate of salary increases	4.0%	–	3.4%	2.0% – 5.0%	4.0%	–	3.1%	2.3% – 5.0%

As of December 31, 2014 and 2013, the aggregate projected benefit obligation ("PBO") for pension plans and other postretirement benefits and the plan assets by country were as follows:

	2014			2013		
	PBO	Assets	Deficit	PBO	Assets	Deficit
Mexico	$ 3,760	799	2,961	3,355	693	2,662
United States	5,501	3,569	1,932	4,654	3,272	1,382
United Kingdom	25,635	18,953	6,682	22,078	17,030	5,048
Germany	3,634	196	3,438	3,600	295	3,305
Other countries	3,076	1,208	1,868	2,759	1,083	1,676
	$ 41,606	24,725	16,881	36,446	22,373	14,073

In some countries, CEMEX has established health care benefits for retired personnel limited to a certain number of years after retirement. As of December 31, 2014 and 2013, the projected benefits obligation related to these benefits was approximately $842 and $908, respectively. The medical inflation rates used to determine the projected benefits obligation of these benefits in 2014 and 2013 for Mexico were 7.0%, for Puerto Rico 4.7%, the United States 4.4%, and for the United Kingdom were 6.6%.

Significant events related to employees' pension benefits and other postretirement benefits

Effective December 31, 2014, CEMEX in the United States terminated the retiree medical and life insurance coverage for most new retirees. In addition, CEMEX changed the existing retirees program effective January 1, 2015, were participants will cease their current plans and instead receive a Health Reimbursement Account (HRA) contribution, if they become eligible. This curtailment under IAS 19 resulted in an adjustment to past service cost which generated a gain of approximately $110 (US$8) recognized immediately through the 2014 benefit cost.

Effective December 31, 2013, in connection with the closure in 2010 of the Davenport Plant in California, United States, and all benefits under the Medical Plan ceased to former RMC Davenport employees and their spouses. This plan amendment under IAS 19 resulted in an adjustment to past service cost which generated a gain of approximately $94 recognized immediately through the 2013 benefit cost. In addition, certain reductions in workforce affected CEMEX's pension plans in Spain and the Philippines, which led to curtailment gains of approximately $18 also recognized through the 2013 benefit cost.

Applicable regulation in the United Kingdom requires entities to maintain plan assets at a level similar to that of the obligations. In November 2012, in order to better manage CEMEX's obligations under its defined benefit pension schemes and future cash funding requirements thereof, CEMEX implemented an asset backed pension funding arrangement in its operations in the United Kingdom by means of which CEMEX transferred certain operating assets to a non-transferable limited partnership, owned, controlled and consolidated by CEMEX UK with a total value of approximately US$553 and entered into lease agreements for the use of such assets with the limited partnership, in which the pension schemes hold a limited interest. On an ongoing basis CEMEX UK will make annual rental payments of approximately US$20, increasing at annual rate of 5%, which will generate profits in the limited partnership that are then distributed to the pension schemes. As previously mentioned, the purpose of the structure, in addition to provide the pension schemes with secured assets producing an annual return over a period of 25 years, improves the security for the trustees of the pension schemes, and reduces the level of cash funding that CEMEX UK will have to make in future periods. In 2037, on expiry of the lease arrangements, the limited partnership will be terminated and under the terms of the agreement, the remaining assets will be distributed to CEMEX UK. Any future profit distribution from the limited partnership to the pension fund will be considered as an employer contribution to plan assets in the period in which they occur.

On February 29, 2012, CEMEX UK agreed with the trustees of its employees' defined benefits pension plans to the modification of certain terms and benefits accrued until February 29, 2012. Beginning on this date, the eligible employees in the United Kingdom started to accrue pension benefits in the existing defined contribution scheme. In addition, during 2012, the adjustment for the change in the consumer price index explained below was extended to retirees under the pension plan. As of the modifications dates, the changes to the defined benefits schemes resulted in a curtailment event and also affected prior service costs, generating a net gain in the operating results for 2012 of approximately $1,914 (US$146), mainly related to: 1) the effect of replacing salary increases with inflationary ones for the current retirees, and 2) the removal of certain death and termination benefits. In addition, during 2011, based on the applicable regulation, CEMEX UK communicated to the pension plans' trustees its decision to adopt for active beneficiaries the consumer price index for purposes of the restatement by inflation of the related obligations, in replacement of the retail price index, which had been used until 2010, resulting in a decrease in the projected benefit obligation related to past services of approximately $509, which is reflected in both the table of the net periodic cost in 2011 and the table of the reconciliation of the benefits' obligations, within the line item of actuarial results. These plans in the United Kingdom have been closed to new participants since 2004.

During 2012, in Puerto Rico, CEMEX eliminated coverage under the medical plan for any participants who had not retired by January 2, 2012. This event generated a curtailment gain of approximately $18 recognized as part of the net periodic cost in 2012.

(Millions of Mexican pesos)

Sensitivity analysis of pension and other postretirement benefits

For the year ended December 31, 2014, CEMEX performed sensitivity analyses on the most significant assumptions that affect the PBO, considering reasonable independent changes of plus or minus 50 basis points in each of these assumptions. The increase (decrease) that would have resulted in the PBO of pensions and other postretirement benefits as of December 31, 2014 are shown below:

	Pensions		Other benefits		Total	
	+50 bps	-50 bps	+50 bps	-50 bps	+50 bps	-50 bps
Assumptions:						
Discount Rate Sensitivity	$ (2,725)	3,059	(60)	65	(2,785)	3,124
Salary Increase Rate Sensitivity	90	(78)	15	(14)	105	(92)
Pension Increase Rate Sensitivity	1,951	(1,778)	–	–	1,951	(1,778)

19) Income taxes

19A) Income taxes for the period

The amounts for income taxes (expense) income to the statements of operations in 2014, 2013 and 2012 are summarized as follows:

	2014	2013	2012
Current income taxes			
From Mexican operations	$ (1,838)	(12,227)	1,825
From foreign operations	(2,380)	(2,013)	4,377
	(4,218)	(14,240)	6,202
Deferred income taxes			
From Mexican operations	4,086	8,645	1,276
From foreign operations	(3,891)	(615)	(13,521)
	195	8,030	(12,245)
	$ (4,023)	(6,210)	(6,043)

As of December 31, 2014, consolidated tax loss and tax credits carryforwards and reserved carryforwards expire as follows:

	Amount of carryforwards	Amount of reserved carryforwards
2015	$ 2,058	723
2016	3,243	409
2017	6,054	660
2018	9,338	416
2019 and thereafter	369,770	303,027
	$ 390,463	305,235

(Millions of Mexican pesos)

19B) Deferred income taxes

As of December 31, 2014 and 2013, the main temporary differences that generated the consolidated deferred income tax assets and liabilities are presented below:

		2014	2013
Deferred tax assets:			
Tax loss carryforwards and other tax credits	$	25,720	26,290
Accounts payable and accrued expenses		8,694	7,511
Intangible assets and deferred charges, net		8,086	8,647
Others		216	211
Total deferred tax assets, net		42,716	42,659
Deferred tax liabilities:			
Property, machinery and equipment		(32,017)	(32,099)
Investments and other assets		(2,768)	(3,532)
Total deferred tax liabilities, net		(34,785)	(35,631)
Net deferred tax asset	$	7,931	7,028

The breakdown of changes in consolidated deferred income taxes during 2014, 2013 and 2012 were as follows:

		2014	2013	2012
Deferred income tax (charged) credited to the statements of operations [1, 2]	$	195	8,030	(12,245)
Deferred income tax (charged) credited to stockholders' equity		229	(1,167)	(570)
Reclassification to other captions in the balance sheet [3]		479	(21)	6
Change in deferred income tax during the period	$	903	6,842	(12,809)

[1] In 2013, CEMEX recognized deferred income tax assets in Mexico for approximately $10,823, considering the projections of estimated taxable income in the Parent Company resulting from the integration of the operations in Mexico that is described in note 1.

[2] In 2012, includes a reduction in the deferred tax assets associated with tax loss carryforwards in Spain by approximately $17,018, against the deferred income tax expense for the period, considering current estimates of future taxable income and due to changes in the applicable regulations.

[3] In 2014, includes the effect of the divest assets in the western region of Germany (note 15B).

Current and/or deferred income tax relative to items of other comprehensive loss during 2014, 2013 and 2012 were as follows:

		2014	2013	2012
Tax effects relative to foreign exchange fluctuations from debt (note 20B) [1]	$	(75)	–	(2,082)
Tax effects relative to foreign exchange fluctuations from intercompany balances (note 20B)		247	(1,338)	(724)
Tax effects relative to actuarial (gains) and losses (note 20B)		486	(122)	263
Other effects [2]		(257)	253	(833)
	$	401	(1,207)	(3,376)

[1] Effective January 1, 2013, in connection with the change of the Parent Company's functional currency described in note 2D there were no effects of foreign exchange fluctuations from the Parent Company's US dollar-denominated debt within "Other comprehensive loss".

[2] In 2013, includes a deferred income tax expense of $1,298 recognized directly into stockholders´equity in connection with the changes in the conversion options embedded into the mandatorily convertible securities and into the convertible notes as explained in note 16B.

(Millions of Mexican pesos)

For the recognition of deferred tax assets, CEMEX analyzes the aggregate amount of self-determined tax loss carryforwards included in its income tax returns in each country where CEMEX believes, based on available evidence, that the tax authorities would not reject such tax loss carryforwards; and the likelihood of the recoverability of such tax loss carryforwards prior to their expiration through an analysis of estimated future taxable income. If CEMEX believes that it is probable that the tax authorities would reject a self-determined deferred tax asset, it would decrease such asset. Likewise, if CEMEX believes that it would not be able to use a tax loss carryforward before its expiration or any other tax asset, CEMEX would not recognize such asset. Both situations would result in additional income tax expense for the period in which such determination is made. In order to determine whether it is probable that deferred tax assets will ultimately be realized, CEMEX takes into consideration all available positive and negative evidence, including factors such as market conditions, industry analysis, expansion plans, projected taxable income, carryforward periods, current tax structure, potential changes or adjustments in tax structure, tax planning strategies, future reversals of existing temporary differences, etc. In addition, every reporting period, CEMEX analyzes its actual results versus its estimates, and adjusts, as necessary, its tax asset valuations. If actual results vary from CEMEX's estimates, the deferred tax asset may be affected and necessary adjustments will be made based on relevant information. Any adjustments recorded will affect CEMEX's statements of operations in such period.

As of December 31, 2014, CEMEX's deferred tax loss carryforwards that have been recognized expire as follows:

	Amount of unreserved carryforwards
2015	$ 1,335
2016	2,834
2017	5,394
2018	8,922
2019 and thereafter	66,743
	$ 85,228

As of December 31, 2014, in connection with CEMEX's deferred tax loss carryforwards presented in the table above, in order to realize the benefits associated with such deferred tax assets that have not been reserved, before their expiration, CEMEX would need to generate approximately $85,228 in consolidated pre-tax income in future periods. For the years ended December 31, 2014, 2013 and 2012, CEMEX has reported pre-tax losses on a worldwide consolidated basis. Nonetheless, based on the same forecasts of future cash flows and operating results used by CEMEX's management to allocate resources and evaluate performance in the countries in which CEMEX operates, which include expected growth in revenues and reductions in interest expense in several countries due to a reduction in intra-group debt balances, along with the implementation of feasible tax strategies, CEMEX believes that it will recover the balance of its tax loss carryforwards that have not been reserved before their expiration. In addition, CEMEX concluded that, the deferred tax liabilities that were considered in the analysis of recoverability of its deferred tax assets will reverse in the same period and tax jurisdiction of the related recognized deferred tax assets. Moreover, a certain amount of CEMEX's deferred tax assets refer to operating segments and tax jurisdictions in which CEMEX is currently generating taxable income or in which, according to CEMEX's management cash flow projections, will generate taxable income in the relevant periods before the expiration of the deferred tax assets.

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

(Millions of Mexican pesos)

19C) Effective tax rate

Differences between the financial reporting and the corresponding tax basis of assets and liabilities and the different income tax rates and laws applicable to CEMEX, among other factors, give rise to permanent differences between the statutory tax rate applicable in Mexico, and the effective tax rate presented in the consolidated statements of operations, which in 2014, 2013 and 2012 were as follows:

	2014 %	2013 %	2012 %
Consolidated statutory tax rate	(30.0)	(30.0)	(30.0)
Non-taxable dividend income	(4.4)	(5.6)	(0.7)
Expenses and other non-deductible items [1]	81.7	352.7	7.7
Unrecognized tax benefits in the year	6.1	(37.8)	(49.5)
Non-taxable sale of marketable securities and fixed assets	(52.6)	(48.1)	(14.2)
Difference between book and tax inflation	48.4	39.9	34.0
Other tax non-accounting benefits [2]	192.0	(87.0)	166.4
Others	1.5	(1.5)	0.4
Effective consolidated tax rate	242.7	182.6	114.1

1 In 2013, this line item includes the effects associated with the termination of the tax consolidation regime in Mexico.

2 Includes: a) the effects of the different income tax rates in the countries where CEMEX operates and other permanent differences; b) changes during the period related to deferred tax assets originated by tax loss carryforwards (note 19B); and c) changes in the balance of provisions for tax uncertainties during the period, as described in note 19D.

19D) Uncertain tax positions and significant tax proceedings

As of December 31, 2014 and 2013, as part of short-term and long-term provisions and other liabilities (note 17), CEMEX has recognized provisions related to unrecognized tax benefits in connection with uncertain tax positions taken, in which it is deemed probable that the tax authority would differ from the position adopted by CEMEX. As of December 31, 2014, the tax returns submitted by some subsidiaries of CEMEX located in several countries are under review by the respective tax authorities in the ordinary course of business. CEMEX cannot anticipate if such reviews will result in new tax assessments, which would, should any arise, be appropriately disclosed and/or recognized in the financial statements.

A summary of the beginning and ending amount of unrecognized tax benefits for the years ended December 31, 2014, 2013 and 2012, excluding interest and penalties, is as follows:

		2014	2013	2012
Balance of tax positions at beginning of year	$	1,283	1,235	21,936
Additions for tax positions of prior years		216	207	325
Additions for tax positions of current year		278	68	110
Reductions for tax positions related to prior years and other items		(71)	(42)	(14,601)
Settlements and reclassifications		(317)	(81)	(4,053)
Expiration of the statue of limitations		(73)	(103)	(1,599)
Foreign currency translation effects		80	(1)	(883)
Balance of tax positions at end of year	$	1,396	1,283	1,235

Tax examinations can involve complex issues, and the resolution of issues may span multiple years, particularly if subject to negotiation or litigation. Although CEMEX believes its estimates of the total unrecognized tax benefits are reasonable, uncertainties regarding the final determination of income tax audit settlements and any related litigation could affect the amount of total unrecognized tax benefits in future periods. It is difficult to estimate the timing and range of possible changes related to the uncertain tax positions, as finalizing audits with the income tax authorities may involve formal administrative and legal proceedings. Accordingly, it is not possible to reasonably estimate the expected changes to the total unrecognized tax benefits over the next 12 months, although any settlements or statute of limitations expirations may result in a significant increase or decrease in the total unrecognized tax benefits, including those positions related to tax examinations being currently conducted.

As of December 31, 2014, certain significant proceedings associated with these tax positions are as follows:

- As of December 31, 2014, the U.S. Internal Revenue Service ("IRS") has concluded its audits for the years 2010, 2011 and 2012. The final findings did not materially alter the provisions CEMEX had set aside for these matters and, as such, the amounts were not material for its financial results. On April 25, 2014, the IRS commenced its audit of the 2013 and 2014 tax years under the Compliance Assurance Process. CEMEX has not identified any material audit results that could have a significant adverse effect in its financial statements.
- On July 7, 2011, the tax authorities in Spain notified CEMEX España, S.A. of a tax audit process in Spain covering the tax years from and including 2006 to 2009. The tax authorities in Spain have challenged part of the tax losses reported by CEMEX España for such years. The tax authorities in Spain notified CEMEX España of fines in the aggregate amount of approximately €456 (US$552 or $8,134). The laws of Spain provide a number of appeals that could be filed against such penalty without making any payment until they are finally resolved. On April 22, 2014, CEMEX España filed appeals against such fines. At this stage, CEMEX is not able to assess the likelihood of an adverse result regarding this matter, and the appeals that CEMEX España has file could take an extended amount of time to be resolved, but if all appeals filed by CEMEX España are adversely resolved, it could have a material adverse impact on CEMEX's results of operations, liquidity or financial condition.
- On December 17, 2012, the Mexican tax authorities published the decree of the Federation Revenues Law for the 2013 tax year. The decree contained a transitory ruling (the "Amnesty Provision") that granted the cancellation of up to 80% of certain tax proceedings originated before the 2007 tax period, and 100% of interest and penalties, as well as 100% of interest and penalties of tax proceedings originated in the 2007 tax period and thereafter. CEMEX was a beneficiary of such transitory amnesty provision in connection with several of the Mexican tax proceedings mentioned in the following paragraphs. As a result, CEMEX reduced the provision accrued in prior years related to these tax proceedings and the effect is included as part of the changes of unrecognized tax benefits during the year 2012 presented in the table above.
- Pursuant to amendments to the Mexican Income Tax Law effective January 1, 2005, Mexican companies with investments in foreign entities whose income tax liability is less than 75% of the income tax that would be payable in Mexico, are required to pay taxes in Mexico on net passive income, such as dividends, royalties, interest, capital gains and rental fees obtained by such entities, provided, however, that those revenues are not derived from entrepreneurial activities in such countries. CEMEX challenged the constitutionality of the amendments before the Mexican federal courts. In September 2008, the Supreme Court of Justice ruled the amendments were constitutional for tax years 2005 to 2007. In March and July, 2012, CEMEX self-assessed the taxes corresponding to the 2005 and 2006 tax years, respectively, for a total amount, inclusive of surcharges and carry-forward charges, of $4,642 (US$358) for 2005 and $1,100 (US$86) for 2006, of which 20%, or approximately $928 (US$72) for 2005 and $221 (US$17) for 2006, was paid in connection with the submission of amended tax returns. The remaining 80% of such total amounts would have been due in February 2013 and July 2013 for the 2005 and 2006 tax years, respectively, plus additional interest if CEMEX would have elected to extend the payment date in thirty-six monthly installments. On January 31, 2013 in connection with the Amnesty Provision, CEMEX reached a settlement agreement with the tax authorities for the remaining 80% consisting in a single final payment on February 1, 2013 according to the rules set forth by the transitory provision described above. Changes in the provision were recognized within income tax expense in 2012.

(Millions of Mexican pesos)

- In November 2009, amendments to the Income Tax Law effective on January 1, 2010 were approved in Mexico. Such amendments modified the tax consolidation regime by requiring entities to determine income taxes as if the tax consolidation rules did not exist from 1999 onward, specifically turning into taxable items: a) the difference between the sum of the equity of the controlled entities for tax purposes and the equity of the consolidated entity for tax purposes; b) dividends from the controlled entities for tax purposes to CEMEX, S.A.B. de C.V.; and c) other transactions that represented the transfer of resources between the companies included in the tax consolidation. In December 2010, pursuant to miscellaneous rules, the tax authority in Mexico had granted the option to defer the calculation and payment of the income tax over the difference in equity explained above, until the subsidiary was disposed of or CEMEX would eliminate the tax consolidation. Nonetheless, in December 2013 new amendments to the income tax law in Mexico were approved effective beginning January 1, 2014, which eliminated the tax consolidation regime in effect until December 31, 2013, and implemented prospectively a new voluntary integration regime that CEMEX will not apply. As a result, beginning in 2014, each Mexican entity will determine its income taxes based solely in its individual results. A period of up to 10 years has been established for the settlement of the liability for income taxes related to the tax consolidation regime accrued until December 31, 2013, amount which considering the rules issued for the disconnection of the tax consolidation regime amounted to approximately $24,804 as of December 31, 2013, as described in the table below. Changes in the Parent Company's tax payable associated with the aforementioned elimination of the tax consolidation regime in Mexico during 2014, 2013 and 2012 were as follows:

		2014	2013	2012
Balance at beginning of period	$	24,804	14,546	12,410
Income tax received from subsidiaries		–	1,805	2,089
Restatement for the period		955	1,234	745
Payments during the period		(4,330)	(2,035)	(698)
Effects associated with the termination of the tax consolidation regime		–	9,254	–
Balance at end of period	$	21,429	24,804	14,546

- On January 2011, the Mexican tax authority notified CEMEX, S.A.B. de C.V., of a tax assessment for approximately $996 (US$77) pertaining to changes to the income tax law approved in 2005 that permits the deductibility of the cost of goods sold deducted in the determination of income taxes, instead of using the amount of purchases. Since there were inventories as of December 31, 2004, in a transition provision, the law allowed the inventory to be accumulated as income (thus reversing the deduction via purchases) and then be deducted from 2005 onwards as cost of goods sold. In order to compute the income resulting from the inventories in 2004, the law allowed this income to be offset against accumulated tax losses of some of CEMEX's subsidiaries. The authorities argued that because of this offsetting, the right to use such losses at the consolidated level had been lost; therefore, CEMEX had to increase its consolidated income or decrease its consolidated losses. During May 2013, CEMEX settled this tax assessment as part of the Amnesty Provision described above.

- On November 16, 2011, the Mexican tax authorities notified Centro Distribuidor de Cemento, S.A. de C.V. and Mexcement Holdings, S.A. de C.V., subsidiaries of CEMEX in Mexico, of tax assessments related to direct and indirect investments in entities considered to be preferential tax regimes, in the amount of approximately $1,251 (US$101) and approximately $759 (US$59), respectively. In February 2014, CEMEX filed a claim against these assessments before the corresponding courts. At this stage, CEMEX is not able to assess the likelihood of an adverse result in these proceedings. During May 2013, CEMEX settled these tax assessments based on the Amnesty Provision previously described.

- On April 1, 2011, the Colombian tax authority notified CEMEX Colombia, S.A. ("CEMEX Colombia") of a special proceeding in which the Colombian tax authority rejected certain deductions taken by CEMEX Colombia in its 2009 year-end tax return. The Colombian tax authority assessed an increase in taxes to be paid by CEMEX Colombia in an amount equivalent as of December 31, 2014 to approximately US$38 ($560) and imposed a penalty in an amount equivalent to approximately US$60 ($884). The Colombian tax authority argues that certain expenses are not deductible for fiscal purposes because they are not linked to direct revenues recorded in the same fiscal year, without considering that future revenue will be taxed under the income tax law in Colombia. CEMEX Colombia responded to the special proceeding notice June 25, 2011. On December 15, 2011, the Colombian tax authority issued its final determination, which confirmed the information in the special proceeding. CEMEX Colombia appealed the final determination on February 15, 2012. On January 17, 2013, CEMEX Colombia was notified of a resolution confirming the official liquidation. On May 10, 2013 CEMEX Colombia appealed the final determination before the Administrative Tribunal of Cundinamarca, which was admitted on June 21, 2013. On July 14, 2014, CEMEX Colombia was notified about an adverse resolution to its appeal, which confirms the official liquidation notified by the Colombian tax authority. On July 22, 2014, CEMEX Colombia filed an appeal against this resolution before the Colombian State Council (*Consejo de Estado*). At this stage of the proceeding, as of December 31, 2014, CEMEX is not able to assess the likelihood of an adverse result in the proceedings, but if adversely resolved, this proceeding could have a material adverse impact on CEMEX's results of operations, liquidity or financial position.
- On November 10, 2010, the Colombian tax authority notified CEMEX Colombia of a proceeding in which the Colombian tax authority rejected certain tax losses taken by CEMEX Colombia in its 2007 and 2008 year-end tax return. In addition, the Colombian tax authority assessed an increase in taxes to be paid by CEMEX Colombia in an amount equivalent as of December 31, 2014 to approximately US$18 ($265) and imposed a penalty in an amount equivalent to approximately US$29 ($427). The Colombian tax authority argues that CEMEX Colombia is limited in its use of prior year tax losses to 25% of such losses per subsequent year. CEMEX believes that the tax provision that limits the use of prior year tax losses does not apply in the case of CEMEX Colombia because the applicable tax law was repealed in 2006. Furthermore, CEMEX believes that the Colombian tax authority is no longer able to review the 2008 tax return because the time to review such return has already expired pursuant to Colombian law. The Colombian tax authority issued an official settlement on July 27, 2011, which confirmed its position in the special request. The official settlement was appealed by CEMEX on September 27, 2011. On July 31, 2012, the Colombian tax authority notified CEMEX Colombia of the resolution confirming the official liquidation. In November 2012, CEMEX Colombia appealed the official assessment. During 2013, CEMEX Colombia reached a settlement agreement with the Colombian tax authority by means of the payment of the income tax due, while penalties were canceled. On August 26, 2013 and September 16, 2013, the settlement confirmations were signed in connection with the years 2007 and 2008, respectively, representing the official conclusion of this proceeding.
- On February 9, 2014, the Egyptian Ministry of Finance's Appeals Committee (the "Appeals Committee") notified a resolution to Assiut Cement Company ("ACC"), CEMEX's subsidiary in Egypt, requiring the payment of a development levy on clay applied to the Egyptian cement industry in amounts equivalent as of December 31, 2014, of: (i) approximately US$45 ($663) for the period from May 5, 2008 to August 31, 2011; and (ii) approximately 7 thousand dollars (103 thousand pesos) for the period from September 1, 2011 to November 30, 2011. On March 10, 2014, ACC filed a claim before the North Cairo Court requesting the nullification of decision and requesting that the Egyptian tax authority is not entitled to require payment of the aforementioned amounts. This matter is being reviewed by the North Cairo Court expert's office. At this stage, as of December 31, 2014, CEMEX is not able to assess the likelihood of an adverse result regarding this matter, but if adversely resolved, this proceeding could have a material adverse impact on CEMEX's results of operations, liquidity or financial position.

(Millions of Mexican pesos)

20) Stockholders' equity

As of December 31, 2014 and 2013, stockholders' equity excludes investments in CPOs of CEMEX, S.A.B. de C.V. held by subsidiaries of approximately $264 (18,261,131 CPOs) and $269 (17,558,782 CPOs), respectively, which were eliminated within "Other equity reserves."

20A) Common stock and additional paid-in capital

As of December 31, 2014 and 2013, the breakdown of common stock and additional paid-in capital was as follows:

		2014	2013
Common stock	$	4,151	4,143
Additional paid-in capital		101,216	84,800
	$	105,367	88,943

During December 2013, the Company's management approved restitution to the consolidated line item of "Retained earnings" for $35,667, by means of transfer with charge to the line item of "Additional paid-in capital." This transfer represents a reclassification between line items within CEMEX's consolidated stockholders' equity that does not affect its consolidated amount.

As of December 31, 2014 and 2013 the common stock of CEMEX, S.A.B. de C.V. was presented as follows:

	2014		2013	
Shares [1]	Series A [2]	Series B [2]	Series A [2]	Series B [2]
Subscribed and paid shares	24,913,159,536	12,456,579,768	22,847,063,194	11,423,531,597
Unissued shares authorized for stock compensation programs	933,604,310	466,802,155	1,055,956,580	527,978,290
Shares that guarantee the issuance of convertible securities [3]	5,658,760,600	2,829,380,300	6,408,438,520	3,204,219,260
Shares authorized for the issuance of stock or convertible securities [4]	–	–	4,146,404	2,073,202
	31,505,524,446	15,752,762,223	30,315,604,698	15,157,802,349

[1] As of December 31, 2014 and 2013, 13,068,000,000 shares correspond to the fixed portion, and 34,190,286,669 shares in 2014, 32,405,407,047 shares in 2013, correspond to the variable portion.

[2] Series "A" or Mexican shares must represent at least 64% of CEMEX's capital stock; meanwhile, Series "B" or free subscription shares must represent at most 36% of CEMEX's capital stock.

[3] Shares that guarantee the conversion of both the outstanding voluntary and mandatorily convertible securities (note 16B).

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

On March 20, 2014, stockholders at the annual ordinary shareholders' meeting approved resolutions to: (i) increase the variable common stock through the capitalization of retained earnings by issuing up to 1,404.0 million shares (468.0 million CPOs), which shares were issued, representing an increase in common stock of approximately $4, considering a nominal value of $0.00833 per CPO, and additional paid-in capital of approximately $7,614; (ii) increase the variable common stock by issuing up to 387 million shares (129 million CPOs),which will be kept in CEMEX's treasury to be used to preserve the anti-dilutive rights of note holders pursuant CEMEX's convertible securities (note 16B).

(Millions of Mexican pesos)

On March 21, 2013, stockholders at the annual ordinary shareholders' meeting approved resolutions to: (i) increase the variable common stock through the capitalization of retained earnings by issuing up to 1,312.3 million shares (437.4 million CPOs), which shares were issued, representing an increase in common stock of approximately $4, considering a nominal value of $0.00833 per CPO, and additional paid-in capital of approximately $5,987; (ii) increase the variable common stock by issuing up to 369 million shares (123 million CPOs),which will be kept in CEMEX's treasury to be used to preserve the anti-dilutive rights of note holders pursuant CEMEX's convertible securities (note 16B). Also, on March 21, 2013, stockholders at the extraordinary shareholders' meeting approved resolutions pursuant to which all or any part of the shares currently kept in CEMEX's treasury as a guarantee for the potential issuance of shares through CEMEX's convertible securities may be re-allocated to ensure the conversion rights of any new convertible securities if any new convertible securities are issued.

On February 23, 2012, stockholders at the annual ordinary shareholders' meeting approved resolutions to: (i) increase the variable common stock through the capitalization of retained earnings by issuing up to 1,256.4 million shares (418.8 million CPOs), which shares were issued, representing an increase in common stock of approximately $3.4, considering a nominal value of $0.00833 per CPO, and additional paid-in capital of approximately $4,133.8; (ii) increase the variable common stock by issuing up to 345 million shares (115 million CPOs), which will be kept in CEMEX's treasury to be used to preserve the anti-dilutive rights of note holders pursuant CEMEX's convertible securities (note 16B); (iii) the cancellation of 5,122 million treasury shares, which were not subject to public offer or convertible notes issuance in the 24 months period authorized by the extraordinary shareholders meeting held on September 4, 2009; and (iv) increase the variable common stock by issuing up to 1,500 million shares (500 million CPOs) which will be kept in CEMEX's treasury and used to be subscribed and paid pursuant to the terms and conditions of CEMEX's long-term compensation stock program (note 21), without triggering the shareholders' preemptive rights.

In connection with the long-term executive stock-based compensation program (note 21) in 2014, 2013 and 2012, CEMEX issued approximately 61.1 million, 49.6 million and 46.4 million CPOs, respectively, generating an additional paid-in capital of approximately $765 in 2014, $551 in 2013 and $486 in 2012 associated with the fair value of the compensation received by executives.

20B) Other equity reserves

As of December 31, 2014 and 2013 other equity reserves are summarized as follows:

		2014	2013
Cumulative translation effect, net of effects from perpetual debentures and deferred income taxes recognized directly in equity (notes 19B and 20D)	$	11,474	12,152
Cumulative actuarial losses		(6,167)	(3,142)
Effects associated with CEMEX´s convertible securities [1]		5,695	6,296
Treasury shares held by subsidiaries		(264)	(269)
	$	10,738	15,037

[1] Represents the equity component upon the issuance of CEMEX's convertible securities described in note 16B, as well as the effects associated with such securities in connection with the change in the Parent Company's functional currency (note 2D). Upon conversion of these securities, the balances have been correspondingly reclassified to common stock and/or additional paid-in capital (note 16A).

(Millions of Mexican pesos)

For the years ended December 31, 2014, 2013 and 2012, the translation effects of foreign subsidiaries included in the statements of comprehensive loss were as follows:

	2014	2013	2012
Foreign currency translation adjustment [1]	$ 15,157	(4,187)	(16,019)
Foreign exchange fluctuations from debt [2]	479	–	6,939
Foreign exchange fluctuations from intercompany balances [3]	(15,135)	5,139	1,756
	$ 501	952	(7,324)

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

2 Generated by foreign exchange fluctuations over a notional amount of debt in CEMEX, S.A.B. de C.V. associated with the acquisition of foreign subsidiaries and designated as a hedge of the net investment in foreign subsidiaries.

3 Refers to foreign exchange fluctuations arising from balances with related parties in foreign currencies that are of a long-term investment nature considering that their liquidation is not anticipated in the foreseeable future and foreign exchange fluctuations over a notional amount of debt of a subsidiary of CEMEX España identified and designated as a hedge of the net investment in foreign subsidiaries.

20C) Retained earnings

Net income for the year is subject to a 5% allocation toward a legal reserve until such reserve equals one fifth of the common stock. As of December 31, 2014, the legal reserve amounted to $1,804. As mentioned in note 20A, in December 2013, CEMEX incurred a restitution of retained earnings from additional paid-in capital for $35,667.

20D) Non-controlling interest and perpetual debentures

Non-controlling interest

Non-controlling interest represents the share of non-controlling stockholders in the results and equity of consolidated subsidiaries. As of December 31, 2014 and 2013, non-controlling interest in equity amounted to approximately $10,199 and $8,716, respectively.

On November 15, 2012, pursuant to a public offering in Colombia and an international private placement, CEMEX Latam, a wholly-owned subsidiary of CEMEX España, S.A., concluded its initial offering of 170,388,000 common shares, which include 22,224,000 treasury shares, repurchased by means of a put option granted to the initial purchasers during the 30-day period following closing of the offering. CEMEX Latam's assets include substantially all of CEMEX's assets in Colombia, Panama, Costa Rica, Brazil, Guatemala and El Salvador. After the offering, CEMEX España, S.A., maintained 73.35% of CEMEX Latam's outstanding common shares, excluding shares held in treasury. CEMEX Latam's common shares are listed on the Colombian Stock Exchange (*Bolsa de Valores de Colombia S.A.*) under the ticker CLH. The net proceeds from the offering of approximately US$960, after deducting commissions and offering expenses and after giving effect to the exercise of the put option by the initial purchasers, were used by CEMEX to repay indebtedness under the Facilities Agreement and the Financing Agreement.

Perpetual debentures

As of December 31, 2014 and 2013, the balances of the non-controlling interest included approximately US$466 ($6,869) and US$477 ($6,223), respectively, representing the notional amount of perpetual debentures, which exclude any perpetual debentures held by subsidiaries, acquired in 2012 through a series of voluntary exchange transactions agreed with the holders of each series of their then outstanding perpetual debentures for new secured notes or other financial instruments (notes 2A and 16A).

Interest expense on the perpetual debentures, was included within "Other equity reserves" and amounted to approximately $420 in 2014, $405 in 2013 and $453 in 2012, excluding in all the periods the amount of interest accrued by perpetual debentures held by subsidiaries.

(Millions of Mexican pesos)

CEMEX's perpetual debentures have no fixed maturity date and there are no contractual obligations for CEMEX to exchange any series of its outstanding perpetual debentures for financial assets or financial liabilities. As a result, these debentures, issued entirely by Special Purpose Vehicles ("SPVs"), qualify as equity instruments and are classified within non-controlling interest, as they were issued by consolidated entities. In addition, subject to certain conditions, CEMEX has the unilateral right to defer indefinitely the payment of interest due on the debentures. The classification of the debentures as equity instruments was made under applicable IFRS. The different SPVs were established solely for purposes of issuing the perpetual debentures and were included in CEMEX's consolidated financial statements.

As of December 31, 2014 and 2013, the detail of CEMEX's perpetual debentures, excluding the perpetual debentures held by subsidiaries, was as follows:

Issuer	Issuance date	2014 Nominal amount	2013 Nominal amount	Repurchase option	Interest rate
C10-EUR Capital (SPV) Ltd	May 2007	€64	€64	Tenth anniversary	6.277%
C8 Capital (SPV) Ltd	February 2007	US$137	US$137	Eighth anniversary	LIBOR + 4.4%
C5 Capital (SPV) Ltd [1]	December 2006	US$69	US$69	Fifth anniversary	LIBOR+4.277%
C10 Capital (SPV) Ltd	December 2006	US$183	US$183	Tenth anniversary	6.722%

1 CEMEX is not permitted to call these debentures under the Facilities Agreement.

21) Executive stock-based compensation

CEMEX has long-term restricted stock-based compensation programs providing for the grant of CEMEX's CPOs to a group of executives, pursuant to which, new CPOs are issued under each annual program over a service period of 4 years. By agreement with the executives, the CPOs of the annual grant (25% of each annual program) are placed at the beginning of the service period in a trust established for the benefit of the executives to comply with a one year restriction on sale. Under these programs, CEMEX granted approximately 61.1 million CPOs in 2014, 49.6 million CPOs in 2013 and 46.4 million CPOs in 2012 that were subscribed and pending for payment in CEMEX's treasury. Of the total CPOs granted in 2013, approximately 10.3 million CPOs were related to termination benefits associated with restructuring events (note 6). As of December 31, 2014, there are approximately 58 million CPOs associated with these annual programs that are expected to be issued in the following years as the executives render services.

Beginning January 1, 2013, eligible executives belonging to CEMEX Latam's operations (note 20D), ceased to receive CEMEX's CPOs and instead started receiving shares of CEMEX Latam. The only different condition as compared to CEMEX's plan is that executives receive each 25% of the shares related to the annual program fully unrestricted at the end of the service period. CEMEX Latam granted 135,250 shares in 2014 and 56,925 shares in 2013. As of December 31, 2014, there are approximately 207,193 shares of CEMEX Latam associated with these annual programs that are expected to be issued in the following years as the executives render services.

In addition, in 2012, CEMEX initiated a stock-based compensation program for a group of executives which was linked to both, internal performance conditions (increase in Operating EBITDA) and market conditions (increase in the price of CEMEX's CPO), over a period of three years ending on December 31, 2014. Under this program, CEMEX granted awards over approximately 39.9 million CPOs, which became fully vested upon achievement of the annual internal and/or external performance conditions in each of the three years. Any CPOs vested would be only delivered, fully unrestricted, to active executives in March 2015.

The combined compensation expense related to the programs described above in 2014, 2013 and 2012, recognized in the operating results, amounted to approximately $730, $687 and $622, respectively. The weighted average price per CPO granted during the period was approximately 12.53 pesos in 2014, 11.11 pesos in 2013 and 10.48 pesos in 2012. Moreover, the weighted average price per CEMEX Latam share granted during the period was approximately 15,073 Colombian pesos in 2014 and 12,700 Colombian pesos in 2013.

(Millions of Mexican pesos)

Options outstanding under CEMEX's programs represent liability instruments (note 2S). The information related to options granted in respect of CEMEX, S.A.B. de C.V. shares is as follows:

Options	Variable Program (A)	Special Program (B)
Options at the beginning of 2013	263,776	507,447
Changes in 2013:		
Options cancelled and adjustments	(263,776)	(160,112)
Options exercised	–	(111,312)
Options at the end of 2013	–	236,023
Changes in 2014:		
Options cancelled and adjustments	–	(165,510)
Options at the end of 2014	–	70,513
Underlying CPOs [1]	–	1,410,250
Weighted average exercise prices per CPO:		
Options outstanding at the beginning of 2014 [1]	–	1.6 dollars
Options outstanding at the end of 2014 [1]	–	1.9 dollars
Average life of options:	–	0.5 years

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

A) Variable program

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

B) Special program

Until 2005, a subsidiary in the United States granted to a group of its employees a stock option program to purchase CEMEX ADSs. The options granted have a fixed exercise price denominated in dollars and tenure of 10 years. The option exercises are hedged using ADSs currently owned by subsidiaries, which increases the number of shares outstanding. The amounts of these ADS programs are presented in terms of equivalent CPOs.

Valuation of options at fair value and accounting recognition

All options outstanding qualify as liability instruments and are valued at their estimated fair value as of the date of the financial statements, recognizing changes in valuations in the statements of operations. The options' fair values were determined through the binomial option-pricing model considering the options' remaining tenure and assumptions of expected dividend yield, volatility and interest rate based on reasonable market conditions. The balances of the provision for the remaining executive stock options as of December 31, 2014 and 2013 and the changes in such provision for the years ended December 31, 2014, 2013 and 2012 were not significant.

22) Loss per share

Based on IAS 33 *Earnings per Share* ("IAS 33"), basic earnings (loss) per share shall be calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity (the numerator) by the weighted average number of shares outstanding (the denominator) during the period. Shares that would be issued depending only by the passage of time should be included in the determination of the basic weighted average number of shares outstanding. Diluted earnings (loss) per share should reflect in both, the numerator and denominator, the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of specified conditions, to the extent that such assumption would led to a reduction in basic earnings per share or an increase in basic loss per share, otherwise, the effects of potential shares are not considered because they generate antidilution.

The amounts considered for calculations of loss per share in 2014, 2013 and 2012 were as follows:

		2014	2013	2012
Denominator (thousands of shares)				
Weighted average number of shares outstanding [1]		35,293,441	34,128,538	33,974,677
Capitalization of retained earnings in 2013 [2]		1,404,099	1,404,099	1,404,099
Effect of dilutive instruments – mandatorily convertible securities (note 16B) [3]		629,545	629,545	629,545
Weighted average number of shares outstanding – basic		37,327,085	36,162,182	36,008,321
Effect of dilutive instruments – stock-based compensation (note 21) [3]		293,657	306,930	286,042
Effect of potentially dilutive instruments – optionally convertible securities (note 16B) [3]		5,733,796	7,105,488	7,105,488
Weighted average number of shares outstanding – diluted		43,354,538	43,574,600	43,399,851
Numerator				
Consolidated net loss	$	(5,680)	(9,611)	(11,338)
Less: non-controlling interest net income		1,103	1,223	662
Controlling interest net loss		(6,783)	(10,834)	(12,000)
Plus: after tax interest expense on mandatorily convertible securities		164	181	196
Controlling interest net loss – basic loss per share		(6,619)	(10,653)	(11,804)
Plus: after tax interest expense on optionally convertible securities		1,424	1,494	1,501
Controlling interest net loss – diluted loss per share	$	(5,195)	(9,159)	(10,303)
Controlling Interest Basic Loss Per Share	**$**	**(0.18)**	**(0.29)**	**(0.33)**
Controlling Interest Diluted Loss Per Share [4]	**$**	**(0.18)**	**(0.29)**	**(0.33)**

[1] Based on IAS 33, the weighted average number of shares outstanding in 2013 and 2012 reflects the shares issued as a result of the capitalization of retained earnings declared on March 2013 and March 2012, as applicable (note 20A).

[2] According to resolution of the stockholders' meetings on March 20, 2014.

[3] The number of CPO to be issued under the executive stock-based compensation programs, as well as the total amount of CPOs committed for issuance in the future under the mandatorily and optionally convertible securities, are computed from the beginning of the reporting period. The number of shares resulting from the executives' stock option programs is determined under the inverse treasury method.

[4] For 2014, 2013 and 2012, the effects on the denominator and numerator of potential dilutive shares generate antidilution; therefore, there is no change between the reported basic and diluted loss per share.

23) Commitments

23A) Guarantees

As of December 31, 2014 and 2013, CEMEX, S.A.B. de C.V. had guaranteed loans of certain subsidiaries for approximately US$5,589 ($82,383) and US$7,125 ($92,982), respectively.

23B) Pledged assets

As of December 31, 2014, CEMEX had prepaid in total its liabilities secured by property, machinery and equipment. In 2013, CEMEX had liabilities amounting US$83. These amounts exclude the financial liabilities associated with capital leases (note 16B), as there are no legal liens on the related assets.

In addition, CEMEX transferred to a guarantee trust and entered into pledge agreements for the benefit of the Credit Agreement and the Facilities Agreement lenders, note holders and other creditors having the benefit of negative pledge clauses, the shares of several of its main subsidiaries, including CEMEX México, S.A. de C.V. and CEMEX España, S.A., in order to secure payment obligations under the Credit Agreement, the Facilities Agreement and other debt instruments entered into prior to the date of these agreements (note 16A).

23C) Other commitments

In April 2008, Citibank entered into put option transactions on CEMEX's CPOs with a Mexican trust that CEMEX established on behalf of its Mexican pension fund and certain of CEMEX's directors and current and former employees (the "participating individuals"). The transaction was structured with two main components. Under the first component, the trust sold, for the benefit of CEMEX's Mexican pension fund, put options to Citibank in exchange for a premium of US$38. The premium was used by the trust to purchase, on a prepaid forward basis, securities that tracked the performance of the MSE. Under the second component, the trust sold, on behalf of the participating individuals, additional put options to Citibank in exchange for a premium of US$38, which was used to purchase prepaid forward CPOs. These prepaid forward CPOs, together with additional CPOs representing an equal amount in U.S. dollars, were deposited into the trust by the participating individuals as security for their obligations, and represented the maximum exposure of the participating individuals under this transaction. The put options gave Citibank the right to require the trust to purchase, in April 2013, approximately 136 million CPOs at a price of US$2.6498 per CPO (120% of initial CPO price in dollars). If the value of the assets held in the trust (34.7 million CPOs and the securities that tracked the performance of the MSE) was insufficient to cover the obligations of the trust, CEMEX should settle, in April 2013, the difference between the total number of CPOs at a price of US$2.6498 per CPO and the market value of the assets of the trust. During the transaction, CEMEX recognized a liability for the fair value of the guarantee, and changes in valuation were recorded in the statements of operations (note 16D). Between January and April 2013, the 136 million put options were gradually unwounded, and after deducting the value of the trust' assets, for an aggregate amount of approximately US$112.

On July 30, 2012, CEMEX signed a 10-year strategic agreement with International Business Machines Corporation ("IBM") pursuant to which IBM provides business processes services and information technology ("IT"). Moreover, IBM provides business consulting to detect and promote sustainable improvements in CEMEX's profitability. The 10-year contract signed with IBM is expected to generate cost reductions to CEMEX over such period, and includes: data processing services (back office) in finance, accounting and human resources; as well as IT infrastructure services, support and maintenance of IT applications in the countries in which CEMEX operates.

23D) Commitments from employee benefits

In some countries, CEMEX has self-insured health care benefits plans for its active employees, which are managed on cost plus fee arrangements with major insurance companies or provided through health maintenance organizations. As of December 31, 2013, in certain plans, CEMEX has established stop-loss limits for continued medical assistance derived from a specific cause (e.g., an automobile accident, illness, etc.) ranging from 23 thousand dollars to 400 thousand dollars. In other plans, CEMEX has established stop-loss limits per employee regardless of the number of events ranging from 350 thousand dollars to 2 million dollars. The contingency for CEMEX if all employees qualifying for health care benefits required medical services simultaneously is significantly. However, this scenario is remote. The amount expensed through self-insured health care benefits was approximately US$64 ($943) in 2014, US$70 ($914) in 2013 and US$72 ($925) in 2012.

23E) Contractual obligations

As of December 31, 2014 and 2013, CEMEX had the following contractual obligations:

(U.S. dollars millions)		2014					2013
Obligations		Less than 1 year	1-3 years	3-5 years	More than 5 years	Total	Total
Long-term debt	US$	984	2,254	4,859	5,867	13,964	14,627
Capital lease obligations [1]		32	62	61	60	215	292
Convertible notes [2]		216	961	649	–	1,826	2,269
Total debt and other financial obligations [3]		1,232	3,277	5,569	5,927	16,005	17,188
Operating leases [4]		97	151	95	50	393	402
Interest payments on debt [5]		910	1,738	1,180	1,220	5,048	6,289
Pension plans and other benefits [6]		151	298	309	846	1,604	1,747
Purchases of raw materials, fuel and energy [7]		334	434	446	2,041	3,255	3,488
Total contractual obligations	US$	2,724	5,898	7,599	10,084	26,305	29,114
	$	40,152	86,937	112,009	148,638	387,736	379,938

1 Represent nominal cash flows. As of December 31, 2014, the net present value of future payments under such leases was US$130 ($1,916), of which, US$35 ($509) refers to payments from 1 to 3 years, US$25 ($371) refer to payments from 3 to 5 years, and US$53 ($776) refer payments of more than 5 years.

2 Refers to the components of liability of the convertible notes described in note 16B and assumes repayment at maturity and no conversion of the notes.

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

4 The amounts represent nominal cash flows. CEMEX has operating leases, primarily for operating facilities, cement storage and distribution facilities and certain transportation and other equipment, under which annual rental payments are required plus the payment of certain operating expenses. Rental expense was US$112 ($1,657) in 2014, US$126 ($1,647) in 2013 and US$156 ($2,003) in 2012.

5 Estimated cash flows on floating rate denominated debt were determined using the floating interest rates in effect as of December 31, 2014 and 2013.

6 Represents estimated annual payments under these benefits for the next 10 years (note 18), including the estimate of new retirees during such future years.

7 Future payments for the purchase of raw materials are presented on the basis of contractual nominal cash flows. Future nominal payments for energy were estimated for all contractual commitments on the basis of an aggregate average expected consumption of 3,124.1 GWh per year using the future prices of energy established in the contracts for each period. Future payments also include CEMEX's commitments for the purchase of fuel.

As of December 31, 2014 and 2013, in connection with the commitments for the purchase of fuel and energy included in the table above, a description of the most significant contracts is as follows:

- In September 2006, CEMEX and the Spanish company ACCIONA agreed to develop a wind farm project for the generation of 250 Megawatts (MW) in the Mexican state of Oaxaca. CEMEX acted as promoter of the project, which was named EURUS. ACCIONA provided the required financing, constructed the facility and currently operates the wind farm. The installation of 167 wind turbines in the farm was finished in November 2009. The agreements established that CEMEX's plants in Mexico will acquire a portion of the energy generated by the wind farm for a period of at least 20 years, which began in February 2010, when EURUS reached the committed limit capacity. For the years ended December 31, 2014, 2013 and 2012, EURUS supplied (unaudited) approximately 29.1%, 25.8% and 29.1%, respectively, of CEMEX's overall electricity needs in Mexico during such year. This agreement is for CEMEX's own use and there is no intention of trading in energy by CEMEX.
- In 1999, CEMEX entered into agreements with an international partnership, which financed, built and operated an electrical energy generating plant in Mexico called Termoeléctrica del Golfo ("TEG"). In 2007, the original operator was replaced. Pursuant to the agreement, CEMEX would purchase the energy generated from TEG for a term of not less than 20 years, which started in April 2004 and that was further extended until 2027 with the change of operator. CEMEX committed to supply TEG and another third-party electrical energy generating plant adjacent to TEG all fuel necessary for their operations, a commitment that has been hedged through four 20-year agreements entered with Petróleos Mexicanos ("PEMEX"), which terminate in 2024. Consequently, for the last 3 years, CEMEX intends to purchase the required fuel in the market. For the years ended December 31, 2014, 2013 and 2012, TEG supplied (unaudited) approximately 64.8%, 70.9% and 67.8%, respectively, of CEMEX's overall electricity needs during such year for its cement plants in Mexico.
- In regards with the above, in March 1998 and July 1999, CEMEX signed contracts with PEMEX providing that beginning in April 2004 PEMEX's refineries in Cadereyta and Madero City would supply CEMEX with a combined volume of approximately 1.75 million tons of petcoke per year. As per the petcoke contracts with PEMEX, 1.2 million tons of the contracted volume will be allocated to TEG and the other energy producer and the remaining volume will be allocated to CEMEX's operations in Mexico. By entering into the petcoke contracts with PEMEX, CEMEX expects to have a consistent source of petcoke throughout the 20-year term.
- In 2007, CEMEX Ostzement GmbH ("COZ"), CEMEX's subsidiary in Germany, entered into a long-term energy supply contract with Vattenfall Europe New Energy Ecopower ("VENEE"), pursuant to which VENEE committed to supply energy to CEMEX's Rüdersdorf plant for a period of 15 years starting on January 1, 2008. Based on the contract, each year COZ has the option to fix in advance the volume of energy that it will acquire from VENEE, with the option to adjust the purchase amount one time on a monthly and quarterly basis. According to the contract, COZ acquired (unaudited) approximately 27 MW in 2014, 2013 and 2012, and COZ expects to acquire between 26 and 28 MW per year starting in 2015 and thereafter. The contract, which establishes a price mechanism for the energy acquired, based on the price of energy future contracts quoted on the European Energy Exchange, did not require initial investments and was expected to be performed at a future date. Based on its terms, this contract qualified as a financial instrument under IFRS. As the contract is for CEMEX's own use and CEMEX sells any energy surplus as soon as actual energy requirements are known, regardless of changes in prices and thereby avoiding any intention of trading in energy, such contract is not recognized at its fair value.

24) Contingencies

24A) Provisions resulting from legal proceedings

CEMEX is involved in various significant legal proceedings, in addition to those related to income tax matters (note 19D), the resolutions of which are deemed probable and imply cash outflows or the delivery of other resources owned by CEMEX. As a result, certain provisions have been recognized in the financial statements, representing the best estimate of the amounts payable. Therefore, CEMEX believes that it will not incur significant expenditure in excess of the amounts recorded. As of December 31, 2014, the details of the most significant events are as follows:

- In January 2007, the Polish Competition and Consumers Protection Office (the "Protection Office") notified CEMEX Polska, a subsidiary in Poland, about the initiation of an antitrust proceeding against all cement producers in the country, including CEMEX Polska and another of CEMEX's indirect subsidiaries in Poland. The Protection Office alleged that there was an agreement between all cement producers in Poland regarding prices, market quotas and other sales conditions of cement, and that the producers exchanged confidential information, all of which limited competition in the Polish cement market. In January 2007, CEMEX Polska filed its response to the notification, denying that it had committed the practices listed by the Protection Office, and submitted formal comments and objections gathered during the proceeding, as well as facts supporting its position that its activities were in line with Polish competition law. In December 2009, the Protection Office issued a resolution imposing fines on a number of Polish cement producers, including CEMEX Polska for the period of 1998 to 2006. The fine imposed on CEMEX Polska amounted to the equivalent of approximately US$33 ($485), which represented 10% of CEMEX Polska's total revenue for the calendar year preceding the imposition of the fine. On December 23, 2009, CEMEX Polska filed an appeal before the Polish Court of Competition and Consumer Protection in Warsaw (the "First Instance Court"). After a series of hearings, on December 13, 2013, the First Instance Court reduced the penalty imposed on CEMEX Polska to the equivalent of approximately US$27 ($393) or 8.125% of CEMEX Polska's revenue in 2008. On May 8, 2014, CEMEX Polska filed an appeal against the First Instance Court judgment before the Appeals Court in Warsaw. The abovementioned penalty is enforceable until the Appeals Court issues its final judgment. As of December 31, 2014, CEMEX had accrued a provision equivalent to approximately US$27 ($393), representing the best estimate of the expected cash outflow in connection with this resolution. As of December 31, 2014, CEMEX does not expect this matter would have a material adverse impact on its results of operations, liquidity or financial condition.

- In August 2005, Cartel Damages Claims, S.A. ("CDC"), a Belgian company established in the aftermath of the German cement cartel investigation that took place from July 2002 to April 2003 by Germany's Federal Cartel Office, with the purpose of purchasing potential damage claims from cement consumers and pursuing those claims against the cartel participants, filed a lawsuit in the District Court in Düsseldorf, Germany, against CEMEX Deutschland AG, a subsidiary of CEMEX in Germany, and other German cement companies in respect of damage claims relating to alleged price and quota fixing by German cement companies between 1993 and 2002. CDC has brought claims for an amount equivalent of approximately US$159 ($2,337). After several resolutions by the District Court in Düsseldorf over the years, court hearings and appeals from the defendants, on December 17, 2013 the District Court in Düsseldorf issued a resolution by means of which all claims brought to court by CDC were dismissed on the grounds that the way CDC obtained the claims from 36 cement purchasers was illegal given the limited risk it faced for covering the litigation costs and that the acquisition of the claims also breached rules that make the provision of legal advice subject to public authorization. On January 15, 2014, CDC filed an appeal to the Higher Regional Court in Düsseldorf, and thereafter submitted reasons for their appeal. A court hearing took place on November 12, 2014 and a date for issuing a decision was set for February 18, 2015. CEMEX is unable to assess the likelihood of an adverse result. As of December 31, 2014, CEMEX Deutschland AG had accrued a provision regarding this matter equivalent to approximately US$36 ($535), including accrued interests over the principal amount of the claim, representing the best estimate of CEMEX's cash outflow in connection with an adverse resolution.

- As of December 31, 2014, CEMEX had accrued environmental remediation liabilities in the United Kingdom pertaining to closed and current landfill sites for the confinement of waste, representing the net present value of such obligations for an equivalent of approximately US$204 ($3,010). Expenditure was assessed and quantified over the period in which the sites have the potential to cause environmental harm, which was accepted by the regulator as being up to 60 years from the date of closure. The assessed expenditure included the costs of monitoring the sites and the installation, repair and renewal of environmental infrastructure.

- As of December 31, 2014, CEMEX had accrued environmental remediation liabilities in the United States for an amount of approximately US$30 ($442), related to: a) the disposal of various materials in accordance with past industry practice, which might currently be categorized as hazardous substances or wastes, and b) the cleanup of sites used or operated by CEMEX, including discontinued operations, regarding the disposal of hazardous substances or waste, either individually or jointly with other parties. Most of the proceedings are in the preliminary stages, and a final resolution might take several years. Based on the information developed to date, CEMEX's does not believe that it will be required to spend significant sums on these matters in excess of the amounts previously recorded. The ultimate cost that may be incurred to resolve these environmental issues cannot be assured until all environmental studies, investigations, remediation work and negotiations with, or litigation against, potential sources of recovery have been completed.

24B) Other contingencies from legal proceedings

CEMEX is involved in various legal proceedings, which have not required the recognition of accruals, as CEMEX believes that the probability of loss is less than probable or remote. In certain cases, a negative resolution may represent the revocation of an operating license, in which case, CEMEX may experience a decrease in future revenues, an increase in operating costs or a loss. As of December 31, 2014, the most significant events with a quantification of the potential loss, when it is determinable and would not impair the outcome of the relevant proceeding, were as follows:

- In September 2014, the National Markets and Competition Commission (*Comisión Nacional de los Mercados y la Competencia or the "CNMC"*), in the context of an investigation of the Spanish cement, ready-mix concrete and related products industry regarding alleged anticompetitive practices, inspected one of CEMEX's facilities in Spain. CEMEX España believes that it has not breached any applicable laws. As of December 31, 2014, considering the early stage of this matter, CEMEX cannot assess the likelihood of the CNMC issuing a decision imposing any penalties or remedies, if any, or the amount of the penalty or the scope of the remedies, if any, however, if the CNMC issues a decision imposing any penalty or remedy, CEMEX does not expect that it would have a material adverse impact on CEMEX's results of operations, liquidity or financial condition.

- On September 5, 2013, the Colombian Superintendency of Industry and Commerce (the "SIC") issued a resolution pursuant to which the SIC opened an investigation against five cement companies and 14 directors of those companies, including CEMEX Colombia, its former legal representative and the current President of CEMEX Colombia, for allegedly breaching rules which prohibit: a) to limit free competition and/or determining or maintaining unfair prices; b) direct or indirect price fixing agreements; and c) any market sharing agreements between producers or distributors. In connection with the 14 executives under investigation, the SIC may sanction any individual who collaborated, facilitated, authorized, executed or tolerated behavior that violates free competition rules. On October 7, 2013, CEMEX Colombia responded the resolution and submitted evidence in its relief. If the alleged infringements are substantiated, aside from any measures that could be ordered to remediate the alleged practices, penalties may be imposed by the SIC against each company being declared in breach of the competition rules for an equivalent of up to US$25 ($363) for each violation, and an equivalent of up to US$1 ($15) against those individuals found responsible of collaborating, facilitating, authorizing, executing or tolerating behavior that violates free competition rules. It is expected that in early 2015, the Superintendent Delegate for Competition Protection will issue a non-binding report of the investigation, which could provide a recommendation to impose sanctions or to close the investigation, and a decision by the SIC on this matter would be expected during the second or third quarter of 2015. As of December 31, 2014, CEMEX is not able to assess the likelihood of the SIC imposing any measures and/or penalties against CEMEX Colombia, but if any penalties are imposed, CEMEX does not expect this matter to have a material adverse impact on CEMEX's financial results of operation, liquidity or financial condition.

- On July 24, 2013, the South Louisiana Flood Protection Authority-East ("SLFPAE") issued a petition for damages in the Civil District Court for the Parish of Orleans, Louisiana in the United States, against approximately 100 defendants including CEMEX, Inc., seeking compensation for and the restoration of certain coastal lands near New Orleans alleged to have been damaged by activities related to oil and gas exploration and production since the early 1900's. CEMEX, Inc., which was previously named Southdown, Inc., may have acquired liabilities, to the extent there may be any, in connection with oil and gas operations that were divested in the late 1980's. The matter was removed to the United States District Court for the Eastern District of Louisiana (the "Louisiana District Court"). On June 6, 2014, a new act ("Act 544") was enacted which prohibits certain state or local governmental entities such as the SLFPAE from initiating certain causes of action including the claims asserted in this matter. The effects of Act 544 on the pending matter have yet to be determined by the Louisiana District Court. As of December 31, 2014, CEMEX does not has sufficient information to assess the likelihood of an adverse result or, because of the number of defendants, the potential damages which could be borne by CEMEX, Inc., if any, or if such damages, if any, would have or not a material adverse impact on CEMEX's results of operations, liquidity or financial condition.
- In connection with a lawsuit submitted to a first instance court in Assiut, Egypt and notified on May 23, 2011 to Assiut Cement Company ("ACC"), a subsidiary of CEMEX in Egypt. On September 13, 2012, the first instance court of Assiut issued a resolution in order to nullify the Share Purchase Agreement (the "SPA") pursuant to which CEMEX acquired a controlling interest in ACC. On January 20, 2014, the Appeals Court in Assiut, Egypt, issued a judgment accepting the appeals, revoking the court's resolution, and referring the matter to an administrative court in Assiut (the "Administrative Court"). On October 15, 2014, the Administrative Court ruled for its non-jurisdiction to review the case and referred the case to the Administrative Judiciary Court of Assiut. In connection with this matter, on April 7, 2011 and March 6, 2012, lawsuits seeking, among other things, the annulment of the SPA were filed by different plaintiffs, including 25 former employees of ACC, before Cairo's State Council. Moreover, on February 23, 2014, in connection with the above, two plaintiffs filed a lawsuit before the Assiut Administrative Judiciary Court requesting the cancellation of the resolutions taken by Metallurgical Industries Company's ("MIC") shareholders during the extraordinary general shareholders meeting pursuant to which it was agreed to sell ACC's shares and enter into the SPA. In a related matter, on April 23, 2014, the Presidential Decree on Law No. 32 of 2014 ("Law 32/2014"), which regulates legal actions to challenge agreements entered into by the Egyptian State (including its ministries, departments, special budget entities, local administrative units, authorities and state-participated companies) and third parties, become effective, but still subject to approval by the House of Representatives. As of December 31, 2014, several constitutional challenges have been filed against Law 32/2014 before the Constitutional Court, and the House of Representatives had not been yet elected. In consideration of the aforementioned, after several resolutions, hearings and appeals in these cases over the years, as of December 31, 2014, CEMEX is not able to assess the likelihood of an adverse resolution regarding these lawsuits nor is able to assess if the Constitutional Court will dismiss Law 32/2014 or if Law 32/2014 will not be ratified by the House of Representatives, but, regarding the lawsuits, if adversely resolved, CEMEX does not believe the resolutions in the first instance would have an immediate material adverse impact on CEMEX´s operations, liquidity and financial condition. However, if CEMEX exhausts all legal recourses available, a final adverse resolution of these lawsuits, or if the Constitutional Court dismisses Law 32/2014, or if Law 32/2014 is not ratified by the House of Representatives, this could adversely impact the ongoing matters regarding the SPA, which could have a material adverse impact on CEMEX´s operations, liquidity and financial condition.

- On June 21, 2012, one of CEMEX's subsidiaries in Israel was notified about an application for the approval of a class action suit against it. The application, filed by a homeowner who built his house with concrete supplied by CEMEX in October of 2010, claims that the concrete supplied to him did not meet with the Israeli ready-mix strength standard requirements and that as a result CEMEX acted unlawfully toward all of its customers who received concrete that did not comply with such standard requirements. As per the application, the plaintiff claims that the supply of the alleged non-conforming concrete has caused financial and non-financial damages to those customers, including the plaintiff. CEMEX presumes that the class action would represent the claim of all the clients who purchased the alleged non-conforming concrete from its subsidiary in Israel during the past 7 years, the limitation period according to applicable laws in Israel. The damages that could be sought amount and equivalent to approximately US$71 ($1,046). CEMEX's subsidiary submitted a formal response to the corresponding court. As of December 31, 2014, CEMEX´s subsidiary in Israel is not able to assess the likelihood of the class action application being approved or, if approved, of an adverse result, such as an award for damages in the full amount that could be sought, but if adversely resolved CEMEX does not believe that the final resolutions would have a material adverse impact on its results of operations, liquidity or financial condition.

- On January 20, 2012, the United Kingdom Competition Commission (the "UK Commission"), commenced a market investigation ("MIR") into the supply or acquisition of cement, ready-mix concrete and aggregates. The referral to the UK Commission was made by the Office of Fair Trading, following an investigation by them of the aggregates sector. The UK Commission issued its full Provisional Findings Report on May 23, 2013, in which it provisionally found that there was a combination of structural and conduct features that gave rise to an adverse effect on competition in the Great Britain cement markets and an adverse effect on competition as a result of contracts involving certain major suppliers of granulated blast furnace slag and for the supply of ground granulated blast furnace slag. The UK Commission has not identified any problems with the markets for aggregates or ready mix concrete. The possible remedies the UK Commission listed include, among others, the divestiture of cement production capacity and/or ready mix concrete plants by one or more of the top three cement producers and the creation of a cement buying group. On October 8, 2013 the UK Commission announced its provisional decision which not required CEMEX to divest assets in the United Kingdom. On January 14, 2014, the UK Commission published its final report, which followed the earlier provisional decision in regards CEMEX's subsidiaries in the United Kingdom. However, the final report made changes regarding the supply of granulated blast furnace slag and for the supply of ground granulated blast furnace slag by the other major participants in the MIR. These resolutions did not affect CEMEX's results of operations, liquidity or financial condition.

- On December 8, 2010, the European Commission (the "EC") informed CEMEX that it has decided to initiate formal proceedings in respect of possible anticompetitive practices in Austria, Belgium, the Czech Republic, France, Germany, Italy, Luxembourg, the Netherlands, Spain and the United Kingdom, which include CEMEX and seven other companies. These proceedings may lead to an infringement decision or, if the objections raised by the EC are not substantiated, the case might be closed. After several requests of information by the EC to CEMEX during the audits process, hearings, appeals and replies by CEMEX over the years, on March 14, 2014, the General Court dismissed the appeal filed by CEMEX and several of its affiliates in Europe and confirmed the lawfulness of the request for information sent by the EC in all of its aspects. On May 23, 2014, CEMEX and several of its affiliates in Europe filed an appeal against the General Court's judgment before the European Court of Justice. If the alleged infringements are substantiated, the EC may impose a maximum fine of up to 10% of the total turnover of the relevant companies for the last year preceding the imposition of the fine for which the financial statements have been approved. CEMEX intends to defend its position vigorously in this proceeding and is fully cooperating and will continue to cooperate with the EC in connection with this matter. As of December 31, 2014, the EC had not yet formulated a Statement of Objections against CEMEX and, as a result, the extent of the charges and the alleged infringements are unknown, and it is not clear which cement related products turnover revenues would be used for the determination of the possible penalties. As a result, CEMEX cannot assess the likelihood of an adverse result or the amount of the potential fine, but, if adversely resolved, it may have a material adverse impact on CEMEX's results of operations, liquidity or financial condition.

- On October 26, 2010, CEMEX, Inc., one of CEMEX's subsidiaries in the United States, received an Antitrust Civil Investigative Demand from the Office of the Florida Attorney General, which seeks documents and information in connection with an antitrust investigation in the ready-mix concrete industry in Florida. CEMEX Inc. has complied with the Office of the Florida Attorney General with respect to the documents and information requested by the civil investigative demand, and it is unclear, as of December 31, 2014, whether any formal proceeding will be initiated by such authority, or if a proceeding is initiated, if an adverse decision against CEMEX resulting from the investigation would be made or if such decision would have or not a material adverse impact on CEMEX's results of operations, liquidity or financial condition.
- On June 5, 2010, the District of Bogota's Environmental Secretary (*Secretaría Distrital de Ambiente de Bogotá* or the "Environmental Secretary"), ordered the suspension of CEMEX Colombia's mining activities at El Tunjuelo quarry, located in Bogotá, as well as those of other aggregates producers in the same area. The Environmental Secretary alleged that during the past 60 years CEMEX Colombia and the other companies have illegally changed the course of the Tunjuelo River, have used the percolating waters without permission and have improperly used the edge of the river for mining activities. In connection with the injunction, on June 5, 2010, CEMEX Colombia received a notification from the Environmental Secretary informing the initiation of proceedings to impose fines against CEMEX Colombia based on the above mentioned alleged environmental violations. CEMEX Colombia responded to the injunction by requesting that it be revoked based on the fact that the mining activities at El Tunjuelo quarry are supported by the authorizations required by the applicable environmental laws and that all the environmental impact statements submitted by CEMEX Colombia have been reviewed and permanently authorized by the Ministry of Environment and Sustainable Development (*Ministerio de Ambiente y Desarrollo Sostenible*). On June 11, 2010, the local authorities in Bogotá, in compliance with the Environmental Secretary's decision, sealed off the mine to machinery and prohibited the removal of CEMEX's aggregates inventory. Although there is not an official quantification of the possible fine, the Environmental Secretary has publicly declared that the fine could be up to the equivalent of approximately US$125 ($1,848). The temporary injunction does not currently compromise the production and supply of ready-mix concrete to CEMEX's clients in Colombia. At this stage, CEMEX is not able to assess the likelihood of an adverse result or potential damages which could be borne by CEMEX Colombia. An adverse resolution on this case could have a material adverse impact on CEMEX's results of operations, liquidity or financial condition.
- In January 2009, in response to litigation brought by environmental groups concerning the manner in which certain federal quarry permits were granted, a judge from the U.S. District Court for the Southern District of Florida ordered the withdrawal of the federal quarry permits of CEMEX's SCL, FEC and Kendall Krome quarries, in the Lake Belt area in South Florida, which were granted in 2002 to CEMEX Construction Materials Florida, LLC ("CEMEX Florida"), one of CEMEX's subsidiaries in the United States. The judge ruled that there were deficiencies in the procedures and analysis undertaken by the Army Corps of Engineers (the "Engineers") in connection with the issuance of the permits. On January 29, 2010, the Engineers concluded a revision and determined procedures for granting new federal quarry permits for the SCL and FEC quarries. During February 2010, new quarry permits were granted to the SCL and FEC quarries. A number of potential environmental impacts must be addressed at the wetlands located at the Kendall Krome site before a new federal quarry permit may be issued for mining at that quarry. If CEMEX Florida were unable to maintain the new Lake Belt permits, CEMEX Florida would need to source aggregates, to the extent available, from other locations in Florida or import aggregates. The cessation or significant restriction of quarrying operations in the Lake Belt area could have a significant adverse impact on CEMEX's results of operations, liquidity or financial condition.

- In April 2006, the cities of Kaštela and Solin in Croatia published their respective development master plans, adversely impacting the mining concession granted to a CEMEX's subsidiary in Croatia by the Croatian government in September 2005. After several procedures and appeals filed by CEMEX over the years before the Constitutional Court and before the Administrative Court in Croatia, seeking prohibition of the implementation of the master plans and a declaration from the Croatian Government confirming its acquired rights under the mining concessions, and after several resolutions of the authorities thereof, on April 4, 2014, CEMEX Croatia was notified that the administrative court rejected its claims and found that its acquired rights or interests under the mining concessions had not been violated as a result of any act or decision made by the cities of Solin or Kaštela or any other governmental body. On April 29, 2014, CEMEX Croatia filed two claims before the Constitutional Court alleging that CEMEX Croatia's constitutional rights to a fair trial and judicial protection had been violated. In order to alleviate the adverse impact of the aforementioned master plans, CEMEX Croatia is in the process of negotiating a new revised mining concession. On August 1, 2014, CEMEX Croatia filed an application before the European Court of Human Rights alleging that CEMEX Croatia's constitutional rights to a fair trial, property rights, concession rights and investment had been violated due to irregularities in a general act. At this stage of the proceedings, as of December 31, 2014, we are not able to assess the likelihood of an adverse result to the claims filed before the Constitutional Court, but if adversely resolved, it should not have a material adverse impact on our results of operations, liquidity or financial condition. In the meantime there are ongoing negotiations with the Croatian Ministry of Construction and Physical Planning in order to obtain a permit for CEMEX Croatia's Sveti Juraj-Sveti Kajo quarry. Obtaining this permit is required for the renewal of the concession and as of December 31, 2014, CEMEX Croatia is in the process of preparing all documentation necessary to comply with applicable rules and regulations.

- In August 2005, a lawsuit was filed against CEMEX Colombia and other members of the Colombian Ready-mix Producers Association (*Asociación Colombiana de Productores de Concreto* or "ASOCRETO"). The lawsuit claimed that CEMEX Colombia and other ASOCRETO members were liable for the premature distress of the concrete slabs of the *Autopista Norte* trunk line of the *Transmilenio* bus rapid transit system in Bogotá in which ready-mix concrete and flowable fill supplied by CEMEX Colombia and other ASOCRETO members was used. The plaintiffs alleged that the base material supplied for the road construction failed to meet the quality standards offered by CEMEX Colombia and the other ASOCRETO members and/or that they provided insufficient or inaccurate information in connection with the product. The plaintiffs seek compensation for damages for an equivalent of approximately US$42 ($616). In 2008, as security for a possible future money judgment to be rendered against CEMEX Colombia in these proceedings, the Superior Court of Bogotá allowed CEMEX to present and insurance policy for an equivalent of approximately US$8 ($118) pursuant to which the attachment over certain assets was lifted. On October 10, 2012, a court resolution convicted the former director of the Urban Development Institute ("UDI"), the legal representatives of the builder and the auditor to a prison term of 85 months and a fine equivalent to approximately 13 thousand dollars, and ordered a restart of the proceeding against the ASOCRETO officers. On August 30, 2013, after an appeal by the UDI, the Superior Court of Bogotá issued a resolution that, among other matters, reduced the prison term imposed to the former UDI officers to 60 months, imposed the UDI officers to severally pay an amount equivalent to US$45 ($664), overturned the sentence imposed to the builder's legal representatives and auditor because the criminal action against them was time barred, revoked the annulment in favor of the ASOCRETO officers and ordered the first instance judge to render a judgment regarding the ASOCRETO officers' liability or lack thereof. In addition, six actions related to the premature distress of the concrete slabs were brought against CEMEX Colombia. The Cundinamarca Administrative Court (*Tribunal Administrativo de Cundinamarca*) nullified five of these actions and currently, only one remains outstanding. In addition, the UDI filed another action alleging that CEMEX Colombia made deceiving advertisements on the characteristics of the flowable fill used in the construction of the line. CEMEX Colombia participated in this project solely and exclusively as supplier of the ready-mix concrete and flowable fill, which were delivered and received to the satisfaction of the contractor, fulfilling all the required technical specifications. CEMEX Colombia did not participate in nor had any responsibility on the design, sourcing of materials or their corresponding technical specifications or construction. At this stage of the proceedings, as of December 31, 2014, CEMEX is not able to assess the likelihood of an adverse result, but if adversely resolved, it could have a material adverse impact on CEMEX's results of operations, liquidity or financial condition.

In connection with the legal proceedings presented in notes 24A and 24B, the exchange rates as of December 31, 2014 used by CEMEX to convert the amounts in local currency to their equivalents in dollars were the official closing exchange rates of approximately 3.52 polish zloty per dollar, 0.83 euro per dollar, 0.64 british pound sterling per dollar, 2,356 colombian pesos per dollar, and 3.89 israel shekel per dollar.

In addition to the legal proceedings described above in notes 24A and 24B, as of December 31, 2014, CEMEX is involved in various legal proceedings of minor impact that have arisen in the ordinary course of business. These proceedings involve: 1) product warranty claims; 2) claims for environmental damages; 3) indemnification claims relating to acquisitions; 4) claims to revoke permits and/or concessions; and 5) other diverse civil actions. CEMEX considers that in those instances in which obligations have been incurred, CEMEX has accrued adequate provisions to cover the related risks. CEMEX believes these matters will be resolved without any significant effect on its business, financial position or results of operations. In addition, in relation to certain ongoing legal proceedings, CEMEX is sometimes able to make and disclose reasonable estimates of the expected loss or range of possible loss, as well as disclose any provision accrued for such loss, but for a limited number of ongoing legal proceedings, CEMEX may not be able to make a reasonable estimate of the expected loss or range of possible loss or may be able to do so but believes that disclosure of such information on a case-by-case basis would seriously prejudice CEMEX's position in the ongoing legal proceedings or in any related settlement discussions. Accordingly, in these cases, CEMEX has disclosed qualitative information with respect to the nature and characteristics of the contingency, but has not disclosed the estimate of the range of potential loss.

25) Related parties

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

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

CEMEX has identified the following transactions between related parties:

- Mr. Francisco Javier Fernández Carbajal, member of the board of directors of CEMEX, S.A.B. de C.V. effective March 21, 2013, is brother of Mr. José Antonio Fernández Carbajal, former member of the board of directors of CEMEX, S.A.B. de C.V. until February 23, 2012, and president and chief executive officer of Fomento Empresarial Mexicano, S.A.B. de C.V. ("FEMSA"), a large multinational beverage company. In the ordinary course of business, CEMEX pays and receives various amounts to and from FEMSA for products and services for varying amounts on market terms. Moreover, Mr. José Antonio Fernández Carbajal is the actual chairman of the board of Consejo de Enseñanza e Investigación Superior, A.C. (the managing entity of Instituto Tecnológico y de Estudios Superiores de Monterrey or ITESM). Mr. Lorenzo H. Zambrano, former Chairman of the Board of Directors and Chief Executive Officer of CEMEX, S.A.B. de C.V. until he passed away on May 12, 2014, was chairman of the board of ITESM until February 13, 2012. ITESM has received contributions from CEMEX for amounts that were not material in the periods presented.

- Mr. Rafael Rangel Sostmann, a member of the board of directors of CEMEX, S.A.B. de C.V., was the dean of ITESM until September 12, 2011.
- Mr. Bernardo Quintana Isaac, former member of the board of directors of CEMEX, S.A.B. de C.V., until March 20, 2013 is the chairman of the board of directors of Empresas ICA, S.A.B. de C.V. ("Empresas ICA"). Empresas ICA is one of the most important engineering and construction companies in Mexico. In the ordinary course of business, CEMEX extends financing to Empresas ICA in connection with the purchase of CEMEX's products, on the same credit conditions that CEMEX awards to other customers.
- Mr. Lorenzo H. Zambrano was a member of the board of directors of IBM until he passed away on May 12, 2014. As mentioned in note 23C, in the ordinary course of business, IBM provides CEMEX with business processes services and IT, including: data processing services (back office) in finance, accounting and human resources; as well as IT infrastructure services, support and maintenance of IT applications in the countries in which CEMEX operates.
- Mr. Karl H. Watson Jr. is the President of CEMEX's operations in the U.S. In the ordinary course of business, CEMEX's U.S. operations pay fees to Florida Aggregate Transport, a vendor based in Florida, for freight services. Karl H. Watson Jr.'s stepbrother is part of Florida Aggregate Transport's ownership and senior management. The amounts of those services, which are negotiated on market terms, are not significant to CEMEX's U.S. operations.
- For the years ended December 31, 2014, 2013 and 2012, the aggregate amount of compensation of CEMEX, S.A.B. de C.V.'s board of directors, including alternate directors, and top management executives, was approximately US$68 ($909), US$39 ($503) and US$37 ($490), respectively. Of these amounts, approximately US$35 ($464) in 2014, US$25 ($320) in 2013 and US$26 ($343) in 2012, was paid as base compensation plus performance bonuses, including pension and postretirement benefits. In addition, approximately US$33 ($444) in 2014, US$14 ($183) in 2013 and US$11 ($147) in 2012 of the aggregate amount in each year, corresponded to allocations of CPOs under CEMEX's executive stock-based compensation programs. In 2014 and 2013, the amount of CPOs allocated included approximately US$4 ($52) and US$3 ($38), respectively, of compensation earned under the program that is linked to the fulfillment of certain performance conditions and that is payable through March 2015 to then still active members of CEMEX, S.A.B. de C.V.'s board of directors and top management executives (note 21).

26) Subsequent events

On January 5, 2015, as mentioned in note 15B, CEMEX and Holcim closed the series of related transactions pursuant to which, with retroactive effects as of January 1, 2015, CEMEX acquired all of Holcim's assets in the Czech Republic and divested its assets in the western part of Germany to Holcim. In Spain, CEMEX acquired Holcim's Gador cement plant (cement capacity of 0.85 million tons) and its Yeles cement grinding station (cement capacity of 0.90 million tons), among other operating assets. As part of these transactions, as originally agreed, CEMEX paid €45 (US$54 or $803) in cash to Holcim on January 5, 2015. Nonetheless, considering debt assumed by CEMEX with the acquired assets of approximately €5 (US$6 or $88), as well as other working capital adjustments determined as of the date of these financial statements related to the purchased and sold assets agreed with Holcim measured as of December 31, 2014 of approximately €7 (US$8 or $118) that will be recovered from Holcim, the final payment in cash for CEMEX is expected to be reduced to approximately €33 (US$40 or $594). Nevertheless final amounts can differ; CEMEX will consolidate the operating results of the acquired assets in Spain and the Czech Republic and will stop consolidating the operating results of the divested assets in the western part of Germany beginning January 1, 2015.

Considering CEMEX's best estimates, as well as legacy carrying amounts in certain cases, obtained during the due diligence process, the preliminary allocation of the purchase price to the combined net assets acquired from Holcim in Spain and the Czech Republic on January 5, 2015, would be as follows:

(Millions of U.S. dollars)		(Unaudited) Total
Current assets	US$	24
Non-current assets		211
Goodwill		39
Total assets		274
Current liabilities		19
Non-current liabilities		8
Total liabilities		27
Total net assets	US$	247

CEMEX will conclude such purchase price allocation to the fair values of the assets acquired and liabilities assumed in Spain and the Czech Republic during 2015.

On January 7, 2015, CEMEX withdrew the amount of US$327 ($4,820) from the revolving credit tranche of the Credit Agreement mentioned in note 16A. The proceeds were used to repay a partial redemption of the January 2018 Notes for an aggregate principal amount of approximately US$217 ($3,199). For purposes of the partial redemption of the January 2018 Notes, CEMEX paid aggregate premiums to the holders of such notes for approximately US$10 ($147). CEMEX will apply the rest of the proceeds for other corporate purposes.

On January 21, 2015, in connection with the legal proceeding related to the premature distress of the concrete slabs of the *Autopista Norte* trunk line of the *Transmilenio* bus rapid transit system in Bogota, Colombia (note 24B), the court issued a resolution pursuant to which the judge agreed with the arguments presented by CEMEX Colombia in respect that the individuals under investigation were not public officers, and consequently, they had receive sentence since 2012. Considering the court's action time-bared, the process against the ASOCRETO officers ceases, and consequently, also the damage claim against CEMEX Colombia in its condition of purported joint responsible. The court's resolution is subject to be appealed before the Superior Court of Bogotá.

(Millions of Mexican pesos)

27) Main subsidiaries

The main subsidiaries as of December 31, 2014 and 2013 were as follows:

		% Interest	
Subsidiary	Country	2014	2013
CEMEX México, S. A. de C.V. [1]	Mexico	100.0	100.0
CEMEX España, S.A. [2]	Spain	99.9	99.9
CEMEX, Inc.	United States	100.0	100.0
CEMEX Latam Holdings, S.A. [3]	Spain	74.4	74.4
CEMEX (Costa Rica), S.A.	Costa Rica	99.1	99.1
CEMEX Nicaragua, S.A.	Nicaragua	100.0	100.0
Assiut Cement Company	Egypt	95.8	95.8
CEMEX Colombia S.A. [4]	Colombia	99.7	99.7
Cemento Bayano, S.A. [5]	Panama	99.9	99.9
CEMEX Dominicana, S.A.	Dominican Republic	100.0	100.0
CEMEX de Puerto Rico Inc.	Puerto Rico	100.0	100.0
CEMEX France Gestion (S.A.S.)	France	100.0	100.0
Solid Cement Corporation [6]	Philippines	100.0	100.0
APO Cement Corporation [6]	Philippines	100.0	100.0
CEMEX (Thailand) Co., Ltd. [6]	Thailand	100.0	100.0
CEMEX Holdings (Malaysia) Sdn Bhd [6]	Malaysia	100.0	100.0
CEMEX U.K.	United Kingdom	100.0	100.0
CEMEX Deutschland, AG.	Germany	100.0	100.0
CEMEX Austria, AG.	Austria	100.0	100.0
CEMEX Hrvatska d.d.	Croatia	100.0	100.0
CEMEX Czech Republic, s.r.o.	Czech Republic	100.0	100.0
CEMEX Polska sp. Z.o.o.	Poland	100.0	100.0
CEMEX Hungária Kft.	Hungary	100.0	100.0
Readymix Limited [7]	Ireland	100.0	100.0
CEMEX Holdings (Israel) Ltd.	Israel	100.0	100.0
CEMEX SIA	Latvia	100.0	100.0
CEMEX Topmix LLC, CEMEX Supermix LLC and CEMEX Falcon LLC [8]	United Arab Emirates	100.0	100.0
CEMEX AS	Norway	100.0	100.0
Cimentos Vencemos do Amazonas, Ltda.	Brazil	100.0	100.0
Readymix Argentina, S.A.	Argentina	100.0	100.0
CEMEX Jamaica	Jamaica	100.0	100.0
Neoris N.V. [9]	The Netherlands	99.8	99.8
CEMEX Trading, LLC [10]	United States	100.0	100.0
Gulf Coast Portland Cement Co. [11]	United States	100.0	100.0

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

[2] CEMEX España is the indirect holding company of most of CEMEX's international operations.

[3] The interest reported includes treasury shares, CEMEX Latam Holdings, which is listed in the Colombian stock exchange, is a subsidiary of CEMEX España and the indirect holding company of CEMEX's operations in Colombia, Costa Rica, Panama, Brazil, Guatemala and El Salvador (note 20D).

[4] Represents our 99.7% and 98.9% interest in ordinary and preferred shares, respectively.

[5] Includes a 0.515% interest held on Cemento Bayano's treasury.

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

[7] On August 29, 2014, we completed the divestment of substantially all our operating assets in Ireland.

[8] CEMEX owns 49% equity interest in each of these entities and holds the remaining 51% of the economic benefits, through agreements with other shareholders.

[9] Neoris N.V. is the holding company of the entities involved in the sale of information technology solutions and services.

[10] CEMEX Trading, LLC is involved in the international trading of CEMEX's products through its branch in the Dominican Republic.

[11] This entity is engaged in the procurement of fuels, such as coal and petcoke, used in certain CEMEX's operations

The terms we use

Financial

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

bps (Basis Point) is a unit of percentage measure equal to 0.01%, used to measure the changes to interest rates, equity indices, and fixed-income securities.

Free cash flow CEMEX defines it as operating EBITDA minus net interest expense, maintenance capital expenditures, change in working capital, taxes paid, and other cash items (net other expenses less proceeds from the disposal of obsolete and/or substantially depleted operating fixed assets that are no longer in operation). Free cash flow is not a GAAP measure.

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

Maintenance capital expenditures CEMEX defines it as investments incurred with the purpose of ensuring the company's operational continuity. These include capital expenditures on projects required to replace obsolete assets or maintain current operational levels and mandatory capital expenditures, which are projects required to comply with governmental regulations or company policies. Maintenance capital expenditures is not a GAAP measure.

Net working capital CEMEX defines it as operating accounts plus inventories minus operating accounts payable. Working capital is not a GAAP measure.

Operating EBITDA CEMEX defines it as operating earnings before other expenses, net, plus depreciation and amortization. Operating EBITDA does not include revenues and expenses that are not directly related to CEMEX's main activity, or which are of an unusual or non-recurring nature under International Financial Reporting Standards (IFRS). Operating EBITDA is not a GAAP measure.

Ordinary Participation Certificates (CPOs) are issued under the terms of a CPO Trust Agreement governed by Mexican law and represent two of CEMEX's series A shares and one of CEMEX's series B shares. This instrument is listed on the Mexican Stock Exchange.

pp equals percentage points.

Strategic capital expenditures CEMEX defines it as investments incurred with the purpose of increasing the company's profitability. These include capital expenditures on projects designed to increase profitability by expanding capacity, and margin improvement capital expenditures, which are projects designed to increase profitability by reducing costs. Strategic capital expenditures is not a GAAP measure.

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

Total debt CEMEX defines it as short-term and long-term debt plus convertible securities, liabilities secured with account receivables and capital leases. Total debt is not a GAAP measure.

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.

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

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

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

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

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

Metric ton is the equivalent of 1.102 short tons.

Petroleum coke (petcoke) is a by-product of the oil refining coking process.

Pozzolana is a fine, sandy volcanic ash.

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

Slag is the by-product of smelting ore to purify metals.

Board of Directors

Directors[1]

Rogelio Zambrano Lozano
Chairman of the Board

Tomás Milmo Santos
Armando J. García Segovia
Rodolfo García Muriel
Roberto Luis Zambrano Villarreal
Dionisio Garza Medina
José Manuel Rincón Gallardo Purón
Rafael Rangel Sostmann
Francisco Javier Fernández Carbajal
Ian C. Armstrong Zambrano[2]

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

Audit Committee

Roberto Luis Zambrano Villarreal
President

José Manuel Rincón Gallardo
Rafael Rangel Sostmann

Corporate Practices Committee

Dionisio Garza Medina
President

Francisco Javier Fernández Carbajal
Rafael Rangel Sostmann

Finance Committee

Rogelio Zambrano Lozano
President

Tomás Milmo Santos
Rodolfo García Muriel
Francisco Javier Fernández Carbajal

As of December 31, 2014.

(1) Independence status to be determined as per applicable laws in the 2014 Annual General Meeting scheduled for March 26, 2015.

(2) Subject to be ratified by the 2014 Annual General Meeting scheduled for March 26, 2015.

Executive Committee

From left to right, standing: Luis Hernández, Jaime Elizondo, Juan Romero, Fernando A. González, Karl Watson Jr., José Antonio González, Ramiro Villarreal and Juan Pablo San Agustín; *seated:* Mauricio Doehner, Ignacio Madridejos, Jaime Muguiro, Joaquín Estrada and Maher Al-Haffar.

Fernando A. González (60)
Chief Executive Officer

Since joining CEMEX in 1989, Fernando A. González has held several senior management positions, including Corporate Vice President of Human Resources; Corporate Vice President of Strategic Planning and Business Development; President of CEMEX Venezuela; President of CEMEX Asia; President of CEMEX South America and the Caribbean region; President of CEMEX Europe, Middle East, Africa, Asia, and Australia region; Executive Vice President of Planning and Development; Executive Vice President of Planning and Finance; and Executive Vice President of Finance (Chief Financial Officer) and Administration. Fernando holds a Bachelor's Degree and a Master's Degree in Business Administration from Tecnológico de Monterrey.

Maher Al-Haffar (56)
Executive Vice President of Investor Relations, Communications and Public Affairs

Maher Al-Haffar has been with CEMEX since 2000. Prior to his current position, he was Vice President of Investor Relations, Corporate Communications & Public Affairs. He also served as a Managing Director in Finance and Head of Investor Relations for the company. Before joining CEMEX, Maher spent 19 years with Citicorp Securities Inc. and Santander Investment Securities as an investment banker and capital markets professional. Maher holds a BS in Economics from the University of Texas and Master's Degree in International Relations and Finance from Georgetown University.

Mauricio Doehner (40)
Executive Vice President of Corporate Affairs and Enterprise Risk Management

Mauricio Doehner joined CEMEX in 1996 and has held several executive positions in areas such as Strategic Planning and Enterprise Risk Management for Europe, Asia, the Middle East, South America and Mexico. He is currently in charge of Corporate Affairs and Enterprise Risk Management. Mauricio has also worked in the public sector within the Mexican Presidency. Mauricio earned his BA in Economics from Tecnológico de Monterrey and has an MBA from IESE/IPADE. He also has a Professional Certification in Competitive Intelligence from the FULD Academy of Competitive Intelligence in Boston, Massachusetts.

Jaime Elizondo (51)
President CEMEX South, Central America and the Caribbean

Jaime Elizondo joined CEMEX in 1985, and since then, he has headed several operations, including Panama, Colombia, Venezuela, and, more recently, Mexico. He is the current President of CEMEX South, Central America and the Caribbean, and is also in charge of the company's global Tecnhology area. He graduated with a BS degree in Chemical and Systems Engineering and an MBA from Tecnológico de Monterrey.

Joaquín Estrada (51)
President CEMEX Asia

Since he joined CEMEX in 1992, Joaquín Estrada has held several executive positions, including head of operations in Egypt and Spain, as well as of Trading for Europe, the Middle East, and Asia. He is currently President of CEMEX Asia, and is also responsible for the company's global Trading area. Joaquín graduated with a BA in Economics from the University of Zaragoza and holds an MBA from the Instituto de Empresa.

José Antonio González (44)
Chief Financial Officer

José Antonio joined CEMEX in 1998. In 2014, he was appointed Chief Financial Officer for CEMEX. Previously, he has occupied the positions of Vice President, Corporate Finance; Vice President, Corporate Communications and Public Affairs for CEMEX; and Vice President Planning and Finance for CEMEX Australia. Before that, he occupied positions in the Finance and Strategic Planning functions of the company. José Antonio obtained an undergraduate degree in Industrial Engineering from Tecnológico de Monterrey in 1991, and an MBA from Stanford University in 1998.

Luis Hernández (51)
Executive Vice President of Administration and Organization

Luis Hernández joined CEMEX in 1996, and has held senior management positions in the Strategic Planning and Human Resources areas. He is currently responsible for global Human Resources, Processes and IT, Innovation, Global Service Organization (GSO), Vendor Management Office (VMO) and Neoris. Luis graduated with a degree in Civil Engineering from Tecnológico de Monterrey, and holds a Master's degree in Civil Engineering and an MBA from the University of Texas at Austin.

Ignacio Madridejos (49)
President CEMEX Northern Europe
Ignacio Madridejos joined CEMEX in 1996 and after holding management positions in the Strategic Planning area, he headed CEMEX operations in Egypt, Spain, and Western Europe. He is currently President of CEMEX Northern Europe, and is also responsible for the company's global Energy and Sustainability area. Ignacio graduated with an MSc in Civil Engineering from the Polytechnic University of Madrid and holds an MBA from Stanford University.

Jaime Muguiro (46)
President CEMEX Mediterranean
Jaime Muguiro joined CEMEX in 1996, and held several executive positions in the areas of Strategic Planning, Business Development, Ready-Mix Concrete, Aggregates, and Human Resources. More recently, he headed CEMEX operations in Egypt. He is currently President of CEMEX Mediterranean, which includes operations in Spain, Egypt, Croatia, and the Middle East. He graduated with a Management degree from San Pablo CEU University, and holds a Law degree from the Complutense University of Madrid and an MBA from the Massachusetts Institute of Technology.

Juan Romero (58)
President CEMEX Mexico
Juan Romero joined CEMEX in 1989, and has held several high-ranking positions within the organization, including President of CEMEX operations in Colombia, Mexico, the South America and the Caribbean region, and the Europe, Middle East, Africa, and Asia region. He is currently President of CEMEX in Mexico, and is also in charge of the company's global Procurement area. Juan Romero graduated from the University of Comillas, where he studied Law, Economics, and Management.

Juan Pablo San Agustín (46)
Executive Vice President of Strategic Planning and New Business Development
Juan Pablo San Agustín joined CEMEX in 1994 and has held executive positions in the Strategic Planning, Continuous Improvement, e-Business, and Marketing areas. He is currently Executive Vice President of Strategic Planning and New Business Development. He graduated with a BS from Metropolitan University, and holds an MBA from the Instituto de Empresa.

Ramiro Villarreal (67)
Executive Vice President of Legal and Secretary of the Board of Directors
Ramiro Villarreal joined CEMEX in 1987 and served as General Counsel since then and Secretary of its Board of Directors since 1995. Prior to joining CEMEX, he served as Deputy General Director of Grupo Financiero Banpais. Ramiro is a member of the board of directors of Vinte Viviendas Integrales, S.A.P.I. de C.V., consulting member of the board of directors of Grupo Acosta Verde, and an alternate member of the boards of directors of Cementos Chihuahua and Axtel. Ramiro, until February 2012, was the Secretary of the Board of Directors of ITESM. Ramiro is a graduate of the Universidad Autónoma de Nuevo León with a degree in Law and holds a Master's Degree in Finance from the University of Wisconsin.

Karl Watson, Jr. (50)
President CEMEX USA
Karl Watson Jr. formally joined CEMEX in 2007, after a successful career of more than 19 years in the building materials industry. Since then he has held several senior positions in the company's operations in Florida and the Eastern region of the United States. Before joining CEMEX, he headed the ready-mix concrete and concrete products divisions of Rinker in the USA and Australia. He is currently President of CEMEX USA. Karl holds an MBA from the University of Nova Southeastern, Florida.

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Exchange listings

Bolsa Mexicana de Valores (BMV) Mexico
Ticker symbol: **CEMEXCPO**
Share series: **CPO** (representing two A shares and one B share)

New York Stock Exchange (NYSE) United States
Ticker symbol: **CX**
Share series: **ADS** (representing 10 CPOs)

Cover Photo: University of Granada, Spain

Cautionary Statement Regarding Forward-Looking Statements

This annual report contains forward-looking statements within the meaning of the U.S. federal securities laws. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in the U.S. federal securities laws. In some cases, these statements can be identified by the use of forward-looking words such as "may," "should," "could," "anticipate," "estimate," "expect," "plan," "believe," "predict," "potential" and "intend" or other similar words. These forward-looking statements reflect our current expectations and projections about future events based on our knowledge of present facts and circumstances and assumptions about future events. These statements necessarily involve risks and uncertainties that could cause actual results to differ materially from our expectations. Some of the risks, uncertainties and other important factors that could cause results to differ, or that otherwise could have an impact on us or our subsidiaries, include the cyclical activity of the construction sector; our exposure to other sectors that impact our business, such as the energy sector; competition; general political, economic and business conditions in the markets in which we operate; the regulatory environment, including environmental, tax, antitrust and acquisition-related rules and regulations; our ability to satisfy our obligations under our material debt agreements, the indentures that govern our senior secured notes and our other debt instruments; the impact of our below investment grade debt rating on our cost of capital; our ability to consummate asset sales, fully integrate newly acquired businesses, achieve cost-savings from our cost-reduction initiatives and implement our global pricing initiatives for our products; the increasing reliance on information technology infrastructure for our invoicing, procurement, financial statements and other processes that can adversely affect operations in the event that the infrastructure does not work as intended, experiences technical difficulties or is subjected to cyber-attacks; weather conditions; natural disasters and other unforeseen events; and the other risks, uncertainties and other factors that affect our business described in the information we file with the Mexican Stock Exchange and/or Mexican Banking and Securities Commission in Mexico and/or the Securities and Exchange Commission in the U.S. The information contained in this report is subject to change without notice, and we are not obligated to publicly update or revise forward-looking statements. Readers should review future reports filed by us with the Mexican Stock Exchange and/or Mexican Banking and Securities Commission in Mexico and/or the Securities and Exchange Commission in the U.S. This annual report also contains informational stats related to the production, distribution, commercialization and sale of cement, ready-mix concrete, clinker and aggregates. Some of this information was generated internally by us, and other part of this information was obtained from independent publications and reports which we consider as reliable sources. We have not independently verified this information, and we have not obtained an authorization from any organization to include references to their reports into this annual report.