

GLOBAL OPERATIONS

as of December 31, 2009

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

1 Includes operations from joint venture with Ready Mix USA

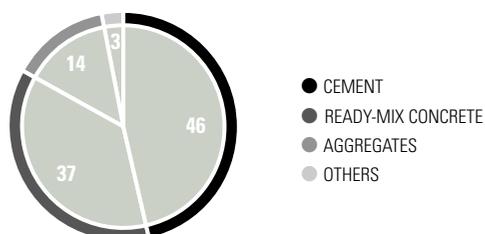
2 Includes operations in Austria, Croatia, Czech Republic, Finland, France, Germany, Hungary, Ireland, Latvia, Lithuania, Norway, Poland, and Sweden

3 Includes operations in Argentina, Colombia, Costa Rica, the Dominican Republic, Guatemala, Nicaragua, Panama, Puerto Rico, as well as other operations in the Caribbean region

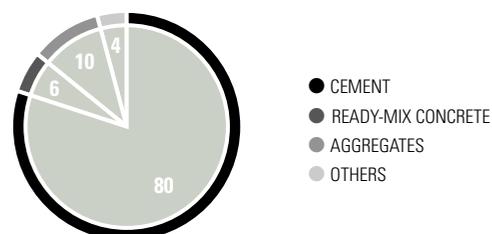
4 Includes operations in Egypt, Israel, and the United Arab Emirates

5 Includes operations in Bangladesh, China, Malaysia, the Philippines, Taiwan, and Thailand

SALES DISTRIBUTION BY PRODUCT
percentage



EBITDA DISTRIBUTION BY PRODUCT
percentage



management discussion and ANALYSIS

BUSINESS

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

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

BUSINESS STRATEGY

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

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

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

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

Provide our customers the best value proposition

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

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

Regain our financial flexibility

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

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

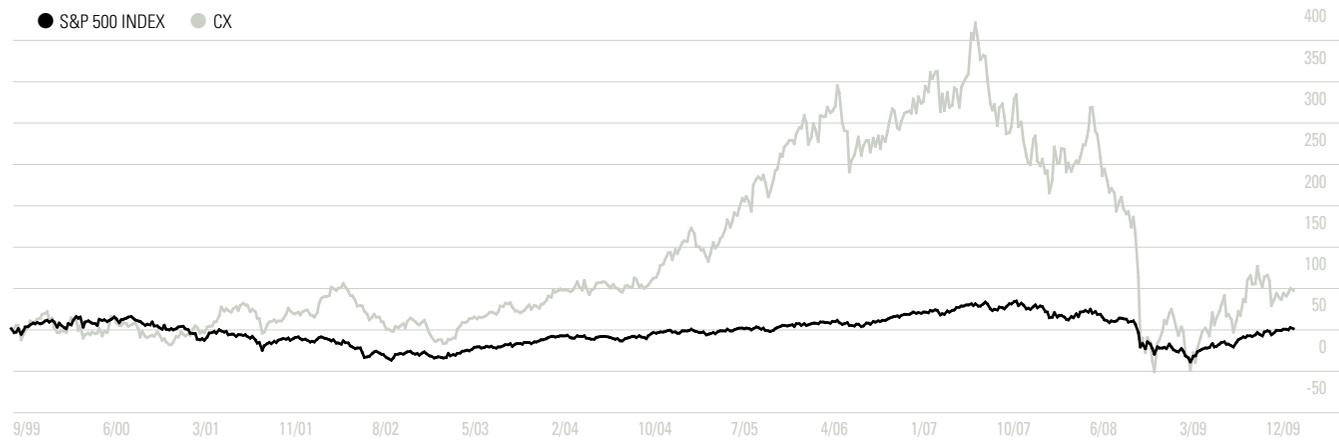
Maximize our operating efficiency

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

Foster our sustainable development

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

CX vs. S&P 500 Index
total cumulative return



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

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

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

ALIGNMENT WITH INVESTOR INTERESTS

Employee stock-ownership plan

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

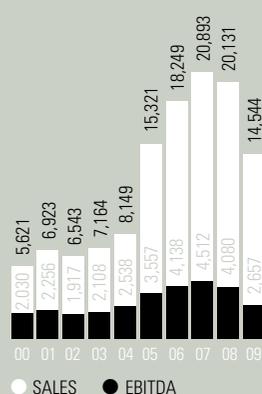
Corporate governance

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

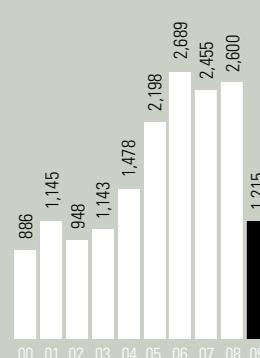
We also have designed and deployed 1) a formal internal process to support the certification by our chief executive officer and our executive vice president of planning and finance of the information that we present in CEMEX's periodic reports to the U.S. Securities and Exchange Commission; 2) a system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

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

SALES AND EBITDA
millions of US dollars



FREE CASH FLOW
millions of US dollars



CONSOLIDATED RESULTS

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

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

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

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

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

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

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

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

GLOBAL REVIEW OF OPERATIONS

Mexico

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

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

United States

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

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

Spain

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

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

United Kingdom

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

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

Rest of Europe

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

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

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

South/Central America and Caribbean

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

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

GLOBAL OPERATIONS

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

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

1 Includes operations from joint venture with Ready Mix USA

2 Includes operations in Austria, Croatia, Czech Republic, Finland, France, Germany, Hungary, Ireland, Latvia, Lithuania, Norway, Poland, and Sweden

3 Includes operations in Argentina, Colombia, Costa Rica, the Dominican Republic, Guatemala, Nicaragua, Panama, Puerto Rico, as well as other operations in the Caribbean region

4 Includes operations in Egypt, Israel, and the United Arab Emirates

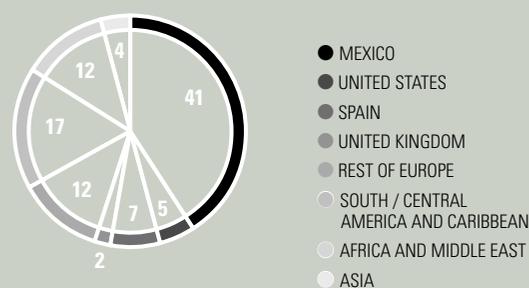
5 Includes operations in Bangladesh, China, Malaysia, the Philippines, Taiwan, and Thailand

6 Includes assets in associated participation

SALES GEOGRAPHIC DISTRIBUTION
percentage



EBITDA GEOGRAPHIC DISTRIBUTION
percentage



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

Africa and the Middle East

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

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

Asia

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

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

Trading

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

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

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

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

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

DIVESTITURES, CAPITAL MARKET INITIATIVES, AND OTHER RELEVANT EVENTS

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

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

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

CEMEX issues notes in excess of US\$1.75 billion

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

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

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

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

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

CEMEX completes the sale of Australian operations

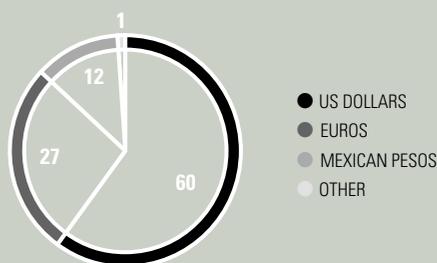
On October 1, 2009, CEMEX completed the sale of its Australian operations to Holcim Group. The proceeds from this sale were approximately A\$2.02 billion (approximately US\$1.7 billion) and were used to reduce debt and to strengthen CEMEX's liquidity position.

CEMEX announces completion of global equity offering

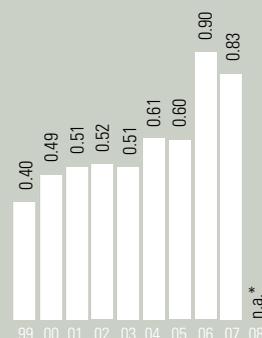
On September 28, 2009, CEMEX announced that a total of 1,495,000,000 Ordinary Participation Certificates (CPOs), directly or in the form of American Depositary Shares (ADSs), were sold in a global offering.

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

CURRENCY DENOMINATION OF DEBT
percentage as of fourth quarter 2009



DIVIDENDS
US dollars per ADS



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

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

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

CEMEX announces resolutions of Extraordinary General Shareholders Meeting

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

CEMEX announces completion of comprehensive financing agreement

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

Derivative instruments

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

transactions, net assets in foreign subsidiaries, and CEMEX's stock-option plans.

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

	Notional amounts
Equity derivatives	969
Interest-rate derivatives	202

Millions of US dollars as of December 31, 2009