

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This filing 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;
- 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 debt instruments and the terms and conditions of the framework agreement dated as of October 5, 2012 entered into by and among CEMEX, S.A.B. de C.V., CEMEX España, S.A. (CEMEX España), and us and CEMEX, S.A.B. de C.V.’s and its affiliates’, including CEMEX España’s ability to satisfy their obligations under the facilities agreement, dated as of September 17, 2012, as amended from time to time;
- our ability to consummate asset sales, achieve cost-savings from our cost-reduction initiatives and implement our global pricing initiatives for our products;
- weather conditions;
- natural disasters and other unforeseen events; and
- the other risks and uncertainties described under “Risk Factors” below.

Readers are urged to read this filing and carefully consider the risks, uncertainties and other factors that affect our business. The information contained in this filing is subject to change without notice, and we are not obligated to publicly update or revise forward-looking statements. Readers should review future reports filed by us with the SEC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Year ended December 31, 2013 Compared to year ended December 31, 2012

#### *Net sales*

##### *Colombia*

Our domestic cement volumes from our operations in Colombia increased approximately 1% in 2013 compared to 2012, and ready-mix concrete sales volumes increased approximately 8% over the same period. The increases in domestic cement and ready-mix concrete sales volumes resulted primarily from the government-sponsored free-home program, a driver of demand in the residential sector. The positive economic outlook, higher investor confidence and new trade agreements were factors that continued to support the favorable trend in the industrial and commercial sectors. Our net sales from our operations in Colombia represented approximately 6% of our total net sales for the year ended December 31, 2013, in Mexican Peso terms, before eliminations resulting from consolidation. Our average sales price of domestic cement from our operations in Colombia increased approximately 5% in Colombian Peso terms, in 2013 compared to 2012, and our average sales price of ready-mix concrete increased approximately 8% in Colombian Peso terms, over the same period. For the year ended December 31, 2013, cement represented approximately 58%, ready-mix concrete approximately 29% and our aggregates and other businesses approximately 13% of our net sales from our operations in Colombia before intra-sector eliminations within the segment and before eliminations from consolidation, as applicable.

As a result of the increases in domestic cement and ready-mix concrete sales volumes and domestic cement and ready-mix concrete average sales prices, net sales of our operations in Colombia, in Colombian Peso terms, increased approximately 18% in 2013 compared to 2012.

#### *Operating Earnings Before Other Expenses, Net.*

##### *Colombia*

Our operating earnings before other expenses, net, from our operations in Colombia increased approximately 17% in Colombian Peso terms. The increase resulted primarily from higher domestic cement and ready-mix concrete sales volumes as well as higher average sales prices, driven by the continued favorable trend in the residential, industrial and commercial sectors supported by the positive economic outlook and investor confidence.

## BUSINESS

### Our Operations in Colombia

*Overview.* As of December 31, 2013, CEMEX Latam owned approximately 99.7% of CEMEX Colombia, S.A., or CEMEX Colombia, our main subsidiary in Colombia. As of December 31, 2013, CEMEX Colombia was the second-largest cement producer in Colombia, based on installed capacity (4.0 million metric tons per year) as of December 31, 2013, according to the National Administrative Statistics Department, or DANE, in Colombia. For the year ended December 31, 2013, our operations in Colombia represented approximately 6% of our net sales before eliminations resulting from consolidation and approximately 4% of our total assets.

CEMEX Colombia has a significant market share in the cement and ready-mix concrete market in the “Urban Triangle” of Colombia comprising the cities of Bogotá, Medellín and Cali. During 2013, these three metropolitan areas accounted for approximately 36% of Colombia’s cement consumption. CEMEX Colombia’s Ibagué plant, which uses the dry process and is strategically located in the Urban Triangle, is CEMEX Colombia’s largest plant and had an annual installed capacity of 2.8 million tons as of December 31, 2013. CEMEX Colombia, through its Bucaramanga and Cúcuta plants, is also an active participant in Colombia’s northeastern market. In 2013, we completed the construction of a new cement grinding plant with an annual capacity of 450,000 tons of cement. This new plant is enhancing our footprint in the Caribbean coast market in Colombia. CEMEX Colombia’s strong position in the Bogotá ready-mix concrete market is largely due to its access to a ready supply of aggregates deposits in the Bogotá area.

*Industry.* According to our estimates, the installed capacity for cement in Colombia was 17.7 million tons in 2013. According to DANE, total cement consumption in Colombia reached 10.9 million tons during 2013, an increase of 3.5% from 2012, while cement exports from Colombia reached 0.4 million tons. We estimate that close to 38% of cement in Colombia is consumed by the self-construction sector, while the infrastructure sector accounts for approximately 36% of total cement consumption and has been growing in recent years. The other construction segments in Colombia, including the formal housing and commercial sectors, account for the balance of cement consumption in Colombia.

*Competition.* We have two primary competitors, Cementos Argos, which has established a leading position in the Colombian Caribbean coast, Antioquia and Southwest region markets, and our other competitor is Holcim Colombia.

The ready-mix concrete industry in Colombia is fairly consolidated with the top three producers accounting for approximately 75% of the market as of December 31, 2013. CEMEX Colombia was the second-largest ready-mix concrete producer as of December 31, 2013. The second and third-largest producers were Argos and Holcim Colombia, respectively.

The aggregates market in Colombia is highly fragmented and is dominated by the informal market. CEMEX Colombia was the largest aggregates producer as of December 31, 2013. Approximately 88% of the aggregates market in Colombia is comprised of small independent producers as of December 31, 2013.

*Our Operating Network in Colombia*



★	Cement plants and mills 5
●	Ready-Mix active plants 37
○	Cement terminal 8



○	Aggregates Plants 6
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○ Aggregates Plants 6

### ***Products and Distribution Channels***

*Cement.* Our cement operations represented approximately 58% of net sales for our operations in Colombia before eliminations resulting from consolidation in 2013.

*Ready-Mix Concrete.* Our ready-mix concrete operations represented approximately 29% of net sales for our operations in Colombia before eliminations resulting from consolidation in 2013.

*Aggregates.* Our aggregates operations represented approximately 9% of net sales for our operations in Colombia before eliminations resulting from consolidation in 2013.

*Description of Properties, Plants and Equipment.* As of December 31, 2013, CEMEX Colombia owned 5 operating cement plants, having a total annual installed capacity of 4.0 million tons. Both plants utilize the dry process. In 2013, we replaced 36% of our total fuel consumed in CEMEX Colombia with alternative fuels, and we have an internal electricity generating capacity of 24.7 megawatts. We estimate that, as of December 31, 2013, the limestone and clay permitted proven and probable reserves of our operations in Colombia had an average remaining life of approximately 145 and 9 years, respectively, assuming 2009-2013 average annual cement production levels. The operating licenses for quarries in Colombia are renewed every 30 years; assuming renewal of such licenses, we estimate having sufficient limestone reserves for our operations in Colombia for over 100 years assuming 2009-2013 average annual cement production levels. As of December 31, 2013, CEMEX Colombia owned 8 land distribution centers, 1 mortar plant, 69 ready-mix concrete plants (including 44 fixed and 25 mobile) and 6 aggregates operations. As of that date, CEMEX Colombia also owned 13 limestone quarries.

*Capital Expenditures.* We made capital expenditures of approximately U.S.\$20 million in 2011, U.S.\$81 million in 2012 and U.S.\$60 million in 2013 in our operations in Colombia. We currently expect to make capital expenditures of approximately U.S.\$30 million in our operations in Colombia during 2014.

### **Our Operations in Costa Rica**

*Overview.* As of December 31, 2013, CEMEX Latam owned a 99.1% interest in CEMEX (Costa Rica), S.A., or CEMEX Costa Rica, our main operating subsidiary in Costa Rica and a leading cement producer in the country.

*Industry.* Approximately 1.3 million tons of cement were sold in Costa Rica during 2013, according to the *Cámara de la Construcción de Costa Rica*, the construction industry association in Costa Rica. The cement market in Costa Rica is a predominantly retail market, and we estimate that 57% of cement sold is bagged cement.

*Competition.* The Costa Rican cement industry currently includes two producers, CEMEX Costa Rica and Holcim Costa Rica.

*Description of Properties, Plants and Equipment.* As of December 31, 2013, CEMEX Costa Rica operated 1 cement plant in Costa Rica, with an annual installed capacity of 0.7 million tons, and operated a grinding mill in the capital city of San José with an annual installed capacity of 0.2 million tons. CEMEX Costa Rica had 7 operational ready-mix concrete plants (one is dismantled), 1 aggregates quarry and 1 land distribution center.

*Exports.* During 2013, cement exports by our operations in Costa Rica represented approximately 16% of our total production in Costa Rica. In 2013, 50% of our cement exports from Costa Rica were to El Salvador, and the remaining exports were to Nicaragua.

*Capital Expenditures.* We made capital expenditures of approximately U.S.\$7 million in 2011, U.S.\$6 million in 2012 and U.S.\$6 million in 2013 in our operations in Costa Rica. We currently expect to make capital expenditures of approximately U.S.\$4 million in our operations in Costa Rica during 2014.

## **Our Operations in Panama**

*Overview.* As of December 31, 2013, CEMEX Latam held a 99.5% interest in Cemento Bayano, S.A., or Cemento Bayano, our main subsidiary in Panama and a leading cement producer in the country.

*Industry.* Approximately 1.8 million cubic meters of ready-mix concrete were sold in Panama during 2013, according to our estimates. Cement consumption in Panama increased 10.7% in 2013, according to our estimates.

*Competition.* The cement industry in Panama includes three cement producers: Cemento Bayano, Argos Panamá, an affiliate of Colombian Cementos Argos, and Cemento Interoceánico.

*Description of Properties, Plants and Equipment.* As of December 31, 2013, Cemento Bayano operated 1 cement plant in Panama, with an annual installed capacity of 2.1 million tons. As of that date, Cemento Bayano also owned and operated 14 ready-mix concrete plants, 4 aggregates quarries and 3 land distribution centers.

*Capital Expenditures.* We made capital expenditures of approximately U.S.\$17 million in 2011, U.S.\$9 million in 2012 and U.S.\$11 million in 2013 in our operations in Panama. We currently expect to make capital expenditures of approximately U.S.\$7 million in our operations in Panama during 2014.

## **Our Operations in Nicaragua**

*Overview.* As of December 31, 2013, CEMEX Latam owned 100% of CEMEX Nicaragua, S.A., or CEMEX Nicaragua, our operating subsidiary in Nicaragua.

*Industry.* According to our estimates, approximately 0.8 million tons of cement, approximately 184,000 cubic meters of ready-mix concrete and approximately 4.9 million tons of aggregates were sold in Nicaragua during 2013.

*Competition.* Two market participants compete in the Nicaraguan cement industry: CEMEX Nicaragua and Holcim (Nicaragua) S.A.

*Description of Properties, Plants and Equipment.* As of December 31, 2013, we leased and operated 1 fixed ready-mix concrete plant with an installed capacity of 0.6 million tons, 5 ready-mix plants, 2 aggregates quarries and 1 distribution center in Nicaragua. Since March 2003, CEMEX Nicaragua has also leased a 100,000 ton milling plant in Managua, which has been used exclusively for pet coke milling.

*Capital Expenditures.* We made capital expenditures of approximately U.S.\$4 million in 2011, U.S.\$5 million in 2012 and U.S.\$5 million in 2013 in our operations in Nicaragua. We currently expect to make capital expenditures of approximately U.S.\$4 million in our operations in Nicaragua during 2014.

## **Our Operations in Guatemala**

*Overview.* As of December 31, 2013, CEMEX Latam owned 100% of CEMEX Guatemala, S.A., our main operating subsidiary in Guatemala. As of December 31, 2013, we owned and operated 1 cement grinding mill in Guatemala with an installed capacity of 500,000 tons per year. In addition, we also owned and operated 3 land distribution centers and 1 clinker dome close to the maritime terminal in the southern part of the country, as well as 4 ready-mix plants.

*Capital Expenditures.* We made capital expenditures of approximately U.S.\$1 million in 2011, U.S.\$1 million in 2012 and U.S.\$2 million in 2013 in Guatemala. We currently expect to make capital expenditures of approximately U.S.\$1 million in our operations in Guatemala during 2014.

## REGULATORY MATTERS AND LEGAL PROCEEDINGS

### Antitrust Proceedings

*Antitrust Investigation in Colombia.* On September 5, 2013, CEMEX Colombia was notified of Resolution No. 49141 dated August 21, 2013, issued by the Colombian Superintendency of Industry and Commerce (*Superintendencia de Industria y Comercio*), or SIC, pursuant to which the SIC opened an investigation and issued a statement of objections (*pliego de cargos*) against five cement companies and fourteen directors of those companies, including CEMEX Colombia, for alleged anti-competitive practices. On October 7, 2013, CEMEX Colombia answered the statement of objections and submitted evidence.

The investigated parties are accused of allegedly breaching: (i) Article 1 of Law 155 of 1959, which prohibits any kind of practice, procedure or system designed to limit free competition and determining or maintaining unfair prices; (ii) paragraph 1 of Article 47 of Decree 2153 of 1992, which prohibits any agreements designed to directly or indirectly fix prices; and (iii) paragraph 3 of Article 47 of Decree 2153 of 1992, which prohibits any market sharing agreements between producers or between distributors. Additionally, the fourteen executives, including a former legal representative and the current President of CEMEX Colombia, are being investigated for allegedly breaching paragraph 16 of Article 4 of Decree 2153 of 1992, as amended by Article 26 of Law 1340 of 2009, which provides that the SIC may investigate and sanction any individual who collaborates, facilitates, authorizes, executes or tolerates behavior that violates free competition rules.

If the alleged infringements investigated by the SIC are substantiated, aside from any measures that could be ordered to stop the alleged anti-competitive practices, the following penalties may be imposed against CEMEX Colombia pursuant to Law 1340 of 2009: (i) up to 100,000 times the legal monthly minimum wage, which equals approximately 58,950 million Colombian Pesos (approximately U.S.\$28.69 million as of February 28, 2014, based on an exchange rate of 2,054.90 Colombian Pesos to U.S.\$1.00) for each violation and to each company being declared in breach of the competition rules, and (ii) up to 2,000 times the legal monthly minimum wage, which equals approximately 1,179 million Colombian Pesos (approximately U.S.\$573,750.55 as of February 28, 2014, based on an exchange rate of 2,054.90 Colombian Pesos to U.S.\$1.00) against those individuals found responsible of collaborating, facilitating, authorizing, executing or tolerating behavior that violates free competition rules. At this stage of the investigations, as of February 28, 2014, we do not expect this matter to have a material adverse impact on our results of operations, liquidity or financial condition.

### Tax Matters

*Colombia.* On November 10, 2010, the Colombian Tax Authority (*Dirección de Impuestos*) notified CEMEX Colombia of a proceeding (*requerimiento especial*) in which the Colombian Tax Authority rejected certain tax losses taken by CEMEX Colombia in its 2008 year-end tax return. In addition, the Colombian Tax Authority assessed an increase in taxes to be paid by CEMEX Colombia in the amount of approximately 43 billion Colombian Pesos (approximately U.S.\$20.93 million as of February 28, 2014, based on an exchange rate of 2,054.90 Colombian Pesos to U.S.\$1.00) and imposed a penalty in the amount of approximately 69 billion Colombian Pesos (approximately U.S.\$33.58 million as of February 28, 2014, based on an exchange rate of 2,054.90 Colombian Pesos to U.S.\$1.00). The Colombian Tax Authority argued that CEMEX Colombia was limited in its use of prior year tax losses to 25% of such losses per subsequent year. We believed that the tax provision that limited the use of prior year tax losses did not apply in the case of CEMEX Colombia because the applicable tax law was repealed in 2006. Furthermore, we believed that the Colombian Tax Authority was no longer able to review the 2008 tax return because the time to review such returns had already expired pursuant to Colombian law. In February 2011, CEMEX Colombia presented its arguments to the Colombian Tax Authority. On July 27, 2011, the Colombian Tax Authority issued its final determination, which confirmed the information in the November 10, 2010 proceeding notice. The official assessment was appealed by CEMEX Colombia on September 27, 2011. On July 31, 2012, the Colombian Tax Authority notified CEMEX Colombia of the resolution confirming the official liquidation. CEMEX Colombia filed a lawsuit on November 16, 2012; however, during the second quarter of 2013, CEMEX Colombia reached a settlement with the Colombian Tax Authority regarding the 2008, and also its 2007, year-end tax returns. The aggregate amount paid in connection with the settlement regarding the 2008 and 2007 year-end tax returns was \$47,111.33 million Colombian Pesos (approximately U.S.\$22.93 million as of February 28, 2014, based on an

exchange rate of 2,054.90 Colombian Pesos to U.S.\$1.00). On August 26, 2013 and September 16, 2013, CEMEX Colombia received the final resolutions regarding the 2007 and 2008 year-end tax returns, respectively, effectively concluding both processes.

On April 1, 2011, the Colombian Tax Authority notified CEMEX Colombia of a proceeding notice 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 the amount of approximately 90 billion Colombian Pesos (approximately U.S.\$43.80 million as of February 28, 2014, based on an exchange rate of 2,054.90 Colombian Pesos to U.S.\$1.00) and imposed a penalty in the amount of approximately 144 billion Colombian Pesos (approximately U.S.\$70.08 million as of February 28, 2014, based on an exchange rate of 2,054.90 Colombian Pesos to U.S.\$1.00). 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 taking into consideration that future revenue will be taxed with income tax in Colombia. CEMEX Colombia responded to the proceeding notice on 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, the Colombian Tax Authority notified CEMEX Colombia of the resolution confirming the official liquidation. CEMEX Colombia appealed the final determination on May 10, 2013 which was admitted on June 21, 2013. The appeal was notified to the Colombian Tax Authority and initial hearings took place on February 18, 2014 and March 11, 2014. At this stage of the proceeding, as of February 28, 2014, we are not able to assess the likelihood of an adverse result in this special proceeding, but if adversely resolved, they could have a material adverse impact on our results of operations, liquidity or financial condition.

### **Other Legal Proceedings**

*Colombian Construction Claims.* On August 5, 2005, the Urban Development Institute (*Instituto de Desarrollo Urbano*), or UDI, and an individual filed a lawsuit in the Fourth Anti-Corruption Court of Bogotá (*Fiscalía Cuarta Anticorrupción de Bogotá*) against a subsidiary of CEMEX Colombia claiming that it was liable, along with the other members of the *Asociación Colombiana de Productores de Concreto*, or ASOCRETO, an association formed by the ready-mix concrete producers in Colombia, for the premature distress of the concrete slabs of the *Autopista Norte* trunk line of the Transmilenio bus rapid transit system of 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 were seeking the repair of the concrete slabs in a manner which guarantees their service during the 20-year period for which they were originally designed, and estimate that the cost of such repair could have been approximately 100 billion Colombian Pesos (approximately U.S.\$48.66 million as of February 28, 2014, based on an exchange rate of 2,054.90 Colombian Pesos to U.S.\$1.00). The lawsuit was filed within the context of a criminal investigation against a former director and two officers of the UDI, the builder, the auditor and two ASOCRETO officers. On January 21, 2008, a court issued an order, sequestering the El Tunjuelo quarry, as security for payment of a possible future money judgment against CEMEX Colombia. The court determined that in order to lift this attachment and prevent further attachments, CEMEX Colombia was required to deposit 337.8 billion Colombian Pesos (approximately U.S.\$164.39 million as of February 28, 2014, based on an exchange rate of 2,054.90 Colombian Pesos to U.S.\$1.00) in cash instead of posting an insurance policy to secure such recovery. CEMEX Colombia appealed this decision and the Superior Court of Bogotá (*Tribunal Superior de Bogotá*) allowed CEMEX to present an insurance policy in the amount of 20 billion Colombian Pesos (approximately U.S.\$9.73 million as of February 28, 2014, based on an exchange rate of 2,054.90 Colombian Pesos to U.S.\$1.00). CEMEX gave the aforementioned security and, on July 27, 2009, the court lifted the attachment on the quarry.

On October 10, 2012, the court issued a first instance judgment pursuant to which the accusation made against the ASOCRETO officers was nullified. The judgment also convicted a former UDI director, the builder's legal representatives and the auditor to a prison term of 85 months and a fine of 32 million Colombian Pesos (approximately U.S.\$16,607.59 as of February 28, 2014, based on an exchange rate of 2,054.90 Colombian Pesos to U.S.\$1.00). As a consequence of the nullification, the judge ordered a restart of the proceeding against the

ASOCRETO officers. The UDI and other parties to the judicial proceeding appealed the first instance judgment and on August 30, 2013 the Superior Court of Bogotá resolved to reduce the prison term imposed to the former UDI director and the UDI officers to 60 months and imposed a fine equivalent to 8.8 million Colombian Pesos (approximately U.S.\$4,282.45 as of February 28, 2014, based on an exchange rate of 2,054.90 Colombian Pesos to U.S.\$1.00). Additionally, the UDI officers were sentenced to severally pay the amount of 108,000 million Colombian Pesos (approximately U.S.\$52.56 million as of February 28, 2014, based on an exchange rate of 2,054.90 Colombian Pesos to U.S.\$1.00) for the damages in the concrete slabs of the Transmilenio bus rapid transit system. Additionally, the Superior Court of Bogotá overturned the penalty imposed to the builder's legal representatives and auditor because the criminal action against them was time barred. Furthermore, the Superior Court of Bogotá 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. At this stage of the proceedings, as of February 28, 2014, we are not able to assess the likelihood of an adverse result or, due to the number of defendants, the potential damages which could be borne by CEMEX Colombia.

In addition, as a consequence of the premature distress of the concrete slabs of the *Autopista Norte* trunk line of the Transmilenio bus rapid transit system, six actions 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 neither participated 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 February 28, 2014, we are not able to assess the likelihood of an adverse result, but if adversely resolved, it could have a material adverse impact on our results of operations, liquidity or financial condition.

*Panamanian Height Restriction Litigation.* On July 30, 2008, the Panamanian Authority of Civil Aeronautics (*Autoridad de Aeronáutica Civil*), or AAC, denied a request by our subsidiary Cemento Bayano to erect structures above the permitted height restriction applicable to certain areas surrounding Calzada Larga Airport. This height restriction is set according to applicable legal regulations and reaches the construction area of our cement plant's second line. According to design plans, ten of the planned structures would exceed the permitted height. Cemento Bayano has formally requested the above-mentioned authority to reconsider its denial. On October 14, 2008, the AAC granted permission to construct the tallest building of the second line, under the following conditions: that (a) Cemento Bayano would assume any liability arising out of any incident or accident caused by the construction of such building; and (b) there would be no further permissions for additional structures. Cemento Bayano filed an appeal with respect to the second condition and has submitted a request for permission in respect to the rest of the structures. On March 13, 2009, the AAC issued a ruling stating that (a) should an accident occur in the perimeter of the Calzada Larga Airport, an investigation shall be conducted in order to determine the cause and further responsibility; and (b) there will be no further permissions for additional structures of the same height as the tallest structure already granted. Therefore, additional permits may be obtained as long as the structures are lower than the tallest building, on a case-by-case analysis to be conducted by the authority. On June 11, 2009, the AAC issued a ruling denying a permit for additional structures above the permitted height restriction applicable to certain areas surrounding Calzada Larga Airport. On June 16, 2009, Cemento Bayano requested the abovementioned authority to reconsider its denial. As of February 28, 2014, the AAC had not yet issued a ruling pursuant to our request for reconsideration, and we continue to monitor our request. At this stage, we are not able to determine if the AAC will issue a favorable decision to our request for reconsideration or if such denial would have a material adverse impact on our results of operations, liquidity or financial condition. We are also not able to assess the likelihood of any incident or accident occurring as a result of the construction of the second line of our cement plant and the responsibility, if any, that would be allocated to Cemento Bayano, but if any major incident or accident were to occur and if Cemento Bayano were to be held liable, any responsibility that is formally allocated to Cemento Bayano could have a material adverse impact on our results of operations, liquidity or financial condition.

*Colombian Water Use Litigation.* On June 5, 2010, the District of Bogotá's Environmental Secretary (*Secretaría Distrital de Ambiente de Bogotá*), or the Environmental Secretary, issued a temporary injunction suspending all mining activities at CEMEX Colombia's El Tunjuelo quarry, located in Bogotá, Colombia. As part of the temporary injunction, Holcim Colombia and Fundación San Antonio (local aggregates producers which also

have mining activities located in the same area as the El Tunjuelo quarry), were also ordered to suspend mining activities in that area. The Environmental Secretary alleged that during the past 60 years, CEMEX Colombia and the other companies illegally changed the course of the Tunjuelo River, used the percolating waters without permission and improperly used the edge of the river for mining activities. In connection with the temporary injunction, on June 5, 2010, CEMEX Colombia received a formal notification from the Environmental Secretary informing it of the initiation of proceedings to impose fines against CEMEX Colombia. CEMEX Colombia has requested that the temporary injunction be revoked, arguing that its mining activities are supported by all authorizations required pursuant to the applicable environmental laws and that all the environmental impact statements submitted by CEMEX Colombia have been reviewed and 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 extraction of our aggregates inventory. Although there is not an official quantification of the possible fine, the District of Bogotá's environmental secretary has publicly declared that the fine could be as much as 300 billion Colombian Pesos (approximately U.S.\$145.99 million as of February 28, 2014, based on an exchange rate of 2,054.90 Colombian Pesos to U.S.\$1.00). The temporary injunction does not currently compromise the production and supply of ready-mix concrete to any of our clients in Colombia. At this stage, as of February 28, 2014, we are not able to assess the likelihood of an adverse result, but if adversely resolved, it could have a material adverse impact on our results of operations, liquidity or financial condition.