CEMEX *today*

CEMEX is a leading global producer and marketer of cement and ready-mix products, with operations primarily concentrated in the world's most dynamic cement markets across four continents. CEMEX combines a deep knowledge of the local markets with its global network and information technology systems to provide world-class products and services to its customers, from individual homebuilders to large industrial contractors.

our mission

CEMEX's mission is to serve the global building needs of its customers, and build value for its stakeholders by becoming the world's most efficient and profitable cement company.

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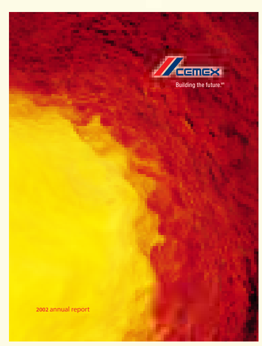
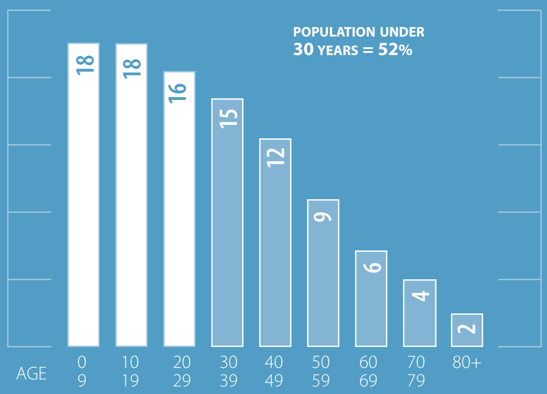


Our cover: interior of a cement kiln in our Victorville, California plant, operating at a temperature of 2500°F.

Each of our cement kilns *unlocks* the potential of simple substances. Cement *leverages* new possibilities for human invention. We possess the *knowledge* to deliver on this promise. Our continuity of vision and passion for change lay the *foundation* for enduring value.

Unlock

WEIGHTED POPULATION DISTRIBUTION OF CEMEX'S PORTFOLIO
(PERCENTAGE)



Growing opportunity

As children in Manila, Guadalajara, Caracas, and many of our other communities grow up, they will demand affordable housing and need roads and other infrastructure. The markets in our portfolio are young, and their growing cement needs and construction trends provide a sustainable foundation on which to grow.

the potential

Cement is, by far, the most used building material in the world. Yet we have only just begun to tap its tremendous, sustainable growth potential in the markets we serve across four continents. Overall, the population in our markets is young and per capita consumption remains low; while developing nations need new infrastructure and housing, mature economies continuously renovate and upgrade theirs, opening the door to new and expanded uses for cement.

With almost a century of experience in the cement industry, we know the capabilities of this seemingly simple powder. No other building material is as shapeable, strong, and durable; that is why there is no ready substitute for cement.

Governments, individuals, and institutions worldwide use cement to realize their architectural, artistic, cultural, and economic visions. Public and commercial buildings, dams, hospitals, museums, residences, and urban centers—all literally rest on or are built with cement.

In the United States, it is estimated that cement has penetrated slightly over one quarter of its potential share of promotable markets, implying more than 160 million metric tons of additional demand per year.

In Spain, where we are the market leader, a six-year, 121-billion-euro infrastructure plan for 2002 to 2007 will drive public sector demand for cement. Similarly, in Mexico, where we are also the market leader, we estimate that potential cement needs in such areas as water management, roads, and housing will exceed 180 million metric tons for the next 10 years.

Overall, we are a leading player in a global industry that has grown at a rate of nearly 4% over the past decade, and had estimated revenues of close to US$100 billion in 2000.

Major part of the mix

We envision ready-mix concrete as a distinct business opportunity and a strategic distribution channel. While it is a fragmented market, in just over a decade we have grown into one of the largest ready-mix producers in the world, with 2002 sales volumes of more than 19 million cubic meters.

Concrete Answers to Society's Needs

Cement makes a real difference in people's lives; it bridges barriers, connects communities, and forms a foundation for national development. However, cement is an energy and natural resources intensive industry; therefore it is critical to ensure its sustainable development.

In the U.S., actual cement penetration of 27% leaves an opportunity for 164 million metric tons of additional demand per year. A 1% increase in penetration would imply 2.2 million metric tons of new demand.

GROWTH OPPORTUNITIES IN PROMOTABLE U.S. MARKETS

	POTENTIAL MARKET *(MMT)*	ACTUAL PENETRATION *(PERCENTAGE)*	OPPORTUNITY *(MMT)*	ADDITIONAL 1% PENETRATION *(MMT)*
Paving	114	21%	90	1.1
Residential	50	28%	36	0.5
Water management	18	54%	8	0.2
Other	42	29%	30	0.4
Total	224	27%	164	2.2

Source: U.S. Portland Cement Association.

Making a difference
We are a sponsor of the global *Toward a Sustainable Cement Industry* project.

For almost 100 years, we have worked to operate our business with care for our people, our communities, and our environment: from our early efforts to build a safe and healthy workplace; to our eco-efficiency program, formally launched in 1994; to the World Environmental Center's Gold Medal for International Corporate Achievement in 2002.

But we cannot rest on our laurels. Hence we are one of the 10 global cement companies to sponsor the *Toward a Sustainable Cement Industry* project. Under the auspices of the World Business Council for Sustainable Development (WBCSD), the project has developed a vision of the industry in 2020.

The agenda for action specifically identified eight important industry issues, including employee and community well-being, regional development, ecological stewardship, and natural resource productivity—all of which ultimately impact shareholder value creation and the long-term position of our industry within society.

Cement the

Many companies talk about their know-how. What sets us apart is our know-why: a strategic, long-term vision that anticipates the evolution of our industry and allows us to understand and meet our customers' needs.

As a culmination of our experience and values, our know-why informs and guides all of our decisions and actions. Combined with our entrepreneurial spirit, it allows us to grow, develop practices, processes, and even technologies often unavailable to others.

As we expanded our global reach, our know-why led us to adopt a core set of practices and values that define how we conduct business worldwide. As one CEMEX, we have both flexibility and focus to generate positive results.

value of knowledge

Better, simpler, faster:
The CEMEX Way

At CEMEX, we are dedicated to understanding and applying lessons from around the world. Not only have we acquired cement assets and entered dynamic markets, but we have also translated and transferred knowledge and innovative practices across our organization to take maximum advantage of our global position.

Positive Trade-Off

In 1985 we exported some 600,000 metric tons of cement and clinker. Now, our global trading unit is one of the largest in the world and moved more than 10 million metric tons in 2002—close to our entire U.S. cement production capacity, and plays a fundamental and evolving role in realizing our strategic objectives.

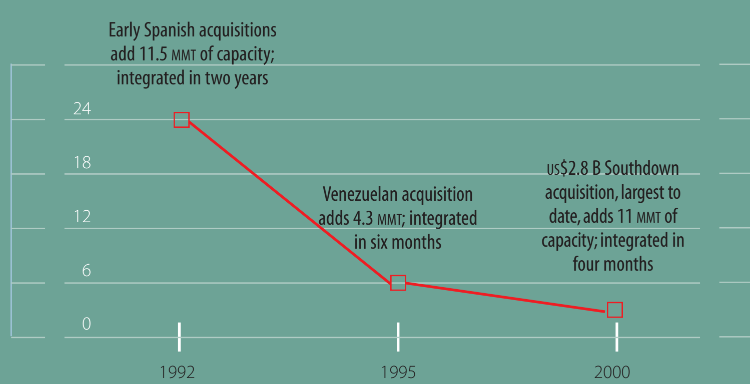
As our company and our industry have grown, the goals of our trading operations have grown along with them. Begun as a way to maximize our domestic production capacity, our trading activity now enables us to forge lasting international relationships, explore and analyze new markets—without necessarily making an immediate capital investment—and better balance regional supply and demand.

Cumulative Value of Integration

Our aggressive global expansion has led to the integration and standardization of innovative practices from around the world. By capturing the value of the past decade's diversification, we enhance our flexibility and better position the company for growth.

Our standardized transaction and operations platforms are a reality, and a key edge in the next wave of industry consolidation. Beginning in 1992, it took us two years to fully integrate our Spanish acquisitions. More recently, four months were enough to integrate U.S.-based Southdown—our largest acquisition to date. And in 2002 we integrated the backbone of our newly acquired Puerto Rican operations in just two months.

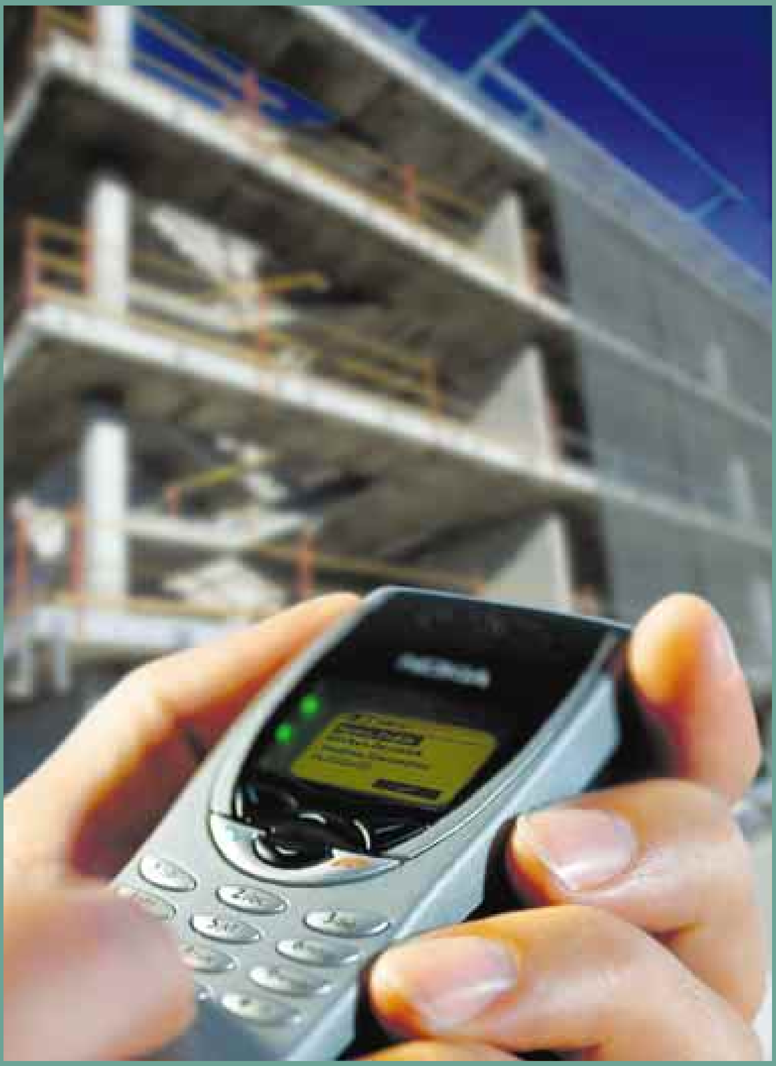
INTEGRATION OF ACQUIRED COMPANIES
(MONTHS)



Key edge for industry consolidation

Our identification and international deployment of best practices is a major source of new ideas and initiatives, which have dramatically increased our ability to integrate new operations.

Customer-centric approach
First, we deployed customer service portals that enabled our clients to purchase products and to manage their accounts online. Now, on-the-go customers in Spain can access the portals via mobile phone, placing orders from the road or at the construction site.



Early Edge in Technology
Beginning in 1995, our Dynamic Synchronization of Operations system allowed us to guarantee our ready-mix clients on-time delivery, regardless of the weather or traffic—a major industry breakthrough that raised the bar in terms of timeliness, low-cost maintenance, and productivity per truck.

We have since evolved this system into a comprehensive, intelligent platform called GINCO, which leverages our information technology to bolster customer satisfaction. This new platform covers all aspects of our ready-mix operations—from raw materials consumption to accounts receivable and credit reports, to the receipt of clients' orders. The system determines the exact mix for a specific customer order at each plant, assuring consistent quality and less waste—which translates into greater client savings.

Furthermore, the system efficiently programs customer deliveries and optimizes our production and distribution network. On a typical week in Mexico City, Houston, and Bogota, GINCO allows us to control every detail at 40 concrete plants with 330 ready-mix trucks, making 6,700 trips per week. Of these trips, almost 90% reach the client within a 15-minute window.

CEMEX National Energy Control Center, Monterrey, Mexico.

1990 — First Mexican plant begins using pet coke as an alternative to fuel oil.

1993-4 — Our Spanish plants completely switch from coal.

1994 — We establish a Houston-based subsidiary to manage our global fuels supply.

1998 — We agree to develop TEG, one of Mexico's largest private-sector energy projects.

2001 — Globally, 45 of our 51 plants manufacture cement with the more fuel-efficient dry process.

2002 — 60% of our plants worldwide operate with pet coke as fuel.

2003 — TEG thermoelectric plant comes online.

Proactive energy management

By securing a cost-effective, steady supply of fuels and electricity, we diversify our fuel structure, control our largest cost, and generate significant savings, freeing us to serve our customers better.

Leverage our leadership

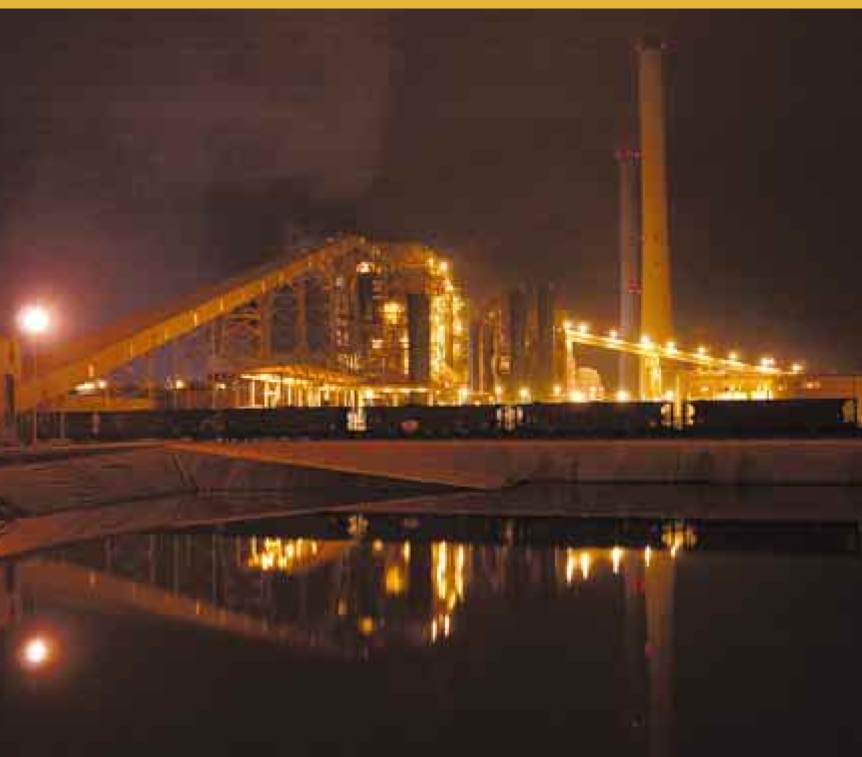
First we honed our operating expertise. Then, we used the knowledge gained from our global expansion to extract maximum sustainable value from our production platform.

With this expertise, we have established an exceptional record of cost leadership over the last 17 years. We now build on this record, and take advantage of our commercial and logistics networks to create new synergies and lead the industry into the new century.

Perhaps nothing better exemplifies our unrelenting drive to control costs than our energy management strategy, which we launched more than a decade ago.

Using knowledge shared from CEMEX Spain, we embarked on an aggressive alternative fuels program that now extends across our global operations network. This program substitutes traditional fuels, such as fuel oil and natural gas, with pet coke and other less price-volatile fuels.

Through this international strategy, we have developed a diversified fuel structure—where every CEMEX cement plant has at least two sources of energy—and realized important annual cost savings. For example, we now meet more than 80% of our Mexican cement plants' fuel requirements with pet coke. Furthermore, last year we secured our global operations' entire pet coke supply for 2003, while some of our peers fell short.

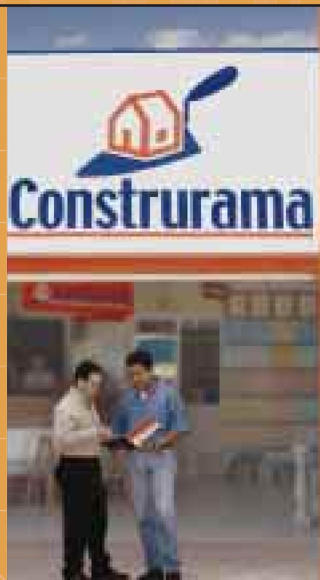


Low-cost energy guaranteed
The Termoelectrica del Golfo (TEG) project—a large-scale thermoelectric power plant constructed and financed by Alstom and Sithe—comes online in 2003. The plant will meet more than 70% of our Mexican electricity consumption, guaranteeing a 20-year supply of low-cost electricity.

Transferring Value to Our Customers
Over the years, we have learned how to capitalize on our distribution and logistics networks to further reduce our costs and to create more value for our customers. For instance, in Spain we offer our ready-mix clients convenient nighttime cement delivery, which better optimizes our fleet and lowers the fuel costs of our trucks.

We have also transformed our sales force to reach more customers. In the Philippines, approximately 60% of our sales are channeled through our unique network of distributors, which allows us to serve our retailers directly, providing them with improved distribution and on-time delivery.

We segment our product offerings and services to satisfy the distinctive needs of each and every customer group. Capitalizing on our expertise in marketing bagged cement,



Superior customer experiences
Our distribution and commercial networks spread across four continents, striving to fulfill our customers' needs.

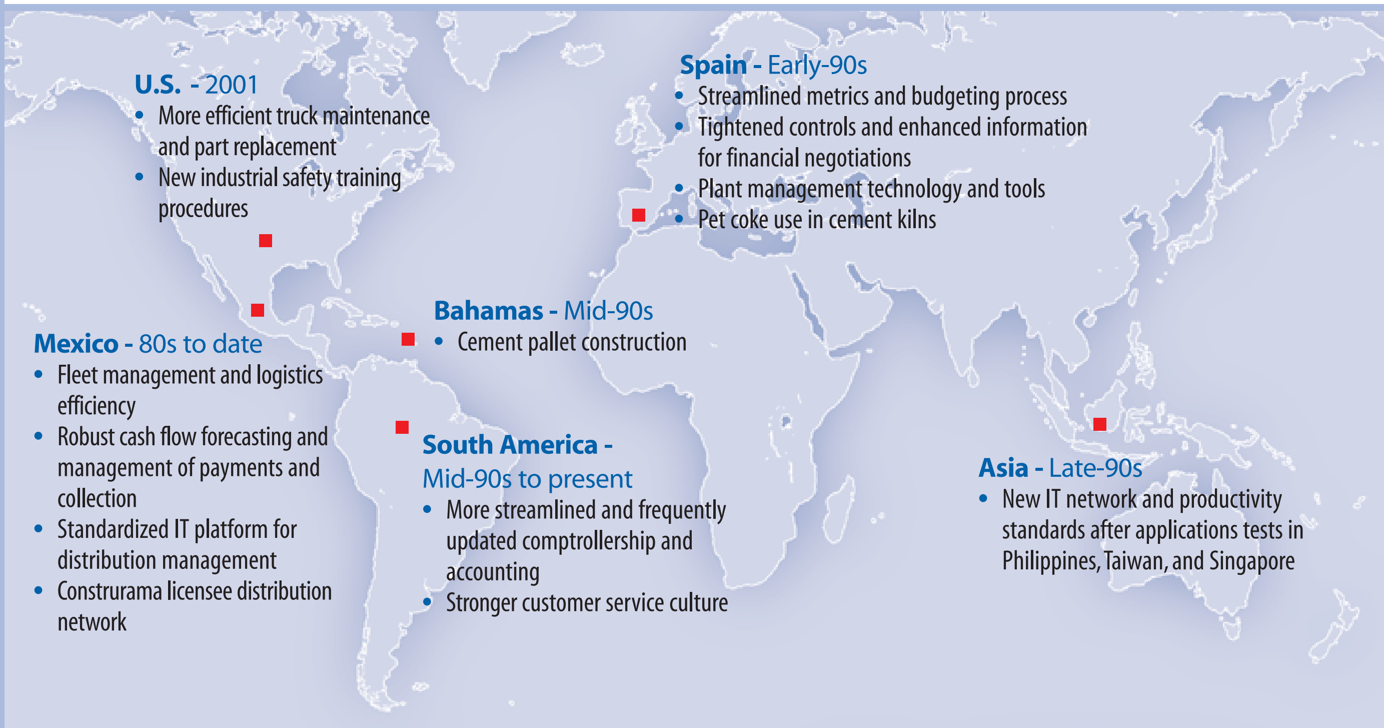
we launched a new commercial strategy to increase our penetration of the U.S. bagged cement market, a niche segment that represents approximately 5% of national demand. By 2004, we expect to increase our U.S. sales of bagged cement by more than 50%.

Proximity is a major factor for our do-it-yourself builders. Our broad commercial networks are well-aligned to serve their needs. Since its inception in 2001, the CEMEX-owned Construrama licensee distributor network has grown to more than 2,000 points of sale across Mexico, making it one of the most successful and fast-growing commercial networks in the country. We are preparing to expand this successful platform in South America and the Caribbean.

Build

We have developed and spread our knowledge base...

ORIGIN OF SELECTED CEMEX BEST PRACTICES



KEY GROWTH INITIATIVES IN CEMEX REGION

U.S.

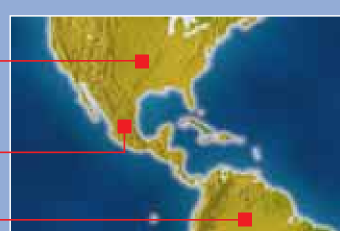
- Promote use of cement in infrastructure and residential construction

Mexico

- Provide customer-focused integrated building solutions
- Continue strengthening commercial networks

South America & Caribbean

- Maintain cost leadership
- Increase use of cement as building material



Cash flow generation

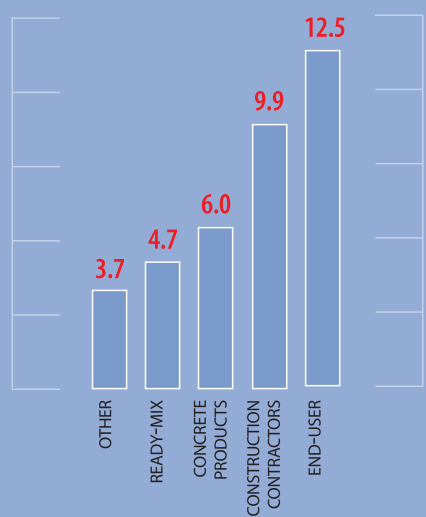
Stability and mid-term growth

on our foundation

... positioning the company in our industry's fastest growing market segments...

GROWING MARKET SEGMENTS

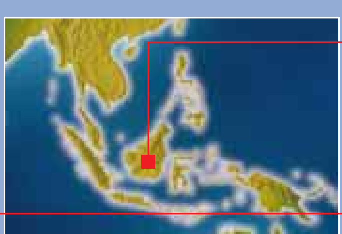
CEMENT DEMAND GROWTH BY SECTORS
(PERCENTAGE)



We are well positioned to take advantage of anticipated growth in the industry's most dynamic sectors, especially among end users.

Source: Freedonia Report "World Cement 2006", 2002.

IAL SYSTEMS



Long-term growth

Southeast Asia
- Leverage ongoing volumes growth
- Capitalize on full economic recovery

Europe and Africa
- Maximize synergies between production capacity in Europe and North Africa
- Further strengthen trading net-works

... while building a system that enables us to continue fostering our expertise.

Financial highlights

In millions of US dollars*, except per share data

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

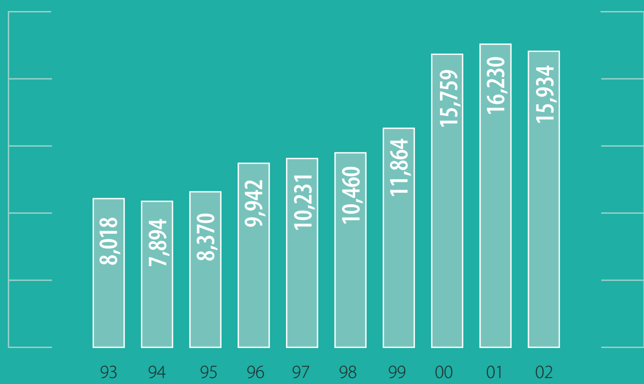
	2002	2001	CHANGE
Net Sales	6,543	6,923	(5%)
Operating Income	1,310	1,653	(21%)
EBITDA	1,917	2,256	(15%)
Consolidated Net Income	557	1,331	(58%)
Earnings per ADR**	1.74	4.14	(58%)
Free Cash Flow	948	1,145	(17%)
Total Assets	15,934	16,230	(2%)
Net Debt	6,122	6,094	0%
Total Stockholders' Equity	6,951	8,152	(15%)

* Convenience translation. Results in pesos for 2002 can be calculated by multiplying the dollar figures by the December 31, 2002 exchange rate of MXP10.38. Results in pesos for 2001 can be calculated by dividing the dollar figures by 1.0916 (representing the weighted average inflation factor) and then multiplying by the December 31, 2001 exchange rate of MXP9.17.

** Based on 1.496 billion average CPOs for 2002 and 1.422 billion average CPOs for 2001. Each ADR represents five CPOs.

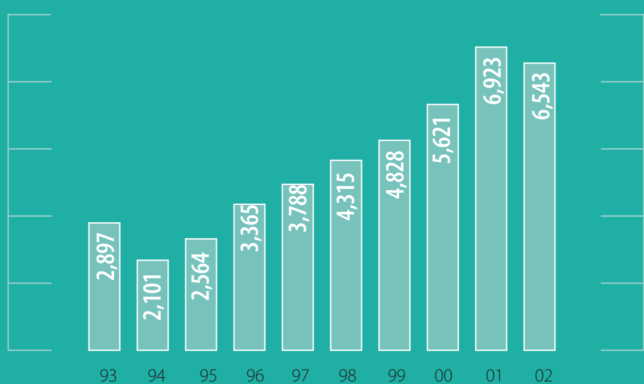
Our 2002 results

ASSETS
(MILLIONS OF US DOLLARS)



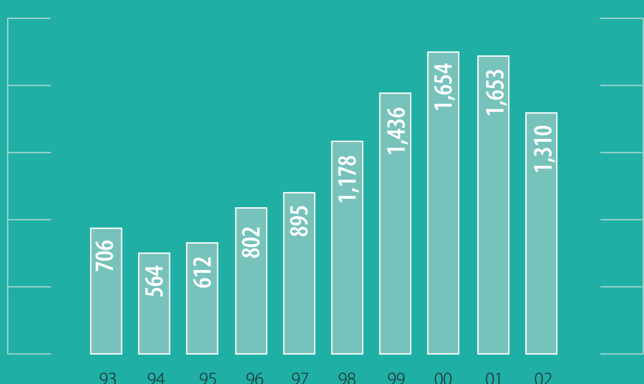
Our geographically diverse portfolio of assets provides a strong foundation that sustains our consistent performance throughout the business cycle.

CONSOLIDATED NET SALES
(MILLIONS OF US DOLLARS)



Over the last decade, our consolidated revenues rose at a compounded annual growth rate of 12%.

OPERATING INCOME
(MILLIONS OF US DOLLARS)



Amid an often adverse and uncertain economic landscape, our operating income grew at a compounded annual rate of 9% during the last 10 years.

A year of challenge

Dear fellow stockholders:

2002 was a challenging year for us. In an economic environment where opportunities for top-line growth were limited and where deflationary pressures were strong, we maintained our position as the industry's most efficient global cement producer.

We achieved consolidated net sales of US$6.54 billion in the year. Our operating cash flow (EBITDA), at US$1.92 billion, remained sizable despite a 15% decline, and represented 29.3% of sales. We produced close to US$1 billion of free cash flow, an achievement in light of the difficult business climate.

Our balance sheet remains strong, and we are deeply committed to making it even stronger. During last year's economic weakness and uncertainty, we increased our interest coverage to 5.2 times for the trailing twelve months, compared with 4.4 times in 2001. We maintained our investment-grade credit rating from Standard & Poor's, while Moody's also confirmed our current rating with a positive outlook, and Fitch upgraded our existing investment-grade rating. Moving forward, we will continue to fortify our company's financial position for a period of renewed growth when markets again turn decisively upward.

We have come a long way since the mid-1980s; our consistent strategic execution, coupled with the hard work and dedication of our people, has built a strong foundation for enduring stakeholder value. Before, we were a Mexico-centered company with a rich tradition, a mixed industrial base, and endless ambition. Now, we produce, market, and distribute cement products in markets as diverse as Spain and Thailand, fostering the construction of homes, hospitals, skyscrapers, and other much-needed infrastructure through our integrated global operations network.

As we have grown, we have remained true to certain time-tested fundamentals that differentiate us from all others. These fundamentals include our strategic ability to extract the maximum sustainable value from our core cement business, our use of state-of-the-art information systems and production technology, our leadership in low-cost production, and most importantly, our commitment to customer satisfaction coupled with our willingness to embrace change—to accept new ideas and to execute new practices.

Our passion for change is the cement that binds us together as an organization. We are always improving to stay ahead of global trends and developments—at the forefront of our industry. The ability to passionately adopt change, while adhering to our values, is a key advantage and a trait our competitors cannot soon copy.

Lorenzo H. Zambrano | *Chairman of the Board and* CEO

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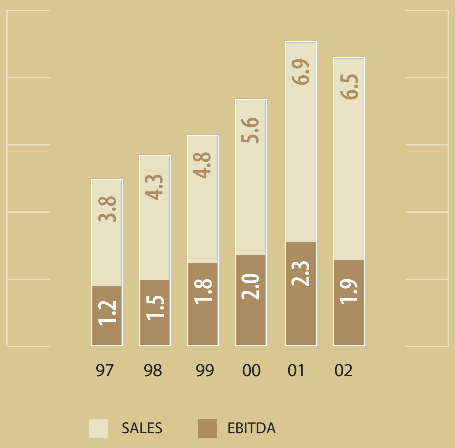


Last year, we generated sizable sales and EBITDA, even in tough economic conditions.

We seek improvements in order to continually advance our business, not in response to short-term trends or developments. Long before today's volatile market environment, we had embarked on our international cement trading and energy management strategies. Likewise, well in advance of information technology's widespread popularity, we had already designed and deployed our satellite communications system, CEMEXNet, connecting all of our production facilities. As time has passed, our proactive approach has given us a key edge, allowing us to make better-informed decisions and to manage our company with greater agility.

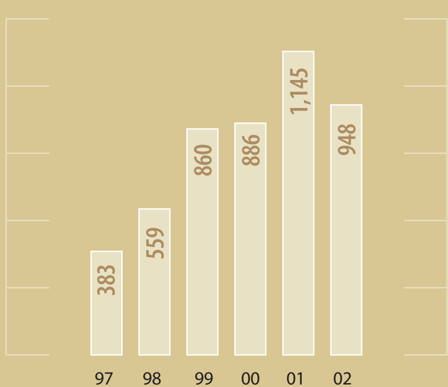
While we cannot alter the external environment in which we operate, we can certainly position our company to take full advantage of it. For us, globalization is a reality and a force we must harness. Though recent events have taken their toll on globalization, they have not halted its progress. Hence, it is imperative that we are prepared for change and ready to embrace attractive opportunities whenever and wherever they arise.

Our strategic continuity and improvement is unhindered by faltering economic conditions. To the contrary, in 2002 we took advantage of the challenging environment to further fortify the strong foundation we have built over the last 17 years. We deployed more locally developed innovations across our international markets; we identified new uses and market niches for our products, and expanded our commercial franchise; we provided our customers a broader array of services, intensifying our customer focus; we acquired Puerto Rican Cement Company, whose strategic geographic location will enhance our network in the Caribbean; and we provided our employees with the training, technology, support, and incentives they need to build lasting customer value and loyalty.

Just as our global position is the result of our discipline, innovation, and consistency over the years, our near-term strategy builds on the efforts of the preceding year, and is comprised of three major components:

First- We will leverage our cement production infrastructure and extensive distribution network to build our markets, to bolster our customer relationships, and to position CEMEX as the preferred provider and partner in the construction industry.

FREE CASH FLOW
(MILLIONS OF US DOLLARS)



Strong free cash flow
From 1997 to 2002 our free cash flow has grown at a compounded annual rate of 20%.

Second- We will continue to strengthen our leadership in low-cost production, while investing in the technology and training that will make our people and our network more productive and efficient.

Third- We will improve our financial flexibility, so we are well-positioned to capture market opportunities. Specifically, we aim to reduce our net debt in order to reach our target of 2.7 times EBITDA, as quickly as possible.

Looking forward, the heart of our strategy will remain the development of our core cement and ready-mix concrete base, capitalizing on these businesses' considerable avenues for future growth. Our operating and trading network, our standardized internal processes, and our uniform technology platform better position us to unlock the enormous potential of cement; to take greater advantage of its many beneficial qualities and commercial uses; and to capture our markets' pent-up demand for housing, roads, and other important infrastructure investments.

Our growth will come from our people. Just as they are the architects behind our dynamic evolution, their cultural diversity, skills, and productivity are of paramount importance under current market conditions. Moreover, as we grow, we bolster our already considerable pool of talent, which will help us to continue the virtuous circle of organizational growth and renewal.

My confidence in our future rests not only on our past success, but also on our deep commitment to long-term profitable growth. Our entrepreneurial spirit makes a difference. It enables us to serve customers and end-consumers better, to attract and develop talented people, to harness the full benefits of technology, and to explore new market opportunities more efficiently.

We are and will remain an industry consolidator. But, as we have demonstrated over the past several years, we also will remain highly disciplined in our approach to new acquisitions.

We have come far from our days as a regional cement company, transforming the potential of our business, and industry, every step of the way. We have the management, the team, the resources, the financial platform, and the vision to continue to grow a long way into the future. I trust you all will come along with us.

Sincerely,

Lorenzo H. Zambrano
CHAIRMAN OF THE BOARD AND
CHIEF EXECUTIVE OFFICER

Selected consolidated financial

CEMEX, S.A. DE C.V. AND SUBSIDIARIES
In millions of US dollars, except shares and per-share amounts

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Operating results									
Net Sales	2,194	2,897	2,101	2,564	3,365	3,788	4,315	4,828	5,621
Cost of Sales[1][2]	(1,371)	(1,747)	(1,212)	(1,564)	(2,041)	(2,322)	(2,495)	(2,690)	(3,141)
Gross Profit	823	1,150	889	1,000	1,325	1,467	1,820	2,138	2,480
Operating Expenses[2]	(286)	(444)	(325)	(388)	(522)	(572)	(642)	(702)	(826)
Operating Income	537	706	564	612	802	895	1,178	1,436	1,654
Financial Expense	(279)	(490)	(359)	(652)	(668)	(510)	(485)	(488)	(467)
Financial Income	55	133	86	65	53	37	37	31	25
Comprehensive Financing Result[3]	179	25	(16)	567	529	159	(132)	(29)	(174)
Other Income (Expenses) Net	(89)	(101)	(133)	(162)	(171)	(138)	(152)	(296)	(234)
Income before Taxes and Others	628	630	415	1,017	1,160	916	893	1,111	1,246
Minority Interest Net Income[4][5][6]	70	97	45	109	119	107	39	56	78
Majority Interest Net Income	545	522	376	759	977	761	803	973	999
Earnings per CPO[7][8][10]	0.52	0.49	0.35	0.59	0.75	0.59	0.64	0.77	0.73
Dividends per CPO[7][8][11][12]	0.07	0.09	0.06	0.07	–	0.12	0.14	0.16	0.20
Number of CPOs Outstanding[7][8][9][12]	1,056	1,056	1,077	1,286	1,303	1,268	1,258	1,366	1,390
Earnings per ADR[7][8][10]	2.58	2.47	1.75	2.95	3.76	2.97	3.18	3.87	3.65
Dividends per ADR[7][8][11][12]	0.34	0.46	0.31	0.33	–	0.60	0.70	0.79	0.98
Balance sheet information									
Cash and Temporary Investments	384	326	484	355	409	380	407	326	308
Net Working Capital[13]	562	595	528	567	611	588	638	669	813
Property, Plant and Equipment, Net	4,124	4,407	4,093	4,939	5,743	6,006	6,142	6,922	9,034
Total Assets	7,457	8,018	7,894	8,370	9,942	10,231	10,460	11,864	15,759
Short-Term Debt	884	684	648	870	815	657	1,106	1,030	2,962
Long-Term Debt	2,436	2,866	3,116	3,034	3,954	3,961	3,136	3,341	2,709
Total Liabilities	3,897	4,022	4,291	4,603	5,605	5,535	5,321	5,430	8,111
Minority Interest[4][5][6]	649	771	771	889	1,000	1,181	1,251	1,253	2,398
Majority Interest	2,911	3,225	2,832	2,878	3,337	3,515	3,887	5,182	5,251
Total Stockholders' Equity	3,560	3,996	3,603	3,767	4,337	4,696	5,138	6,435	7,649
Book Value per CPO[8]	2.76	3.05	2.63	2.24	2.56	2.77	3.09	3.79	3.78
Other financial data									
Operating Margin	24.5%	24.4%	26.9%	23.9%	23.8%	23.6%	27.3%	29.8%	29.4%
EBITDA Margin[13]	31.9%	31.6%	34.2%	31.8%	32.3%	31.5%	34.4%	37.1%	36.1%
EBITDA[13]	700	914	719	815	1,087	1,193	1,485	1,791	2,030
Free Cash Flow[13]	(206)	17	257	(31)	149	383	559	860	886

information

		Compounded annual growth	
2001	2002	01-02	92-02
6,923	6,543	(5%)	12%
(3,894)	(3,656)		
3,029	2,888		
(1,376)	(1,577)		
1,653	1,310	(21%)	9%
(412)	(333)		
41	45		
265	(329)		
(417)	(389)		
1,501	592		
153	37		
1,178	520	(56%)	(0%)
0.83	0.35	(58%)	(4%)
0.20	n.a.		
1,459	1,521		
4.14	1.74	(58%)	(4%)
1.02	n.a.		
428	361		
933	699		
8,940	8,963		
16,230	15,934		
1,028	1,393		
4,345	4,374		
8,078	8,983		
1,975	1,207		
6,177	5,744		
8,152	6,951		
4.23	3.45		
23.9%	20.0%		
32.6%	29.3%		
2,256	1,917	(15%)	11%
1,145	948	(17%)	n.a.

1. Cost of sales includes depreciation.

2) In 2002 and partially during 2001, the expenses related to the distribution of the Company's products were classified as selling expenses on the income statement. Partially during 2001 and fully between the years 1992 and 2000, such expenses were recognized as part of cost of sales. This reclassification has no effect on operating income, net income, and/or earnings per CPO for the years before 2002 if the mentioned expenses were recognized consistent with the 2002 classification. For illustrative purposes, for the years ended December 31, 1999 and 2000, the distribution expenses recognized as part of cost of sales were approximately US$225 and US$374 million, respectively, and the partial amount recognized as part of the cost of sales in 2001 was US$156 million.

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

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

5. In November 2000, a Dutch subsidiary of CEMEX issued preferred stock for US$1.5 billion in connection with the financing required for the CEMEX, Inc. (formerly Southdown) acquisition. The preferred stock's redemption is mandatory at the end of the 18th month, and grants its holders 10% of the subsidiary's voting rights, as well as the right to receive a variable guaranteed preferred dividend. As of December 31, 2002, CEMEX had redeemed preferred stock amounting to US$850 million, with the balance outstanding amounting to US$650 million. This transaction is included as minority interest in 2000, 2001, and 2002 (see note 15E to the 2002 annual report's Financial Statements).

6. In 1998 a subsidiary of CEMEX in Spain issued US$250 million of capital securities at an annual dividend rate of 9.66%. In April 2002, through a tender offer, US$184 million of capital securities were redeemed. The amount paid to the holders, pursuant the early redemption, in excess of the nominal amount of the capital securities of approximately US$20 million was recorded against stockholders' equity. The balance outstanding as of December 31, 2002 was US$66 million. The company has an option to repurchase the balance of the instrument on November 15, 2004, or on any other subsequent dividend payment date. Additionally, the holders of the instrument have the right to sell it to CEMEX on May 15, 2005. This transaction is recorded as minority interest (see note 15E to the 2002 annual report's Financial Statements).

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

8. On September 14, 1999, CEMEX concluded an exchange offer of its old series "A" and "B" shares and its old CPOs for new CPOs. As a result, most of the holders of the old series "A" and "B" shares and old CPOs received for each one of their titles a new CPO, which represents the participation in two new series "A" shares and one new series "B" share of CEMEX. As a part of the exchange offer, on September 15, 1999, CEMEX made a stock split of two series "A" shares and one series "B" share for each of the old shares of any series. The proportional equity interest participation of the shareholders in CEMEX's common stock did not change as a result of the exchange offer and the stock split mentioned above. Earnings per CPO and the number of CPOs outstanding for the years ended December 31, 1991 through 1998, have been adjusted to make the effect of the stock split retroactive. In order to comply with Mexico's accounting principles, in the Financial Statements these figures are presented on a per-share basis (see note 21 to the 2002 annual report's Financial Statements).

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

10. For the periods ended December 31, 1991 through 1995, earnings-per-CPO amounts were determined by considering the total outstanding CPOs at the year's end. For the periods ended December 31, 1996 through 2002, the earnings-per-CPO amounts were determined by considering the average number of CPOs outstanding during each year, i.e. 1.298, 1.283, 1.262, 1.256, 1.375, 1.422, and 1,496 billion, respectively.

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

12. As a result of CEMEX's Share Repurchase Program in 1997, 24.1 million CPOs were acquired for an amount of approximately US$119 million. The CPOs acquired through this program accounted for approximately 2% of the CPOs outstanding on that date.

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

Management disc

Management discussion and analysis

RESULTS OF OPERATIONS AND ANALYSIS OF FINANCIAL CONDITION OF THE COMPANY

Business

CEMEX is a leading global producer and marketer of cement and ready-mix concrete. We operate twenty-four hours a day, seven days a week, in a rapidly changing global industry—serving thousands of customers across four continents.

In a world that faces an ever-growing need for affordable housing and infrastructure development, we are determined to support the need for cement products with an unwavering commitment to customer satisfaction, employee well being, community outreach, and shareholder value creation.

Our company was founded in Mexico in 1906, and it has grown from a small local player to one of the top global cement companies, with approximately 26,500 employees. Today we are strategically positioned in the most dynamic markets around the globe: the Americas, Europe, Asia, and Africa. Our operations network produces, distributes, and markets cement, ready-mix concrete, and clinker to customers in more than 30 countries, and—as one of the world's largest cement traders—CEMEX maintains trade relationships with more than 60 nations.

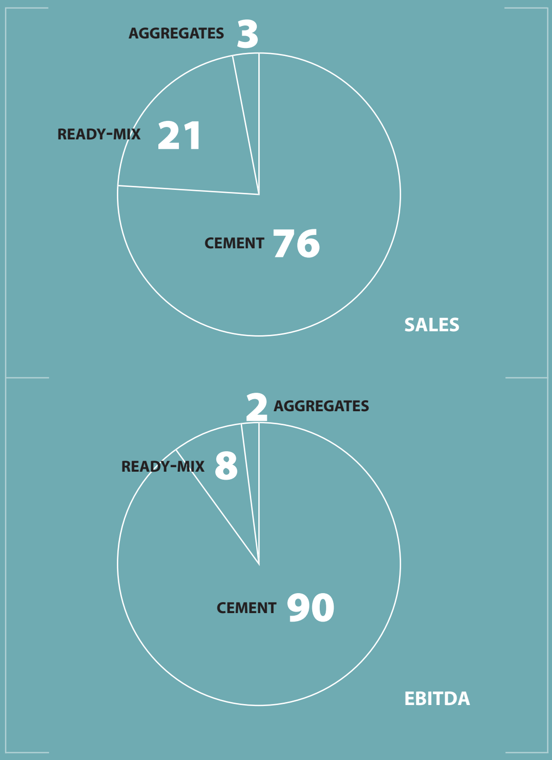
Product

We are one of the largest and most efficient producers of the most used construction material in the world: cement. When cement is mixed with water and aggregates (sand and gravel), the resulting chemical reaction transforms this powder into ready-mix concrete that builders can shape and mold.

Regardless of climate conditions, cement holds the shape and volume that the builder gives it, and its durability increases with the passage of time—unlike most building materials, which tend to weaken as time passes by.

Because of cement's many favorable characteristics, people and institutions worldwide use it to realize their architectural, artistic, religious, and cultural visions. Whether in bags, in bulk, or as concrete, our focus is to provide builders with the products and assistance they want, wherever and whenever they need them.

SALES AND EBITDA DISTRIBUTION
(PERCENTAGE)



Our cement business generates strong cash flow; ready-mix and aggregates further strengthen our distribution channels.

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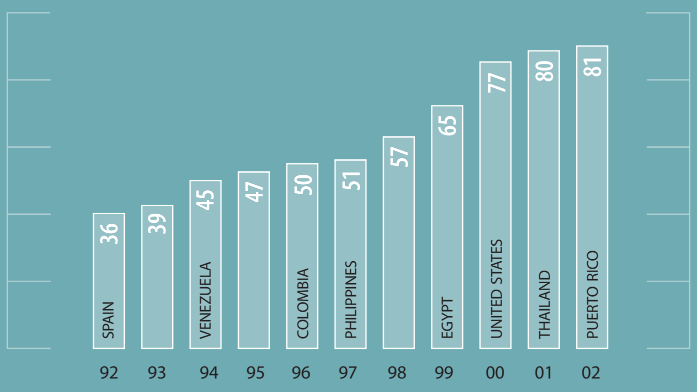
Growth Strategy

Over the last decade we have assembled a portfolio of assets with long-term growth potential, focusing on highly attractive markets. Our broad geographic diversification in markets with different economic cycles allows us to sustain consistent growth and strong free cash flow generation throughout the business cycle, and strengthen the financial structure of the corporation.

Going forward, we see three main sources of long-term growth for CEMEX:

Natural market growth- Our portfolio concentrates mainly on markets that provide long-term economic growth potential, presenting favorable demographics, low per capita cement consumption, and high pent-up demand. The weighted average population distribution of our market portfolio shows that, on average, more than 50% of the population is under age 30. This mix means that the housing and infrastructure needs of our portfolio will be greater than other more mature markets.

PRODUCTION CAPACITY AND MAJOR ACQUISITIONS
(MILLION METRIC TONS/YEAR)



Acquisitions expand and diversify our portfolio, and augment natural growth.

As of December 31, 2002	PRODUCTION CAPACITY MILLION METRIC TONS/YEAR	CEMENT PLANTS CONTROLLED	CEMENT PLANTS MINORITY PART.	READY-MIX PLANTS	LAND DISTRIBUTION CENTERS	MARINE TERMINALS
Mexico	27.2	15	3	220	67	8
U.S.	13.6	12	4	86	48	4
Spain	10.8	8	0	81	9	18
Venezuela	4.6	3	0	30	14	4
Colombia	4.8	5	0	20	4	0
Central America & Caribbean*	4.1	5	6	24	19	10
Egypt	4.9	1	0	3	4	1
Philippines	5.8	3	0	1	4	2
Indonesia	4.4	0	4	8	12	10
Thailand	0.7	1	0	0	0	0
TOTAL	80.9	53	17	473	181	57

** Includes Costa Rica, Dominican Republic, Nicaragua, Panama, and Puerto Rico.*

Our business model:

- Focuses on our core cement and ready-mix concrete franchise in the international markets that we serve;
- Concentrates primarily on the world's most dynamic regions, where the demand for housing, roads, and other infrastructure is greatest; and
- Maintains high growth by applying free cash flow toward selective investments that further our geographic diversification.

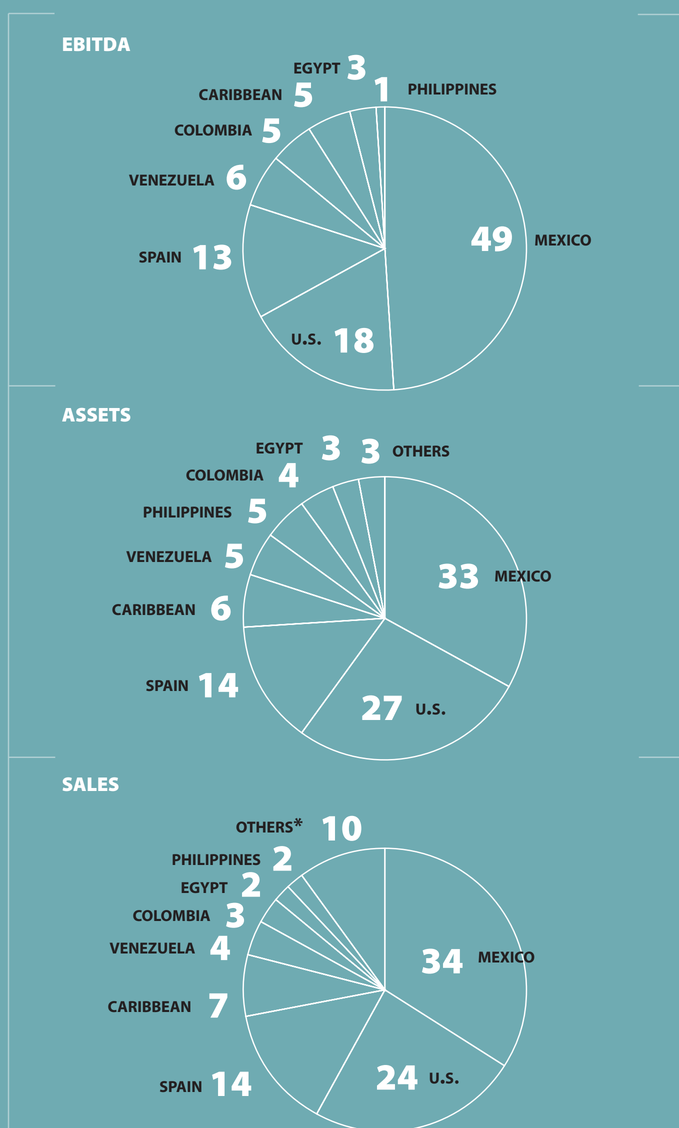
Mergers and acquisitions growth - In the last decade, we have complemented our natural market growth with strategic international acquisitions of cement assets. Despite our leading role as an industry consolidator, our revenue still represents a small fraction of the global sales of the cement and ready-mix industries, and thus we believe there are ample opportunities for expansion. Moving forward, our financial strength and strong free cash flow generation will allow us to further complement our portfolio with additional assets that foster continued growth and diversification.

Substitution for other building materials - We are always working to provide superior construction solutions in our markets. As part of this effort, we continually explore and promote new uses of cement in lieu of other building materials.

In countries such as Mexico and the United States, we are paving roads with concrete, which provides greater durability than asphalt, with less maintenance and at a lower overall cost. Efforts like this aim to enhance our growth, gaining market share by promoting the advantages of increased cement usage.

Our global portfolio is comprised of assets in diverse markets with different business cycles.

DISTRIBUTION BY COUNTRY
(PERCENTAGE)



Before eliminations resulting from consolidation.

2002 Consolidated Results

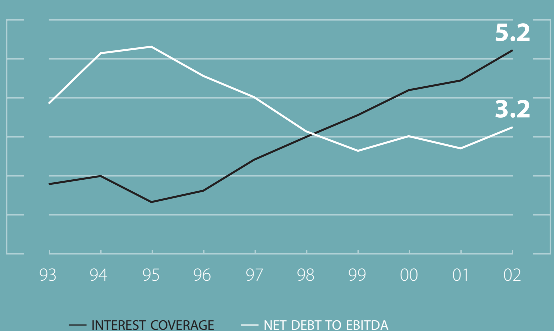
Net sales declined 5% to US$6.54 billion, while gross profit decreased 9% to US$2.89 billion; lower average prices offset higher consolidated volumes worldwide.

In Mexico, our sales declined 7% due to lower prices in dollar terms despite volume growth. Sales in the United States decreased 7% as a result of weaker volumes and slightly lower average prices. A 23% sales increase in Spain positively contributed to our topline results, as public works and residential construction, combined with a strong euro, led to robust annual growth.

In Venezuela, net sales decreased 35% as a result of decreased public and private sector spending, and an extremely difficult operating environment in the last quarter of the year. Elsewhere, sales in Egypt increased 10%, and in Central America and the Caribbean 13%.

Selling, general and administrative expenses increased 3%, due primarily to rollout expenses associated with our CEMEX Way initiative, which, when fully implemented, will help us reduce costs, streamline processes, and extract synergies from our global operations.

FINANCIAL INDICATORS
(TIMES)



Our strong capital structure furthers our ability to take advantage of growth opportunities.

Operating income was 21% lower, totaling US$1.31 billion, while operating cash flow (EBITDA) decreased 15% to US$1.92 billion. Operating cash flow margin for the year was 29.3%, down from 32.6% in 2001.

Interest expense declined 19% to US$333 million primarily as a result of the lower interest-rate environment. Interest expense plus preferred dividends declined by US$151 million in 2002, a 29% decrease. Our interest coverage ratio grew to 5.2 times, from 4.4 times last year, despite a higher net-debt-to-EBITDA ratio of 3.2 times.

We recorded a marketable securities loss of US$316 million for the year compared with a gain of US$200 million in 2001. The loss was primarily due to the decreased value of some derivative instruments and the absence of an extraordinary gain from the sale, during 2001, of our 1.32% ownership in Banacci for approximately US$131 million.

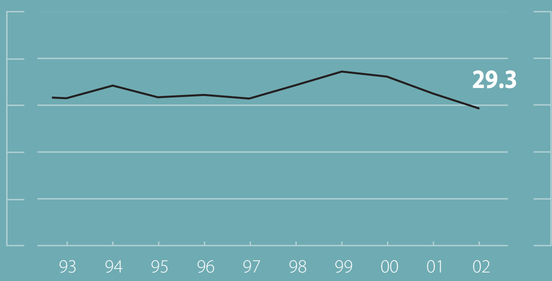
Our net income was impacted by a foreign exchange loss of US$77 million, versus a gain of US$154 million in 2001. The loss was primarily due to the appreciation of the Japanese yen and the US dollar (currencies in which we hold a significant portion of debt) against the Mexican peso.

Majority interest net income for the year decreased 56% to US$520 million due to the lower operating income and the losses on foreign exchange and marketable securities.

Free cash flow decreased 17% in 2002 to US$948 million, and was primarily used for: the acquisition of Puerto Rican Cement and the remaining 30% stake of Rizal Cement (Philippines); investments in fixed assets and information technology that will improve our global operations network; and net debt reduction.

Net debt was US$6.12 billion at year-end 2002, versus US$6.09 billion at year-end 2001. In 2002 we used almost US$400 million for debt reduction. However, consolidated net debt remained flat due to three main factors: (1) foreign exchange-rate movements; (2) consolidation of debt from the acquisition of Puerto Rican Cement; and (3) the premium paid to buy back our notes due in 2006 and the preferred capital securities, transactions which will allow us to reduce our interest expense going forward.

EBITDA MARGIN
(PERCENTAGE)



Our business model has consistently generated stable EBITDA margins.

Our net-debt-to-EBITDA ratio was 3.2 times for the year, versus 2.7 times the year earlier. The ratio was negatively affected by the weaker than expected performance of our consolidated operations, and the effect of restating full-year EBITDA at the lower year-end Mexican peso / US dollar exchange rate.

For the year, we engaged in short-term debt refinancing transactions totaling more than US$1.9 billion. In 2002 Fitch Ratings increased CEMEX's investment-grade rating from BBB- to BBB, while Standard & Poor's maintained its investment-grade rating of BBB-, and Moody's maintained its Ba1 rating with a positive outlook.

Global Review of Operations

Mexico

In 2002 our net sales and EBITDA were US$2.5 billion and US$1.1 billion, respectively, a decline of 7% and 10% versus 2001. The peso's depreciation against the US dollar led to weaker prices in dollar terms. Our domestic cement volumes increased 4% in 2002 compared with the year earlier. Government spending on transportation, water-related works, public buildings, and highway construction drove public-sector cement demand.

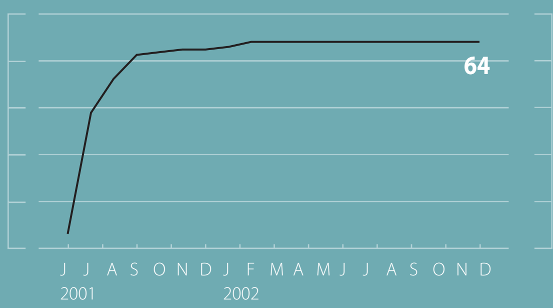
Low-income housing benefited from government spending and recovering employment. The self-construction sector remained a stable source of demand due to moderate real-wage growth and lower unemployment. Our ready-mix volumes increased 10% versus 2001, driven by infrastructure projects.

We continue to make progress optimizing two of our most important variable costs, fuel and energy, which will enhance our ability to expand margins as cement demand improves. In 2003 we will begin sourcing electricity from the TEG thermoelectric power plant that will meet more than 70% of the electricity needs of our Mexican operations under a 20-year fixed take-or-pay contract.

	Sales			EBITDA			Assets		
	2001	2002	% Change	2001	2002	% Change	2001	2002	% Change
Mexico	2,682	2,483	-7%	1,234	1,114	-10%	6,312	5,493	-13%
U.S.	1,872	1,736	-7%	500	419	-16%	4,812	4,308	-10%
Spain	785	965	23%	246	292	19%	1,949	2,099	8%
Venezuela	465	304	-35%	210	144	-32%	1,164	757	-35%
Colombia	216	189	-13%	132	117	-12%	846	580	-31%
Central America & Caribbean	435	490	13%	88	120	37%	736	1,028	40%
Egypt	133	146	10%	52	58	11%	836	551	-34%
Philippines	151	135	-11%	19	14	-29%	795	816	3%
Other / eliminations	184	95		(225)	(361)		(1,220)	304	
Consolidated	6,923	6,543	-5%	2,256	1,917	-15%	16,230	15,934	-2%

Millions of US dollars.

CEMENT SALES MADE THROUGH CONSTRURAMA
(PERCENTAGE)



Construrama is now our principal distribution channel for cement and building materials in Mexico.

2002 was a year of consolidation for our Construrama network of building material distributors. By year end, our 736 certified distributors had more than 2,000 points of sale, ensuring our products and other key construction materials reached end users across Mexico. Construrama stores now channel 64% of our total cement volumes sold in Mexico.

Multiproductos—another important initiative that further strengthens our position as builders' preferred construction partner—made significant progress in 2002. Multiproductos leverages our purchasing power, enabling us to offer our distributors a wide range of popular building materials, such as rebar, paint, wire rod, and lime, among many others. Total sales were US$111 million, up 116% over 2001. By year end, 43% of our Mexican distributors bought materials through Multiproductos.

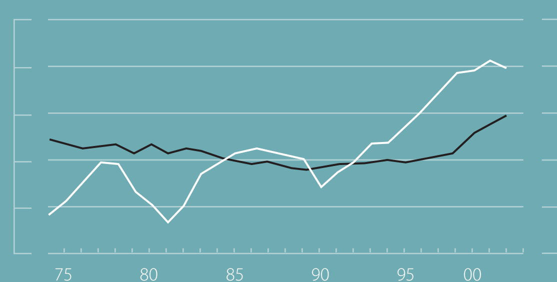
United States

U.S. net sales were US$1.7 billion in 2002, a 7% year-over-year decline, due to lower cement sales and lower average cement prices. EBITDA was US$419 million, a 16% decrease versus 2001, reflecting lower cement volumes and prices, as well as higher distribution costs. Our domestic cement volumes were 5% lower versus 2001 while ready-mix volumes remained flat.

High inventories and an absence of investments led to a 14% reduction in industrial and commercial construction put in place last year. The residential sector, bolstered by the low interest-rate environment, offset this negative trend with construction put in place up 7%. The public sector also helped to compensate for weak private-sector demand, with spending for construction put in place growing 6%. Spending for street and highway construction—an important component of the public works sector—remained relatively flat in 2002.

During the year, we made progress in the countrywide expansion of our Total Productive Maintainance program, which we anticipate will generate substantial savings per metric ton produced. Additionally, we implemented our GINCO platform, which generates greater client satisfaction, in our ready-mix plants in Arizona, Texas, and some areas in Florida. We plan to implement GINCO at all of our ready-mix plants by the end of 2003.

U.S. CEMENT MARKET
(MILLION METRIC TONS/YEAR)



— PRODUCTION CAPACITY — DEMAND

Source: U.S. Portland Cement Association, USGS.

U.S. demand exceeded national production capacity by more than 10% in 2002.

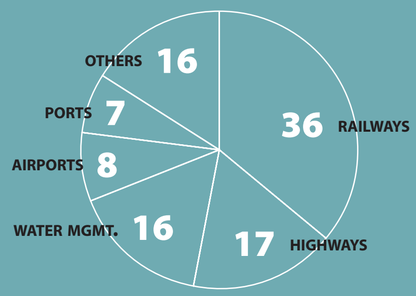
Spain

Our net sales in Spain grew 23% to US$965 million, supported by the appreciation of the euro versus the US dollar. EBITDA rose 19% to US$292 million in 2002. Our domestic cement and ready-mix volumes increased 2% and 6%, respectively.

The main drivers of cement demand were the government's infrastructure plan, which runs through 2007, and pre-electoral spending. Another important driver of domestic demand was the housing sector, which benefited from the favorable mortgage-rate environment; housing starts topped 500,000 for the year.

In Spain, we have introduced innovative commercial strategies to enhance customer service and satisfaction and to reduce the impact of cement imports. Our sales force's online access to customer information, through their cellular telephones, increases their autonomy and ability to serve customers better, anywhere, and at anytime. A 24-hour, ATM-like bulk cement dispatch system gives customers more loading flexibility, shortens their loading times, and reduces their paperwork. A nighttime cement delivery service optimizes our transport fleet and reduces our delivery time and cost. Finally, our customer loyalty program awards clients' cement consumption with points, which they can exchange for prizes, products, and services.

USE OF FUNDS FROM SPAIN'S 121 BILLION EURO 2002-07 INFRASTRUCTURE PLAN
(PERCENTAGE)



Public spending will continue to drive Spanish demand in the coming years.

During 2002, we increased our Alicante plant's capacity by 400,000 metric tons a year, which reduced the cost of transporting clinker between our plants. We also initiated work to increase our Morata plant's capacity by 300,000 metric tons a year.

We also began a special mortars business that expands our range of strategic product offerings in Spain, and created an area focused on the development of special kinds of ready-mix concrete using white cement in order to increase consumption of this high-margin product.

Venezuela

In Venezuela, 2002 net sales and EBITDA fell by 35% and 32%, respectively, to US$304 million and US$144 million. Our domestic cement and ready-mix volumes decreased by 21% and 23%, respectively. The very difficult political and economic environment negatively affected public and private-sector cement demand throughout the year. The self-construction sector was also weak—although to a lesser extent—due to lower disposable income, as inflation increased at a higher pace than wages, and to higher unemployment. Our exports declined 15% in 2002.

Toward the end of the year, the uncertain and difficult political climate, combined with the ongoing general strike, affected our ability to produce, distribute, and sell cement, resulting in minimal sales. We are in the midst of a continuing effort to optimize our Venezuelan operations and to minimize costs in order to better cope with the current adverse environment.

Colombia

In Colombia, our net sales, at US$189 million, were 13% lower year-over-year; the Colombian peso's depreciation versus the US dollar led to lower average realized cement prices in dollar terms. EBITDA decreased 12% to US$117 million in 2002.

Our domestic cement volumes grew 2%, while our ready-mix volumes decreased 3%. The self-construction sector is stable and growing, and remained the most important driver of cement demand, representing about 60% of Colombia's total cement demand. The residential construction sector was also a catalyst; the positive mortgage-rate environment drove housing construction.

The public works sector suffered from an overall decline in infrastructure projects, many of which came to an end in the first six months of 2002. However, this trend reversed in the fourth quarter as spending for some public projects increased toward the end of the year. For 2003, we expect that the start of new transportation projects in Bogota, Pereira, and Cali, along with public spending on other new road construction, should drive demand.

In 2002 our cement operations continued their cost optimization process, with the Cucuta and Bucaramanga plants achieving important cost reductions from more efficient energy and fuel management. During the year, we developed new dry-mortar products, increasing volumes by more than 50%. Additionally, our ready-mix business focused on the housing construction sector, positioning itself as the preferred choice among Colombia's largest homebuilders.

Central America and the Caribbean

Our net sales in the Central America and Caribbean region—which includes our operations in Costa Rica, Dominican Republic, Nicaragua, Panama, and more recently Puerto Rico—were US$490 million, 13% higher year over year. EBITDA was US$120 million, up 37% versus 2001.

In 2002 we acquired Puerto Rican Cement Company (PRCC). This acquisition will enhance our regional operations by creating more efficiencies and strengthening our trading network. PRCC is the country's only vertically-integrated cement company, with its own ready-mix business. In Panama, we secured important contracts during 2002: we are the sole cement provider to the Esti dam, Panama's largest construction project currently in progress, and we were selected to provide the ready-mix concrete for the country's largest shopping mall.

In Costa Rica, we started our ready-mix operations, and we continued the shift from fuel oil to pet coke at our plant, reducing our fuel costs by approximately 30% in 2002. Also, in Nicaragua, we completed the transition to pet coke, which now meets around 60% of our fuel requirements. We further concentrated sales to our plant, achieving savings by closing our Nicaraguan distribution centers.

Philippines

In the Philippines, our net sales and EBITDA were US$135 million and US$14 million, respectively; an 11% and 29% decrease versus 2001. Our domestic cement volumes rose 36% primarily as a result of our commercial marketing programs, fewer cement imports, and growing demand, all of which led to our increased market participation in the country.

The construction sector remained weak due to political uncertainty, which was exacerbated by the global geopolitical and economic landscape, lower public spending, and cautious investor sentiment. Cement demand growth was driven mainly by a mild rainy season and residential construction from increased foreign remittances.

During 2002—in accordance with the global CEMEX Way program—we completed the standardization of back-office processes such as treasury, accounting, procurement, and commercial and information systems. CEMEX Philippines is now prepared to centralize these and other functions for all of our operations in Asia, which will produce synergies and economies of scale.

Egypt

Our Egyptian operations reported year-over-year growth in net sales and EBITDA of 10% and 11%, respectively, reaching US$146 million and US$58 million. Our domestic cement volumes increased 18% over 2001.

The continued success of our commercial strategy played a key role last year. For 2002, we delivered approximately 75% of our cement sales volume directly to our clients, and we increased our repeat customer base to almost 850 clients, from only 30 in 2001. Since our entry into Egypt in 1999, we have established a strong presence in Cairo and the Delta region, which are the main areas driving cement demand. These two markets generated 30% of our total sales in 2002.

During the year we completed the upgrade of our production lines, reaching 4.9 million metric tons of capacity per year. We also began work on an additional upgrade that will bring our annual capacity to 5 million metric tons during the first half of 2003.

Our Egyptian operations are among the lowest cost producers in our global production platform. By year-end 2002, we had decreased our fixed and variable costs by 49% and 46%, respectively, compared with 1999.

Trading

CEMEX's international cement trading network—one of the largest in the world—plays a fundamental role in realizing the company's strategic goals. Our shipping fleet and strategically located marine terminals serve customers in the world's most dynamic cement markets and constitute a critical competitive advantage for CEMEX. In fact, the number of countries with which we traded grew to a record 69 in 2002.

Through our global trading operations, we can direct cement to places where it is most needed and thereby optimize our worldwide production capacity. In 2002, our total trading volumes were 10.2 million metric tons, of which 6 million came from third-parties, and 4.2 million were exports from our operations around the world. Trading further allows us to explore new markets without the necessity of making immediate capital investments.

Acquisitions, Divestitures, and Other Financial Activities

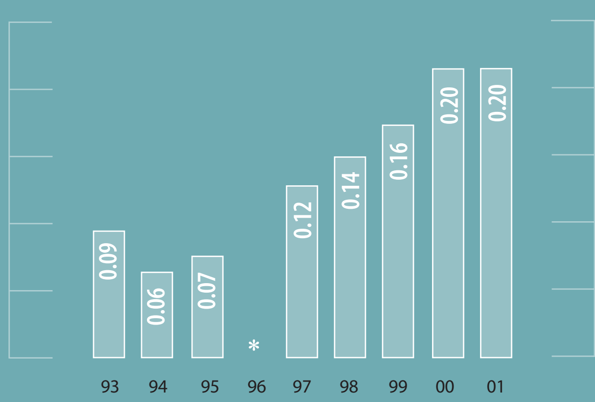
Acquisition of Puerto Rican Cement Company, Inc.

On July 1, 2002, we launched a tender offer for all the outstanding shares of Puerto Rican Cement Company, Inc. (PRCC) for US$35 per share in cash. The transaction was completed in August. The aggregate enterprise value of the transaction was approximately US$281 million, including the assumption of approximately US$101 million of PRCC's net debt. PRCC's annual cement and ready-mix concrete production capacity is 1.1 million metric tons and 1.15 million cubic meters, respectively. Our post-merger integration teams identified important potential annual savings, which we expect will significantly in contribute to PRCC's cash flow in 2003 and beyond.

Increased participation in CEMEX Asia Holdings, Ltd.

On July 12, 2002, we purchased an additional stake of approximately 0.25% of the outstanding share capital of CEMEX Asia Holdings, Ltd. (CAH), a subsidiary created to co-invest with institutional investors in

DIVIDENDS PER CPO
(US DOLLARS)



**As a result of our share repurchase program in 1997, 24 million CPOs were acquired, totalling approximately US$119 million. The CPOs acquired through this program account for approximately 2% of the CPOs outstanding (see note 8 to Selected Consolidated Financial Information).*

Under our dividend election program, shareholders elected to receive either a cash dividend of MXP2.00 per CPO or its equivalent in CPOs at a discount to market price.

Asian cement operations. The shares were bought from a CAH investor at an aggregate value of around US$2.3 million. At the same time, we entered into agreements to purchase an additional 1,483,365 shares of CAH in exchange for 28,195,213 CEMEX CPOs. At the close of this transaction, we will increase our stake in CAH to 92.25%.

Increased participation in Rizal Cement Company, Inc.

On July 31, 2002, we purchased, through a wholly owned subsidiary, the remaining 30% economic interest that CAH did not previously own in our Philippine unit, Rizal Cement Company, Inc. (Rizal), for approximately US$95 million. Prior to this transaction, CAH had a 70% economic interest in Rizal, giving us an indirect 54.4% economic interest in Rizal. As a result of this transaction and our increased stake in CAH (described above), we will hold an approximate 94.58% economic interest in Rizal.

Shareholders elect to receive CPOs under stock dividend program

On June 5, 2002, we announced the results of our stock dividend program. A total of 64,408,962 CPOs were issued on June 5, 2002 and distributed to 92.8% of our shareholders. The remaining 7.2% of shareholders elected to receive a cash payment of MXP2.00 per CPO (MXP10.00 per ADR) in lieu of the stock dividend, for a total of approximately MXP232 million (US$23.8 million) paid by CEMEX. Under this stock dividend program, our shareholders received one new CPO for each 23.168 CPOs held.

Upgrade of CEMEX's senior unsecured debt ratings

On August 12, 2002, Fitch Ratings upgraded its senior unsecured foreign and local currency credit ratings of CEMEX to BBB from BBB-. As a result, Fitch Mexico upgraded our peso-denominated notes to AA+(mex) from AA(mex).

Receivables securitization

On December 23, 2002, CEMEX Mexico and CEMEX Concretos S.A. de C.V. entered into a non-recourse transaction wherein they sold a large portion of their receivables for approximately US$130 million. The proceeds of the transaction were primarily used to reduce net debt.

Tender offer for 12.75% notes due 2006 and 9.66% putable capital securities

On March 18, 2002, we announced cash tender offers for any and all of the outstanding 12.75% notes due July 15, 2006 and any and all of the 9.66% putable capital securities issued by CEMEX international Capital, LLC, an indirect subsidiary of CEMEX. Concurrently, we solicited consents from the holders of the notes and capital securities to amend the related indentures in order to modify several covenants relating to the notes and the capital securities, as applicable.

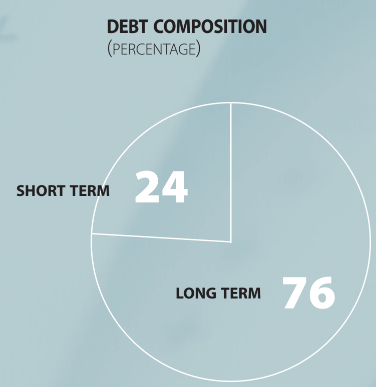
Approximately 69.5% of the outstanding notes and 73.5% of the outstanding capital securities were tendered in the offers. We also received consents from the majority of the holders of our 9.625% notes due 2009, authorizing the proposed amendments. The tender offers resulted in lower interest expense.

Debt indicators

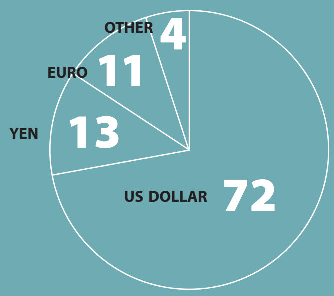
(MILLIONS OF US DOLLARS, AS OF DECEMBER 31, 2002)

Total debt	5,767
Long-term debt	4,374
Short-term debt	1,393
Equity obligations*	716
Cash and cash equivalents	361
Net debt	6,122

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



TOTAL DEBT PLUS EQUITY OBLIGATIONS
(PERCENTAGE)



Our liabilities are aligned with the different business cycles of our portfolio.

Additional tranches issued under medium-term promissory notes program

During 2002, we issued four tranches under our existing medium-term promissory notes program for an aggregate amount of MXP3,199 million. On August 14, 2002, we established a new domestic medium-term promissory notes program for MXP5,000 million. Under this new program, we have issued two additional tranches for an aggregate amount of MXP1,654 million.

Derivative instruments

In compliance with our established financial risk management controls and procedures, we use derivative financial instruments such as interest rate and currency swaps, currency and equity forward contracts, options and futures, in order to reduce risks associated with changes in interest rates and foreign exchange rates of debt agreements, as a vehicle to reduce financing costs and as hedging instruments of CEMEX's stock option plans, among other purposes. Effective January 1, 2001, we adopted Bulletin C-2 Financial Instruments, which requires the recognition of all derivative financial instruments on the balance sheet as assets or liabilities at their estimated fair value, with changes in such values being recorded in the income statement.

The exceptions to this rule, as they refer to us, are presented when transactions are entered for hedging purposes. In such cases, the related derivative financial instruments are valued accordingly with the valuation criteria applied to the hedged asset, liability or equity instrument. Resulting from the recognition in the balance sheet of our derivative instruments portfolio, as of December 31, 2002, we recorded a net liability of US$507 million.

Notional amounts	December 31, 2002[1]
Equity derivatives	1,452
Foreign-exchange derivatives	3,174
Interest-rate derivatives	3,644

[1] *Millions of US dollars*

The estimated aggregate fair market value of our company's derivative instruments presented a valuation loss of US$415 million on December 31, 2002.

Alignment of management and shareholder interests

As of December 31, 2002, directors, officers, and other executives had outstanding options to acquire 130,863,251 CEMEX CPOs. The future requirement of shares pursuant to the potential exercise of 94.1% of the outstanding options is hedged through equity forward contracts; therefore, the hedged options do not generate dilution.

The shares underlying these stock options programs represent approximately 8.6% of total CPOs outstanding.

Financial statements

Auditors' report

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

(MILLIONS OF CONSTANT MEXICAN PESOS AS OF DECEMBER 31, 2002)

We have audited the consolidated and parent company-only balance sheets of CEMEX, S.A. de C.V. and CEMEX, S.A. de C.V. and Subsidiaries as of December 31, 2002 and 2001, and the related consolidated and parent company-only statements of income, changes in stockholders' equity and changes in financial position for each of the years in the three-year period ended December 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. As of December 31, 2000, we did not audit the consolidated financial statements of certain consolidated subsidiaries which were audited by other auditors. The financial statements of these subsidiaries reflect total assets and revenues of 2% and 0%, respectively, of the related consolidated totals. The parent company's investment in these subsidiaries was $528.6 as of December 31, 2000, and its share in their net loss was $(52.3) for the year then ended. Our opinion expressed herein, insofar as it relates to the amounts included for such subsidiaries, is based solely upon the reports of the other auditors.

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

In our opinion, based upon our audits and the reports of other auditors, the consolidated and parent company-only financial statements referred to above present fairly, in all material respects, the financial position of CEMEX, S.A. de C.V. and CEMEX, S.A. de C.V. and Subsidiaries at December 31, 2002 and 2001, and the consolidated and parent company-only results of their operations, the changes in their stockholders' equity and the changes in their financial position for each of the years in the three-year period ended December 31, 2002, in accordance with generally accepted accounting principles in Mexico.

KPMG Cárdenas Dosal, S.C.

Rafael Gómez Eng

Monterrey, N.L., Mexico
January 15, 2003.

Management's responsibility for internal control

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

We have performed a study and evaluation of the system of internal accounting control of CEMEX, S.A. de C.V. and Subsidiaries for the year ended December 31, 2002. The management of CEMEX, S.A. de C.V. is responsible for establishing and maintaining a system of internal accounting control. Our responsibility is to express an opinion on this system of internal control based on our review. We conducted our study and evaluation in accordance with generally accepted auditing standards.

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

In our opinion, the system of internal accounting control of CEMEX, S.A. de C.V. and Subsidiaries for the year ended December 31, 2002, taken as a whole, was sufficient to meet management's objectives and to provide reasonable assurance that material errors or irregularities will be prevented or detected in the normal course of business.

KPMG Cárdenas Dosal, S.C.

Rafael Gómez Eng

Monterrey, N.L. Mexico
January 15, 2003.

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

In fulfilling its responsibilities for the integrity of financial information, management maintains and relies on the internal control system of the Company. This system is based on an organizational structure providing division of responsibilities and the selection and training of qualified personnel. Also, it includes policies which are communicated to all personnel through appropriate communication channels. The system of internal control is supported by an internal audit function that operates worldwide and reports its findings to management throughout the year. Management believes that, for the year ended December 31, 2002, the internal control system of the Company provides reasonable assurance that material errors or irregularities will be prevented or detected within a timely period and is cost effective.

CEMEX, S.A. de C.V. engaged KPMG Cárdenas Dosal, S.C., the principal independent auditors of the Company, to perform an audit of the internal control system and express their opinion thereon for the year ended December 31, 2002. Their audit applied generally accepted auditing standards, which included a review and evaluation of the control system and performance of such tests of accounting information records as they considered necessary in order to reach their opinion. Their report is presented separately.

Lorenzo H. Zambrano

Chairman of the Board
and Chief Executive Officer

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

Consolidated balance sheets

(MILLIONS OF CONSTANT MEXICAN PESOS AS OF DECEMBER 31, 2002)

	DECEMBER 31, 2002	DECEMBER 31, 2001
ASSETS		
CURRENT ASSETS		
Cash and investments (note 3)	$ 3,748.8	4,288.1
Trade accounts receivable, less allowance for doubtful accounts (note 4)	4,160.9	6,127.2
Other receivables (note 5)	4,194.2	5,006.2
Inventories (note 6)	7,336.0	6,815.5
Other current assets (note 7)	828.9	979.2
Total current assets	20,268.8	23,216.2
INVESTMENTS AND NONCURRENT RECEIVABLES (note 8)		
Investments in affiliated companies	5,809.8	5,172.9
Other noncurrent accounts receivable	1,552.7	1,941.1
Total investments and noncurrent receivables	7,362.5	7,114.0
PROPERTIES, MACHINERY AND EQUIPMENT (note 9)		
Land and buildings	45,687.1	39,698.2
Machinery and equipment	126,267.2	116,763.0
Accumulated depreciation	(83,198.1)	(71,981.4)
Construction in progress	4,281.1	5,013.2
Net properties	93,037.3	89,493.0
DEFERRED CHARGES (notes 10 and 14)	44,731.3	42,640.4
TOTAL ASSETS	$ 165,399.9	162,463.6

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS .

LIABILITIES AND STOCKHOLDERS' EQUITY	December 31, 2002	December 31, 2001
CURRENT LIABILITIES		
Bank loans (note 11)	$ 4,487.6	1,678.4
Notes payable (note 11)	3,222.0	2,151.7
Current maturities of long-term debt (notes 11 and 12)	6,753.2	6,455.6
Trade accounts payable	4,236.8	3,606.8
Other accounts payable and accrued expenses (note 5)	11,963.6	9,597.1
Total current liabilities	30,663.2	23,489.6
LONG-TERM DEBT (note 12)		
Bank loans	25,692.1	24,531.1
Notes payable	26,462.1	25,416.5
Current maturities of long-term debt	(6,753.2)	(6,455.6)
Total long-term debt	45,401.0	43,492.0
OTHER NONCURRENT LIABILITIES		
Deferred income taxes (note 18)	11,317.4	11,259.7
Other noncurrent liabilities	5,865.9	2,620.7
Total other noncurrent liabilities	17,183.3	13,880.4
TOTAL LIABILITIES	93,247.5	80,862.0
STOCKHOLDERS' EQUITY (note 15)		
Majority interest:		
Common stock-historical cost basis	55.5	53.5
Common stock-accumulated inflation adjustments	3,305.8	3,305.8
Additional paid-in capital	30,897.4	27,742.3
Deficit in equity restatement	(61,861.3)	(54,858.5)
Cumulative initial deferred income tax effects (notes 2K and 18)	(5,196.8)	(5,196.8)
Retained earnings	87,025.0	78,991.5
Net income	5,400.4	11,789.8
Total majority interest	59,626.0	61,827.6
Minority interest (note 15E)	12,526.4	19,774.0
Total stockholders' equity	72,152.4	81,601.6
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 165,399.9	162,463.6

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

Consolidated statements of income

(MILLIONS OF CONSTANT MEXICAN PESOS AS OF DECEMBER 31, 2002, EXCEPT FOR EARNINGS PER SHARE)

	YEARS ENDED DECEMBER 31,		
	2002	2001	2000
Net sales	$ 67,917.5	69,302.3	58,435.1
Cost of sales	(37,944.2)	(38,981.4)	(32,652.8)
Gross profit	29,973.3	30,320.9	25,782.3
Operating expenses:			
Administrative	(8,538.1)	(7,906.0)	(6,461.3)
Selling	(7,833.2)	(5,865.0)	(2,127.5)
Total operating expenses.	(16,371.3)	(13,771.0)	(8,588.8)
Operating Income	13,602.0	16,549.9	17,193.5
Comprehensive financing result:			
Financial expense	(3,451.6)	(4,121.6)	(4,853.6)
Financial income	463.0	407.7	255.7
Results from valuation and liquidation of financial instruments	(3,285.1)	1,999.2	(80.0)
Foreign exchange result, net	(800.3)	1,539.6	(312.9)
Monetary position result	3,655.2	2,824.5	3,183.9
Net comprehensive financing result	(3,418.8)	2,649.4	(1,806.9)
Other expense, net	(4,040.7)	(4,173.8)	(2,435.8)
Income before income taxes, employees' statutory profit sharing and equity in income of affiliates	6,142.5	15,025.5	12,950.8
Income tax and business assets tax, net (note 18)	(569.2)	(1,669.8)	(1,642.0)
Employees' statutory profit sharing (note 18)	(106.9)	(236.4)	(372.2)
Total income tax, business assets tax and employees' statutory profit sharing	(676.1)	(1,906.2)	(2,014.2)
Income before equity in income of affiliates	5,466.4	13,119.3	10,936.6
Equity in income of affiliates	318.7	205.2	263.0
Consolidated net income	5,785.1	13,324.5	11,199.6
Minority interest net income	384.7	1,534.7	810.5
Majority interest net income	$ 5,400.4	11,789.8	10,389.1
Basic earnings per share (see notes 2A and 21)	$ 1.20	2.76	2.52
Diluted earnings per share (see notes 2A and 21)	$ 1.20	2.74	2.51

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

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

Consolidated statements of changes in financial position

(MILLIONS OF CONSTANT MEXICAN PESOS AS OF DECEMBER 31, 2002)

	YEARS ENDED DECEMBER 31, 2002	2001	2000
Operating activities			
Majority interest net income	$ 5,400.4	11,789.8	10,389.1
Charges to operations which did not require resources:			
Depreciation of properties, machinery and equipment	5,420.7	5,386.6	3,862.0
Amortization of deferred charges and credits, net	2,522.5	2,548.7	1,221.6
Impairment of assets	93.1	–	–
Pensions, seniority premium and other postretirement benefits	206.4	315.8	312.6
Deferred income tax charged to results	(412.0)	213.3	650.8
Equity in income of affiliates	(318.7)	(205.2)	(263.0)
Minority interest	384.7	1,534.7	810.5
Resources provided by operating activities	13,297.1	21,583.7	16,983.6
Changes in working capital, excluding acquisition effects:			
Trade accounts receivable, net	2,225.3	765.9	673.0
Other accounts receivables and other assets	1,078.4	(2,267.0)	(72.7)
Inventories	(328.9)	578.9	178.7
Trade accounts payable	527.6	(1,100.2)	942.3
Other accounts payable and accrued expenses	469.2	4,064.9	(613.0)
Net change in working capital	3,971.6	2,042.5	1,108.3
Net resources provided by operating activities	17,268.7	23,626.2	18,091.9
Financing activities			
Proceeds from bank loans (repayments), net	2,604.5	(8,600.6)	8,238.0
Notes payable, net, excluding foreign exchange effect (note 2D)	(309.4)	3,863.5	2,790.6
Investment by subsidiaries	(4.5)	(229.2)	(1,767.3)
Dividends paid	(3,394.1)	(3,049.2)	(2,386.2)
Issuance of common stock from reinvestment of dividends	3,084.4	2,903.0	2,190.9
Issuance of common stock under stock option programs	73.0	111.1	52.2
Issuance (repurchase) of preferred stock by subsidiaries	(4,191.5)	(6,585.3)	15,730.9
Acquisition of common stock under repurchase program	(362.5)	(222.3)	(131.0)
Other financing activities, net	3,062.2	(2,164.4)	(2,923.9)
Resources provided by (used in) financing activities	562.1	(13,973.4)	21,794.2
Investing activities			
Properties, machinery and equipment, net	(4,401.1)	(5,112.7)	(4,140.5)
Acquisition of subsidiaries and affiliates	(2,735.4)	(2,013.1)	(27,107.2)
Disposal of assets	557.0	732.1	1,448.3
Minority interest	(2,959.9)	(102.2)	(5,508.5)
Deferred charges	(1,928.4)	(4,060.3)	(346.9)
Other investments and monetary foreign currency effect	(6,902.3)	1,988.6	(4,462.0)
Resources used in investing activities	(18,370.1)	(8,567.6)	(40,116.8)
Increase (decrease) in cash and investments	(539.3)	1,085.2	(230.7)
Cash and investments at beginning of year	4,288.1	3,202.9	3,433.6
Cash and investments at end of year	**$ 3,748.8**	**4,288.1**	**3,202.9**

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

CEMEX, S.A. DE C.V.

Balance sheets

(MILLIONS OF CONSTANT MEXICAN PESOS AS OF DECEMBER 31, 2002)

	December 31, 2002	December 31, 2001
ASSETS		
CURRENT ASSETS		
Cash and investments	$ 368.1	163.5
Other receivables (note 5)	1,082.0	1,482.9
Related parties receivables (note 13)	19,397.2	13,944.3
Total current assets	20,847.3	15,590.7
INVESTMENTS AND NONCURRENT RECEIVABLES (note 8)		
Investments in subsidiaries and affiliated companies	76,387.2	17,995.1
Other investments	81.5	52.9
Other noncurrent accounts receivable	492.6	611.2
Long-term related parties receivables (note 13)	16,508.1	56,855.0
Total investments and noncurrent receivables	93,469.4	75,514.2
LAND AND BUILDINGS		
Land	1,518.8	1,525.1
Buildings	387.7	388.5
Accumulated depreciation	(217.2)	(217.8)
Total land and buildings	1,689.3	1,695.8
DEFERRED CHARGES (note 10)	6,012.4	4,574.1
TOTAL ASSETS	$ 122,018.4	97,374.8

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

LIABILITIES AND STOCKHOLDERS' EQUITY	DECEMBER 31, 2002	2001
CURRENT LIABILITIES		
Bank loans (note 11)	$ 6,717.0	286.1
Notes payable (note 11)	3,069.1	1,742.9
Current maturities of long-term debt (notes 11 and 12)	5,415.4	4,357.5
Other accounts payable and accrued expenses (note 5)	2,852.9	979.7
Related parties payables (note 13)	5,856.4	1,587.7
Total current liabilities	23,910.8	8,953.9
LONG-TERM DEBT (note 12)		
Bank loans	6,969.2	10,181.5
Notes payable	18,989.1	16,234.4
Current maturities of long-term debt	(5,415.4)	(4,357.5)
Long-term related parties payables (note 13)	16,543.7	3,873.0
Total long-term debt	37,086.6	25,931.4
Other noncurrent liabilities	1,395.0	661.9
TOTAL LIABILITIES	62,392.4	35,547.2
STOCKHOLDERS' EQUITY (note 15)		
Common stock-historical cost basis	55.5	53.5
Common stock-accumulated inflation adjustments	3,305.8	3,305.8
Additional paid in capital	30,897.4	27,742.3
Deficit in equity restatement	(68,129.7)	(61,126.9)
Cumulative initial deferred income tax effects (note 2K)	1,071.6	1,071.6
Retained earnings	87,025.0	78,991.5
Net income	5,400.4	11,789.8
Total stockholders' equity	59,626.0	61,827.6
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 122,018.4	97,374.8

CEMEX, S.A. DE C.V.

Statements of income

(MILLIONS OF CONSTANT MEXICAN PESOS AS OF DECEMBER 31, 2002, EXCEPT FOR EARNINGS PER SHARE)

	YEARS ENDED DECEMBER 31,		
	2002	2001	2000
Equity in income of subsidiaries and affiliates	$ 4,546.9	10,401.1	6,227.0
Rental income	277.4	290.7	310.0
License fees	184.7	1,869.5	2,586.6
Total revenues (note 13)	5,009.0	12,561.3	9,123.6
Administrative expenses	(106.3)	(86.7)	(101.2)
Operating income	4,902.7	12,474.6	9,022.4
Comprehensive financing result:			
Financial expense	(2,979.7)	(2,657.5)	(2,965.8)
Financial income	3,269.8	4,773.8	2,454.8
Results from valuation and liquidation of financial instruments	(388.9)	535.7	–
Foreign exchange result, net	(858.1)	(1,284.1)	466.2
Monetary position result	(417.0)	(1,335.2)	154.8
Net comprehensive financing result	(1,373.9)	32.7	110.0
Other (expense) income, net	(337.3)	(2,054.8)	316.0
Income before income taxes	3,191.5	10,452.5	9,448.4
Income tax benefit and business assets tax, net (note 18)	2,208.9	1,337.3	940.7
Net income	$ 5,400.4	11,789.8	10,389.1
Basic earnings per share (see notes 2a and 21)	$ 1.20	2.76	2.52
Diluted earnings per share (see notes 2a and 21)	$ 1.20	2.74	2.51

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

CEMEX, S.A. DE C.V.

Statements of changes in financial position

(MILLIONS OF CONSTANT MEXICAN PESOS AS OF DECEMBER 31, 2002)

	YEARS ENDED DECEMBER 31, 2002	2001	2000
Operating activities			
Net income	$ 5,400.4	11,789.8	10,389.1
Charges to operations which did not require resources:			
Depreciation of properties	5.0	5.0	4.9
Amortization of deferred charges and credits, net	187.9	640.5	172.1
Deferred income tax charged to results	(1,277.2)	(659.6)	(630.3)
Equity in income of subsidiaries and affiliates	(4,546.9)	(10,401.1)	(6,227.0)
Resources provided by operating activities	(230.8)	1,374.6	3,708.8
Changes in working capital:			
Other accounts receivables	400.9	(692.9)	(699.7)
Short-term related parties receivables and payables, net	(1,184.2)	(7,064.3)	(8,057.6)
Other accounts payable and accrued expenses	1,873.2	156.5	(164.3)
Net change in working capital	1,089.9	(7,600.7)	(8,921.6)
Net resources provided by (used in) operating activities	859.1	(6,226.1)	(5,212.8)
Financing activities			
Proceeds from bank loans (repayments), net	3,218.6	6,806.6	(2,304.9)
Notes payable	4,080.9	(5,004.9)	4,411.6
Dividends paid	(3,394.1)	(3,049.2)	(2,386.2)
Issuance of common stock from reinvestment of dividends	3,084.4	2,903.0	2,190.9
Issuance of common stock under stock option plan	73.0	111.1	52.2
Acquisition of common stock under repurchase program	(362.5)	(222.3)	(131.0)
Other financing activities, net	733.1	604.7	(38.3)
Resources provided by financing activities	7,433.4	2,149.0	1,794.3
Investing activities			
Long-term related parties receivables, net	53,017.6	(37,163.2)	11,342.6
Net change in investment in subsidiaries	(63,299.0)	40,841.1	(9,402.9)
Dividends received	2,169.1	–	511.6
Deferred charges	(94.2)	1,113.4	961.7
Other noncurrent accounts receivable	118.6	(611.2)	–
Resources (used in) provided by investing activities	(8,087.9)	4,180.1	3,413.0
Increase (decrease) in cash and investments	204.6	103.0	(5.5)
Cash and investments at beginning of year	163.5	60.5	66.0
Cash and investments at end of year	**$ 368.1**	**163.5**	**60.5**

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

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

Statements of changes in stockholders’ equity

(MILLIONS OF CONSTANT MEXICAN PESOS AS OF DECEMBER 31, 2002)

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL
Balances at December 31, 1999	$ 3,354.7	22,553.2
Dividends ($0.56 pesos per share)	2.2	2,188.7
Issuance of common stock (note 15A)	0.1	52.1
Issuance of appreciation warrants (note 15F)	–	(63.2)
Share repurchase program (note 15A)	(0.1)	–
Restatement of investments and other transactions relating to minority interest	–	–
Investment by subsidiaries (note 8)	–	–
Comprehensive net income (loss) (note 15G)	–	–
Balances at December 31, 2000	3,356.9	24,730.8
Dividends ($0.65 pesos per share)	2.5	2,900.5
Issuance of common stock (note 15A)	0.1	111.0
Share repurchase program (note 15A)	(0.2)	–
Restatement of investments and other transactions relating to minority interest	–	–
Investment by subsidiaries (note 8)	–	–
Comprehensive net income (loss) (note 15G)	–	–
Balances at December 31, 2001	3,359.3	27,742.3
Dividends ($0.70 pesos per share)	2.2	3,082.2
Issuance of common stock (note 15A)	0.1	72.9
Share repurchase program (note 15A)	(0.3)	–
Restatement of investments and other transactions relating to minority interest	–	–
Investment by subsidiaries (note 8)	–	–
Comprehensive net income (loss) (note 15G)	–	–
Balances at December 31, 2002	**$ 3,361.3**	**30,897.4**

SEE ACCOMPANYING NOTES TO CONSOLIDATED AND PARENT COMPANY-ONLY FINANCIAL STATEMENTS.

DEFICIT IN EQUITY RESTATEMENT	CUMULATIVE INITIAL DEFERRED INCOME TAX EFFECTS	RETAINED EARNINGS	TOTAL MAJORITY INTEREST	MINORITY INTEREST	TOTAL STOCKHOLDERS' EQUITY
(45,783.9)	–	74,390.8	54,514.8	13,176.6	67,691.4
–	–	(2,386.2)	(195.3)	–	(195.3)
–	–	–	52.2	–	52.2
–	–	–	(63.2)	–	(63.2)
–	–	(130.9)	(131.0)	–	(131.0)
–	–	–	–	10,939.8	10,939.8
(1,876.0)	–	–	(1,876.0)	–	(1,876.0)
(2,903.1)	(5,196.8)	10,389.1	2,289.2	810.5	3,099.7
(50,563.0)	(5,196.8)	82,262.8	54,590.7	24,926.9	79,517.6
–	–	(3,049.2)	(146.2)	–	(146.2)
–	–	–	111.1	–	111.1
–	–	(222.1)	(222.3)	–	(222.3)
–	–	–	–	(6,687.6)	(6,687.6)
63.6	–	–	63.6	–	63.6
(4,359.1)	–	11,789.8	7,430.7	1,534.7	8,965.4
(54,858.5)	(5,196.8)	90,781.3	61,827.6	19,774.0	81,601.6
–	–	(3,394.1)	(309.7)	–	(309.7)
–	–	–	73.0	–	73.0
–	–	(362.2)	(362.5)	–	(362.5)
–	–	–	–	(7,632.3)	(7,632.3)
246.3	–	–	246.3	–	246.3
(7,249.1)	–	5,400.4	(1,848.7)	384.7	(1,464.0)
(61,861.3)	**(5,196.8)**	**92,425.4**	**59,626.0**	**12,526.4**	**72,152.4**

Notes to the consolidated and parent company only financial

DECEMBER 31, 2002, 2001 AND 2000 (MILLIONS OF CONSTANT MEXICAN PESOS AS OF DECEMBER 31, 2002)

1. DESCRIPTION OF BUSINESS

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

2. SIGNIFICANT ACCOUNTING POLICIES

A) BASIS OF PRESENTATION AND DISCLOSURE

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

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

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

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

Certain amounts reported in the notes to the consolidated financial statements as of December 31, 2001 and 2000 have been reclassified to conform to the 2002 presentation.

In 2002 and partially during 2001, the expenses related to the Company's products distribution were classified as selling expenses in the income statement. Partially during 2001 and fully during 2000, such expenses were recognized as part of cost of sales for an approximate amount of $1,560.6 and $3,889.7, respectively. This reclassification has no effect in operating income, net income and/or earnings per share for the years ended December 31, 2001 and 2000, if the mentioned expenses had been recognized consistently with the 2002 classification.

B) PRESENTATION OF COMPARATIVE FINANCIAL STATEMENTS

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

	2002	2001	2000
Restatement factor using weighted average inflation	1.0916	0.9900	1.0236
Restatement factor using Mexican inflation	1.0559	1.0456	1.0903

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

C) PRINCIPLES OF CONSOLIDATION

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

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

statements

Subsidiary		Country	% Equity interest
CEMEX México, S.A. de C.V.	1	Mexico	100.0
CEMEX España, S.A.	2	Spain	99.5
CEMEX Venezuela, S.A.C.A.		Venezuela	75.7
CEMEX, Inc.	3	United States	100.0
Cementos del Pacífico, S.A.		Costa Rica	98.4
Assiut Cement Company	4	Egypt	95.8
CEMEX Colombia, S.A.	5	Colombia	98.2
Cemento Bayano, S.A.		Panama	99.2
Cementos Nacionales, S.A.		Dominican Republic	99.9
Puerto Rican Cement Company, Inc.		Puerto Rico	100.0
CEMEX Asia Holdings Ltd.	6	Singapore	92.3
Solid Cement Corporation	7	Philippines	94.6
APO Cement Corporation	7	Philippines	99.9
CEMEX Thailand Co. Ltd.	7	Thailand	100.0
Latin Networks Holdings, B.V.	8	Netherlands	100.0

1. As of December 31, 2002, includes an approximately 0.6% equity interest held by a trust in benefit of the Company (see note 15F). CEMEX México, S.A. de C.V. ("CEMEX Mexico"), an entity created during 1999 as a result of a merger of most of the cement subsidiaries in Mexico, holds 100% of the shares of Empresas Tolteca de México, S.A. de C.V. ("ETM") and Centro Distribuidor de Cemento, S.A. de C.V. ("Cedice"). In January 2001, CEMEX Mexico acquired from the Company a majority interest in Cedice, which indirectly holds the Company's operations in foreign countries. As a result, as of December 31, 2002 and 2001, CEMEX Mexico indirectly holds CEMEX España, S.A. and subsidiaries.
2. In June 2002, Compañía Valenciana de Cementos Portland, S.A. ("Valenciana") changed its legal name to CEMEX España, S.A. ("CEMEX España"). CEMEX España is a subsidiary of New Sunward Holdings, B.V., a holding company in which the Company holds a 90% equity interest. In addition, the Company's ownership includes a 6.82% equity interest of CEMEX España, related to a financial transaction, pursuant to which the Company holds 100% of the economic benefits related to such 6.82% interest (see note 17A).
3. CEMEX, Inc. was created as a result of a merger between Southdown, Inc. and CEMEX USA, Inc. (see note 8A).
4. In October 2001, CEMEX España made a capital contribution to Assiut Cement Company in exchange for 79.87% of the common stock of such entity, becoming its indirect parent company.
5. In August 2002, Cementos Diamante, S.A. changed its legal name to CEMEX Colombia, S.A. ("CEMEX Colombia"). The 98.2% equity interest includes the Company's ownership of 99.3% of the total ordinary shares.
6. In July 2002, as a result of a shares exchange transaction (see note 8A), for accounting purposes beginning in July 2002, the Company's equity interest in CEMEX Asia Holdings Ltd. ("CAH") increased to 92.25%.
7. Represents the Company's indirect economic benefits held through CAH. As a result of a shares acquisition in July 2002, the indirect economic benefits of the Company in Rizal Cement Company ("Rizal") increased to 94.58% (see note 8A). On December 23, 2002, Rizal was merged with its subsidiary Solid Cement Corporation ("Solid"), where the surviving corporation was Solid. In July 2002, Saraburi Cement Company Ltd. changed its legal name to CEMEX (Thailand) Co. Ltd.
8. Latin Networks Holdings B.V. is the holding company of entities engaged in the development of the Company's Internet strategy.

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

Transactions denominated in foreign currencies are recorded at the exchange rates prevalent on the dates of their execution or liquidation. Monetary assets and liabilities denominated in foreign currencies are adjusted into pesos at the exchange rates prevailing at the balance sheet date. The resulting foreign exchange fluctuations are reflected in the results of operations, except for the exchange fluctuations arising from foreign currency indebtedness directly related to the acquisition of foreign entities and the fluctuations associated with related parties balances denominated in foreign currency that are of a long-term investment nature, which are recorded against stockholders' equity, as part of the foreign currency translation adjustment of foreign subsidiaries.

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

E) CASH AND INVESTMENTS (NOTE 3)

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

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

F) INVENTORIES AND COST OF SALES (NOTE 6)

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

G) INVESTMENTS AND NONCURRENT RECEIVABLES (NOTE 8)

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

In May 2001, an available for sale investment recorded under the caption other investments was sold. As a result, the income statement for the year ended December 31 2001, presents the reversal of the valuation effects that were accrued in equity (see note 8B).

H) PROPERTIES, MACHINERY AND EQUIPMENT (NOTE 9)

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

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

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

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

I) DEFERRED CHARGES AND AMORTIZATION (NOTE 10)

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

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

	Years
Goodwill from acquisitions in years before 1992	40
Goodwill from acquisitions since January 1, 1992	20

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

Likewise, the Company capitalizes the direct costs incurred in the development stage of computer software for internal use. The capitalized amounts are adjusted to reflect constant values and are amortized to the results of operations during the estimated useful life of the software, which is estimated as approximately 4 years.

J) PENSION PLANS, SENIORITY PREMIUM AND OTHER POSTRETIREMENT BENEFITS (NOTE 14)

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

As part of the established pension plans, in some cases, certain irrevocable trust funds have been created to cover future benefit payments under these plans. The actuarial assumptions upon which the Company's employee benefit liabilities are determined consider the use of real rates (nominal rates discounted by inflation).

K) INCOME TAX ("IT"), BUSINESS ASSETS TAX ("BAT"), EMPLOYEES' STATUTORY PROFIT SHARING ("ESPS") AND DEFERRED INCOME TAXES (NOTE 18)

IT, BAT and ESPS expense recognizes the amounts incurred during the period, and the effects of deferred IT and ESPS, in accordance with Bulletin D-4, Accounting treatment of income tax, business assets tax and employees' profit sharing ("Bulletin D-4"), effective January 1, 2000. Bulletin D-4 requires the determination of deferred IT by applying the enacted statutory income tax rate to the total temporary differences resulting from comparing the book and taxable values of the assets and liabilities, considering when available, and subject to a recoverability analysis, tax loss carryforwards as well as other recoverable taxes and tax credits. Bulletin D-4 also requires a determination of the effect of deferred ESPS for those temporary differences, which are of non-recurring nature, arising from the reconciliation of the net income of the period and the taxable income of the period for ESPS.

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

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

L) MONETARY POSITION RESULT

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

M) DEFICIT IN EQUITY RESTATEMENT (NOTE 15)

The deficit in equity restatement includes: i) the accumulated effect from holding non-monetary assets; ii) the foreign currency translation effects from foreign subsidiaries' financial statements, considering the exchange fluctuations arising from foreign currency indebtedness directly related with the acquisition of foreign subsidiaries, and the related parties foreign currency balances that are of a long-term investment nature (see notes 2D and 15D); and iii) valuation and liquidation effects of certain derivative financial instruments that qualify as hedge instruments, which are recorded temporarily or permanently in stockholders' equity (see note 2N).

N) DERIVATIVE FINANCIAL INSTRUMENTS (NOTES 11, 12 AND 17)

In compliance with the controls and procedures established by the units associated with the financial risk management, the Company uses derivative financial instruments such as interest rate and currency swaps, currency and stock forward contracts, options and futures, in order to reduce risks associated with changes in interest rates and foreign exchange rates of debt agreements and as a vehicle to reduce financing costs (see notes 12A and B), as well as hedges of: (i) forecasted transactions to purchase fuels and electric power, (ii) the Company's net assets in foreign subsidiaries, (iii) the future exercise of options under the Company's stock option programs, and (iv) as an alternative source of financing (see note 17). These instruments have been negotiated with institutions and corporations with significant financial capacity; therefore, the Company considers that the risk of non-compliance with the obligations agreed to by such counterparties to be minimal. Some of these instruments have been designated as hedges of raw materials costs as well as debt or equity instruments.

Effective January 1, 2001, the Company adopted Bulletin C–2 Financial Instruments ("Bulletin C–2"), which requires the recognition of all derivative financial instruments as assets and/or liabilities at their estimated fair value, and the recognition of changes in such values in the income statement for the period in which they occurred. The exceptions to the rule, as they refer to the Company are the following:

a) Beginning in 2002, changes in the estimated fair value of interest rate derivative instruments, designated as accounting hedges of contractual cash flows associated with debt reported on the balance sheet, as well as those instruments negotiated to hedge the interest rate at which certain forecasted or existing indebtedness is expected to be contracted or renegotiated, are recognized in stockholders' equity (see note 15G) and are reclassified to the income statement as the financial expense of the hedged financing items is accrued. For the year ended December 31, 2001, the effects of hedge-like instruments were recognized according to the following paragraph. See notes 11 and 12.

b) In 2002 and 2001, derivative instruments negotiated to exchange fixed for floating interest rates, were accounted using the same valuation criteria applied to the hedged liabilities; therefore, the derivative instruments' effects were recognized in the income statement, net of the interest expense generated by the hedged liabilities, based on their accrued amounts.

c) The estimated fair value, and changes in such value, of the foreign currency forwards designated as hedges of the Company's net investments in foreign subsidiaries are recorded in the balance sheet as assets or liabilities against stockholders' equity, as part of the foreign currency translation result (see notes 2D and 15D). The accumulated effect in stockholder's equity will be reversed through the income statement upon disposition of the foreign investment.

d) The results derived from equity forward contracts on the Company's own shares, as well as by other equity derivative instruments, such as the appreciation warrants, are recognized in stockholders' equity upon settlement. Beginning in 2001, changes in the estimated fair value of those equity forward contracts that cover the executive stock option programs are recorded through the income statement, in addition to the costs related to such programs. See notes 16 and 17.

As of December 31, 2002 and 2001, for balance sheet presentation purposes, the portion of the assets or liabilities resulting from the recognition of the estimated fair value of the derivative instruments of interest rates and currency (Cross Currency Swaps) negotiated to change the profile of interest rate and currency of existing financing debt, required to present the indebtedness as if it had been originally negotiated in the exchanged interest rates and currencies, is reclassified as part of the carrying amount of the underlying debt instruments, thereby reflecting the cash flows expected to be received or paid upon liquidation of such instruments. The non-reclassified portion, resulting from the difference between the forward exchange rates implicit in the contracts and those in effect as of the balance sheet date, is recognized as other assets or other liabilities, both short and long term, depending on the maturity of the contracts.

Until December 31, 2000, the results of the derivative financial instruments described above, were recorded in the income statement at the moment cash flows were incurred or at settlement, except for foreign currency forwards designated as accounting hedges of the net investment in foreign subsidiaries and the equity forward contracts on the Company's own shares that were treated equally as of December 31, 2002 and 2001.

The estimated fair value represents the amount at which a financial asset could be bought or sold, or a financial liability could be extinguished, between willing parties in an arm's length transaction. Occasionally, there is a reference market that provides the estimated fair value; in the absence of a market such value is determined using valuation techniques such as the net present value of projected cash flows or through mathematical valuation models. The estimated fair values of derivative instruments, used by the Company for recognition and disclosure purposes in the financial statements and their notes, are supported by the confirmations of these values received from the financial counterparties.

Premiums paid or received on hedge derivative instruments are deferred and amortized over the life of the underlying hedged instrument or immediately when they are settled; in other cases, premiums are recorded in the income statement at the moment in which they are received or paid.

O) REVENUE RECOGNITION

Revenue is recorded upon shipment of cement and ready-mix concrete to customers. Income from activities other than the Company's main line of business is recognized when the revenue has been realized and there is no condition or uncertainty implying a reversal thereof.

P) CONTINGENCIES AND COMMITMENTS

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

Q) COMPREHENSIVE NET INCOME (NOTE 15G)

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

R) USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the financial statements date and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from these estimates.

S) CONCENTRATION OF CREDIT RISK

The Company sells its products primarily to distributors in the construction industry, with no specific geographic concentration within the countries in which the Company operates. No single customer accounted for a significant amount of the Company's sales in 2000, 2001 and 2002, and there were no significant accounts receivable from a single customer for the same periods. In addition, there is no significant concentration of a specific supplier relating to the purchase of raw materials.

T) OTHER INCOME AND EXPENSE

Other income and expense consists primarily of goodwill amortization, anti-dumping duties, results from the sales of fixed assets, impairment charges of long-lived assets, results from the early extinguishment of debt and, in 2001, the costs related to the restructuring of the executive stock option programs (see note 16).

U) IMPAIRMENT OF LONG LIVED ASSETS

The Company periodically evaluates the physical state and performance of its machinery and equipment, and analyzes the impact that its sales and production forecasts may have over the expected future cash flows, in order to determine if there are elements indicating that the restated book values of these assets need to be adjusted for impairment. The provision for impairment is recorded in the income statement during the period when its determined. The adjustment is determined by the excess of the carrying amount of the assets or group of assets over the net present value of estimated cash flows expected to be generated by such assets.

Likewise, the Company continually evaluates the balances of goodwill and other investments to establish if factors such as the occurrence of significant adverse events, changes in the environment in which the business operates and expectations of operating results for each business unit or affiliated entities, provide, in the judgment of the Company, elements indicating that the book value of goodwill or the investments may not be recovered, in which case an impairment loss is recorded in the period when such determination is made, resulting from the excess of the carrying amount of goodwill or the investments over net present value of estimated cash flows. For the year ended December 31, 2002, the Company recognized in the income statement within other expenses, net, an impairment loss of U.S.$9.0 million ($93.1) from goodwill related to the business unit engaged in the software development projects.

3. CASH AND INVESTMENTS

Consolidated cash and investments as of December 31, 2002 and 2001 consists of:

	2002	2001
Cash and bank accounts	$ 1,760.1	2,808.1
Fixed-income securities	1,987.8	1,457.0
Investments in marketable securities	0.9	23.0
	$ 3,748.8	4,288.1

4. TRADE ACCOUNTS RECEIVABLE

The Company evaluates each of its customers' credit and risk profiles in order to establish the required allowance for doubtful accounts. Trade accounts receivable as of December 31, 2002 and 2001 include allowances for doubtful accounts of $478.5 and $503.0, respectively.

The Company has established sales of trade accounts receivable programs with financial institutions ("securitization programs"). These programs were negotiated in Mexico during 2002, in the United States during 2001 and in Spain in 2000. Through the securitization programs, the Company effectively surrenders control, risks and the benefits associated to the accounts receivable sold; therefore, the amount of receivables sold is recorded as a sale of financial assets and the balances are removed from the balance sheet at the moment of sale, except for the amounts that the counterparties have not paid, which are reclassified to other accounts receivable (see note 5). The balances of receivables sold pursuant the securitization programs as of December 31, 2002 and 2001 were $5,045.9 (U.S.$486.1 million) and $2,993.0 (U.S.$299.0 million), respectively. The accounts receivable qualifying for sale do not include amounts over certain days past due or concentrations over certain limit to any one customer, according to the terms of the programs. Expenses incurred under these programs, originated by the discount granted to the acquirers of the accounts receivable, are recognized in the income statements and were approximately $108.5 (U.S.$10.5 million) in 2002 and $83.1 (U.S.$8.3 million) in 2001.

5. OTHER ACCOUNTS RECEIVABLE AND OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Other accounts receivable as of December 31, 2002 and 2001 consist of:

	2002		2001	
	CONSOLIDATED	PARENT	CONSOLIDATED	PARENT
Non-trade receivables	$ 1,122.4	157.3	1,430.4	132.2
Prepayments and valuation of derivative financial instruments	1,305.3	–	1,649.5	–
Interest and notes receivable	898.3	–	348.3	–
Advances for travel expenses and loans to employees	379.0	–	428.8	–
Refundable income tax	–	650.2	992.9	1,260.0
Other refundable taxes	489.2	274.5	156.3	90.7
	$ 4,194.2	1,082.0	5,006.2	1,482.9

As of December 31, 2002 and 2001, non-trade receivables primarily consist of accounts receivable from the sale of fixed assets. Included in prepayments and valuation of derivative financial instruments as of December 31, 2002 and 2001, are advanced payments toward the final price of forward contracts and that will be settled at maturity of approximately $989.2 and $1,519.5 (see note 17A), respectively. Included in interest and notes receivables are amounts collectible by financial institutions, arising from the securitization programs (see note 4) for approximately $872.3 (U.S.$84.0 million) and $179.5 (U.S.$17.9 million) as of December 31, 2002 and 2001, respectively. Additionally, other refundable taxes as of December 31, 2002 includes $273.9 corresponding to a final resolution related to a business assets tax lawsuit.

Other accounts payable and accrued expenses as of December 31, 2002 and 2001 consist of:

	2002		2001	
	CONSOLIDATED	PARENT	CONSOLIDATED	PARENT
Other accounts payable and accrued expenses	$ 2,981.6	1,468.7	3,473.4	150.2
Interest payable	992.2	583.5	1,065.4	602.8
Tax payable	1,157.8	–	2,065.9	4.5
Dividends payable	60.2	4.0	56.1	3.4
Provisions	2,368.7	–	1,787.5	–
Advances from customers	704.4	–	584.3	–
Prepayments and valuation of derivative financial instruments	3,698.7	796.7	564.5	218.8
	$ 11,963.6	2,852.9	9,597.1	979.7

6. INVENTORIES

Inventories as of December 31, 2002 and 2001 are summarized as follows:

	CONSOLIDATED	
	2002	2001
Finished goods	$ 1,452.0	1,945.9
Work-in-process	1,558.0	796.1
Raw materials	623.9	678.4
Supplies and spare parts	3,150.4	2,891.3
Advances to suppliers	341.8	333.8
Inventory in transit	209.9	170.0
	$ 7,336.0	6,815.5

7. OTHER CURRENT ASSETS

Other current assets as of December 31, 2002 and 2001 consist of:

	CONSOLIDATED	
	2002	2001
Advanced payments	$ 466.7	631.9
Non-cement related assets	362.2	347.3
	$ 828.9	979.2

The non-cement related assets are stated at their estimated realizable value and mainly consist of (i) non-cement related assets acquired in business combinations, (ii) various assets held for sale received from customers as payment of trade receivables, and (iii) real estate held for sale.

During 2000, the Company recognized in other expenses net, an approximate loss of $27.6 from the sale of real estate in Puerto Vallarta, Mexico.

8. INVESTMENTS AND NONCURRENT RECEIVABLES

A) INVESTMENTS IN SUBSIDIARIES AND AFFILIATED COMPANIES

As of December 31, 2002 and 2001, investments in subsidiaries and affiliated companies accounted for by the equity method are summarized as follows:

	2002		2001	
	CONSOLIDATED	PARENT	CONSOLIDATED	PARENT
Book value at acquisition date	$ 3,254.1	63,790.4	2,919.8	8,350.5
Equity in income and other changes in stockholders' equity of subsidiaries and affiliated companies	2,555.7	12,596.8	2,253.1	9,644.6
	$ 5,809.8	76,387.2	5,172.9	17,995.1

The increase in the book value at acquisition date as of December 31, 2002, results primarily from the conversion to equity of amounts due from a subsidiary. Investments held by subsidiaries in the Company's shares, amounting to $6,517.6 (144,870,296 CPOs and 1,793,725 appreciation warrants) and $7,383.6 (146,868,013 CPOs and 1,791,695 appreciation warrants) as of December 31, 2002 and 2001, respectively, are offset against majority interest stockholders' equity in the accompanying financial statements.

The Company's principal acquisitions and divestitures during 2002, 2001 and 2000, are the following:

I. On July 30, 2002, through a public tender offer and subsequent merger, a subsidiary of the Company acquired 100% of the outstanding shares of Puerto Rican Cement Company, Inc. ("PRCC"), a Puerto Rican cement producer, for approximately U.S.$180.2 million (U.S.$35 per share). The consolidated financial statements include the balance sheet of PRCC and the results of operations as of and for the five-month period ended December 31, 2002.

II. On July 12, 2002, a subsidiary of CEMEX acquired 1,508,794 common shares (approximately 15.1%) of CEMEX Asia Holdings Ltd. ("CAH"). Of this total, 25,429 shares were acquired for cash of approximately U.S.$2.3 million, while the remaining 1,483,365 shares were acquired through a forward contract requiring delivery of 28,195,213 CEMEX CPOs in four equal quarterly transactions beginning on March 31, 2003. For accounting purposes, the CAH shares to be received under the forward are considered as owned by the Company and are consolidated effective July 12, 2002, generating an account payable for approximately U.S.$140 million, the price of 28,195,213 CPOs on the date of the exchange agreements. The consolidation of the CAH shares was deemed appropriate since the exchange price was fixed, the physical delivery is a firm commitment and the CAH shareholders relinquished their risks of ownership of the CAH shares. As a result of these transactions, including the forward exchange, the indirect equity interest of the Company in CAH increased to 92.25%. Before these transactions, the indirect equity interest of CEMEX in CAH was 77.4%. CAH is a subsidiary created in 1999 by CEMEX and institutional investors in Asia to jointly invest in the region.

During 2000, the CAH investors and CEMEX contributed capital of approximately U.S.$73 million and U.S.$251 million, respectively, in order for CAH to acquire from a subsidiary of the Company its 25.5% equity interest in PT Semen Gresik, Tbk. ("Gresik"), an Indonesian cement company, as well as other cement assets in Asia. In 1999, the minority investors contributed capital to CAH of approximately U.S.$142.9 million, and the Company, through its subsidiaries, contributed to CAH the economic benefit interest it held in its Philippines subsidiaries, Solid (formerly Rizal) and APO Cement Corporation ("APO"), amounting 70.0% and 99.9%, respectively. As a result, as of December 31, 2001 and 2000, the indirect participation of the Company in Solid and APO decreased to 54.2% and 77.3%, respectively.

III. In July 2002, a Company's subsidiary acquired the 30% remaining economic interest of Solid from third parties for approximately U.S.$95 million. As a result of this acquisition and the increase in CAH's equity interest previously detailed, as of December 31, 2002, the approximate indirect economic interest of CEMEX in Solid is 94.58%. Prior to this acquisition, the Company had a 70% economic interest in Solid through CAH.

IV. During 2002 and 2001, CEMEX, Inc., a subsidiary of the Company in the United States, sold aggregate quarries and other equipment for approximately U.S.$49 million and U.S.$42 million, respectively. In March 2001, CEMEX, Inc., was formed as a result of the merger of Southdown, Inc. ("Southdown") and CEMEX USA, Inc. In November 2000, through a public tender offer and subsequent merger, a subsidiary of the Company acquired 100% of Southdown's outstanding shares at a price of U.S.$73 per share. The total amount paid for the shares was approximately U.S.$2,628.3 million ($27,281.8). For the year ended December 31, 2000, the consolidated income statements included Southdown's results of operations for the two-month period ended December 31, 2000.

V. In May 2001, CAH acquired a 100% economic interest in CEMEX (Thailand) Co. Ltd. ("CEMEX Thailand") (formerly Saraburi Cement Company Ltd.), a Thai cement producer, for approximately U.S.$73 million, of which U.S.$13.7 million was contributed by the CAH minority investors. As of December 31, 2001, the consolidated financial statements include CEMEX Thailand's balance sheet and the results of operations for the eight-month period.

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

VII. In January 2001, the Company increased to 95.8% its equity interest Assiut Cement, Co. ("Assiut"), its subsidiary in Egypt. Previously, in November and June 2000, a 2.9% equity interest was acquired from Assiut's employees and a 13% interest from the Egyptian government, respectively, for an aggregate of U.S.$66.8 million, increasing the Company's equity interest to 92.9%. In November 1999, the Company acquired from the Egyptian government 77% of Assiut's outstanding stock for approximately U.S.$318.8 million.

VIII. In June 2000, the Company sold to Marriott International, for U.S.$113 million, properties in the tourism industry, including its 100% equity interest in the Marriott Casa Magna hotels in Cancun and Puerto Vallarta, resulting a net loss of approximately $68.7, which was recorded in other expenses, net. In the year ended December 31, 2000, the consolidated income statements of the Company include the hotels' operating results for the five-month period ended May 31, 2000.

Certain condensed financial information of the companies acquired during 2002 and 2001, and that were consolidated in the Company's financial statements in the year of acquisition, is presented below:

	2002		2001	
	PRCC	OTHERS	SARABURI	OTHERS
Total assets	$ 3,782.6	216.4	353.1	2,337.1
Total liabilities	3,495.5	25.5	131.0	932.2
Stockholders' equity	287.1	190.9	222.1	1,404.9
Sales	$ 641.2	2.2	141.3	284.0
Operating income (loss)	25.2	(5.7)	24.0	(8.2)
Net income (loss)	25.1	(70.3)	(9.8)	127.7

As of December 31, 2002 and 2001, the information of the main affiliated companies, and the restated investment recognized in the consolidated balance sheet are as follows:

	ACTIVITY	COUNTRY	EQUITY INTEREST %	2002	2001
PT Semen Gresik, Tbk.	Cement	Indonesia	25.5	$ 2,415.4	2,064.2
Control Administrativo Mexicano, S.A. de C.V.	Cement	Mexico	49.0	1,640.4	1,420.0
Trinidad Cement Limited	Cement	Trinidad	20.0	307.9	311.9
Cementos Bío Bío, S.A.	Cement	Chile	11.9	300.5	257.6
Cancem, S.A. de C.V.	Cement	Mexico	10.0	158.3	141.9
Lehigh White Cement Company	Cement	U.S.	24.5	128.4	125.8
Société des Ciments Antillais	Cement	Antilles	26.1	108.5	86.9
Caribbean Cement Company Limited	Cement	Jamaica	5.0	70.9	68.3
Others	–	–	–	679.5	696.3
				$ 5,809.8	5,172.9

B) NONCURRENT ACCOUNTS RECEIVABLE

As of December 31, 2002 and 2001, approximately U.S.$71.4 million ($741.3) and U.S.$105.3 million ($1,093.0), respectively, was recognized in the balance sheet, representing the estimated fair value of the Company's long-term derivative financial instruments (see notes 12B and 17).

In May 2001, CEMEX sold to Citigroup, in accordance with the terms and conditions of a public tender offer launched in Mexico, its Banacci shares that were held in its long-term investments portfolio. The sale amount was approximately U.S.$162.4 million ($1,685.7) and generated a gain of approximately U.S.$131 million ($1,333.7) recognized in the Comprehensive Financing Result at December 31, 2001. Of this gain, approximately $794.1 corresponds to the reversal of unrealized valuation gains previously recorded in stockholders´ equity.

9. PROPERTIES, MACHINERY AND EQUIPMENT

As of December 31, 2002 and 2001, the Company has assets in Mexico and Colombia that were adjusted for impairment during 1999. The assets subject to impairment are valued at their estimated realizable value, net of the expenses estimated for their disposal, and their depreciation has been suspended. As of December 31, 2002, the remaining book value of these assets is approximately $312.0, and it is the Company's intention to dispose of those that were completely closed. The impact of having suspended depreciation of these assets on 2002, 2001 and 2000 results was approximately $36.9, $38.2 and $36.8, respectively.

10. DEFERRED CHARGES

Deferred charges as of December 31, 2002 and 2001 are summarized as follows:

	2002		2001	
	CONSOLIDATED	PARENT	CONSOLIDATED	PARENT
Goodwill	$ 43,570.9	1,935.6	41,405.6	1,942.2
Cost of internally developed software	2,454.7	–	1,455.3	–
Prepaid pension costs (note 14)	385.9	–	723.5	–
Additional minimum liability (note 14)	600.0	–	349.2	–
Deferred financing costs	1,039.8	733.4	722.2	652.2
Deferred income taxes	2,328.3	3,571.5	1,517.8	2,279.9
Others	4,772.2	1,445.6	4,732.1	1,146.9
Accumulated amortization	(10,420.5)	(1,673.7)	(8,265.3)	(1,447.1)
	$ 44,731.3	6,012.4	42,640.4	4,574.1

11. SHORT-TERM BANK LOANS AND NOTES PAYABLE

As of December 31, 2001 and 2002, consolidated short-term debt by type of financing and currency, as well as the weighted-average interest rates, which include the effects of derivative financial instruments negotiated to exchange interest rates as well as interest rates and currencies (see note 12), are summarized as follows:

CONSOLIDATED	2002	2001
Current maturities of Euro medium-term notes	$ 4,754.0	2,702.7
Revolving lines of credit	4,475.2	2,002.0
Commercial paper programs	3,107.8	1,801.8
Current maturities of other notes payable	102.9	1,329.0
Syndicated loans	703.8	851.9
Other loans and notes payable	1,319.1	1,598.3
	$ 14,462.8	10,285.7

CONSOLIDATED	2002	WEIGHTED AVERAGE INTEREST RATE	2001	WEIGHTED AVERAGE INTEREST RATE
Dollar	$ 6,586.6	3.10 %	8,929.6	4.56 %
Japanese Yen	6,279.9	3.15 %	–	–
Euros	593.5	3.66 %	880.4	4.07 %
Mexican pesos	675.0	8.79 %	–	–
Egyptian pounds	319.5	11.01 %	354.7	11.42 %
Other currencies	8.3	8.72 %	121.0	12.99 %
	$ 14,462.8		10,285.7	

A total of 95.6% and 100% of the Parent Company-only short-term debt is denominated in dollars as of December 31, 2002 and 2001, respectively, the remaining debt as of December 31, 2002 is primarily denominated in Mexican pesos.

As of December 31, 2002 and 2001, in order to: i) hedge contractual cash flows of certain financial debt with floating rates or, exchange floating for fixed interest rates of a portion of debt, and ii) reduce the financial cost of a portion of financial debt originally contracted in dollars or pesos, the Company has contracted derivative financial instruments related to short-term debt, which are listed below:

As of December 31, 2002, related to short-term debt, the Company held interest rate swaps to exchange floating for fixed interest rates negotiated and designated as accounting hedges of contractual cash flows (interest payments) of the related debt, with a notional amount of U.S.$306 million and an estimated fair value loss of U.S.$24.4 million ($253.3), recognized in other short-term accounts payable against stockholders' equity. This amount will be reversed through the income statement as the financial expense of the related financing debt is accrued. Likewise, as of December 31, 2001, there were interest rate swaps related to short-term debt, to exchange fixed for floating interest rate, with a notional amount of U.S.$300 million and an estimated fair value gain of U.S.$0.2 million ($2.1), which was not recognized in the balance sheet or in the income statement pursuant to its hedging characteristics (see note 2N). These instruments were settled during 2002, realizing an approximate loss of U.S.$0.3 million ($3.1), recognized as part of the Comprehensive Financing Result. Periodic cash flows generated by interest rate swaps are recorded in financial expense as an adjustment to the effective interest rate of the related debt. As of December 31, 2002 and 2001, the outstanding interest rate swaps covered approximately 48% and 34%, respectively, of the short-term debt denominated in dollars.

As of December 31, 2002, there are Cross Currency Swaps ("CCS"), through which the Company exchanges the originally contracted interest rates and currencies on certain notional amounts of short-term debt, and are described below:

(AMOUNTS IN MILLIONS) RELATED DEBT	MATURITY DATE	CURRENCIES: NOTIONAL AMOUNT	CURRENCIES: AMOUNT IN NEW CURRENCY	INTEREST RATES: CEMEX RECEIVES*	INTEREST RATES: CEMEX PAYS	INTEREST RATES: EFFECTIVE INTEREST RATE	ESTIMATED FAIR VALUE
Mexican peso to dollar							
Short-term notes	Jan 03 – Jun 03	$1,500	U.S.$145	TIIE+5bps	L +29bps	2.25%	U.S.$(9.6)
Dollar to Yen							
Short-term notes	Jun 03 – Jun 05	U.S.$180	Yen 20,459	L +183bps	3.16%	3.16%	6.1
							U.S.$(3.5)

* TIIE refers to Interbank Offering Rate in Mexico. LIBOR ("L") represents the London Interbank Offering Rate. Basis points ("bps") are decimals of interestrate, i.e., 1% = 100 basis points.

The periodic cash flows of CCS, arising from the exchange of interest rates as determined over the notional amounts in the new currencies, are recorded in financial expense as part of the effective interest rate of the related debt. These CCS have not been designated as accounting hedges; therefore, the Company recognizes the estimated fair value of the CCS as either assets or liabilities in the balance sheet and the changes in fair value through the income statement. Likewise, all financial assets and liabilities with the same maturity and that are intended to be settled simultaneously, have been offset for presentation purposes, in order to reflect the cash flows that the Company expects to receive or pay upon settlement of these financial instruments.

In respect to the estimated fair value of the short-term CCS as of December 31, 2002, a net liability of U.S.$3.5 million ($36.3) was recognized, of which a loss of approximately U.S.$2.9 million ($30.1), directly related to variations in exchange rates between the inception of the CCS and the balance sheet date, was offset for presentation purposes as part of the carrying amount of the underlying debt, and income of U.S.$0.5 million ($5.2), identified with the periodic cash flows for the interest rate swaps, was recognized as an adjustment of the related financing interest payable. The remaining liability of U.S.$1.1 million ($11.4) is presented in the consolidated balance sheet, decreasing other short-term receivables.

In addition, as of December 31, 2002 and 2001, there are call option contracts negotiated with financial institutions to exchange floating for fixed interest rates (swaptions) for a notional amount of U.S.$1,000 million and U.S.$1,506 million, respectively. For the sale of these options, the Company received premiums of approximately U.S.$57.6 million ($597.9) in 2002 and U.S.$12.2 million ($126.6) in 2001. These options have varying maturities until March 2003, and grant the counterparties the option to elect, at maturity of the options and on market conditions, to receive from CEMEX fixed rates and pay to CEMEX variable rates for a five-year period or request net settlement in cash. As of December 31, 2002 and 2001, premiums received, as well as the changes in the estimated fair value of these contracts, which represented losses of approximately U.S.$110.9 million ($1,151.1) and U.S.$30.1 million ($312.4), respectively, were recognized in the Comprehensive Financing Result. During 2002 and 2001, the call options that expired resulted in losses of approximately U.S.$92.3 million ($958.1) and U.S.$3.4 million ($35.3), respectively, which were recognized in the Comprehensive Financing Result. Currently, the Company cannot predict if market conditions prevailing at maturity of these options would cause the counterparties to exercise them or to elect for a cash settlement.

12. LONG-TERM BANK LOANS AND NOTES PAYABLE

As of December 31, 2002 and 2001, consolidated long-term debt and interest rates, including the effects of derivative financial instruments negotiated to exchange interest rates as well as interest rates and currencies, is summarized as follows (note 12A and B):

	2002	ORIGINAL RATE	WEIGHTED-AVERAGE INTEREST RATE	DETERMINATION OF WEIGHTED AVERAGE RATE
Bank loans				
Syndicated loans, 2003 to 2007	$ 9,207.6	Floating	2.31%	**A** LIBOR + 86 bps
Syndicated loans, 2003 to 2005	8,304.0	Fixed	4.13%	–
Bank loans, 2003 to 2007	7,919.0	Floating	2.59%	**A** LIBOR + 120 bps
Bank loans, 2003 to 2009	261.5	Fixed	6.50%	–
	25,692.1			
Notes payable				
Euro medium-term notes, 2003 to 2009	7,535.8	**B** Fixed	10.61%	–
Medium-term notes, 2003 to 2009	7,424.9	**B** Floating	2.19%	LIBOR + 80 bps
Medium-term notes, 2003 to 2008	10,489.5	**B** Fixed	4.00%	–
Other notes, 2003 to 2006	52.8	Floating	2.45%	LIBOR + 96 bps
Other notes, 2003 to 2009	959.1	Fixed	4.20%	–
	26,462.1			
	52,154.2			
Current maturities	(6,753.2)			
	$ 45,401.0			

	2001	ORIGINAL RATE	WEIGHTED-AVERAGE INTEREST RATE	DETERMINATION OF WEIGHTED AVERAGE RATE
Bank loans				
Syndicated loans, 2002 to 2005	$ 14,973.4	Floating	3.75%	**A** LIBOR + 103 bps
Bank loans, 2002 to 2006	9,259.0	Floating	3.54%	LIBOR + 87 bps
Bank loans, 2002 to 2005	298.7	Fixed	7.30%	**A** –
	24,531.1			
Notes payable				
Euro medium – term notes, 2002 to 2009	11,611.5	**B** Fixed	7.30%	–
Medium term notes, 2002 to 2008	9,058.6	**B** Floating	3.65%	**A** LIBOR + 204 bps
Medium term notes, 2002 to 2008	3,495.0	**B** Fixed	1.81%	**A** –
Other notes, 2002 to 2011	647.1	Floating	2.04%	LIBOR + 11 bps
Other notes, 2002 to 2011	604.3	Fixed	8.56%	–
	25,416.5			
	49,947.6			
Current maturities	(6,455.6)			
	$ 43,492.0			

In April 2002, the Company completed a tender offer for the early redemption of the Company's 12.7% U.S.$300 million notes, maturing in 2006, pursuant to which approximately U.S.$208.4 million was redeemed. As of December 31, 2002, the outstanding balance of these notes is U.S.$91.6 million. In 2002, related to the early redemption, an expense of approximately U.S.$54 million ($560.5) was recognized in other expenses, net.

As of December 31, 2002 and 2001, long-term debt by currency, including the CCS effects, is summarized as follows (note 12B):

CONSOLIDATED	2002	2001
Dollars	$ 34,562.4	31,701.8
Euros	6,580.1	3,479.8
Japanese Yen	2,387.4	7,547.9
Mexican Pesos	1,499.9	–
Egyptian Pounds	367.9	680.7
Other currencies	3.3	81.8
	$ 45,401.0	43,492.0

As of December 31, 2002 and 2001, the yen to dollar exchange rates were 118.80 and 131.57, respectively, and the euro to dollar exchange rates were 0.952 and 1.135, respectively.

Of the Parent Company-only long-term debt, approximately 77% and 61% is denominated in dollars as of December 31, 2002 and 2001, respectively; the remaining debt in 2002 is primarily denominated in Mexican pesos and in yen in 2001.

The maturities of long-term debt as of December 31, 2002 are as follows:

	CONSOLIDATED	PARENT
2004	$ 19,244.4	6,863.7
2005	6,408.5	1,916.9
2006	6,272.5	2,412.2
2007	2,485.5	3,113.4
2008 and thereafter	10,990.1	6,236.7
	$ 45,401.0	20,542.9

As of December 31, 2002, the Company and its subsidiaries have the following lines of credit, both committed and subject to the banks' availability, at annual interest rates ranging from 1.45% to 15.6%, depending on the negotiated currency:

	LINE OF CREDIT	AVAILABLE
European commercial paper (U.S.$600 million)	$ 6,228.0	5,013.5
US commercial paper (U.S.$275 million)	2,854.5	934.2
Mexican commercial paper ($2,500 million)	2,500.0	650.0
Syndicated loan (U.S.$400 million)	4,152.0	–
Promissory notes ($5,000 million)	5,000.0	3,346.0
Lines of credit of foreign subsidiaries	4,407.6	2,102.3
Other lines of credit from Mexican banks	830.4	–
Other lines of credit from foreign banks	4,463.4	721.4
	$ 30,435.9	12,767.4

In the consolidated balance sheet at December 31, 2002 and 2001, there were short-term debt transactions amounting to U.S.$450 million ($4,671.0) and U.S.$546 million ($5,465.4), classified as long-term debt due to the Company's ability and the intention to refinance such indebtedness with the available amounts of the committed long-term lines of credit.

As of December 31, 2002 and 2001, in order to: i) hedge contractual cash flows of certain financial debt with floating rates or exchange floating for fixed interest rate of a portion of debt (see note 12A), and ii) reduce the financial cost of debt originally contracted in dollars or pesos (see note 12B), the Company has negotiated derivative financial instruments related to long-term debt, which are described below:

A) Interest Rate Swap Contracts.

The information of interest rate swaps related to long-term financial debt is summarized as follows:

(US DOLLARS MILLIONS) RELATED DEBT	NOTIONAL AMOUNTS	DEBT CURRENCY	MATURITY DATE	CEMEX RECEIVES*	CEMEX PAYS	EFFECTIVE INTEREST RATE	ESTIMATED FAIR VALUE
Interest rate swaps in 2002							
Bank loans	300	Dollar	Jul 2007	LIBOR	4.15%	5.53%	U.S.$(20.1)
Syndicated loans	500	Dollar	Aug 2007	LIBOR	4.07%	4.07%	(28.0)
	800						U.S.$(48.1)
Interest rate swaps in 2001							
Medium-term notes	711	Dollar	Mar 06 – Mar 08	7.80%	L + 249 bps	4.18%	U.S.$ 5.7
Bank loans	850	Dollar	Oct 2002	L + 33.5 bps	2.71%	4.52%	(1.2)
Syndicated loans	722	Euro	Dec 2004	E + 77 bps	L + 24 bps	2.06%	(0.1)
	2,283						U.S.$ 4.4

* EURIBOR ("E") represents the Euro Interbank Offering Rate. LIBOR ("L") represents the London Interbank Offering Rate. Basis points ("bps") are decimals of interestrate, i.e., 1% = 100 basis points.

Periodic cash flows generated by these instruments are recorded in interest expense, as part of the effective interest rate of the related debt. As of December 31, 2002, the estimated fair value of the interest rate swaps to exchange floating for fixed rates, designated as accounting hedges to the contractual cash flows of the related debt (interest payments), had an approximate loss of U.S.$48.1 million ($499.3) that was recognized in other long-term accounts payables against stockholders' equity, and will be reversed through the income statement as the financial expense of the related financing debt is accrued. As of December 31, 2001, the estimated fair value gain of the interest rate swaps was not recognized for accounting purposes given their hedge characteristics (see note 2N), except for a portion of the estimated fair value loss of the swap related to the Euro, given that the line of credit in Euros equivalent to U.S.$722 million was not entirely withdrawn. During 2002 and 2001, in agreement with the financial counterparties, the Company settled the swap contracts it had outstanding at the end of the prior year, realizing approximate gains of U.S.$14.5 million ($150.5) in 2002 and U.S.$20.5 million ($212.8) in 2001, equivalent to the estimated fair value as of the liquidation date, and which were recorded in the Comprehensive Financing Result.

As of December 31, 2002 and 2001, the Company held Forward Rate Agreement contracts ("FRAs") for a notional amount of U.S.$650 million and U.S.$800 million, respectively, with maturities on different dates until June 2003, negotiated to fix the interest rate of debt issuances that are expected to be negotiated in the short-term. Likewise, there are floor and cap option contracts for a notional amount of U.S.$711 million in both years, with maturity in March 2008, structured as part of an interest rate swap for the same notional amount that was settled during 2002. The changes in the estimated fair value of these contracts represented losses of approximately U.S.$88.9 million ($922.8) in 2002 and U.S.$68.8 million ($688.7) in 2001, and were recognized in the balance sheet against the Comprehensive Financing Result, except for a loss in 2002 of approximately U.S.$42.4 million ($440.1), which was recognized in stockholders' equity given that it corresponds to the change in valuation after these contracts were designated as accounting hedge of forecasted cash flows (interest payments) related to new debt issuances. This amount will be recognized in the income statement as the effects of the related forecasted debt have an impact on the financial expense through the accrued interest or immediately when there is evidence that the new debt will not be contracted.

B) Cross Currency Swap Contracts.

As of December 31, 2002 and 2001, there are Cross Currency Swaps ("CCS"), through which the Company exchanges the originally contracted interest rates and currencies on notional amounts of related long-term debt. During the life of the contracts, the cash flows originated by the exchange of interest rates under the CCS, match, in interest payment dates and conditions, those of the underlying debt. If there is no early settlement, at maturity of the contracts and the underlying debt, the Company and the counterparty will exchange notional amounts, so the Company will receive the cash flow in the currency of the underlying debt necessary to cover its primary obligation, and will pay the notional amount in the exchanged currency. As a result, the original financial risk profile related to interest rates and foreign exchange variations of the underlying debt has been effectively exchanged. The CCS information is as follows:

(AMOUNTS IN MILLIONS) RELATED DEBT	MATURITY DATE	CURRENCIES NOTIONAL AMOUNT	AMOUNT IN NEW CURRENCY	INTEREST RATES CEMEX RECEIVES	CEMEX PAYS	EFFECTIVE INTEREST RATE	ESTIMATED FAIR VALUE
CCS in 2002							
Mexican peso to dollar							
Medium-term notes	Nov 04 – Dec08	$2,465	U.S.$230	TIIE+54bps	L+101 bps	2.86%	U.S.$ 16.0
Mexican peso to dollar							
Medium-term notes	Apr 05 – Apr 07	$4,225	U.S.$377	10.93%	L+26 bps	1.34%	51.8
Mexican peso to yen							
Medium-term notes	Jun 05 – Jan 06	$3,058	Yen 27,308	11.76%	2.55%	3.78%	83.4
Dollar to yen							
Euro medium-term notes	Jul 2003	U.S.$500	Yen 51,442	8.75%	3.14%	3.14%	93.7
							U.S.$ 244.9
CCS in 2001							
Mexican peso to dollar							
Medium-term notes	Nov 04 – Nov 06	$1,800	U.S.$194	12.20%	L+63 bps	1.73%	U.S.$ 13.7
Mexican peso to yen							
Medium-term notes	Jan 05 – Jan 06	$3,004	Yen 34,739	13.32%	2.65%	0.52%	83.7
Dollar to yen							
Euro medium-term notes	Jun 03 – Jul 03	U.S.$ 600	Yen 64,468	7.77%	3.18%	3.98%	145.5
							U.S.$ 242.9

The periodic cash flows on these instruments arising from the exchange of interest rates, as determined over the new currency amounts, are recorded in interest expense as part of the effective interest rate of the related debt. The CCS have not been designated as accounting hedges; therefore, the Company recognizes the estimated fair values of the CCS as assets or liabilities in the balance sheet, and the changes in such estimated fair values through the income statement. All financial assets and liabilities with the same maturity and that are intended to be settled simultaneously have been offset for presentation purposes in order to reflect the cash flows that the Company expects to receive or pay upon settlement of the financial instruments.

As of December 31, 2002, related to the estimated fair value of the CCS, the Company recognized a net asset of U.S.$244.9 million ($2,542.1), of which U.S.$194.2 million ($2,015.8) relates to a prepayment made to a yen obligation and is presented decreasing the carrying amount of the related debt, while U.S.$50.7 million ($526.3), which represents the CCS' estimated fair value before prepayment effects, includes a loss of approximately U.S.$17.1 million ($177.5), which is directly related to variations in exchange rates between the inception of the CCS and the balance sheet date, and which was offset for presentation purposes as part of the related debt carrying amount, and a gain of approximately U.S.$25.4 million ($263.6), identified with the periodic cash flows for the interest rates swap, was recognized as an adjustment of the related financing interest payable. The remaining net asset of U.S.$42.4 ($440.1) was recognized within other short and long-term receivables for U.S.$12.1 million ($125.6) and U.S.$30.3 million ($314.5), respectively.

As of December 31, 2001, in respect of the estimated fair value recognition of the CCS, the Company recorded a net asset of U.S.$242.9 million ($2,431.4) against the Comprehensive Financing Result, of which a gain of approximately U.S.$175.9 million ($1,760.7) directly related to variations in exchange rates between the inception of the CCS and the balance sheet date was offset for presentation purposes as part of the underlying debt carrying amount and a gain of approximately U.S.$14.8 million ($148.1) related to periodic cash flow exchanges (interest payments) was recognized as an adjustment of the related financing interest payable. The remaining net asset of U.S.$52.2 million ($522.5) was recognized in the consolidated balance sheet within other long-term receivables. For the years ended December 31, 2002 and 2001, the changes in the CCS' estimated fair value, excluding prepayment effects in 2002, resulted in a loss of approximately U.S.$192.2 million ($1,995.0) and a gain of approximately U.S.$191.6 million ($1,917.9), respectively, which were recognized within the Comprehensive Financing Result.

As of December 31, 2002 and 2001, the effect of having made the accounting assets and liabilities offset, mentioned above, is that the book value of the financial indebtedness directly related to the CCS is presented as if it had been effectively negotiated in the exchanged currencies instead of in the originally negotiated currencies. Assuming the early liquidation of the CCS, the financial liabilities and related financial expense in respect of the underlying financial indebtedness, would be established beginning as of the settlement, in the rates and currencies originally contracted.

Additionally, as of December 31, 2002 and 2001, there are other currency instruments with notional amounts of U.S.$104.5 million and U.S.$100 million, respectively, maturing in July and August 2003, related to financial debt expected to be negotiated in the near future. These contracts had an estimated fair value loss of U.S.$6.8 million ($70.6) in 2002 and an income of U.S.$8.9 million ($89.1) in 2001, recognized within the Comprehensive Financing Result.

The estimated fair values of derivative instruments used for the exchange of interest rates and/or currencies fluctuate over time and will be determined by future interest rates and currency prices. These values should be viewed in relation to the fair values of the underlying transactions and as part of the overall Company's exposure to fluctuations in interest rates and foreign exchange rates. The notional amounts of derivative instruments do not necessarily represent amounts exchanged by the parties, and consequently, there is no direct measure of the Company's exposure to the use of these derivatives. The amounts exchanged in cash are determined based on the basis of the notional amounts and other terms included in the derivative financial instruments.

C) Guaranteed Debt.

As of December 31, 2002 and 2001, CEMEX México, S.A. de C.V. and Empresas Tolteca de México, S.A. de C.V. jointly, fully and unconditionally guarantee indebtedness of the Company for an aggregate amount of U.S.$2,339 million and U.S.$2,196 million, respectively. The combined summarized financial information of these guarantors as of December 31, 2002 and 2001 is as follows:

	2002	2001
Assets	$ 114,023.5	120,912.8
Liabilities	54,378.2	101,124.6
Stockholders' equity	59,645.3	19,788.2
Net sales	$ 21,753.3	22,604.3
Operating income	3,405.4	1,616.6
Net income	434.2	10,357.6

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

13. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The main balances receivable from and payable to related parties as of December 31, 2002 and 2001 are:

PARENT COMPANY	2002			
	ASSETS		LIABILITIES	
	SHORT-TERM	LONG-TERM	SHORT-TERM	LONG-TERM
CEMEX México, S.A. de C.V.	$ 19,301.8	16,139.6	–	–
CEMEX International Finance Co	–	–	261.8	10,775.6
CEMEX Trademarks Worldwide Ltd	–	–	150.2	5,768.1
Empresas Tolteca de México, S.A. de C.V.	–	–	4,273.9	–
CEMEX Central, S.A. de C.V.	–	–	695.4	–
Assiut Cement Company	–	–	380.4	–
International Investors LLC	–	368.5	–	–
CEMEX Asia PTE. Ltd.	–	–	71.1	–
Centro Distribuidor de Cemento, S.A. de C.V.	–	–	15.6	–
Sunbelt Trading, S.A.	43.9	–	–	–
CEMEX Concretos, S.A. de C.V.	23.1	–	–	–
PT CEMEX Indonesia	13.7	–	–	–
Other	14.7	–	8.0	–
	$ 19,397.2	16,508.1	5,856.4	16,543.7

PARENT COMPANY	2001			
	ASSETS		LIABILITIES	
	SHORT-TERM	LONG-TERM	SHORT-TERM	LONG-TERM
CEMEX México, S.A. de C.V.	$ 12,984.3	56,855.0	–	–
Assiut Cement Company	323.1	–	–	–
Centro Distribuidor de Cemento, S.A. de C.V.	594.9	–	–	–
Sunbelt Trading, S.A.	41.0	–	–	–
CEMEX Concretos, S.A. de C.V.	–	–	764.3	–
Empresas Tolteca de México, S.A. de C.V.	–	–	1.6	3,873.0
CEMEX Central, S.A. de C.V.	–	–	819.0	–
Other	1.0	–	2.8	–
	$ 13,944.3	56,855.0	1,587.7	3,873.0

The main transactions carried out during the last three years with related parties are:

PARENT COMPANY	2002	2001	2000
Rental income	$ 277.4	290.7	310.0
License fees	184.7	1,869.5	2,586.6
Financial expense	(802.9)	(618.5)	(774.3)
Financial income	3,112.3	4,773.8	2,443.4
Dividends received	2,169.1	–	511.6

14. PENSION PLANS, SENIORITY PREMIUM AND OTHER POSTRETIREMENT BENEFITS

The net periodic cost of pension plans, seniority premium and other postretirement benefits, for the years ended December 31, 2002, 2001 and 2000 (see note 2J), are as follows:

	2002	2001	2000
Components of net periodic cost:			
Service cost	$ 274.4	325.0	230.2
Interest cost	282.7	289.3	162.6
Actuarial return on plan assets	(362.0)	(348.0)	(109.2)
Amortization of prior service cost, changes in assumptions and experience adjustments	55.4	49.5	29.0
Results from extinguishment obligations	(44.1)	–	–
	$ 206.4	315.8	312.6

The following table presents the reconciliation of the actuarial value of postretirement benefit obligations and the funded status (see note 2J), as of December 31, 2002 and 2001:

	2002	2001
Change in benefit obligation:		
Projected benefit obligation ("PBO") at beginning of year	$ 5,219.8	4,840.7
Service cost	274.5	325.0
Interest cost	282.7	289.3
Actuarial result	195.9	15.5
Acquisitions	397.5	–
Initial valuation of other postretirement benefits	10.8	155.6
Foreign exchange fluctuations and inflation adjustments	63.0	(15.3)
Extinguishment of obligations	(159.4)	–
Benefits paid	(326.7)	(391.0)
Projected benefit obligation ("PBO") at end of year	5,958.1	5,219.8
Change in plan assets:		
Fair value of plan assets at beginning of year	4,770.9	4,008.2
Real return on plan assets	(281.1)	389.7
Acquisitions	292.8	–
Foreign exchange fluctuations and inflation adjustments	68.4	(65.6)
Employer contributions	101.4	636.5
Extinguishment of obligations	(177.7)	–
Benefits paid from the funds	(192.1)	(197.9)
Fair value of plan assets at end of year	4,582.6	4,770.9
Amounts recognized in the balance sheets consist of:		
Funded status	1,375.5	448.9
Unrecognized prior service cost	(782.7)	(858.1)
Unrecognized net actuarial results	(1,578.7)	(663.5)
Accrued benefit liability (prepayment)	(985.9)	(1,072.7)
Additional minimum liability	600.0	349.2
Net liability (prepayment) recognized in the balance sheet	$ (385.9)	(723.5)

As of December 31, 2002 and 2001, the actual benefit obligation ("ABO"), equivalent to the PBO not considering salaries increases, amounted to $4,603.7 and $4,442.6, respectively, of which the vested portion was $1,168.6 as of December 31, 2002 and $1,101.3 in 2001.

The Company recognizes an additional minimum liability and an intangible asset or charge to stockholders' equity in those individual cases when the net projected liability (funded status less amortizing items) exceeds the net actual liability (ABO less plan assets). As of December 31, 2002 and 2001, the Company recognized a minimum liability and an intangible asset of $600.0 and $349.2, respectively.

As of December 31, 2002 and 2001, the net periodic cost and the actuarial value of postretirement benefits, include the cost and obligations of postretirement benefits other than pensions, such as seniority premiums granted by law, as well as health care and life insurance benefits that the Company has granted to retirees. For the years ended December 31, 2002 and 2001, the net periodic cost includes $75.3 and $49.1, representing the approximate cost corresponding to postretirement benefits other than pensions, respectively.

Prior service cost and net actuarial results are amortized over the estimated service life of the employees under plan benefits. The estimated service life for pension plans is 18 years and for other postretirement benefits is 13 years.

As of December 31, 2002 and 2001, the plan assets are mainly composed of fixed return instruments and stock of companies traded in formal stock exchanges.

The Company applies real rates (nominal rates discounted for inflation) in the actuarial assumptions used to determine postretirement benefit obligations. The most significant assumptions used during the last three years in the determination of net periodic cost were the following:

	2002	2001	2000
Range of discount rates used to reflect the obligations' present value	3.0% – 7.0%	3.5 % – 7.1%	3.5 % – 7.8%
Weighted average rate of return on plan assets	7.8%	8%	8%

During 2002, the subsidiary of CEMEX in Spain, in agreement with its employees, changed the structure of most of its defined benefit plans, replacing them with defined contribution structures. In connection to this change, the subsidiary contributed, on behalf of its employees covered by the new plans, assets for an amount equivalent to the obligation value as of the date of the exchange. These assets were already restricted within the previous plans. As a result of writing off the projected benefit obligations and the non-amortized items, net of the assets contributed, as of December 31, 2002, for the change in the plans' structure, no significant effect was reflected in the income statement.

15. STOCKHOLDERS' EQUITY

A) CAPITAL STOCK

The authorized capital stock of the Company as of December 31, 2002 is as follows:

	SERIES A (1)	SERIES B (2)
Subscribed and paid shares	3,331,300,154	1,665,650,077
Treasury shares (3)	166,400,476	83,200,238
Unissued shares authorized for Executive Stock Option Plans	116,526,096	58,263,048
	3,614,226,726	1,807,113,363

(1) Series "A" or Mexican shares must represent at least 64% of capital stock.

(2) Series "B" or free subscription shares must represent at most 36% of capital stock.

(3) Includes the shares acquired under the share repurchase program, and those shares authorized by the Ordinary Stockholders' Meeting of April 25, 2002, which have not been subscribed.

Of the total number of shares, 3,267,000,000 correspond to the fixed portion and 2,154,340,089 correspond to the variable portion.

On April 25, 2002, the Annual Stockholders' Meeting approved: (i) a reserve for share repurchase of up to $5,000.0 (nominal amount), under which, as of December 31, 2002, shares equivalent to 7,609,200 CPOs have been repurchased, representing a reduction in the repurchase reserve of $362.2; (ii) an increase in the variable capital stock through the capitalization of retained earnings for up to $3,213.1 (nominal amount), by the issuance of shares, as a stock dividend, equivalent up to 140,000,000 CPOs, at a subscription value of $46.336 (nominal amount) per CPO, or instead, stockholders could have chosen to receive $2.00 (nominal amount) in cash for each CPO. As a result, shares equivalent to 64,408,962 CPOs were subscribed and paid, representing an increase in common stock of $2.2 and in additional paid-in capital of $3,082.2, while a cash payment of approximately $232.5 was made during 2002; and (iii) the cancellation of 169,206,112 Series "A" shares and 84,603,056 Series "B" shares that were held in the Company's treasury.

In September 2000, the Company established a share repurchase program through the Mexican Stock Exchange ("MSE"), approved by its board of directors, for up to U.S.$500 million. This program was effective from October 2000 to December 2001. During 2001 and 2000, under this program, a total of 4,978,000 CPOs and 3,086,000 CPOs, respectively, were acquired, resulting in a common stock reduction of $0.2 in 2001 and $0.1 in 2000, and in the repurchase reserve of $222.1 in 2001 and $130.9 in 2000. On April 26, 2001, at the Annual Stockholders' Meeting, shares equivalent to 3,086,000 CPOs were cancelled. The 4,978,000 remaining CPOs were acquired in 2001 after the meeting.

B) RETAINED EARNINGS

Retained earnings as of December 31, 2002, include $69,885.4 of earnings generated by subsidiaries and affiliated companies that are not available to be paid as dividends by CEMEX until these entities distribute such amounts to CEMEX. Additionally, retained earnings include a share repurchase reserve in the amount of $5,137.5. Net income for the year is subject to a 5% allocation toward a legal reserve until such reserve equals one fifth (20%) of the common stock. As of December 31, 2002, the legal reserve amounted to $1,249.6.

Earnings distributed as dividends in excess of tax earnings will be subject to tax payment at a 34% rate, in which case, only 66% of retained earnings may be distributed to the shareholders.

C) EFFECTS OF INFLATION

The effects of inflation on majority interest stockholders' equity as of December 31, 2002 are as follows:

	HISTORICAL COST	INFLATION ADJUSTMENT	TOTAL
Common stock	$ 55.5	3,305.8	3,361.3
Additional paid-in capital	16,983.8	13,913.6	30,897.4
Deficit in equity restatement	–	(61,861.3)	(61,861.3)
Cumulative initial deferred income tax effects	(4,697.9)	(498.9)	(5,196.8)
Retained earnings	50,097.8	36,927.2	87,025.0
Net income	$ 5,339.9	60.5	5,400.4

D) FOREIGN CURRENCY TRANSLATION

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

	FOR THE YEARS ENDED DECEMBER 31, 2002	2001	2000
Foreign currency translation adjustment	$ 6,370.2	(2,438.5)	(872.4)
Foreign exchange gain (loss) (1)	(2,576.7)	751.3	(181.8)
	$ 3,793.5	(1,687.2)	(1,054.2)

(1) Foreign exchange results from the financing identified with the acquisitions of foreign subsidiaries.

The foreign currency translation adjustment includes foreign exchange results from financing related to the acquisition of foreign subsidiaries made by the Company's subsidiary in Spain of a gain of $151.4 in 2002, and losses of $44.8 and $659.9 in 2001 and 2000, respectively.

E) PREFERRED STOCK

In February 2002, the Company renegotiated the preferred stock issued in November 2000 by a Dutch subsidiary for U.S.$1,500 million with an original maturity in May 2002; as a result, preferred stock in the amount of U.S.$250 million was redeemed and the maturity of the balance outstanding as of December 31, 2002 of U.S.$650 million ($6,747) was extended, of which U.S.$195 million will mature in February 2004 and U.S.$455 million will mature in August 2004. The Company also negotiated the possibility of increasing the program up to U.S.$1,200 million. During 2001, the Company redeemed a portion of the then outstanding preferred stock in the amount of U.S.$600 million, and at year-end 2001, the balance outstanding was U.S.$900 million ($9,834.2). The preferred stock, which is mandatorily redeemable upon maturity, grants its holders 10% of the subsidiary's voting rights, as well as the right to receive a guaranteed variable preferred dividend. Holders of the preferred stock have the option, in certain circumstances, to subscribe for additional preferred stock or common shares for up to 51% of the subsidiary's voting rights. This transaction is included as minority interest. Preferred dividends declared during 2002, 2001 and 2000 of approximately U.S.$23.2 million ($235.0), U.S.$76 million ($778.5) and U.S.$17 million ($174.6), respectively, were recognized as part of minority interest in the consolidated income statements.

Related to the capital securities issued in 1998 by a subsidiary of CEMEX in Spain for U.S.$250 million with an annual dividend rate of 9.66%, in April 2002, through a tender offer, U.S.$184 million of capital securities were redeemed. The amount paid to the holders in excess of the nominal amount of the capital securities pursuant the early redemption of approximately U.S.$20 million ($207.6) was recorded against stockholders' equity. The balance outstanding as of December 31, 2002 and 2001 was U.S.$66 million ($685.1) and U.S.$250 million ($2,502.5), respectively. The Company has an option to repurchase the remaining securities on November 15, 2004, or on any subsequent dividend payment date. Additionally, the holders have the right to sell them to the Company on May 15, 2005. This transaction is recorded as minority interest. Preferred dividends declared on the capital securities during 2002, 2001 and 2000 of approximately U.S.$11.9 million ($120.0), U.S.$24.2 million ($245.6) and U.S.$24.2 million ($253.1), respectively, were recognized as part of the minority interest in the consolidated income statements.

F) OTHER EQUITY TRANSACTIONS

In December 2001, the Company concluded a simultaneous and voluntary public purchase and sale offer for its warrants and an exchange offer for its ADWs, outstanding as of the offer date, in exchange for new warrants and new ADWs maturing in December 2004, under a one for one exchange ratio. Of the total 105 million warrants and ADWs, originally issued in December 1999 by means of a public offer in the MSE and the NYSE for a term of three years maturing in December 2002, 103,790,945, representing 98.85% of the total warrants under this program were presented and exchanged for new warrants and ADWs. The new warrants and new ADWs trade on the MSE and the NYSE, respectively, meeting the distribution requirements of both exchanges, while the old warrants and old ADWs that were not exchanged expired in December 2002. During 2001, except for the normal fees required to carry out the previously mentioned public offer, the Company did not incur any gain or loss on this transaction. The warrants permit the holders to benefit from the future increases in the market price of the Company's CPO above the strike price, which originally was 6.20 dollars per warrant, within certain limits and subject to technical adjustments. The benefit, should any exist, will be paid in CPOs of the Company. The warrants were subscribed as American Depositary Warrants ("ADW's") listed on the NYSE; each ADW is equivalent to 5 warrants. All the CPOs and ADSs required to cover the warrants future exercises, for the old program and the new warrants, are available through equity forward contracts with financial institutions (see note 17A).

As of December 31, 2002 and 2001, there is a transaction totaling U.S.$90.6 million ($940.3) and U.S.$96.3 million ($964.0), respectively, through which, in December 1995, the Company transferred financial assets to a trust, while simultaneously investors contributed U.S.$123.5 million in exchange for notes representing a beneficial interest in the trust. The Company has the option to reacquire the related assets at different dates until maturity in 2007. This transaction is included as minority interest. The Company's cost of retaining its option to reacquire the related assets during 2002, 2001 and 2000 was approximately U.S.$13.2 million ($136.8), U.S.$13.8 million ($138.1) and U.S.$14.4 million ($149.7), respectively, and was recorded as part of the financial expense in the consolidated income statements.

G) COMPREHENSIVE NET INCOME (LOSS)

The main items included in the comprehensive net income (loss) for the years ended December 31, 2002, 2001 and 2000, are as follows:

	2002	2001	2000
Majority interest net income	$ 5,400.4	11,789.8	10,389.1
Deficit in equity restatement:			
Effects from holding non-monetary assets	(9,680.7)	(2,629.4)	(2,958.5)
Foreign currency translation adjustment	6,370.2	(2,438.5)	(872.4)
Capitalized foreign exchange result (note 15D)	(2,576.7)	751.3	(181.8)
Additional minimum liability	–	208.4	(208.4)
Valuation of investments available for sale (note 8B)	–	(794.1)	215.2
Hedge derivative instruments (notes 11,12 and 17)	(2,171.0)	–	92.3
Deferred income tax of the year charged directly to stockholders' equity (note 18)	1,016.7	439.4	1,016.9
Equity instruments' early redemption results	(207.6)	–	–
Inflation effect on equity 1	–	103.8	(6.4)
Deficit in equity restatement	(7,249.1)	(4,359.1)	(2,903.1)
Cumulative initial deferred income tax effects	–	–	(5,196.8)
Other comprehensive income (loss)	(7,249.1)	(4,359.1)	(8,099.9)
Majority comprehensive net income (loss)	(1,848.7)	7,430.7	2,289.2
Minority interest	384.7	1,534.7	810.5
Total comprehensive net income (loss)	**$ (1,464.0)**	**8,965.4**	**3,099.7**

1. Corresponds to the adjustment resulting from the use of the weighted average index for the inflation restatement of stockholders' equity and for the use of the index of inflation in Mexico to restate common stock and additional paid-in capital (see note 2B).

16. EXECUTIVE STOCK OPTION PROGRAMS

The information relating to stock option programs, presented in terms of equivalent CPOs and considering the effect of the options' exchange program described below, are summarized as follows:

OPTIONS	FIXED PROGRAM (A)	SPECIAL PROGRAM (B)	VARIABLE PROGRAM (C)	VOLUNTARY PROGRAMS (D)
As of December 31, 2000	56,468,650	–	–	22,077,878
Changes in 2001:				
Granted	13,040,992	–	88,937,805	–
Redeemed	(57,448,219)	–	–	–
Canceled	(237,538)	–	–	–
Exercised	(3,128,489)	–	–	(1,861,918)
As of December 31, 2001	8,695,396	–	88,937,805	20,215,960
Changes in 2002:				
Granted	–	4,963,775	16,949,800	2,120,395
Exercised	(2,119,871)	–	(7,294,781)	(6,287,050)
As of December 31, 2002	6,575,525	4,963,775	98,592,824	16,049,305
Exercise prices in 2002:				
Exercise price in pesos *	28.86	–	–	–
Exercise price in dollars *	–	5.01	5.04	4.78
At December 31, 2002:				
Exercise price in pesos *	30.19	–	–	–
Exercise price in dollars *	–	5.01	5.14	4.65
Exercise price	Fixed	Fixed	Floating	Floating
Remaining average life	4.2 years	9.0 years	9.1 years	1.8 years

* Weighted average exercise price per CPO.

A) Fixed program

Through October 31, 2001, the Company had granted to its executives a stock option program ("fixed program") for the acquisition of the Company's common stock in the form of CPOs. This program was restructured and replaced in November 2001 through a voluntary exchange program (see "variable program"). In 1995, the Company was authorized to grant to eligible executives, stock option rights, for a 10 year tenure after issuance, to subscribe for up to 72,100,000 CPOs, which would be issued through the exercise of the options, increasing the balance of common stock, additional paid-in capital and the outstanding number of shares. The exercise price of the options granted, established in Mexican pesos and fixed throughout the life of the program, was equivalent to the market price of the CPO at the grant date. Exercise prices reflect technical antidilution adjustments for stock dividends. The executives' option rights may be exercised up to 25% annually during the first four years after having been granted. The CPOs issued upon the exercise of options were paid at their assigned exercise prices, generating additional paid-in capital of $72.9 and $111.0 during 2002 and 2001, respectively.

B) Special program

During 2002, as part of the agreements resulting from the acquisition of CEMEX, Inc. (formerly Southdown), a stock option program to purchase CEMEX ADSs ("special program"), was established for CEMEX, Inc.'s executives. The options granted have a fixed exercise price in dollars, equivalent to the market price of the ADS as of the grant date, and have a 10 year tenure. The executives' option rights may be exercised up to 25% annually during the first four years after having been granted. The options exercises are hedged with shares currently owned by subsidiaries, potentially increasing the stockholders' equity balance and the outstanding number of shares.

C) Variable program

In order to better align the executives' interests with those of the shareholders, in November 2001, the Company implemented a voluntary options exchange to establish a stock option program with exercise prices denominated in U.S. dollars with annual increases during the option's life ("variable program"), reflecting the funding cost in the market, and with a 10 year tenure. The participating executives in the options exchange, representing 57,448,219 options, resigned their rights to subscribe and/or acquire shares of the Company's common stock, by the issuance of new CPOs, in exchange for cash equivalent to the intrinsic value of their options at the exchange date and the issuance of new options, equivalent in number to the time value of their redeemed options, determined by the appropriate valuation model for each particular executive, which resulted in 2001 in the issuance of 88,937,805 options under the variable program. Except for the options issued through the exchange, where 50% of the option's exercise rights were vested, with an additional 25% annual vesting over the next two anniversaries, for subsequent option grants, executive' option rights may be exercised up to 25% annually during the first four years after having been granted. During 2001, by means of the exchange program, a compensatory cost of approximately $659.9 was recognized in other expenses, net.

D) Voluntary programs

During 1998 and 1999, the Company established voluntary stock option programs ("voluntary programs"), through which the executives elected to purchase options covering a total of 36,468,375 CPOs (7,293,675 ADSs). These options are exercisable quarterly over a 5-year period and have a predefined exercise price which increases quarterly in dollars, taking into account the funding cost in the market. For the sale of the options, the Company received a premium equivalent to a percentage of the CPO price.

Likewise, during 2002, a voluntary stock option program was established, through which the executives elect to purchase, on a monthly basis, new options for covering a number equivalent to those exercised in the same period within the variable program and that were originated by the exchange. During 2002, the Company sold 2,120,395 options and received a premium equivalent to a percentage of the CPO price, which amounted to U.S.$1.5 million ($15.6). The options under this program begin with the same characteristics, regarding remaining tenure, as those exercised within the variable program and with an exercise price equivalent to the price of the CPO on the issuance date of the options.

E) Options hedging activities

The potential exercise of options under the variable and voluntary programs require the Company to have availability of the CPOs or ADSs underlying the options; therefore, the Company has negotiated equity forward contracts in its own stock (see note 17A) in order to guarantee that shares would be available at prices equivalent to those established in the options, without the necessity of issuing new CPOs into the market; therefore, these programs do not increase the number of shares outstanding and consequently do not result in dilution in basic earnings per share.

Beginning in 2001, the Company recognizes the appreciation of the options under the variable and voluntary programs, resulting from the difference between the market price of the CPOs and the exercise prices established in the options, as a compensation cost in the income statement, which for the years ended December 31, 2002 and 2001 was U.S.$5.0 million ($51.9) and U.S.$14.7 million ($147.7), respectively. Likewise, the Company recognizes through the income statement, the changes in the estimated fair value of the equity forward contracts designated as hedges of these plans (see note 17A), which resulted in a loss of approximately U.S.$47.1 million ($488.9) and a gain of approximately U.S.$28.7 million ($287.3) as of December 31, 2002 and 2001, respectively.

17. DERIVATIVE FINANCIAL INSTRUMENTS

As of December 31, 2002 and 2001, the derivative financial instruments negotiated by the Company, other than those related to financial debt (see notes 11 and 12), are summarized as follows:

	IN MILLIONS OF U.S. DOLLARS			
	2002		2001	
	NOTIONAL AMOUNT	ESTIMATED FAIR VALUE	NOTIONAL AMOUNT	ESTIMATED FAIR VALUE
A) Equity forward contracts	1,445.1	(90.6)	1,395.9	81.0
B) Foreign exchange instruments	1,325.7	(201.4)	424.0	4.4
C) Derivatives on fuel oil	–	–	9.5	–
D) Derivatives related to energy projects	177.0	(0.5)	177.0	(4.6)

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

A) As of December 31, 2002 and 2001, the Company had forward contracts for notional amounts of U.S. $461.1 million and U.S. $491.0 million, respectively, with an original maturity in December 2002 that was extended until December 2003, covering 24,008,392 ADSs (120,041,960 CPOs) in 2002 and 21,000,000 ADSs (105,000,000 CPOs) in 2001 as well as 33.8 million of CEMEX Spain's shares in both years. These contracts were negotiated to hedge future exercises under the 105 million warrants program, which maturity was extended to December 2004 (see note 15F). The shares underlying these forwards contracts were sold by the Company during 1999 for approximately U.S.$905.7 million, and CEMEX simultaneously prepaid approximately U.S.$439.9 million toward the forwards' final price. Until December 2002, when the contracts were renegotiated to extend their maturity, prepayments toward the forwards final price of approximately U.S.$193.6 were made. In December 2002, in order to conclude the renegotiation, the estimated fair value of the forwards was settled, resulting in the recognition in stockholders' equity of a loss of approximately U.S.$98.3 million ($1,020.3), arising from changes in the value of the underlying shares. In the financial statements as of December 31, 2002 and 2001, anticipated effect has been given to the liquidation of the forwards for the portion corresponding to CEMEX Spain's shares, due to the prepayment on the forwards and the withholding of all economic and voting rights over such shares. All additional effects arising from these contracts will be recognized at maturity as an adjustment to stockholders' equity. As of December 31, 2002 and 2001, the estimated fair value of these contracts was a gain of approximately U.S.$69.1 million and U.S.$98.8 million, respectively. As of the same dates, considering the renegotiation adjustments in 2002, prepayments for approximate amounts of U.S.$95.3 million ($989.2) and U.S.$151.8 million ($1,519.5), respectively, have been made and are included in other short-term accounts receivable (see note 5).

As of December 31, 2002 and 2001, there are forward contracts with different maturities until October 2006, for notional amounts of U.S.$338.7 million and U.S.$408.3 million, respectively, covering 12,379,377 ADSs in 2002 and 15,986,689 ADSs in 2001 negotiated to hedge the future exercise of the options under the variable stock option programs (see note 16). Starting in 2001, the estimated fair value of these contracts is recognized in the balance sheet as assets or liabilities against the income statement, in addition to the costs generated by the option programs, which the forwards are hedging. As of December 31, 2002 and 2001, the estimated fair value of these contracts was a loss of approximately U.S.$32.8 million ($340.5) and a gain of approximately U.S.$3.3 million ($33.1), respectively.

As of December 31, 2002 and 2001, there are forward contracts with different maturities until May 2003, for a notional amount of U.S.$97.4 million and U.S.$101.8 million, respectively, covering 3,626,243 ADSs in 2002 and 4,699,061 ADSs in 2001 negotiated to hedge the future exercise of the options granted under the voluntary stock option programs (see note 16). Starting in 2001, the estimated fair value of these contracts is recognized in the balance sheet as assets or liabilities against the income statement, in addition to the costs generated by the option programs. As of December 31, 2002 and 2001, the estimated fair value was a loss of approximately U.S.$14.2 million ($147.4) and a gain of approximately U.S.$25.4 million ($254.2), respectively.

As of December 31, 2002, there are forward contracts maturing in August and September 2003, for a notional amount of U.S.$95.5 million covering 21,510,500 CPOs, negotiated to hedge the purchase of CAH shares through the exchange for CEMEX CPOs that will be liquidated during 2003 (see note 8A). The effects to be generated upon settlement of the forward contracts will be recognized as an adjustment to the purchase price for the CAH' shares. As of December 31, 2002, the estimated fair value of these contracts, which is not periodically recorded, had an approximate loss of U.S.$2.1 million ($21.8).

As of December 31, 2002 and 2001, there are forward contracts for notional amounts of U.S.$452.4 million and U.S.$394.8 million, respectively, with different maturities until February 2006, covering a total of 15,316,818 ADSs in 2002 and 13,069,855 ADSs in 2001. Based on the Company's intention at maturity, which is to physically settle these contracts, the estimated fair value of these contracts is not periodically recognized. The effects of these contracts will be recognized at maturity as an adjustment to stockholders' equity. As of December 31, 2002 and 2001, the estimated fair value of these contracts reflected losses of approximately U.S.$110.6 million and U.S.$46.5 million, respectively. In addition, as of December 31, 2002, the Company had a third party equity forward contract for a notional amount of U.S.$7.1 million, with an estimated fair value loss of approximately U.S.$0.1 million ($1.1).

B) In order to protect itself from variations in foreign exchange rates, the Company has entered into foreign exchange forward contracts for an approximate amount of U.S.$1,266.0 million and U.S.$424.0 million as of December 31, 2002 and 2001, respectively, with different maturities until July 2006. These contracts have been designated as hedges of the Company's net investment in foreign subsidiaries. The estimated fair value of these instruments is recorded in stockholders' equity as part of the foreign currency translation effect (see note 15D). In addition, during 2002, the Company negotiated foreign exchange options for a notional amount of U.S.$59.7 million with maturity in November 2004, and an estimated fair value loss as of December 31, 2002 of approximately U.S.$44.4 million ($460.9), which was recorded in the Comprehensive Financing Result.

C) As of December 31, 2001, there were fuel oil forward contracts for a notional amount of U.S.$9.5 million ($98.6), with an estimated fair value of U.S.$26 thousand ($0.3).

D) As of December 31, 2002 and 2001, the Company had an interest rate swap maturing in May 2017, for a notional amount of U.S.$177 million in both years, negotiated to exchange floating for fixed interest rates, in connection with agreements entered into by the Company for the acquisition of electric energy for a 20-year period starting in 2003 (see note 22F). During the life of the derivative contract and over its notional amount, the Company will pay LIBOR rates and will receive a 7.33% fixed rate until February 2003 and a 7.53% fixed rate from March 2003 to May 2017. In addition, during 2001 the Company sold a floor option for a notional amount of U.S.$177 million, related to the interest rate swap contract, pursuant to which, starting in 2003 and until 2017, the Company will pay the difference between the 7.53% fixed rate and the LIBOR rates. Through the sale of this option, the Company received a premium of approximately U.S.$22 million ($220.2). As of December 31, 2002 and 2001, the premium received and the combined estimated fair value of the swap and floor contracts, amounting to approximate losses of U.S.$0.5 million and U.S.$4.6 million, respectively, were recorded in the Comprehensive Financing Result for each period. As of December 31, 2002 and 2001, for purposes of the table above, the notional amount of both contracts is not aggregated, considering that there is only one notional amount with exposure to changes in interest rates and the effects of one instrument are proportionally inverse to the changes in the other one.

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

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

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

A) IT, BAT AND ESPS

The Company and its Mexican subsidiaries, for purposes of the Income Tax Law, generate IT or BAT on a consolidated basis; therefore, the amounts of these items included in the accompanying financial statements, with respect to the Mexican subsidiaries, represent the consolidated result of these taxes. For ESPS purposes, the amount presented is the sum of the individual results of each company. Beginning in 1999, the determination of the consolidated IT for the Mexican companies considers a maximum of 60% of the taxable income or loss of each of the subsidiaries. In addition, commencing in 1999, the taxable income of those subsidiaries that have tax loss carryforwards generated before 1999 have been included according to equity ownership at the end of the period. Beginning in 2002, in the determination of consolidated IT, 60% of the taxable result of the controlling entity should be considered, unless such entity obtains taxable income, in which case 100% should be considered, until the restated balance of the individual tax loss carryforwards before 2001 are amortized. Beginning in 2002, a new IT law became effective in Mexico, establishing that the IT rate will be decreased by 1% each year, beginning in 2003 until it reaches 32% in 2005.

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

	2002		2001		2000	
	CONSOLIDATED	PARENT	CONSOLIDATED	PARENT	CONSOLIDATED	PARENT
Current income tax	$ (962.7)	–	(1,421.7)	–	(1,063.3)	(441.6)
Received from subsidiaries	–	931.7	–	677.7	–	751.9
Deferred IT	393.5	1,277.2	(200.1)	659.6	(601.3)	630.4
Effects of inflation (note 2B)	–	–	(48.0)	–	22.6	–
	$ (569.2)	2,208.9	(1,669.8)	1,337.3	(1,642.0)	940.7

Total consolidated IT includes $778.7, $1,380.5 and $1,238.2 from foreign subsidiaries, and $(209.5), $289.3 and $403.8 from Mexican subsidiaries, for 2002, 2001 and 2000, respectively. In addition, the Company recognized a consolidated tax benefit, without including deferred taxes, of $931.7 in 2002, $677.7 in 2001 and $310.3 in 2000.

For its operations in Mexico, the Company has accumulated IT loss carryforwards which, restated for inflation, can be amortized against taxable income in the succeeding ten years according to Income Tax Law. The Company and its subsidiaries in Mexico must generate taxable income to preserve the benefit of the tax loss carryforwards generated beginning in 1999.

The tax loss carryforwards at December 31, 2002 are as follows:

YEAR IN WHICH TAX LOSS OCCURRED	AMOUNT OF CARRYFORWARDS	YEAR OF EXPIRATION
1995	$ 1,754.4	2005
2000	623.9	2010
2001	4,110.8	2011
2002	3,260.0	2012
	$ 9,749.1	

The BAT Law establishes a 1.8% tax levy on assets, restated for inflation in the case of inventory and fixed assets, and deducting certain liabilities. BAT levied in excess of IT for the period may be recovered, restated for inflation, in any of the succeeding ten years, provided that the IT incurred exceeds BAT in such period.The recoverable BAT as of December 31, 2002 is as follows:

YEAR IN WHICH BAT EXCEEDED IT	AMOUNT OF CARRYFORWARDS	YEAR OF EXPIRATION
1997	$ 160.5	2007
1999	57.9	2009
	$ 218.4	

B) DEFERRED IT AND ESPS (SEE NOTE 2K)

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

	2002	2001
Deferred tax assets:		
Tax loss carryforwards and other tax credits	$ 4,350.8	1,662.6
Accounts payable and accrued expenses	243.1	208.8
Trade accounts receivable	24.0	46.7
Properties, plant and equipment	(38.3)	(29.8)
Others	69.8	41.4
Total deferred tax assets	4,649.4	1,929.7
Less – Valuation allowance	(2,321.1)	(412.0)
Net deferred tax assets	2,328.3	1,517.7
Deferred tax liabilities:		
Tax loss carryforwards and other tax credits	6,151.2	3,106.4
Accounts payable and accrued expenses	4,259.6	886.1
Trade accounts receivable	85.9	13.4
Properties, plant and equipment	(17,410.7)	(12,605.8)
Inventories	(1,227.2)	(1,399.5)
Others	(916.4)	(546.7)
Total deferred tax liabilities	(9,057.6)	(10,546.1)
Less – Valuation allowance	(2,259.8)	(713.6)
Net deferred tax liabilities	(11,317.4)	(11,259.7)
Net deferred tax	(8,989.1)	(9,742.0)
Less – Deferred IT of acquired subsidiaries at the acquisition date	(4,044.3)	(3,626.3)
Total effect of deferred income tax in stockholders' equity	(4,944.8)	(6,115.7)
Less – Deferred IT recognized as of December 31, 1999	(1,158.2)	(1,158.2)
Less – Accumulated initial effect of deferred IT in equity	(5,196.8)	(5,196.8)
Change in deferred IT for the period	$ 1,410.2	239.3

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

		2002	2001
Deferred income tax charged (credited) to the income statement	$	393.5	(200.1)
Deferred income tax applied directly to stockholders' equity		1,016.7	439.4
	$	1,410.2	239.3

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

Management considers that there is existing evidence that in the future, the Company will generate sufficient taxable income to realize the tax benefits associated with the deferred income tax assets, and the tax loss carryforwards, prior to their expiration. In the event that present conditions change, and it is determined that future operations would not generate enough taxable income, or that tax strategies are no longer viable, the deferred tax assets' valuation allowance would be increased against the income statement.

Additionally, for the years ended December 31, 2002 and 2001, temporary differences between the net income of the period and taxable income for ESPS generated a deferred ESPS expense of $18.5 and $13.2, respectively, reflected in the income statement.

C) EFFECTIVE TAX RATE

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

		DECEMBER 31,	
	2002	2001	2000
	%	%	%
Approximated consolidated statutory tax rate	34.0	35.0	35.0
Additional deductions and tax credits	(6.6)	(1.8)	(1.9)
Expenses and other non deductible items	1.0	0.8	3.4
Non-taxable sale of marketable securities and fixed assets	(10.2)	–	0.2
Difference between book and tax inflation	(5.6)	(15.8)	(15.0)
Minimum taxes	–	0.2	(0.1)
Depreciation	–	(0.6)	0.3
Inventories	–	–	0.2
IT effect on stockholders' equity	(5.3)	(1.4)	(5.0)
Others [1]	2.0	(5.3)	(4.4)
Effective consolidated tax rate	9.3	11.1	12.7

(1) Includes the effects generated by differences among income tax rates and laws to which the Company is subject in the countries in which it has operations.

19. FOREIGN CURRENCY POSITION

The exchange rate of the Mexican peso to the dollar as of December 31, 2002, 2001 and 2000 was $10.38, $9.17 and $9.62 pesos per dollar, respectively. As of January 15, 2003, the exchange rate was $10.51 pesos per dollar.

As of December 31, 2002, the principal balances denominated in foreign currencies, as well as non-monetary assets in Mexico of foreign origin, are presented as follows:

	IN MILLIONS OF U.S. DOLLARS		
	MEXICO	FOREIGN	TOTAL
Current assets	560.0	2,133.2	2,693.2
Noncurrent assets	816.3 [1]	9,051.3	9,867.6
Total assets	1,376.3	11,184.5	12,560.8
Current liabilities	1,376.4	1,221.2	2,597.6
Long-term liabilities	2,216.7	3,278.8	5,495.5
Total liabilities	3,593.1	4,500.0	8,093.1

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

Additionally, transactions of the Company's Mexican operations denominated in foreign currencies during 2002, 2001 and 2000, are summarized as follows:

	In millions of U.S. dollars		
	2002	2001	2000
Export sales	72.1	83.2	105.1
Import purchases	92.5	41.8	18.6
Financial income	11.1	105.1	17.4
Financial expense	275.6	302.1	191.3

20. GEOGRAPHIC SEGMENT DATA

The Company is engaged principally in the construction industry segment through the production and marketing of cement and ready-mix concrete. The following tables present in accordance with the information analyzed for decision-making by the Company's management, selected condensed financial information of the Company by geographic area for the years ended December 31, 2002, 2001 and 2000:

	Net sales			Operating income		
	2002	2001	2000	2002	2001	2000
Mexico	$ 25,774.2	26,843.6	28,093.2	9,842.8	10,728.7	12,042.9
Spain	10,211.8	7,896.1	8,934.0	2,381.7	1,923.1	2,519.8
United States	18,167.6	20,122.6	8,096.5	2,800.0	3,203.2	1,220.7
Venezuela	3,151.4	4,651.2	4,885.1	1,020.2	1,550.4	1,356.5
Colombia	2,013.0	2,164.1	2,186.3	839.6	917.9	883.2
Caribbean and Central America	5,202.7	4,434.7	4,892.2	978.8	671.8	783.0
Philippines	1,354.2	1,352.6	1,473.6	(65.5)	129.2	129.1
Egypt	1,555.5	1,400.1	1,795.2	200.7	345.2	665.8
Others	7,863.3	8,363.9	3,835.1	(4,396.3)	(2,919.6)	(2,407.5)
	75,293.7	77,228.9	64,191.2	13,602.0	16,549.9	17,193.5
Eliminations	(7,376.2)	(7,926.6)	(5,756.1)	–	–	–
Consolidated	**$ 67,917.5**	**69,302.3**	**58,435.1**	**13,602.0**	**16,549.9**	**17,193.5**

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

	Depreciation and Amortization		
	2002	2001	2000
Mexico	$ 1,610.7	1,710.4	1,341.2
Spain	1,018.3	790.4	842.4
United States	1,748.8	2,205.6	682.5
Venezuela	525.5	656.3	751.5
Colombia	481.0	504.6	546.6
Caribbean and Central America	401.3	375.3	249.3
Philippines	421.4	357.1	281.0
Egypt	440.3	475.0	221.6
Others	1,295.9	860.6	167.5
Consolidated	**$ 7,943.2**	**7,935.3**	**5,083.6**

For purposes of the table above, goodwill amortization reported by holding companies has been allocated to the business geographic segment that originated such goodwill amounts. Therefore, this information is not directly comparable with the information of the individual entities, which are comprised in each segment. Additionally, in the Company's consolidated income statement, goodwill amortization is recognized as part of other expenses, net.

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

	TOTAL ASSETS		INVESTMENT IN FIXED ASSETS (2)	
	2002	2001	2002	2001
Mexico	$ 57,015.3	63,187.9	972.5	886.4
Spain	21,786.2	19,504.9	625.6	551.4
United States	44,715.0	48,163.7	1,022.8	1,825.4
Venezuela	7,857.5	11,648.1	138.2	285.8
Colombia	6,020.2	8,466.7	52.8	57.5
Caribbean and Central America	10,666.5	7,367.1	292.3	370.8
Philippines	8,467.7	7,958.2	123.5	240.6
Other Asian	3,656.4	3,279.3	108.1	117.7
Egypt	5,714.4	8,364.2	276.1	373.3
Others (1)	71,668.3	104,936.9	618.6	236.2
	237,567.5	282,877.0	4,230.5	4,945.1
Eliminations	(72,167.6)	(120,413.4)	–	–
Consolidated	**$ 165,399.9**	**162,463.6**	**4,230.5**	**4,945.1**

(1) Includes, in addition to trade maritime operating assets and other assets, related party balances of the Parent Company of $33,909.2 and $73,193.1 in 2002 and 2001, respectively, which are eliminated in consolidation.

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

As of December 31, 2002 and 2001, of the consolidated financial debt amounting to $59,863.8 and $53,777.7, respectively, approximately 57% in 2002 and 55% in 2001 is in the Parent Company, 24% and 26% in United States, 12% and 11% in Spain and 7% and 8% in other countries, respectively.

21. EARNINGS PER SHARE

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

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

	BASIC NUMBER OF SHARES	DILUTED NUMBER OF SHARES	MAJORITY INTEREST NET INCOME	BASIC EARNINGS PER SHARE	DILUTED EARNINGS PER SHARE
December 31, 2002	4,487,527,392	4,496,213,613	$ 5,400.4	$ 1.20	$ 1.20
December 31, 2001	4,264,724,371	4,299,689,171	11,789.8	2.76	2.74
December 31, 2000	4,123,703,259	4,143,760,773	10,389.2	2.52	2.51

The difference between the basic and diluted average number of shares in 2002, 2001 and 2000 is attributable to the additional shares to be issued under the Company's executive stock option fixed program (see note 16).

22. CONTINGENCIES AND COMMITMENTS

A) GUARANTEES

As of December 31, 2002, CEMEX, S.A. de C.V. has signed as guarantor of loans made to certain subsidiaries for approximately U.S.$55.2 million. As of the same date, the Company and certain subsidiaries have guaranteed the risks associated with certain financial transactions, assuming contingent obligations under standby letters of credit, issued by financial institutions for a total of U.S.$175.0 million.

B) TAX ASSESSMENTS

As of December 31, 2002, CEMEX and some of its subsidiaries in Mexico have been notified of several tax assessments determined by the Tax Authorities related to different tax periods. These tax assessments total approximately $5,229.8. The tax assessments result primarily from: (i) recalculation of the inflationary tax deduction, since the tax authorities claim that "Advance Payments to Suppliers" and "Guaranty Deposits" are not by their nature credits; (ii) disallowed restatement of tax loss carryforwards in the same period in which they occurred; (iii) disallowed determination of tax loss carryforwards and; (iv) disallowed reduction of BAT by the controlling entity for considering it should be in proportion to the equity interest it has over the controlled entities. The companies involved are using the available defense actions granted by law in order to cancel the tax claims.

C) ANTI-DUMPING DUTIES

In 1990, the United States Department of Commerce ("DOC") imposed an anti-dumping duty order on imports of gray Portland cement and clinker from Mexico. As a result, certain of the Company's subsidiaries, as importers of record, have been subject to payment of anti-dumping duty deposits estimated on imports of gray Portland cement and clinker from Mexico since April 1990. The order is likely to continue for an indefinite period, until the United States government determines, taking into consideration the World Trade Organization new rules, that conditions for imposing the order no longer exist; the cancellation or suspension of the order would follow. In the last quarter of 2000, the United States government continued the order, a resolution that will prevail until it makes a new review. During December 2001, the United States government (International Trade Commission) denied the Company's request to initiate a new review.

As of December 31, 2002, the Company has accrued a liability of U.S.$112 million, including accrued interest, for the difference between the amount of anti-dumping duties paid on imports and the latest findings by the DOC in its administrative reviews for all periods under review.

As of December 31, 2002, the Company is in the twelfth administrative review period by the DOC and expects a preliminary resolution in the second half of 2003. The United States government published, during September 2002, the preliminary determination with respect to the eleventh administrative review period, and the final resolution was issued on January 8, 2003. With respect to the first four review periods, the DOC has issued a final resolution of the anti-dumping duties. Referring to the remaining review periods, the final resolutions are suspended until all the procedures before the North America Free Trade Agreement Panel are concluded. As a result, the final amounts may be different from those recorded in the accompanying consolidated financial statements. The Company and its subsidiaries have defended their position in this matter and will continue to do so through available means in order to determine the actual dumping margins within each period of the administration reviews carried out by the DOC.

During 2001, five Taiwanese cement producers filed before the Tariff Commission under the Ministry of Finance (MOF) of Taiwan an anti-dumping case involving imported gray Portland cement and clinker from the Philippines and Korea. In July 2001, the MOF informed the petitioners and the producers that a formal investigation had been initiated. Among the producers are the Company's subsidiaries, APO Cement Corporation, Rizal Cement Co. Inc. ("Rizal") and Solid Cement Corporation ("Solid"), which received their anti-dumping questionnaires from the International Trade Commission under the Ministry of Economic Affairs ("ITC-MOEA") and the MOF in August 2001. Rizal and Solid replied to the ITC-MOEA by confirming that they have not been exporting cement or clinker during the review period. Furthermore, APO contested the allegation of "injury" in the anti-dumping proceedings before the ITC-MOEA. On December 23, 2002, Rizal was merged into its subsidiary Solid.

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

In January 2002, the MOF notified the petitioners and respondent producers, on a preliminary resolution, of findings that there might be dumping and that the investigation would continue, but without imposing any anti-dumping duty. In June 2002, the ITC-MOEA informed in its final resolution that the imports from South Korea and the Philippines had caused material damage to the Taiwanese industry. In July 2002, the MOF informed of a cement and clinker import duty of 42%, on imports from South Korea and the Philippines, beginning on July 19, 2002. In September 2002, these entities appealed the anti-dumping duty before the Taipei High Administrative Council (THAC).

D) LEASES

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

YEAR ENDING DECEMBER 31,	U.S. DOLLARS MILLION
2003	60.0
2004	56.1
2005	49.8
2006	40.1
2007	37.5
2008 and thereafter	125.9
	369.4

Rental expense for the years ended December 31, 2002, 2001, and 2000 was approximately U.S.$57 million, U.S.$67 million and U.S.$52 million, respectively.

E) PLEDGE ASSETS

At December 31, 2002 there are liabilities amounting to U.S.$80.8 million secured by properties, machinery and equipment.

F) COMMITMENTS

As of December 31, 2002, subsidiaries of the Company have future commitments for the purchase of raw materials for an approximate amount of U.S.$86.4 million.

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

On December 14, 2001, the put option held by the Indonesian government to require the Company to purchase its 51% interest in Gresik for approximately U.S.$418 million, plus accrued interest from October 1998 at 8.2% per annum, expired without being exercised.

In March 2002, the distribution contract in Taiwan that the Company had with Universal Company since March 31, 2000, was terminated. As a result, for the year ended December 31, 2002, CEMEX recognized an approximate loss of U.S.$17.3 million ($179.6) within the caption other expenses, net.

G) OTHER CONTINGENCIES

At December 31, 2002, CEMEX, Inc., has accrued liabilities specifically relating to environmental matters in the aggregate amount of U.S.$23.9 million. The environmental matters relate to a) in the past, in accordance with industry practice, disposing of various materials, which might be categorized as hazardous substances or wastes, and b) the cleanup of sites used or operated by the Company, including discontinued operations, in regard to the disposal of hazardous substances or wastes, either individually or jointly with other parties. Most of the proceedings are in the preliminary stage, and a final resolution might take several years. For purposes of recording the provision, the subsidiary considers that it is probable that a liability has been incurred and the amount of the liability is reasonably estimable, whether or not claims have been asserted, and without giving effect to any possible future recoveries. Based on information developed to date, the subsidiary does not believe it will be required to spend significant sums on these matters in excess of the amounts previously recorded. Until all environmental studies, investigations, remediation work, and negotiations with or litigation against potential sources of recovery have been completed, however, the ultimate cost that might be incurred to resolve these environmental issues cannot be assured.

In December 2002, an ex-maritime broker for Puerto Rican Cement Company, Inc. ("PRCC"), the main subsidiary of CEMEX in Puerto Rico, filed a lawsuit in Puerto Rico against CEMEX, PRCC and other individuals not affiliated with CEMEX, including Puerto Rican authorities. The plaintiff contends that the defendants conspired to break antitrust laws so that one of the defendants, who is not a CEMEX related party, could have control of the maritime broker market in Port of Ponce, Puerto Rico. The plaintiff has asked for relief in the amount of approximately U.S.$18 million. The CEMEX companies involved are in the process of determining the appropriate legal strategy for a response. Typically, proceedings of this nature take several years before a final resolution is reached.

In May 2001, a subsidiary of the Company in Colombia received a civil liability suit from 42 transporters, alleging that this subsidiary is responsible for alleged damages caused by the alleged breach of provision of raw materials contracts. The plaintiffs have asked for relief in the amount of U.S.$45.8 million. The Company filed a timely defense response. This proceeding is in a preliminary stage. Typically, proceedings of this nature take several years before a final resolution is reached.

In May 1999, several companies filed a lawsuit against two subsidiaries of the Company based in Colombia, alleging that the Ibagué plants were causing capacity production damage to their lands due to the pollution they generate. The plaintiffs demand relief in the amount of U.S.$8.8 million. This proceeding is in the evidentiary stage. Typically, proceedings of this nature take several years before a final resolution is reached.

23. NEW ACCOUNTING PRONOUNCEMENTS

In December 2001, the Mexican Institute of Public Accountants issued the new Bulletin C-9, "Liabilities, Accruals, Contingent Assets and Liabilities and Commitments". This Bulletin is effective January 1, 2003 and supersedes former Bulletin C-9, "Liabilities" and Bulletin C-12, "Contingencies and Commitments". New Bulletin C-9 establishes additional guidance clarifying the accounting for liabilities, accruals and contingent assets and liabilities, and establishes new standards for the use of present value techniques to measure liabilities, and the accounting for the early settlement of liabilities and convertible debt. Additionally, new Bulletin C-9 establishes new rules for disclosing commitments arising from current business operations.

In January 2002, the Mexican Institute of Public Accountants issued the new Bulletin C-8, “Intangible Assets”, which is effective January 1, 2003 and supersedes former Bulletin C-8, “Intangibles”. New Bulletin C-8 establishes that development costs should be capitalized as intangible assets if the criteria for intangible asset recognition are met. The main elements for capitalization are that costs incurred should be properly identified, there are expected future benefits, and that the company has control over such benefits. Expenditures not meeting the new criteria and incurred after the effective date of new Bulletin C-8 should be expensed as incurred. Pre-operating expenses previously recognized under former Bulletin C -8 will continue to be amortized, subject to periodic impairment evaluations. Development costs incurred in a pre-operating stage may be capitalized after meeting the new criteria under new Bulletin C-8. In addition, this Bulletin also requires that intangible assets acquired in a business combination be accounted for at fair value at the date of the purchase and be separately reported, unless their cost cannot be reasonably determined, in which case they should be reported as goodwill. Also, if there is no active market for these assets, they should be reduced to the amount of goodwill (excess of cost over book value) or to zero. These assets are also subject to periodic impairment evaluations. Amortization of goodwill should be reported in operating expenses.

The Company estimates that the adoption of the new Bulletins C-8 and C-9 will not have a material effect on its net assets; however, regarding the classification of goodwill amortization within operating expenses implied by the new Bulletin C-8, amortization which as of December 31, 2000, 2001 and 2002, the Company reported within other expenses, net, beginning in 2003, arising from this new classification, there would be a decrease in operating income in the amount of this non-cash item; however, such classification would not have an impact on stockholders’ equity, net income or earnings per share.

the terms we use

Financial

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

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

Interest coverage is defined as EBITDA divided by the sum of financial expenses and preferred dividends, all for the previous twelve months.

Net debt equals total debt plus preferred equity and capital securities minus cash and cash equivalents. CEMEX is conservatively adding the preferred capital securities (US$66 million) because of the put option to CEMEX under its structure and the remaining preferred equity (US$650 million).

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

Industry

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

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

Gray Portland cement is a hydraulic binding agent with a composition by weight of at least 95% clinker and 0-5% of a minor component (usually calcium sulfate). It can set and harden underwater and, when mixed with aggregates and water, produces concrete or mortar. Today, our research and development focuses on blended cements. These specialty cements not only meet our customers' more stringent demands, but they also reduce our energy consumption.

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

Metric ton is the equivalent of 1.102 short tons.

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

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

Management team

Board of Directors

Directors

Lorenzo H. Zambrano
Chairman of the Board

Lorenzo Milmo Zambrano

Armando J. García Segovia

Rodolfo García Muriel

Rogelio Zambrano Lozano

Roberto Zambrano Villarreal*

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Dionisio Garza Medina

Alfonso Romo Garza*

Mauricio Zambrano Villarreal*

Tomás Brittingham Longoria*

Alternate Directors

Eduardo Brittingham Sumner*

Tomás Milmo Santos*

Jorge García Segovia

**Independent members of the Board*

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Luis Santos de la Garza

Alternate Examiner

Fernando Ruiz Arredondo

Secretary

Ramiro Villarreal Morales

Audit Committee Members

Roberto Zambrano Villarreal
President

Lorenzo H. Zambrano

Lorenzo Milmo Zambrano

Alfonso Romo Garza

Tomás Brittingham Longoria

José Manuel Rincón Gallardo
Non-voting advisor

Executive officers

Lorenzo H. Zambrano, 59
Chairman of the Board and Chief Executive Officer
Mr. Zambrano joined CEMEX in 1968 and has been involved in all operational aspects of the business. He holds a B.S. degree in mechanical engineering from the Tecnológico de Monterrey and an M.B.A. from Stanford University. He is a member of the Board of Directors of Alfa, Banamex, Cydsa, Empresas ICA, Femsa, Televisa, and Vitro. He is also the Chairman of the Board of the Tecnológico de Monterrey, and a member of the Advisory Committee of the Stanford Graduate School of Business, the International Advisory Board of Salomon Smith Barney, and the Chairman's Council of DaimlerChrysler AG.

Héctor Medina, 52
Executive Vice President of Planning and Finance
Mr. Medina, who joined CEMEX in 1988, is a graduate of the Tecnológico de Monterrey with a degree in chemical engineering. He received an M.S.C. degree in management from the University of Bradford Management Center in England and an M.S. degree from the Escuela de Organización Industrial in Spain. Mr. Medina is responsible for CEMEX's worldwide strategic planning and finance.

Francisco Garza, 47
President of the North America Region and Trading
Mr. Garza is a graduate of the Tecnológico de Monterrey and has an M.B.A. from Cornell University's Johnson Graduate School of Management. Since he joined CEMEX in 1988, he has held several senior management positions in the company. Mr. Garza is directly responsible for CEMEX's interests and operations in Mexico and the U.S. and the company's Trading unit.

Víctor M. Romo, 44
President of the South America & Caribbean Region
Mr. Romo joined CEMEX in 1985. He earned his Bachelor's degree in accounting and his M.S. degree in administration from the Tecnológico de Monterrey. Before assuming his current position, Mr. Romo was President of CEMEX's Venezuelan subsidiary. He is now responsible for CEMEX's interests and operations in Venezuela, Colombia, Panama, the Caribbean, the Dominican Republic, Haiti, Costa Rica, Nicaragua, Puerto Rico, and Chile.

José Luis Sáenz de Miera, 56
President of the Europe, Middle East & Asia Region
Mr. Sáenz de Miera, who joined CEMEX in 1993, has a degree in economics from the Universidad de Madrid and in accounting from Spain's Instituto de Censores Jurados de Cuentas. He has held several management positions within CEMEX. Appointed in 1998 to this position, he is directly responsible for supervising CEMEX's interests and operations in Spain, the Philippines, Indonesia, Egypt, Thailand, Bangladesh, and Taiwan.

Armando J. García, 50
Executive Vice President of Development
Mr. García, who originally joined CEMEX in 1975 and rejoined the company in 1985, holds a degree in mechanical engineering and business administration from the Tecnológico de Monterrey and has an M.B.A. from the University of Texas. He is responsible for managing CEMEX's operations technology, human resources, energy, procurement, and information technology.

Mario de la Garza, 63
Senior Vice President of Administration
Mr. de la Garza, who joined CEMEX in 1965, is a C.P.A. He graduated from the Universidad Autónoma de Nuevo León with a degree in philosophy and attended the Programa de Alta Dirección de Empresas, AD2, at the Instituto Panamericano de Alta Dirección de Empresa.

Rodrigo Treviño, 46
Chief Financial Officer
Mr. Treviño, who joined CEMEX in 1997, received his B.S. and M.S. degrees in industrial engineering from Stanford University. He is responsible for the company's finance, reporting, capital markets, treasury, and investor relations.

Juan Pablo San Agustín, 34
President of CxNetworks
Mr. San Agustín, who joined CEMEX in 1997, earned his B.A. and M.B.A. from the Instituto de Empresa in Madrid. He is the chief executive of CxNetworks, a CEMEX subsidiary that is devoted to creating sources of growth by building new and innovative businesses around CEMEX's strengths.

Directory

Headquarters

Av. Constitución 444 Pte.
CP 64000 Apdo. Postal 392
Monterrey, N.L., Mexico
Phone: (5281) 8328.3000
Fax: (5281) 8328.3188

Bangladesh
75 Suhrawardi Avenue
Block K, Baridhara
Dhaka 1212, Bangladesh
Phone: (880) 2.8822.0908

Colombia
Calle 99 Nº 9A-54 Piso 7
Bogotá, Colombia
Phone: (571) 603.9000
Fax: (571) 646.9231

Costa Rica
Plaza Roble
Edificio El Pórtico 3er. Nivel
Autopista Próspero Fernández
Guachipelín de Escazú,
Apdo. 6558-1000
San José de Costa Rica
Phone: (506) 201.8200
Fax: (506) 201.8202

Dominican Republic
Av. John F. Kennedy
Esquina Horacio Blanco Fombona
CP 285-2
Santo Domingo, Rep. Dominicana
Phone: (809) 683.4901
Fax: (809) 683.4952

Egypt
Abbas El Akkad Street Floors 6,7 & 8
Nasr City, Cairo, Egypt
Phone: (202) 407.8600
Fax: (202) 260.3325

Indonesia
Menara Bank Danamon Floor 21
JL Prof. Dr. Satrio Kav E-VI/6
Mega Kuningan
Jakarta 12190, Indonesia
Phone: (6221) 5798.8000
Fax: (6221) 5798.8111

Mexico
Av. Presidente Masarik 101 Piso 18
Polanco, CP 11570
México D.F. México
Phone: (5255) 5726.9040
Fax: (5255) 5203.2542

Nicaragua
Km. 4.5 carretera sur, desvío Batahola
Contiguo Nicalit CP 75
Managua, Nicaragua
Phone: (505) 266.1027
Fax: (505) 266.6145

Panama
Plaza Credicorp Bank Panamá Piso 28
Calle 50, entre c/59 y 60
Bella Vista, Panamá 5
CP 7262 República de Panamá
Phone: (507) 278.8700
Fax: (507) 278.8765

Philippines
Petron Mega Plaza 24th Floor
358 Sen. Gil J. Puyat Avenue
Makati City, Philippines 1200
Phone: (632) 849.3600
Fax: (632) 849.3779

Puerto Rico
Km. 2.7 Carretera 165
Zona Industrial Amelia
Bucahna Guaynabo
00968 Puerto Rico
Phone: (787) 783.3000
Fax: (787) 781.8850

Singapore
3 Temasek Avenue
Centennial Tower Nº22-01
Singapore 039190
Phone: (65) 6433.0700
Fax: (65) 6433.0780

Spain
Hernández de Tejada Nº 1
CP 28027 Madrid, España
Phone: (3491) 377.9200
Fax: (3491) 377.9203

Taiwan
Keelung Road Section 1 Nº 333 Floor 8
Taipei 110, Taiwan
Phone: (8862) 2722.8488
Fax: (8862) 2722.8591

Thailand
2034/132-161 Ital-Thai Tower Floor 34
Bangkapi, Huaykwang,
Bangkok 10320, Thailand
Phone: (662) 716.0003
Fax: (662) 716.1555

United States
U.S. Operations Headquarters:
1200 Smith Street Suite 2400
Houston, Texas 77002 USA
Phone: (713) 650.6200
Fax: (713) 653.6815

New York Office:
590 Madison Ave. 41st. Floor
New York, N.Y. 10022 USA
Phone: (212) 317.6000
Fax: (212) 317.6047

Venezuela
Calle Londres, entre c/Nueva York y Trinidad
Torre CEMEX Venezuela
Urbanización Las Mercedes
Caracas 1060, Venezuela
Phone: (58212) 999.7000
Fax: (58212) 999.7302

Investor and media information

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

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

BMV ticker symbol:
CEMEX CPO

NYSE ticker symbol:
CX

Investor relations contact:
ir@cemex.com
From the U.S.: 1 877 7CX NYSE
From other countries: (212) 317.6000
Fax: (212) 317.6040

Media relations contact:
mr@cemex.com
Phone: (5281) 8152.2739
Fax: (5281) 8152.2750

Internet:
www.cemex.com

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