

held by us). C10 Capital (SPV) Limited issued \$900 million original principal amount of Perpetual debentures under the second tranche, with the issuer having the option to redeem such Perpetual debentures on December 31, 2016 and on each interest payment date thereafter, of which \$175 million principal amount were outstanding as of December 31, 2018 (excluding Perpetual debentures held by us). Both tranches pay coupons denominated in Dollars at a fixed rate until the call date and at a floating rate thereafter. On February 12, 2007, CEMEX, through a special purpose vehicle, issued a third tranche of fixed-to-floating rate callable debentures. C8 Capital (SPV) Limited issued \$750 million original principal amount of Perpetual debentures under this third tranche, with the issuer having the option to redeem such Perpetual debentures on December 31, 2014 and on each interest payment date thereafter, of which \$135 million principal amount were outstanding as of December 31, 2018 (excluding Perpetual debentures held by us). This third tranche also pays coupons denominated in Dollars at a fixed rate until the call date and at a floating rate thereafter. On May 9, 2007, CEMEX, through a special purpose vehicle, issued a fourth tranche of fixed-to-floating rate callable Perpetual Debentures. C10-EUR Capital (SPV) Limited issued €730 million original principal amount of Perpetual debentures under this fourth tranche, with the issuer having the option to redeem such Perpetual debentures on June 30, 2017, and on each interest payment date thereafter, of which €64 million principal amount were outstanding as of December 31, 2018 (excluding Perpetual debentures held by us). This fourth tranche pays coupons denominated in Euros at a fixed rate until the call date and at a floating rate thereafter. Due to their perpetual nature and optional deferral of coupons, these transactions, in accordance with IFRS, qualify as equity.

For a description of the material terms relating to the November 2019 Mandatory Convertible Mexican Peso Notes and the March 2020 Optional Convertible Subordinated Dollar Notes, see “Item 5—Operating and Financial Review and Prospects—Summary of Material Contractual Obligations and Commercial Commitments.”

In connection with the 2017 Facilities Agreement, we are also parties to the amendment and restatement agreement, dated July 19, 2017 related to the Intercreditor Agreement; the Dutch law share pledge, dated as of September 12, 2012; the Dutch law share pledge, dated as of December 15, 2015; the security confirmation agreement to Dutch law share pledges, dated as of July 19, 2017; the Swiss law share pledge, dated as of September 17, 2012; the security confirmation agreement to the Swiss law share pledge, dated as of July 19, 2017; the Spanish law share pledge, dated as of November 8, 2012; the ratification and extension deed to the Spanish law share pledge, dated as of July 19, 2017; and the amendment and restatement agreement, dated July 19, 2017 to the Mexican law security trust agreement, dated as of September 17, 2012. For a description of the material terms of the 2017 Facilities Agreement and related agreements, see “Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Our Indebtedness.”

For a description of the material terms relating to the Senior Secured Notes, see “Item 5—Operating and Financial Review and Prospects—Summary of Material Contractual Obligations and Commercial Commitments—Senior Secured Notes.”

Exchange Controls

Not applicable.

Taxation

Mexican Tax Considerations

General

The following is a summary of certain Mexican federal income tax considerations relating to the ownership and disposition of CEMEX, S.A.B. de C.V.’s CPOs or ADSs.

This summary is based on Mexican income tax law that is in effect on the date of this annual report, which is subject to change. This summary is limited to non-residents of Mexico, as defined below, who own CEMEX, S.A.B. de C.V.’s CPOs or ADSs. This summary does not address all aspects of Mexican income tax law. Holders are urged to consult their tax counsel as to the tax consequences that the purchase, ownership and disposition of CEMEX, S.A.B. de C.V.’s CPOs or ADSs may have.

For purposes of Mexican taxation, an individual is a resident of Mexico if he or she has established his or her home in Mexico. If the individual also has a home in another country, he or she will be considered a resident of Mexico if his or her center of vital interests is in Mexico. Under Mexican law, an individual’s center of vital interests is in Mexico if, among other things:

- more than 50% of the individual’s total income in the relevant year comes from Mexican sources; or
- the individual’s main center of professional activities is in Mexico.

A Mexican national that is employed by the Mexican government is deemed resident of Mexico, even if his or her center of vital interests is located outside of Mexico. Unless otherwise proven, Mexican nationals are deemed residents of Mexico for tax purposes.

A legal entity is a resident of Mexico if it is organized under the laws of Mexico or if it maintains the principal administration of its business or the effective location of its management in Mexico. A Mexican citizen is presumed to be a resident of Mexico for tax purposes unless such person or entity can demonstrate otherwise. If a legal entity or an individual is deemed to have a permanent establishment in Mexico for tax purposes, all income attributable to such permanent establishment will be subject to Mexican taxes, in accordance with relevant tax provisions.

Individuals or legal entities that cease to be residents of Mexico must notify the tax authorities within 15 business days before their change of residency.

A non-resident of Mexico is a legal entity or individual that does not satisfy the requirements to be considered a resident of Mexico for Mexican federal income tax purposes.

Taxation of Dividends

Dividends from earnings generated before January 1, 2014, either in cash or in any other form, paid to non-residents of Mexico with respect to Series A shares or Series B shares represented by the CPOs (or in the case of holders who hold CPOs represented by ADSs), will not be subject to withholding tax in Mexico.

As a result of the enactment of certain tax provisions in Mexico, as of January 1, 2014, dividends in cash from identified pre-tax retained earnings generated after January 1, 2014 will be subject to a 10% withholding tax. This tax is considered as a definitive payment.

Disposition of CPOs or ADSs

As a result of the enactment of certain tax provisions in Mexico, as of January 1, 2014, in the case of individuals, capital gains of shares issued by Mexican companies on the MSE will be subject to a 10% withholding tax, which will be withheld by the intermediary acting as a withholding agent. If the individual is a tax resident in a country with a tax treaty in force with Mexico, such individual will not be subject to any withholding tax.

Gains on the sale or disposition of CPOs by a holder who is a non-resident of Mexico will not be subject to any Mexican tax, if the sale is carried out through the MSE or other recognized securities market, as determined by Mexican tax authorities. Gains realized on sales or other dispositions of CPOs by non-residents of Mexico made in other circumstances would be subject to Mexican income tax. However, gains on the sale or disposition of ADSs by a holder who is a non-resident of Mexico will not be subject to Mexican tax.

Under the terms of the Convention Between the U.S. and Mexico for Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Income Taxes, and a protocol thereto (together, the "Tax Treaty"), gains obtained by a U.S. Shareholder (as defined below) eligible for benefits under the Tax Treaty on the disposition of CPOs will generally not be subject to Mexican tax, provided that such gains are not attributable to a permanent establishment of such U.S. Shareholder in Mexico and that the eligible U.S. Shareholder did not own, directly or indirectly, 25% or more of our outstanding stock during the 12-month period preceding the disposition. In the case of non-residents of Mexico eligible for the benefits of a tax treaty, gains derived from the disposition of ADSs or CPOs may also be exempt, in whole or in part, from Mexican taxation under a treaty to which Mexico is a party.

Deposits and withdrawals of ADSs will not give rise to any Mexican tax or transfer duties.

The term "U.S. Shareholder" shall have the same meaning ascribed below under the section "U.S. Federal Income Tax Considerations."

Estate and Gift Taxes

There are no Mexican inheritance or succession taxes applicable to the ownership, transfer or disposition of ADSs or CPOs by holders that are non-residents of Mexico, although gratuitous transfers of CPOs may, in some circumstances, cause a Mexican federal tax to be imposed upon a recipient. There are no Mexican stamp, issue, registration or similar taxes or duties payable by holders of ADSs or CPOs.

U.S. Federal Income Tax Considerations

General

The following is a summary of certain U.S. federal income tax considerations generally applicable to the ownership and disposition of CEMEX, S.A.B. de C.V.'s CPOs and ADSs.

This summary is based on provisions of Title 26 of the U.S. Code (Internal Revenue Code), as amended (the "Internal Revenue Code"), United States Department of the Treasury regulations promulgated under the Internal Revenue Code, administrative rulings, and judicial interpretations of the Internal Revenue Code, all as in effect on the date of this annual report and all of which are subject to change, possibly retroactively. This summary is limited to U.S. Shareholders (as defined below) who hold our ADSs or CPOs, as the case may be, as capital assets. This summary does not discuss all aspects of U.S. federal income taxation that may be important to an investor in light of its individual circumstances, for example, an investor subject to special tax rules (e.g., banks, thrifts, real estate investment trusts, regulated investment companies, insurance companies, dealers in securities or currencies, expatriates, tax-exempt investors, persons who own 10% or more of our voting stock, or holders whose functional currency is not the Dollar or U.S. Shareholders who hold a CPO or an ADS as a position in a "straddle," as part of a "synthetic security" or "hedge," as part of a "conversion transaction" or other integrated investment, or as other than a capital asset). In addition, this summary does not address the Medicare tax imposed on certain net investment income or any aspect of state, local foreign, gift, estate or alternative minimum tax considerations.

For purposes of this summary, a "U.S. Shareholder" means a beneficial owner of CPOs or ADSs, who is for U.S. federal income tax purposes:

- an individual citizen or resident of the U.S.;
- a corporation or other entity taxable as a corporation that is created or organized in the U.S. or under the laws of the U.S. or any political subdivision thereof;
- an estate the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (i) is subject to the primary supervision of a court within the U.S. and the control of one or more U.S. persons are authorized to control all substantial decisions or (ii) has a valid election in effect under applicable United States Department of the Treasury regulations to be treated as a U.S. person.

If a partnership (including any entity arrangement treated as a partnership for U.S. federal income tax purposes) is the beneficial owner of CPOs or ADSs, the U.S. federal income tax treatment of a partner in such partnership will generally depend upon the status of the partner and the activities of the partnership. A partner in a partnership that is the beneficial owner of CPOs or ADSs should consult its tax advisor regarding the associated tax consequences.

U.S. Shareholders should consult their tax advisors as to the particular tax consequences to them under U.S. federal, state and local, and foreign laws relating to the ownership and disposition of CEMEX, S.A.B. de C.V.'s CPOs and ADSs.

Ownership of CPOs or ADSs in general

In general, for U.S. federal income tax purposes, U.S. Shareholders who own ADSs will be treated as the beneficial owners of the CPOs represented by those ADSs, and each CPO will represent a beneficial interest in two Series A shares and one Series B share.

Taxation of distributions with respect to CPOs and ADSs

A distribution of cash or property with respect to the Series A shares or Series B shares represented by CPOs, including CPOs represented by ADSs, generally will be treated as a dividend to the extent paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, and will be includible in the gross income of a U.S. Shareholder as foreign source "passive" income on the date the distribution is received by the CPO trustee or successor thereof. Any such dividend will not be eligible for the dividends-received deduction allowed to corporate U.S. Shareholders. To the extent, if any, that the amount of any distribution by us exceeds our current and accumulated earnings and profits as determined under U.S. federal income tax principles, it will be treated first as a tax-free return of the U.S. Shareholder's adjusted tax basis in the CPOs or ADSs, as applicable, and thereafter as capital gain. For more on the treatment of capital gain with respect to the CPOs and ADSs, see "Taxation—U.S. Federal Income Tax Considerations—Taxation of capital gains on disposition of CPOs or ADSs" below.

The gross amount of any dividends paid in Mexican Pesos will be includible in the income of a U.S. Shareholder in a Dollar amount calculated by reference to the exchange rate in effect the day the Mexican Pesos are received by the CPO trustee or successor thereof whether or not the Mexican Pesos are converted into Dollars on that day. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend payment is includible in income to the date such payment is converted into Dollars will be treated as ordinary income or loss. Such gain or loss will generally be income from sources within the U.S. for foreign tax credit limitation purposes.

Dividend income is generally taxed as ordinary income. However "qualified dividend income" received by U.S. Shareholders that are individuals (as well as certain trusts and estates) is generally eligible for preferential U.S. federal income tax rates (provided that certain holding period requirements are met). "Qualified dividend income" includes dividends paid on shares of "qualified foreign corporations" if, among other things: (i) the shares of the foreign corporation are readily tradable on an established securities market in the U.S., or (ii) the foreign corporation is eligible with respect to substantially all of its income for the benefits of a comprehensive income tax treaty with the U.S. which contains an exchange of information program.

We believe that we are a "qualified foreign corporation" because (i) the ADSs trade on the New York Stock Exchange and (ii) we are eligible for the benefits of the comprehensive income tax treaty between Mexico and the U.S. which includes an exchange of information program. Accordingly, we believe that any dividends we pay should constitute "qualified dividend income" for U.S. federal income tax purposes. However, we cannot assure you that we will continue to be considered a "qualified foreign corporation" and that our dividends will continue to be "qualified dividend income."

Taxation of capital gains on disposition of CPOs or ADSs

The sale, exchange, redemption, or other disposition of CPOs or ADSs will result in the recognition of gain or loss by a U.S. Shareholder for U.S. federal income tax purposes in an amount equal to the difference between the amount realized on the disposition and the U.S. Shareholder's tax basis in the CPOs or ADSs, as applicable. Such gain or loss will be long-term capital gain or loss if the U.S. Shareholder's holding period for the CPOs or ADSs exceeds one year at the time of disposition. Long-term capital gain recognized by a U.S. Shareholder that is an individual (as well as certain trusts and estates) upon the sale or exchange of CPOs or ADSs is generally eligible for preferential U.S. federal income tax rates. The deduction of capital losses is subject to limitations. Gain from the disposition of CPOs or ADSs generally will be treated as U.S. source for foreign tax credit purposes; losses will generally be allocated against U.S. source income. Deposits and withdrawals of CPOs by U.S. Shareholders in exchange for ADSs will not result in the realization of gain or loss for U.S. federal income tax purposes. U.S. backup withholding and information reporting

A U.S. Shareholder may, under certain circumstances, be subject to information reporting with respect to some payments to that U.S. Shareholder such as dividends or the proceeds of a sale or other disposition of the CPOs or ADSs. Backup withholding also may apply to amounts paid to such holder unless such holder (i) is a corporation or comes within certain exempt categories and demonstrates this fact when so required, or (ii) provides a correct taxpayer identification number and otherwise complies with applicable requirements of the backup withholding rules. Backup withholding is not an additional tax. Amounts withheld as backup withholding may be creditable against the U.S. Shareholder's federal income tax liability, and the U.S. Shareholder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the IRS and timely furnishing any required information.

An individual U.S. Shareholder may be required to submit to the IRS certain information with respect to his or her beneficial ownership of CPOs or ADSs, unless such CPOs or ADSs are held on his or her behalf by a U.S. financial institution. The law also imposes penalties if an individual U.S. Shareholder is required to submit such information to the IRS and fails to do so. U.S. Shareholders should consult their tax advisors regarding the application of the new law in their particular circumstances.

Documents on Display

We are subject to the informational requirements of the Exchange Act and, in accordance with these requirements, file reports and information statements and other information with the SEC. These reports and information statements and other information filed by us with the SEC are available at the SEC's website www.sec.gov.

In reviewing the agreements included as exhibits to this annual report, please remember they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about us or the other parties to the agreements.

The agreements may contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

- should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;