

CEMEX SAB DE CV  
Form 20-F  
April 27, 2015  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**FORM 20-F**

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

**OR**

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2014**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**OR**

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Date of event requiring this shell company report**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-14946

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

(Exact name of Registrant as specified in its charter)

**CEMEX PUBLICLY TRADED STOCK CORPORATION WITH VARIABLE CAPITAL**

(Translation of Registrant's name into English)

**United Mexican States**

(Jurisdiction of incorporation or organization)

**Avenida Ricardo Margáin Zozaya #325, Colonia Valle del Campestre, San Pedro Garza García, Nuevo León,  
México 66265**

(Address of principal executive offices)

**Ramiro G. Villarreal Morales,**

**+52 81 8888-8888, +52 81 8888-4399,**

**Avenida Ricardo Margáin Zozaya #325, Colonia Valle del Campestre, San Pedro Garza García, Nuevo León,  
México 66265**

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

**Securities registered or to be registered pursuant to Section 12(b) of the Act.**

**Title of each class**  
**Ordinary Participation Certificates (*Certificados de Participación Ordinarios*), or CPOs, each CPO representing two Series A shares and one Series B share, traded in the form of American Depositary Shares, or ADSs, each ADS representing ten CPOs.**

**Name of each exchange on which registered**  
**New York Stock Exchange**

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**Securities registered or to be registered pursuant to Section 12(g) of the Act.**

**None**

**(Title of Class)**

**Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.**

**None**

**(Title of Class)**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

12,429,046,170 CPOs

24,913,159,536 Series A shares (including Series A shares underlying CPOs)

12,456,579,768 Series B shares (including Series B shares underlying CPOs)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Note: Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). N/A

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

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Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this annual report:

International Financial Reporting Standards as issued

U.S. GAAP ☐

by the International Accounting Standards Board ☒

Other ☐

If ☐ Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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**INTRODUCTION**

CEMEX, S.A.B. de C.V. is incorporated as a publicly traded stock corporation with variable capital (*sociedad anónima bursátil de capital variable*) organized under the laws of the United Mexican States, or Mexico. Except as the context otherwise may require, references in this annual report to CEMEX, we, us or our refer to CEMEX, S.A. de C.V. and its consolidated entities. See note 2 to our 2014 audited consolidated financial statements included elsewhere in this annual report.

**PRESENTATION OF FINANCIAL INFORMATION**

Our consolidated financial statements included elsewhere in this annual report have been prepared in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB.

The regulations of the Securities and Exchange Commission, or SEC, do not require foreign private issuers that prepare their financial statements on the basis of IFRS (as published by the IASB) to reconcile such financial statements to U.S. GAAP. As such, while CEMEX, S.A.B. de C.V. has in the past reconciled its consolidated financial statements prepared in accordance with Mexican Financial Reporting Standards, or MFRS, to U.S. GAAP, those reconciliations are no longer presented in CEMEX, S.A.B. de C.V.'s filings with the SEC.

References in this annual report to U.S.\$ and Dollars are to U.S. Dollars, references to € are to Euros, references to £ are to British Pounds, and, unless otherwise indicated, references to Ps, Mexican Pesos and Pesos are to Mexican Pesos. References to billion means one thousand million. The Dollar amounts provided below, unless otherwise indicated elsewhere in this annual report, are translations of Peso amounts at an exchange rate of Ps14.74 to U.S.\$1.00, the CEMEX accounting rate as of December 31, 2014. However, in the case of transactions conducted in Dollars, we have presented the Dollar amount of the transaction and the corresponding Peso amount that is presented in our consolidated financial statements. These translations have been prepared solely for the convenience of the reader and should not be construed as representations that the Peso amounts actually represent those Dollar amounts or could be converted into Dollars at the rate indicated. Between January 1, 2014 and April 17, 2015, the Peso depreciated by approximately 3.7% against the Dollar, based on the noon buying rate for Pesos. See Item 3 Key Information Selected Consolidated Financial Information.

The noon buying rate for Mexican Pesos on December 31, 2014 was Ps14.75 to U.S.\$1.00 and on April 17, 2015 was Ps15.32 to U.S.\$1.00.

References in this annual report to total debt plus other financial obligations do not include debt and other financial obligations of ours held by us. See notes 2L and 16B to our 2014 audited consolidated financial statements included elsewhere in this annual report for a detailed description of our other financial obligations. Total debt plus other financial obligations differs from the calculation of debt under the Facilities Agreement and the Credit Agreement described herein.

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**CERTAIN TECHNICAL TERMS**

When used herein, the terms set forth below mean the following:

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

**Petroleum coke (pet coke)** is a byproduct of the oil refining coking process.

**Tons**, unless the context indicates otherwise, means metric tons. One metric ton equals 1.102 short tons.

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**PART I**

**Item 1 Identity of Directors, Senior Management and Advisors**

Not applicable.

**Item 2 Offer Statistics and Expected Timetable**

Not applicable.

**Item 3 Key Information**

**Summary of Most Important Transactions since the 2009 Refinancing**

On August 14, 2009, we entered into a financing agreement (the "2009 Financing Agreement"), which extended the final maturities of approximately U.S.\$15 billion in syndicated and bilateral bank facilities and private placement notes to February 14, 2014. On July 5, 2012, we launched an exchange offer and consent request (the "Exchange Offer and Consent Request"), to eligible creditors under the 2009 Financing Agreement pursuant to which eligible creditors were requested to consent to certain amendments to the 2009 Financing Agreement (together, the "Amendment Consents"). In addition, we offered to exchange the indebtedness owed to such creditors under the 2009 Financing Agreement that were eligible to participate in the Exchange Offer and Consent Request (the "Participating Creditors") for (i) new loans (or, in the case of the private placement notes, new private placement notes) or (ii) up to U.S.\$500 million of our 9.50% Senior Secured Notes due 2018 issued on September 17, 2012 (the "June 2018 U.S. Dollar Notes"), in each case, in transactions exempt from registration under the Securities Act of 1933, as amended (the "Securities Act").

On September 17, 2012, we successfully completed the refinancing transactions contemplated by the Exchange Offer and Consent Request (collectively, the "Refinancing Transaction"), and we and certain of our subsidiaries entered into (a) an amendment and restatement agreement, dated September 17, 2012 (the "Amendment and Restatement Agreement"), pursuant to which the Amendment Consents with respect to the 2009 Financing Agreement were given effect, and (b) a facilities agreement, dated September 17, 2012 (as amended from time to time, the "Facilities Agreement"), pursuant to which we were deemed to borrow loans from those Participating Creditors participating in the Exchange Offer and Consent Request in principal amounts equal to the principal amounts of indebtedness subject to the 2009 Financing Agreement that was extinguished by such Participating Creditors. As a result of the Refinancing Transaction, participating creditors received (i) approximately U.S.\$6.155 billion in aggregate principal amount of new loans and new private placement notes and (ii) U.S.\$500 million aggregate principal amount of the June 2018 U.S. Dollar Notes. In addition, approximately U.S.\$525 million aggregate principal amount of loans and private placement notes, which had remained outstanding under the 2009 Financing Agreement as of September 17, 2012, were subsequently prepaid prior to their maturity in accordance with the Facilities Agreement.

As part of the Facilities Agreement, we pledged under pledge agreements or transferred to a trustee under a security trust substantially all the shares of CEMEX México, S.A. de C.V., or CEMEX México, Cemex Operaciones México, S.A. de C.V., or Cemex Operaciones México (formerly known as Centro Distribuidor de Cemento, S.A. de C.V., as successor by merger to Mexcement Holdings, S.A. de C.V. and Corporación Gouda, S.A. de C.V.), CEMEX Trademarks Holding Ltd., New Sunward Holding B.V., or New Sunward, and CEMEX España, S.A., or CEMEX España, as collateral (together, the "Collateral"), and all proceeds of such Collateral, to secure our payment obligations under the Facilities Agreement and under several other financing arrangements. These subsidiaries whose shares were pledged or transferred as part of the Collateral collectively own, directly or indirectly, substantially all our operations

worldwide.

On September 29, 2014, we entered into a new credit agreement (the "Credit Agreement") for U.S.\$1.35 billion with nine of the main lending banks from our Facilities Agreement. As a result, we reduced the total outstanding principal balance under the Facilities Agreement to approximately U.S.\$2.475 billion thereby avoiding a contingent payment of a quarterly fee of 0.50% of the outstanding amount under the Facilities

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Agreement, which would have become payable beginning in the third quarter of 2015. The main terms of the Credit Agreement are as follows: (i) an average 4-year term with equal semi-annual payments of principal of 20% each, beginning on the third anniversary of the Credit Agreement and with the last payment on September 29, 2019; (ii) a spread over LIBOR of between 250 and 375 basis points, depending on the level of leverage of CEMEX; (iii) 40% of the total principal amount of the Credit Agreement consists of a revolving tranche with the same maturity, which was fully drawn on the closing date and may be repaid and redrawn from time to time; and (iv) improvements in certain covenants and undertakings that provide more flexibility to CEMEX.

Effective October 31, 2014, we obtained the required consents to amend the Facilities Agreement to substantially conform the covenants and undertakings thereunder to those of the Credit Agreement. The main amendments include: (i) the amounts allowed for capital expenditures were increased from U.S.\$800 million to U.S.\$1 billion per year; (ii) the amounts allowed for permitted acquisitions and investments in joint ventures were increased from U.S.\$250 million to U.S.\$400 million per year; (iii) the restrictions on asset swaps were eliminated; and (iv) a new mandatory prepayment regime that eliminates the cash sweep covenant and provides CEMEX with more discretion to use its cash.

On November 19, 2014, five additional banks joined the Credit Agreement as lenders with aggregate commitments of U.S.\$515 million, increasing the total amount of the Credit Agreement from U.S.\$1.35 billion to U.S.\$1.87 billion (and increasing the revolving tranche of the Credit Agreement proportionally to U.S.\$746 million). On November 25 and 26, 2014, we used available cash and the additional U.S.\$515 million in proceeds from the Credit Agreement to partially prepay the Facilities Agreement and other debt. As a result, the remaining outstanding amount under the Facilities Agreement was reduced to approximately U.S.\$1.98 billion, scheduled to mature in February 2017. On December 8, 2014, we repaid U.S.\$560 million under the revolving tranche of the Credit Agreement; as a result, as of December 31, 2014, the total amount drawn under the revolving tranche of the Credit Agreement was U.S.\$186 million.

The Credit Agreement includes the same guarantors as the Facilities Agreement (except for CEMEX, Inc. that provides a limited guarantee under the Facilities Agreement) and shares the Collateral pledged in favor of the lenders under the Facilities Agreement and other secured obligations of CEMEX.

Since 2009, we have completed a number of capital markets transactions and asset disposals, the majority of the proceeds of which have been used to repay indebtedness, to improve our liquidity position and for general corporate purposes. Such capital market transactions consisted of:

in September 2009, the sale of a total of 1,495 million CPOs, directly or in the form of ADSs, in a global offering for approximately U.S.\$1.8 billion in net proceeds;

in December 2009, the issuance by CEMEX, S.A.B. de C.V. of approximately Ps4.1 billion (approximately U.S.\$315 million) of 10% mandatory convertible notes due 2019 (the November 2019 Mandatory Convertible Mexican Peso Notes), in exchange for promissory notes previously issued by CEMEX, S.A.B. de C.V. in the Mexican capital markets (*Certificados Bursátiles*) (CBs) with maturities between 2010 and 2012;

in December 2009 and January 2010, the issuance by CEMEX Finance LLC of U.S.\$1.75 billion aggregate principal amount of its 9.50% U.S. Dollar-Denominated Senior Secured Notes due 2016 (the December 2016 U.S. Dollar Notes ) and 350 million aggregate principal amount of its 9.625% Euro-Denominated Senior Secured Notes due 2017 (the December 2017 Euro Notes and, together with the December 2016 U.S. Dollar Notes, the December 2016 U.S. Dollar and 2017 Euro Notes );

in March 2010, the issuance by CEMEX, S.A.B. de C.V. of U.S.\$715 million aggregate principal amount of its 4.875% Convertible Subordinated Notes due 2015, including the full exercise of the U.S.\$65 million over-allotment option granted to the initial purchasers of the notes (the March 2015 Optional Convertible Subordinated U.S. Dollar Notes );

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in May 2010, the issuance by CEMEX España, acting through its Luxembourg branch, of U.S.\$1,067,665,000 aggregate principal amount of its 9.25% U.S. Dollar-Denominated Senior Secured Notes due 2020 (the May 2020 U.S. Dollar Notes ) and 115,346,000 aggregate principal amount of its 8.875% Euro-Denominated Senior Secured Notes due 2017 (the May 2017 Euro Notes and, together with the May 2020 U.S. Dollar Notes, the May 2020 U.S. Dollar and 2017 Euro Notes ), in exchange for the U.S. Dollar-Denominated 6.196% Fixed-to-Floating Rate Callable Perpetual Debentures issued by C5 Capital (SPV) Limited, U.S. Dollar-Denominated 6.64% Fixed-to-Floating Rate Callable Perpetual Debentures issued by C8 Capital (SPV) Limited, U.S. Dollar-Denominated 6.722% Fixed-to-Floating Rate Callable Perpetual Debentures issued by C10 Capital (SPV) Limited and Euro-Denominated 6.277% Fixed-to-Floating Rate Callable Perpetual Debentures issued by C10-EUR Capital (SPV) Limited (collectively, the Perpetual Debentures ), pursuant to a private placement exchange offer directed to the holders of Perpetual Debentures;

in January 2011, the issuance by CEMEX, S.A.B. de C.V. of U.S.\$1.0 billion aggregate principal amount of its 9.000% Senior Secured Notes due 2018 (the January 2018 U.S. Dollar Notes );

in March 2011, the issuance by CEMEX España, acting through its Luxembourg branch, of U.S.\$125,331,000 aggregate principal amount of its 9.250% Senior Secured Notes due 2020 (the Additional May 2020 U.S. Dollar Notes );

in March 2011, the issuance by CEMEX, S.A.B. de C.V. of U.S.\$1,667.5 million aggregate principal amount of its 3.250% Convertible Subordinated Notes due 2016 and 3.750% Convertible Subordinated Notes due 2018 (together, the March 2016 and March 2018 Optional Convertible Subordinated U.S. Dollar Notes );

in April 2011, the issuance by CEMEX, S.A.B. de C.V. of U.S.\$800 million aggregate principal amount of its Floating Rate Senior Secured Notes due 2015 (the September 2015 Floating Rate U.S. Dollar Notes );

in July 2011, the issuance by CEMEX, S.A.B. de C.V. of U.S.\$650 million aggregate principal amount of its 9.000% Senior Secured Notes due 2018 (the Additional January 2018 U.S. Dollar Notes );

in March 2012, the issuance by CEMEX España, acting through its Luxembourg branch, of U.S.\$703,861,000 aggregate principal amount of its 9.875% U.S. Dollar-Denominated Senior Secured Notes Due 2019 and 179,219,000 aggregate principal amount of its 9.875% Euro-Denominated Senior Secured Notes Due 2019 (together, the April 2019 U.S. Dollar and Euro Notes ), in exchange for Perpetual Debentures and 4.75% Notes due 2014 (the Eurobonds ) issued by CEMEX Finance Europe B.V., a special purpose vehicle and wholly-owned subsidiary of CEMEX España, pursuant to separate private placement exchange offers directed to the holders of Perpetual Debentures and Eurobonds;

in October 2012, the issuance by CEMEX Finance LLC of U.S.\$1.5 billion aggregate principal amount of its 9.375% Senior Secured Notes due 2022 (the October 2022 U.S. Dollar Notes );

in November 2012, CEMEX Latam Holdings, S.A. ( CEMEX Latam ), a then wholly-owned subsidiary of CEMEX España, completed the sale of newly issued common shares in a concurrent public offering to investors in Colombia and a private placement to eligible investors outside of Colombia (together, the

CEMEX Latam Offering ), representing approximately 26.65% of CEMEX Latam 's outstanding common shares. CEMEX Latam 's common shares are listed on the Colombian Stock Exchange (*Bolsa de Valores de Colombia S.A.*). CEMEX Latam used the net proceeds from the offering to repay a portion of the indebtedness owed to us, which we used for general corporate purposes, including the repayment of indebtedness. CEMEX Latam is the holding company for CEMEX 's operations in Brazil, Colombia, Costa Rica, Guatemala, Nicaragua, Panama and El Salvador. As of December 31, 2014, CEMEX España owned approximately 73.35% of CEMEX Latam 's outstanding common shares, excluding shares held in treasury;

in March 2013, the issuance by CEMEX S.A.B. de C.V. of U.S.\$600 million aggregate principal amount of its 5.875% Senior Secured Notes due 2019 (the March 2019 U.S. Dollar Notes );



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in August 2013, the issuance by CEMEX S.A.B. de C.V. of U.S.\$1.0 billion aggregate principal amount of its 6.5% Senior Secured Notes due 2019 (the December 2019 U.S. Dollar Notes );

in October 2013, the issuance by CEMEX S.A.B. de C.V. of U.S.\$1.0 billion aggregate principal amount of its 7.25% Senior Secured Notes due 2021 (the January 2021 Fixed Rate U.S. Dollar Notes ) and U.S.\$500 million aggregate amount of its Floating Rate Senior Secured Notes due 2018 (the October 2018 Floating Rate U.S. Dollar Notes and, together with the January 2021 Fixed Rate U.S. Dollar Notes (the January 2021 Fixed Rate U.S. Dollar and 2018 Floating Rate U.S. Dollar Notes );

in April 2014, CEMEX Finance LLC issued U.S.\$1.0 billion aggregate principal amount of its 6.000% U.S. Dollar-Denominated Senior Secured Notes due 2024 (the April 2024 U.S. Dollar Notes ) and 400 million aggregate principal amount of its 5.250% Euro-Denominated Senior Secured Notes due 2021 (the April 2021 Euro Notes and, together with the April 2024 U.S. Dollar Notes (the April 2024 U.S. Dollar and the 2021 Euro Notes ));

in September 2014, the issuance by CEMEX S.A.B. de C.V. of U.S. \$1.1 billion aggregate principal amount of its 5.700% Senior Secured Notes due 2025 (the January 2025 U.S. Dollar Notes ) and 400 million aggregate principal amount of its 4.750% Senior Secured Notes due 2022 (the January 2022 Euro Notes and, together with the January 2025 U.S. Dollar Notes (the January 2025 U.S. Dollar and January 2022 Euro Notes ));

in October 2014, the private offering by CEMEX, S.A.B. de C.V. of 200,000 Contingent Convertible Units, each with a stated amount of U.S.\$1,000. The Contingent Convertible Units were issued to finance payment of U.S.\$200,000,000 of the principal amount of the March 2015 Optional Convertible Subordinated U.S. Dollar Notes that matured without conversion.

As of December 31, 2014, our total debt plus other financial obligations were Ps244,429 million (U.S.\$16,583 million) (principal amount Ps248,657 million (U.S.\$16,870 million)), which does not include approximately Ps6,869 million (U.S.\$466 million), which represents the nominal amount of Perpetual Debentures, but which does include (i) our debt subject to the Credit Agreement, which was approximately Ps18,957 million (U.S.\$1,286 million) (principal amount Ps19,236 million (U.S.\$1,305 million)) and (ii) our debt subject to the Facilities Agreement, which was approximately Ps28,569 million (U.S.\$1,938 million) (principal amount Ps29,116 million (U.S.\$1,975 million)), respectively.

Since the beginning of 2015, we have engaged in the following debt related activities and additional capital market transactions:

in January 2015, the redemption of U.S.\$216,061,000 aggregate principal amount of the January 2018 U.S. Dollar Notes and Additional January 2018 U.S. Dollar Notes (the January 2015 Redemption);

in March 2015, the issuance by CEMEX S.A.B. de C.V. of U.S.\$750 million aggregate principal amount of its 6.125% Senior Secured Notes due 2025 (the May 2025 U.S. Dollar Notes ) and 550 million aggregate

amount of its 4.375% Senior Secured Notes due 2023 (the March 2023 Euro Notes and, together with the May 2025 U.S. Dollar Notes, (the May 2025 U.S. Dollar and March 2023 Euro Notes)). CEMEX, S.A.B. de C.V. used a portion of the net proceeds from the issuance of the May 2025 U.S. Dollar and the March 2023 Euro Notes to redeem the outstanding January 2018 U.S. Dollar Notes and Additional January 2018 U.S. Dollar Notes as further described below. In addition, CEMEX, S.A.B. de C.V. intends to use a portion of the net proceeds from the issuance of the May 2025 U.S. Dollar and the March 2023 Euro Notes to redeem the outstanding May 2020 U.S. Dollar Notes and Additional May 2020 U.S. Dollar Notes on May 12, 2015 and, to that end, on March 13, 2015, delivered an irrevocable notice of redemption to the trustee. Furthermore, CEMEX, S.A.B. de C.V. intends to use a portion of the net proceeds from the issuance of the May 2025 U.S. Dollar and the March 2023 Euro Notes to redeem the outstanding September 2015 Floating Rate U.S. Dollar Notes on June 30, 2015 and, to that end, (i) created a cash reserve and (ii) expects to re-draw from available funds under revolving tranche of the Credit Agreement, which funds were

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temporarily used to reduce amounts drawn under such revolving tranche. We cannot assure you, however, that we will have available cash in hand and/or funds under the revolving tranche of the Credit Agreement to fund the redemption of the September 2015 Floating Rate U.S. Dollar Notes on the redemption date;

in March 2015, the redemption of the remaining U.S.\$343,984,000 aggregate principal amount of the January 2018 U.S. Dollar Notes and Additional January 2018 U.S. Dollar Notes (the March 2015 Redemption );

in March 2015, the issuance by CEMEX S.A.B. de C.V. of U.S.\$200 million aggregate principal amount of its Convertible Subordinated Notes due March 2020 (the March 2020 Convertible Subordinated U.S. Dollar Notes ). The March 2020 Convertible U.S. Dollar Notes were issued to finance, in part, the payment at maturity of the March 2015 Optional Convertible Subordinated U.S. Dollar Notes that matured without conversion.

We refer to the December 2016 U.S. Dollar and 2017 Euro Notes, January 2018 U.S. Dollar Notes, September 2015 Floating Rate U.S. Dollar Notes, April 2019 U.S. Dollar and Euro Notes, June 2018 U.S. Dollar Notes, October 2022 U.S. Dollar Notes, March 2019 U.S. Dollar Notes, December 2019 U.S. Dollar Notes, January 2021 Fixed Rate U.S. Dollar and October 2018 Floating Rate U.S. Dollar Notes, April 2024 U.S. Dollar and the 2021 Euro Notes and January 2025 U.S. Dollar and January 2022 Euro Notes, collectively, as the Senior Secured Notes. For a more detailed description of these transactions, see Item 5 Operating and Financial Review and Prospects Summary of Material Contractual Obligations and Commercial Commitments.

For the convenience of the reader, considering the impact of our recent financing transactions on our liquidity and financing obligations, we present amounts of debt and other financial obligations on as adjusted basis to give effect to important financing transactions completed between December 31, 2014 and the date of this annual report on Form 20-F (including the effected or intended use of proceeds therefrom). We refer to the January 2015 Redemption, the May 2025 U.S. Dollar and March 2023 Euro Notes (including the intended use of proceeds therefrom), the March 2015 Redemption and the March 2020 Convertible Subordinated U.S. Dollar Notes, collectively, as the Recent Financing Transactions. As of December 31, 2014, as adjusted to give effect to the Recent Financing Transactions, our total debt plus other financial obligations were Ps242,558 million (U.S.\$16,456 million) (principal amount Ps246,873 million (U.S.\$16,748 million)), which does not include approximately Ps6,873 million (U.S.\$466 million) of Perpetual Debentures, but which does include (i) our debt subject to the Credit Agreement, which was approximately Ps18,957 million (U.S.\$1,286 million) (principal amount Ps19,236 million (U.S.\$1,305 million)) and (ii) our debt subject to the Facilities Agreement, which was approximately Ps28,569 million (U.S.\$1,938 million) (principal amount Ps29,116 million (U.S.\$1,975 million)).

## **Risk Factors**

We are subject to various risks resulting from changing economic, environmental, political, industry, business, financial and climate conditions. The following risk factors are not the only risks that we face, and any of the risk factors described below could significantly and adversely affect our business, results of operations or financial condition.

### **Risks Relating To Our Business**

*Economic conditions in some of the countries where we operate may adversely affect our business, financial condition and results of operations.*

The economic conditions in some of the countries where we operate have had and may continue to have a material adverse impact on our business, financial condition and results of operations throughout our operations worldwide. Our results of operations are highly dependent on the results of our operating subsidiaries in the United States, Mexico, South America and Western Europe. The main significant challenges and sources of risks in the current global economic environment are i) uncertainty about the performance of oil prices; ii) normalization of U.S. monetary policy and its effects on the global economy in general and financial markets and

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foreign exchange rates in particular, iii) volatility in foreign exchange rates; iv) the effectiveness of quantitative easing to increase inflation and propel economic growth in Europe; v) fiscal problems in Greece and its impact on the European Union; vi) the effects of a slowdown in China's economic performance on global growth; and vii) potential geopolitical implications of ongoing conflicts in the Middle East and other regions of political turmoil.

The recent fall in oil prices reorders the global economy. On one hand, it could contribute to economic growth in oil importing countries such as the United States, China and some European countries, while, on the other hand, it could drain oil exporting countries' growth (e.g., Russia or Venezuela). The shock of oil prices adds depreciatory pressures on commodity currencies such as the Russian Ruble, the Mexican Peso and the Colombian Peso, among others, and exacerbates concerns about global disinflation in Europe, Japan and China. The decline in oil prices could also impact foreign investment in certain oil exporting countries. Although oil prices have stabilized during the last weeks, there remains uncertainty about the performance of future oil prices.

The recovery of the U.S. economy has been particularly slow, despite extraordinary measures taken by the Federal Reserve to increase liquidity in the U.S. financial system. The U.S. economy continues to grow at a moderate pace. As full employment nears, the Federal Reserve is expected to reduce monetary accommodation by increasing short term rates, which could jeopardize economic growth. There are also operational risks in handling a rate increase as the new Federal Reserve tools may not perform as expected. The U.S. housing sector could be particularly affected if longer rates increase abruptly in response to the Federal Reserve actions. It is also possible that a delayed increase in rates could result in inflation acceleration and the disanchoring of inflation expectations leading to a potential recession. On the fiscal side, a resurfacing of fiscal uncertainty could jeopardize confidence in the economic prospects leading to slower growth. Continued appreciation of the U.S. Dollar could also negatively impact U.S. economic growth. Finally, Middle East concerns could propel U.S. involvement in the conflict leading to market jitters and consumer spending retrenchment.

Recent indicators suggest that economic activity in Mexico is gradually gaining traction as compared to activity levels in 2013 and 2014. The latest indicators confirm that the manufacturing sector remains robust and that domestic demand is starting to increase (e.g. private consumption and investment). The 2015 economic perspectives remain positive with the external sector as the main driver of growth. Concerns about the oil sector's impact on economic growth have risen significantly. Declining oil production and lower oil prices are the main risks that may affect economic growth given the importance of the mining sector to Mexican gross domestic product and fiscal accounts. In that vein, the Mexican government announced a public spending adjustment for 2015 and 2016 (0.7% of gross domestic product each year). In addition, the risk of further spending cuts, including in construction investment projects, is sizeable. Furthermore, Mexico's dependence on the U.S. economy is significant and, therefore, any significant change in economic activity in the United States may boost or hinder economic growth in Mexico. Other potential risks that may negatively affect 2015 economic growth in Mexico are i) private consumption and investment stagnation, ii) increase of social unrest and/or political uncertainty (fueled by corruption or electoral scandals), iii) further decline of international oil prices and iv) the substantial currency depreciation's impact on inflation.

Mexican financial markets face two significant challenges i) the sharp fall in crude oil prices and ii) monetary policy normalization in the U.S., which is expected to begin this year. The Mexican foreign exchange market has experienced recent volatility with the Mexican Peso depreciating significantly against the U.S. Dollar, along with most other world currencies. The foreign exchange rate adjustment in Mexico has been orderly, with abundant liquidity prevailing in market operations, and holdings of Mexican Peso denominated government bonds by nonresidents remaining at stable levels. Nevertheless, given the expected U.S. monetary policy normalization, some portfolio adjustment and further bouts of volatility could take place with the Mexican Peso depreciating further against the U.S. Dollar. In addition, we cannot rule out the possibility of significant portfolio outflows or a sharp increase in financial costs (interest rates).

Countries in the Euro area, particularly in the periphery, have faced a difficult economic environment due to sovereign, institutional and financial crises. Economic stability in the Euro area is still fragile and there is

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significant deflation risk. The decrease in inflation due to lower oil prices prompted the European Council Bureau to launch an expanded asset purchase program of 60 billion per month to restore inflation levels to the European Council Bureau's target. Interest rates are expected to remain low for a long period and, as a result, sovereign rates have decreased some of them dipping into negative territory. The divergence in monetary policy expectations between the Federal Reserve and the European Council Bureau has caused and may, in the short term, continue to cause the Euro to depreciate against the U.S. Dollar. The effectiveness of quantitative easing in Europe is uncertain. Inflation, Euro depreciation, quantitative easing measures and low oil prices are expected to underpin the Euro area economic activity in the near term. However, potential delays in carrying out needed structural reforms in some countries within the European Union pose a source of uncertainty for the Euro area recovery. In particular, Greece, and its ability to meet its financial obligations and the possibility of its eventual exit of the Euro area, poses additional risk factors in Europe. The Greek situation could affect the overall stability of the Euro zone and the suitability of the Euro as a single currency.

Significant trade links with Western Europe render some of the Eastern European countries susceptible to economic and political pressures in Western Europe. Additionally, in the coming years, Central European countries might experience a reduction in the proceeds they receive from the European Union Structural Funds which could hinder infrastructure investment.

The Central and South American economies are also exposed to the risk of a decrease in overall economic activity, including as a result of an increased in U.S. interest rates and/or low international oil prices. High levels of uncertainty against the backdrop of the Federal Reserve tightening is expected to affect the economies of the region. In Colombia, similar to the situation in Mexico, low international oil prices affect public and external accounts and could hinder economic growth. Significant volatility in the foreign exchange markets also impacts our businesses in key Central and South American regions such as Mexico and Colombia, and the recent volatility in foreign exchange markets may be exacerbated by expected U.S. monetary policy normalization. The risk of contagion effects across emerging markets is also persistent. Political or economic volatility in South American, Central American or Caribbean countries in which we have operations may also have an impact on prices and demand for our products, which could adversely affect our business, financial condition and results of operations.

The economic slowdown in China will have a broad impact across many economies, particularly those of commodity exporters among the emerging markets. There are expectations that China will grow more slowly over the medium term than in the recent past as it transitions into a more balanced and sustainable growth path.

In the Middle East, political risk could moderate economic growth and adversely affect construction investments. In Egypt, Al Sisi's election as new president brought some political instability; however, there is uncertainty about how the new government will confront the economic challenges facing the country and as a result of a delay in parliamentary elections. Uncertainty could dampen overall economic activity in Egypt, negatively affecting demand for building materials. Disorderly depreciation of the Egyptian pound is a latent risk. In Israel, following Netanyahu's re-election, an escalation of the ongoing conflict between Israel and Hamas over the Gaza Strip may affect our operations.

Demand for our products is highly related to construction levels and depends, in large part, on residential and commercial construction activity as well as infrastructure spending in the countries where we operate. Construction spending, both public and private, in countries dependent on revenue generated by the energy sector may be reduced. Declines in the construction industry are typically correlated with declines in economic growth. As a result, deterioration in economic conditions in the countries where we operate could have a material adverse effect on our business, financial condition and results of operations. In addition, we cannot assure you that growth in the gross domestic product of the countries where we operate will translate into a correlated increase in demand for our

products.



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***Concerns regarding the European debt crisis and market perception concerning the instability of the Euro could affect our operating profits.***

We conduct business in many countries that use the Euro as their currency, or the Eurozone. Although this risk appears to have declined considerably, concerns persist regarding the debt burden of certain Eurozone countries, such as Greece's ability to meet future financial obligations, the overall stability of the Euro and the suitability of the Euro as a single currency given the diverse economic and political circumstances in individual Eurozone countries.

These concerns could lead to the reintroduction of individual currencies in one or more Eurozone countries, or in more extreme circumstances, the possible dissolution of the Euro currency entirely. Should the Euro dissolve entirely, the legal and contractual consequences for holders of Euro-denominated obligations would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of our Euro-denominated assets and obligations. In addition, concerns over the effect of this financial crisis on financial institutions in Europe and globally could have an adverse effect on the global capital markets, and more specifically on our ability, and the ability of our customers, suppliers and lenders to finance their respective businesses, to access liquidity at acceptable financing costs, if at all, and on the demand for our products.

We are subject to the effects of general global economic and market conditions that are beyond our control. If these conditions remain challenging or deteriorate, our business, financial condition and results of operations could be adversely affected. Possible consequences from macroeconomic global challenges, such as the debt crisis in certain countries in the European Union could have an adverse effect on our business, financial condition and results of operations.

***The Credit Agreement and the Facilities Agreement contain several restrictions and covenants. Our failure to comply with such restrictions and covenants could have a material adverse effect on us.***

The Credit Agreement and the Facilities Agreement require us to comply with several financial ratios and tests under IFRS, including a minimum consolidated coverage ratio of EBITDA to consolidated interest expense (including interest accrued on Perpetual Debentures) and a maximum consolidated leverage ratio of total debt (including financial leases plus Perpetual Debentures and guarantees, plus or minus the fair value of derivative financial instruments, among other adjustments) to EBITDA, as described below. Our ability to comply with these ratios may be affected by economic conditions and volatility in foreign exchange rates, as well as by overall conditions in the financial and capital markets and the construction sector.

The Credit Agreement requires us to comply with a consolidated coverage ratio of EBITDA to consolidated interest expense (including interest accrued on Perpetual Debentures), for the following periods, measured quarterly, of not less than (i) 1.75:1 for the period ending December 31, 2014 up to and including the period ending September 30, 2015, (ii) 1.85:1 for the period ending December 31, 2015 up to and including the period ending March 31, 2016, (iii) 2.00:1 for the period ending on June 30, 2016 up to and including the period ending on September 30, 2016 and (iv) 2.25:1 for the period ending December 31, 2016 and each subsequent reference period. In addition, the Credit Agreement allows us a maximum consolidated leverage ratio of total debt (including financial leases plus Perpetual Debentures and guarantees, plus or minus the fair value of derivative financial instruments, among other adjustments) to EBITDA for each period of four consecutive fiscal quarters (measured quarterly) not to exceed (i) 6.50:1 for the period ending December 31, 2014 up to and including the period ending March 31, 2015, (ii) 6.00:1 for the period ending June 30, 2015 up to and including the period ending September 30, 2015, (iii) 5.50:1 for the period ending December 31, 2015 up to and including the period ending March 31, 2016, (iv) 5.00:1 for the period ending June 30, 2016 up to and including the period ending September 30, 2016 and (v) 4.25:1 for the period ending December 31, 2016 and each subsequent reference period.

The Facilities Agreement requires us to comply with a consolidated coverage ratio of EBITDA to consolidated interest expense (including interest accrued on Perpetual Debentures), for the following periods,

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measured semi-annually, of not less than (i) 1.75:1 for the period ending December 31, 2014 up to and including the period ending June 30, 2015, (ii) 1.85:1 for the period ending December 31, 2015, (iii) 2:00:1 for the period ending June 30, 2016 and (iv) 2.25:1 for the period ending December 31, 2016. In addition, the Facilities Agreement allows us a maximum consolidated leverage ratio of total debt (including financial leases plus Perpetual Debentures and guarantees, plus or minus the fair value of derivative financial instruments, among other adjustments) to EBITDA for each period of four consecutive fiscal quarters (measured semi-annually) not to exceed (i) 6.5:1 for the period ending December 31, 2014, (i) 6.00:1 for the period ending June 30, 2015, (iii) 5.50:1 for the period ending December 31, 2015, (iv) 5.00:1 for the period ending June 30, 2016 and (v) 4.25:1 for the period ending December 31, 2016.

For the period ended December 31, 2014, we reported to the lenders under the Credit Agreement and the Facilities Agreement a consolidated coverage ratio of 2.34 and a consolidated leverage ratio of 5.19, each as calculated pursuant to the Credit Agreement and the Facilities Agreement. Pursuant to the Credit Agreement and the Facilities Agreement, we are prohibited from making aggregate annual capital expenditures in excess of U.S.\$1 billion (excluding certain capital expenditures, and joint venture investments and acquisitions by CEMEX Latam and its subsidiaries, which capital expenditures, joint venture investments and acquisitions at any time then incurred are subject to a separate aggregate limit of U.S.\$500 million (or its equivalent)).

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

The Credit Agreement and the Facilities Agreement also contain a number of affirmative covenants that, among other things, require us to provide periodic financial information to our creditors. Pursuant to the Credit Agreement and the Facilities Agreement, however, a number of those covenants and restrictions will, if CEMEX so elects, automatically cease to apply or become less restrictive if (i) our consolidated leverage ratio for the two most recently completed semi-annual testing periods is less than 4.00:1; and (ii) no default under the Credit Agreement or the Facilities Agreement is continuing, as applicable. Restrictions that will cease to apply when we satisfy such conditions include the capital expenditure limitations mentioned above and several negative covenants, including limitations on our ability to transfer shares of entities of our group, repay existing financial indebtedness, declare or pay cash dividends and distributions to shareholders; certain asset sale restrictions; certain mandatory prepayment provisions; and restrictions on exercising call options in relation to any perpetual bonds we issue and on the issuance of certain convertible and exchangeable obligations. At such time, several baskets and caps relating to negative covenants will also increase, including permitted financial indebtedness, permitted guarantees and limitations on liens. However, we cannot assure you that we will be able to meet the conditions for these restrictions to cease to apply prior to the final maturity date under the Credit Agreement or the Facilities Agreement.

The Credit Agreement and the Facilities Agreement contain events of default, some of which may be outside our control. Such events of default include defaults based on (i) non-payment of principal, interest, or fees when due; (ii) material inaccuracy of representations and warranties; (iii) breach of covenants; (iv) bankruptcy (*quiebra*) or insolvency (*concurso mercantil*) of CEMEX, S.A.B. de C.V., any other obligor under the Credit Agreement or the Facilities Agreement or any other of our material subsidiaries (as defined in the Credit Agreement and the Facilities

Agreement); (v) inability to pay debts as they fall due or by reason of

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actual financial difficulties, suspension or threatened suspension of payments on debts exceeding U.S.\$50 million or commencement of negotiations to reschedule debt exceeding U.S.\$50 million; (vi) a cross-default in relation to financial indebtedness in excess of U.S.\$50 million; (vii) a change of control with respect to CEMEX, S.A.B. de C.V.; (viii) certain changes to the ownership of any of our subsidiary obligors under the Credit Agreement and the Facilities Agreement, unless the proceeds of such disposal are used to prepay the Credit Agreement or the Facilities Agreement debt, as applicable; (ix) enforcement of the share security; (x) final judgments or orders in excess of U.S.\$50 million that are neither discharged nor bonded in full within 60 days thereafter; (xi) any restrictions not already in effect as of September 17, 2012 limiting transfers of foreign exchange by any obligor for purposes of performing material obligations under the Credit Agreement or the Facilities Agreement; (xii) any material adverse change arising in the financial condition of CEMEX, which more than 66.67% of the Credit Agreement or Facilities Agreement's creditors determine would result in our failure, taken as a whole, to perform payment obligations under the Credit Agreement or the Facilities Agreement; and (xiii) failure to comply with laws or our obligations under the Credit Agreement or the Facilities Agreement cease to be legal. If an event of default occurs and is continuing, upon the authorization of 66.67% of the Credit Agreement or the Facilities Agreement creditors, the creditors have the ability to accelerate all outstanding amounts due under the Facilities Agreement, as applicable. Acceleration is automatic in the case of insolvency.

We cannot assure you that we will be able to comply with the restrictive covenants and limitations contained in the Credit Agreement and the Facilities Agreement. Our failure to comply with such covenants and limitations could result in an event of default, which could materially and adversely affect our business, financial condition and results of operation.

***If we are unable to comply with the milestones for addressing the maturities of certain indebtedness pursuant to the Facilities Agreement, the maturity date of our indebtedness under the Facilities Agreement will automatically reset, or spring-back to earlier dates.***

The Facilities Agreement requires us to (a) on or before September 30, 2015, redeem or extend the maturity date of 100% of the September 2015 Floating Rate U.S. Dollar Notes to a maturity date after December 31, 2017, or the maturity date of the indebtedness under the Facilities Agreement will become September 30, 2015, and (b) on or before March 15, 2016, redeem, convert into equity, purchase, repurchase, refinance or extend the maturity date of 100% of the March 2016 Optional Convertible Subordinated U.S. Dollar Notes to a maturity date falling after December 31, 2017, or the maturity date of the indebtedness under the Facilities Agreement will become March 15, 2016.

We cannot assure you that we will be able to meet any or all of the above milestones for redeeming, converting into equity, purchasing, repurchasing or extending the maturities of our indebtedness. Failure to meet any of these milestones will result in a spring-back of the maturity date of our indebtedness under the Facilities Agreement, and we cannot assure you that at such time we will be able to repay such indebtedness.

***We pledged the capital stock of subsidiaries that represent substantially all of our business as collateral to secure our payment obligations under the Credit Agreement, the Facilities Agreement, the Senior Secured Notes and other financing arrangements.***

As part of the Credit Agreement and the Facilities Agreement we pledged under pledge agreements or transferred to a trustee under a security trust, as collateral, the Collateral, and all proceeds of the Collateral to secure our payment obligations under the Credit Agreement, the Facilities Agreement, the Senior Secured Notes and under a number of other financing arrangements for the benefit of the creditors and holders of debt, and other obligations that benefit from provisions in their instruments requiring that their obligations be equally and ratably secured. As of

December 31, 2014, as adjusted to give effect to the Recent Financing Transactions, the Collateral and all proceeds of such Collateral secured (i) Ps201,427 million (U.S.\$13,665 million) (principal amount Ps203,825 million (U.S.\$13,828 million) aggregate principal amount of debt under the Credit Agreement, Facilities Agreement, the Senior Secured Notes and other financing arrangements and (ii) Ps10,300 million (U.S.\$699 million aggregate principal amount of Perpetual Notes, which includes debt of ours held by us). These

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subsidiaries collectively own, directly or indirectly, substantially all of our operat