CEMEX SA DE CV
Form 424B2
September 13, 2005
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Registration No. 333-86700

The information in this prospectus supplement and the accompanying prospectus is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED SEPTEMBER 12, 2005

PROSPECTUS SUPPLEMENT

(To Prospectus dated April 19, 2002)

27,000,000 American Depositary Shares

CEMEX, S.A. de C.V.

Representing 270,000,000 Ordinary Participation Certificates

$ per ADS

This prospectus supplement relates to the offering of 27,000,000 American Depositary Shares, or ADSs, each representing ten Ordinary Participation Certificates, or CPOs, of CEMEX, S.A. de C.V., or CEMEX. Of the 27,000,000 ADSs that are being offered, ADSs are being offered in the United States and in other countries outside Mexico and the equivalent of ADSs are being offered in a concurrent offering in Mexico in the form of the underlying CPOs.

The ADSs and CPOs are being sold on our behalf by a Mexican trust created to sell the ADSs and CPOs in the offering. The CPOs offered in Mexico are being offered by means of a separate prospectus and upon similar terms as the offering and may be resold from time to time in the United States while a registration statement is required to be in effect. The trust has granted the underwriters an option to purchase up to 3,993,341 additional ADSs in the form of ADSs or CPOs, as necessary, to cover over-allotments.

The ADSs are listed on the New York Stock Exchange under the symbol CX, and the CPOs are listed on the Mexican Stock Exchange under the symbol CEMEX.CPO. On September 9, 2005, the last reported sales price of the ADSs on the New York Stock Exchange was $51.48 per ADS and the last reported sales price of the CPOs on the Mexican Stock Exchange was Ps54.95 per CPO ($5.14 per CPO at an exchange rate of Ps10.69 per U.S. dollar).

Investing in the ADSs involves risks. See Risk Factors beginning on page S-6 of this prospectus supplement and on page 5 of the accompanying prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus are truthful or complete. Any representation to the contrary is a criminal offense.

	Per ADS	**Total(2)**
Public Offering Price	$	$
Underwriting Discount	$	$
Proceeds to the Trust (before expenses)(1)	$	$

(1) The trust will apply the net proceeds it receives from the offering, as well as the net proceeds it receives from the Mexican offering, to pay to several banks party to forward contracts with us the forward purchase price thereunder in respect of the ADSs and CPOs sold by the trust in the offering and the Mexican offering, with any proceeds in excess of such forward purchase price to be distributed by the trust to us. As of September 9, 2005, the aggregate forward purchase price under these forward contracts in respect of the ADSs and CPOs being offered hereby would be approximately $1,128.6 million. See Use of Proceeds.

(2) The amounts listed in the table above do not include any proceeds the trust may receive from any exercise by the underwriters of the over-allotment option granted to them by the trust.

The underwriters expect to deliver the ADSs to purchasers on or about , 2005.

Citigroup **JPMorgan**

Wachovia Securities

Banc of America Securities LLC

Bear, Stearns & Co. Inc.

Calyon Securities (USA) Inc.

Dresdner Kleinwort Wasserstien

Scotia Capital

UBS Investment Bank

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PROSPECTUS SUPPLEMENT

PROSPECTUS

We have not authorized any dealer, salesperson or other person to give any information or to make any representations other than those contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. You should not rely on any unauthorized information. This prospectus supplement and the accompanying prospectus do not offer to sell or buy any securities in any jurisdiction in which it is unlawful. The information in this prospectus supplement is current as of the date on the cover.

References in this prospectus supplement to CEMEX, we, us or our refer to CEMEX, S.A. de C.V., a Mexican corporation, and its consolidated subsidiaries.

References in this prospectus supplement to U.S.$ and Dollars are to U.S. Dollars, references to £ and Pounds are to British Pounds, and, unless otherwise indicated, references to Ps and Pesos are to constant Mexican Pesos as of June 30, 2005.

Unless we specifically state otherwise, the information in this prospectus supplement does not take into account the sale of up to 3,993,341 ADSs in the form of ADSs and CPOs, which the underwriters have the option to purchase from the trust to cover over-allotments.

The CPOs underlying the ADSs being sold pursuant to this prospectus supplement have been registered with the Securities and Special Sections of the National Securities Registry (*Registro Nacional de Valores*) maintained by the Mexican National Banking and Securities Commission (*Comisión Nacional*

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***Bancaria y de Valores*), or the CNBV. Registration of the CPOs with the Securities and Special Sections of the National Securities Registry maintained by the CNBV does not imply any certification as to the investment quality of the CPOs, the solvency of CEMEX or the accuracy or completeness of the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus.**

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (the Order) or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as relevant persons). The ADSs are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such ADSs will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

INCORPORATION BY REFERENCE

The Securities and Exchange Commission, or the SEC, allows us to incorporate by reference information into this prospectus supplement. This means that we can disclose important information to you by referring you to another document filed by us with the SEC. Any information referenced this way is considered part of this prospectus supplement, and any information that we file after the date of this prospectus supplement with the SEC and incorporate by reference in this prospectus supplement will automatically update and supersede this information. Any statement contained in a document filed by us with the SEC before the date of this prospectus supplement and incorporated by reference shall be deemed to be modified or superseded for the purpose of this prospectus supplement by any contradictory statement in this prospectus supplement, but only to the extent such statement is contradictory. We incorporate by reference into this prospectus supplement the following documents:

- Our annual report on Form 20-F for the year ended December 31, 2004, filed with the SEC on May 27, 2005; and

- The descriptions of our ADSs, CPOs, series A shares and series B shares contained in Amendment No. 1 to our registration statement on Form 8-A/A (SEC File No. 1-14946), filed with the SEC on July 1, 2005, and any amendment or report filed for the purpose of updating such descriptions.

In addition, any future filings on Form 20-F made with the SEC under the Securities Exchange Act of 1934, as amended, after the date of this prospectus supplement and prior to the termination of the offering of the ADSs, and any future reports on Form 6-K furnished by us to the SEC during such period or portions thereof that are identified in such forms as being incorporated into the registration statement of which the accompanying prospectus form a part, shall be considered to be incorporated in this prospectus supplement by reference and shall be considered a part of this prospectus supplement from the date of filing of such documents.

We will provide without charge upon written or oral request, a copy of any and all of the information that has been incorporated by reference in this prospectus supplement and that has not been delivered with this prospectus supplement. Requests should be directed to Abraham Rodríguez, Investor Relations, CEMEX, S.A. de C.V., Av. Ricardo Margáin Zozaya #325, Colonia Valle del Campestre, Garza García, Nuevo León, México 66265, Tel: +011-5281-8888-4262 or toll-free: 1-800-317-6000.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, including the information incorporated by reference, contains forward-looking statements within the meaning of the U.S. federal securities laws. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in the U.S. federal securities laws. In some cases, these statements can be identified by the use of forward-looking words such as may, should, could, anticipate, estimate, expect, plan, believe, predict, potential and intend or other similar words. These f statements reflect our current expectations and projections about future events based on our knowledge of present facts and circumstances and assumptions about future events. These statements necessarily involve risks and uncertainties that could cause actual results to differ materially from our expectations. Some of the risks, uncertainties and other important factors that could cause results to differ, or that otherwise could have an impact us or our subsidiaries, include:

- the cyclical activity of the construction sector;
- competition;
- general political, economic and business conditions;
- weather and climatic conditions;
- national disasters and other unforeseen events; and
- the other risks and uncertainties described under Risk Factors and contained elsewhere or incorporated by reference in this prospectus supplement.

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

This prospectus supplement and the documents incorporated in this prospectus supplement by reference also include statistical data regarding the production, distribution, marketing and sale of cement, ready-mix concrete, clinker and aggregates. We generated some of these data internally, and some were obtained from independent industry publications and reports that we believe to be reliable sources. We have not independently verified these data nor sought the consent of any organizations to refer to their reports in this prospectus supplement and the documents incorporated in this prospectus supplement by reference.

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SUMMARY

This summary highlights the information contained elsewhere in this prospectus supplement and the accompanying prospectus as well as in the documents incorporated in this prospectus supplement by reference. This summary does not contain all the information you should consider before making a decision to purchase any ADSs. You should read the entire prospectus supplement and the accompanying prospectus and the documents incorporated in this prospectus supplement carefully.

CEMEX, S.A. de C.V.

Incorporated in 1920, CEMEX is the third largest cement company in the world, based on installed capacity as of June 30, 2005 of approximately 96.5 million tons, including approximately 17 million tons of installed capacity we acquired in our acquisition of RMC Group p.l.c., or RMC, in March 2005. We are the largest ready-mix concrete company in the world with annual sales volume of 75 million cubic meters, and one of the largest aggregates companies in the world with annual sales volume of 170 million tons, in each case based on our annual sales volumes combined with those of RMC for 2004. We are also one of the world s largest traders of cement and clinker, having traded, when combined with RMC, over 13 million tons of cement and clinker in 2004. We are a holding company primarily engaged, through our operating subsidiaries, in the production, distribution, marketing and sale of cement, ready-mix concrete, aggregates and clinker. On September 9, 2005, we had an equity market capitalization of approximately Ps193.5 billion (U.S.$18.1 billion).

We are a global cement manufacturer with operations in North America, Europe, South America, Central America, the Caribbean, Africa, the Middle East and Asia. As of June 30, 2005, we had worldwide assets of approximately Ps282.4 billion (U.S.$26.3 billion).

As of June 30, 2005, our main cement production facilities were located in Mexico, the United States, Spain, the United Kingdom, Germany, Poland, Croatia, Latvia, Venezuela, Colombia, Costa Rica, the Dominican Republic, Panama, Nicaragua, Puerto Rico, Egypt, the Philippines and Thailand. As of June 30, 2005, our assets, cement plants and installed capacity, on an unconsolidated basis by region, were as set forth below. Installed capacity, which refers to theoretical annual production capacity, represents gray cement equivalent capacity, which counts each ton of white cement capacity as approximately two tons of gray cement capacity. It also includes our proportional interest in the installed capacity of companies in which we hold a minority interest.

	As of June 30, 2005		
	Assets (in billions of constant Pesos)	**Number of Cement Plants**	**Installed Capacity (millions of tons per annum)**
North America			
Mexico	Ps59.5	15	27.2
United States	64.5	12	13.2
Europe			
Spain	37.2	8	11.0
United Kingdom	23.7	3	2.7

Rest of Europe	34.4	9	13.4
South America, Central America and the Caribbean	31.9	13	13.2
Africa and the Middle East	8.9	1	4.9
Asia	11.3	4	10.9
Cement and Clinker Trading Assets and Other Operations	74.9		

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In the above table, Rest of Europe includes our subsidiaries in Germany, France, Ireland, Austria, Poland, Croatia, the Czech Republic, Denmark, Portugal, Hungary, Latvia and other assets in the European region, and, for purposes of the columns labeled Assets and Installed Capacity, includes our 34.5% interest, as of June 30, 2005, in a Lithuanian cement producer that operated one cement plant with an installed capacity of 2.7 million tons. In the above table, South America, Central America and the Caribbean includes our subsidiaries in Venezuela, Colombia, Costa Rica, the Dominican Republic, Panama, Nicaragua, Puerto Rico, Argentina and other assets in the Caribbean region. In the above table, Africa and the Middle East includes our subsidiaries in Egypt, the United Arab Emirates and Israel. In the above table, Asia includes our subsidiaries in the Philippines, Thailand, Malaysia, Bangladesh and other assets in the Asian region, and, for purposes of the columns labeled Assets and Installed Capacity, includes our 25.5% interest, as of June 30, 2005, in Gresik, an Indonesian cement producer. As of June 30, 2005, in addition to the four cement plants owned by our Asian subsidiaries, Gresik operated four cement plants with an installed capacity of 17.3 million tons. In the above table, Cement and Clinker Trading Assets and Other Operations includes intercompany accounts receivable of CEMEX (the parent company only) in the amount of Ps32.2 billion, which are eliminated in consolidation.

During the last 15 years, we have been engaged in a major geographic expansion program to diversify our cash flows and enter markets whose economic cycles within the cement industry largely operate independently from that of Mexico and which offer long-term growth potential. We have built an extensive network of marine and land-based distribution centers and terminals that give us marketing access around the world.

On March 1, 2005, we completed our acquisition of RMC, a leading international producer and supplier of cement, ready-mix concrete and aggregates, for a total purchase price of approximately U.S.$5.8 billion, which included approximately U.S.$1.7 billion of assumed debt. RMC was headquartered in the United Kingdom, had operating units in 22 countries, primarily in Europe and the United States, and employed over 26,000 people worldwide. Prior to the acquisition, RMC was one of Europe s largest producers of cement and one of the world s largest suppliers of ready-mix concrete and aggregates. In 2004, RMC sold 14.4 million tons of cement, 51.4 million cubic meters of ready-mix concrete and 131.6 million tons of aggregates. The cement assets we acquired from RMC include 13 cement plants, with a total installed capacity of approximately 17 million tons, and 8 cement grinding mills. The cement plants are located in the United Kingdom, the United States, Germany, Croatia, Poland and Latvia.

Business Strategy

We seek to continue to strengthen our global leadership by growing profitably through our integrated positions along the cement value chain and maximizing our overall performance by employing the following strategies:

- Focus on and vertically integrate our core businesses of cement, ready-mix concrete and aggregates;
- Geographically diversify our operations and allocate capital effectively by expanding into selected new markets;
- Leverage platforms to achieve optimal operating standards and quickly integrate acquisitions;
- Provide the best value proposition to our customers;
- Strengthen our financial structure; and

Focus on attracting, retaining and developing a diverse, experienced and motivated management team.

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Geographic Breakdown of Our 2004 Net Sales

The following chart indicates the geographic breakdown of our net sales without giving effect to the acquisition of RMC and before eliminations resulting from consolidation, for the year ended December 31, 2004:

Geographic Breakdown of Pro Forma 2004 Net Sales

The following chart indicates the geographic breakdown of our net sales on a pro forma basis giving effect to the RMC acquisition as though it had been completed on January 1, 2004 and before eliminations resulting from consolidation, for the year ended December 31, 2004:

Executive Offices

We are a Mexican corporation with our principal executive offices located at Av. Ricardo Margáin Zozaya #325, Colonia Valle del Campestre, Garza García, Nuevo León, México 66265. Our main phone number is +011-5281-8888-8888.

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The Offering

The Offering	27,000,000 ADSs, each representing ten CPOs. The ADSs offered hereby are being sold on our behalf by a Mexican trust. Of the 27,000,000 ADSs being offered, ADSs are being offered in the United States and in other countries outside Mexico and the equivalent of ADSs are being offered in a concurrent offering in Mexico in the form of the underlying CPOs. The CPOs offered in Mexico are being offered by means of a separate prospectus and upon similar terms as the offering. This offering and the Mexican offering are sometimes referred to herein as the combined offerings.
Over-allotment Option	The trust acting on our behalf has also granted to the underwriters of the combined offerings an option, exercisable for 30 days from the date of this prospectus supplement, to purchase up to 3,993,341 additional ADSs in the form of ADSs or CPOs to cover over-allotments, if any.
The Trust	We have created a Mexican trust to sell ADSs on our behalf in the offering and CPOs on our behalf in the Mexican offering. The ADSs and CPOs being sold on our behalf by the trust were transferred to the trust in connection with the unwinding of several forward transactions we entered into with several banks. The trust will use the proceeds it receives in the combined offerings to pay to such banks the forward purchase price in respect of the CPOs and ADSs sold by the trust in the combined offerings, with any proceeds in excess of such forward purchase price to be distributed by the trust to us. See Use of Proceeds. This Mexican trust is referred to herein as the trust and the banks that transferred the CPOs and ADSs to the trust in connection with the unwinding of forward transactions with us are referred to herein as the forward banks.
The ADSs	Each ADS represents ten CPOs. Each CPO represents two shares of our series A common stock, with no par value, or A shares, and one share of our series B common stock, with no par value, or B shares. The ADSs are evidenced by American Depositary Receipts, or ADRs. The ADSs have been issued pursuant to the Second Amended and Restated Deposit Agreement dated as of August 10, 1999, as amended by Amendment No. 1 thereto dated as of July 1, 2005, between us, Citibank, N.A., as depositary, and all holders and beneficial owners from time to time of ADSs evidenced by ADRs issued thereunder.
Use of Proceeds	The trust will receive the proceeds of sales of the ADSs and CPOs being sold on our behalf by the trust in the combined offerings. As described above under The Trust, the trust will use the proceeds it receives from the combined offerings to pay to the forward banks the forward purchase price we owe in respect of the CPOs and ADSs sold by the trust in the combined offerings, with any proceeds in excess of such forward purchase price to be distributed by the trust to us. As of September 9, 2005, the aggregate forward purchase price in respect of the 270,000,000 CPOs being offered by the trust in the form of ADSs

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	and CPOs in the combined offerings would be approximately $1,128.6 million, based on an average forward purchase price per CPO of approximately U.S.$4.18 as of that date.
	We intend to use a portion of the proceeds of the combined offerings and any exercise by the underwriters of their over-allotment option distributed to us by the trust to pay for any alternative hedging strategies we may enter into to cover our obligations in respect of the portion of our remaining stock options that is left unhedged as a result of the termination of the related forward contracts, as described below under The Offering. We intend to use the remaining portion of such proceeds for general corporate purposes, including the repayment of debt.
Listing	The ADSs are listed on the New York Stock Exchange under the symbol CX. The CPOs are listed on the Mexican Stock Exchange under the symbol CEMEX.CPO.

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RISK FACTORS

You should carefully consider the following risks and all the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus before making an investment decision regarding our securities. The following risks are not the only risks we face.

We may not be able to realize the expected benefits from our acquisition of RMC or the expected benefits from future acquisitions.

A key element of our growth strategy is to integrate our recently acquired operations with existing operations. Our ability to realize the expected benefits from these acquisitions depends, in large part, on our ability to integrate the new operations with existing operations and to apply our business practices in the new operations in a timely and effective manner. These efforts may not be successful. Furthermore, our growth strategy depends on our ability to identify and acquire suitable assets at desirable prices. We cannot assure you that we will be successful in identifying or purchasing suitable assets in the future. If we fail to make further acquisitions, we may not be able to continue to grow in the long term at our historic rate.

On March 1, 2005, we completed our acquisition of RMC for a total purchase price of approximately U.S.$5.8 billion, which included approximately U.S.$1.7 billion of assumed debt. RMC, which is headquartered in the United Kingdom, has significant operations in the United Kingdom, Germany, France and the United States, as well as operations in other European countries and globally. As of June 30, 2005, we had identified approximately U.S.$360 million of annual savings that we expect to achieve by 2007 through cost-saving synergies, including approximately U.S.$80 million during 2005 on an annualized basis. Our success in realizing these cost savings and deriving significant benefits from this acquisition will depend on our ability to standardize management processes, capitalize on trading network benefits, consolidate logistics and improve global procurement and energy efficiency.

In addition, although we have substantially realized our expected benefits from acquisitions in the past, the acquired companies were primarily engaged in cement operations, which have traditionally been the focus of our business. Also, the companies we have acquired in the past have had significant operations in only one country. The integration of RMC s worldwide operations, which consist primarily of ready-mix concrete and aggregates operations, presents new challenges as it requires us to simultaneously integrate operations in many different countries and focus on ready-mix concrete and aggregates operations on a global scale, in addition to our traditional focus on cement operations.

Our ability to pay dividends and repay debt depends on our subsidiaries ability to transfer income and dividends to us.

We are a holding company with no significant assets other than the stock of our wholly-owned and non-wholly-owned subsidiaries and our holdings of cash and marketable securities. Our ability to pay dividends and repay debt depends on the continued transfer to us of dividends and other income from our wholly-owned and non-wholly-owned subsidiaries. The ability of our subsidiaries to pay dividends and make other transfers to us is limited by various regulatory, contractual and legal constraints that affect our subsidiaries.

We have incurred and will continue to incur debt, which could have an adverse effect on the price of our CPOs and ADSs, result in us incurring increased interest costs and limit our ability to distribute dividends, finance acquisitions and expansions and maintain flexibility in managing our business activities.

We have incurred and will continue to incur significant amounts of debt, which could have an adverse effect on the price of our CPOs and ADSs. Our indebtedness may have important consequences, including increased interest costs if we are unable to refinance existing indebtedness on satisfactory terms. In addition, the debt instruments governing a substantial portion of our indebtedness contain various covenants that require us to

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maintain financial ratios, restrict asset sales and restrict our ability to use the proceeds from a sale of assets. Consequently, our ability to distribute dividends, finance acquisitions and expansions and maintain flexibility in managing our business activities could be limited. As of June 30, 2005, we had outstanding debt of approximately Ps118.6 billion (U.S.$11.0 billion), not including obligations under equity derivative transactions in our own stock. The aggregate amount of debt we incurred in connection with the RMC acquisition was approximately U.S.$5.8 billion, including our assumption of approximately U.S.$1.7 billion of RMC s debt.

We have to service our Dollar- and Yen-denominated debt with revenues generated in Pesos or other currencies, as we do not generate sufficient revenue in Dollars and Yen from our operations to service all our Dollar- and Yen-denominated debt. This could adversely affect our ability to service our debt in the event of a devaluation or depreciation in the value of the Peso, or any of the other currencies of the countries in which we operate.

A substantial portion of our outstanding debt is denominated in Dollars and Yen; as of June 30, 2005, the portions were 58% and 5%, respectively. This debt, however, must be serviced by funds generated from sales by our subsidiaries. Currently, we do not generate sufficient revenue in Dollars and Yen from our operations to service all our Dollar and Yen-denominated debt. Consequently, we have to use revenues generated in Pesos, Euros or other currencies to service our Dollar and Yen-denominated debt. A devaluation or depreciation in the value of the Peso, Euro or any of the other currencies of the countries in which we operate, compared to the Dollar or the Yen, could adversely affect our ability to service our debt. During the first half of 2005, Mexico, Spain, the United Kingdom and the Rest of Europe region, our main non-Dollar-denominated operations, together generated approximately 58% of our sales (approximately 21%, 11%, 10% and 16%, respectively), before eliminations resulting from consolidation. In the first half of 2005, approximately 21% of our sales were generated in the United States, with the remaining 21% of our sales being generated in several countries, with a number of currencies having material depreciations against the Dollar and the Yen. During the first half of 2005, the Peso appreciated 3.6% against the Dollar and appreciated 10.7% against the Yen, while the Euro depreciated 10.7% against the Dollar and depreciated 3.3% against the Yen. Although we have foreign exchange forward contracts and cross currency swap contracts in place to mitigate our currency-related risks and expect to enter into future currency hedges, they may not be effective in covering all our currency-related risks.

In connection with our acquisition of RMC, we incurred a substantial amount of debt denominated in Pounds. As of June 30, 2005, approximately 5% of our outstanding indebtedness was Pound-denominated. However, we believe that our generation of revenues in Pounds will be sufficient to service these obligations.

Our derivative instruments may have adverse effects on the market for our securities.

We have equity forward contracts in our own stock, which we entered into as a means of meeting our obligations that may require us to deliver significant numbers of shares of our stock under our employee stock option programs. As of September 9, 2005, there were 309,933,406 CPOs underlying these forward contracts with an aggregate notional amount of approximately U.S.$1.3 billion. Although we intend for a significant portion of these forward contracts to be terminated to the extent 270,000,000 of the underlying CPOs are sold in connection with the combined offerings, as described below under The Offering, 39,933,406 CPOs will remain subject to these forward contracts following the combined offerings, assuming no exercise by the underwriters of the over-allotment option. The estimated fair value of these equity forward contracts is linked to the market price of our CPOs or ADSs. Pursuant to the terms of our equity forward contracts, if the shares underlying our equity forward agreements suffer a substantial decrease in market value, we could be required to compensate for the decrease in market value. If we default on this obligation, the counterparties to our equity forward contracts have the option of either requiring us to repurchase the underlying shares or selling the underlying shares into the market, which may adversely affect the price of our CPOs and ADSs.

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We are disputing some tax claims, an adverse resolution of which may result in a significant additional tax expense.

We have received notices from the Mexican tax authorities of tax claims in respect of several tax years between 1992 and 1997 for a total amount of approximately Ps723.6 million (U.S.$67.3 million), including interest and penalties through June 30, 2005. We believe that these claims will not have a material adverse effect on our net income.

Our operations are subject to environmental laws and regulations.

Our operations are subject to laws and regulations relating to the protection of the environment in the various jurisdictions in which we operate, such as regulations regarding the release of cement into the air or emissions of greenhouse gases. Stricter laws and regulations, or stricter interpretation of existing laws or regulations, may impose new liabilities on us or result in the need for additional investments in pollution control equipment, either of which could result in a material decline in our profitability in the short term.

We are subject to restrictions due to minority interests in our consolidated subsidiaries.

We conduct our business through subsidiaries. In some cases, third-party shareholders hold minority interests in these subsidiaries. Various disadvantages may result from the participation of minority shareholders whose interests may not always coincide with ours. Some of these disadvantages may, among other things, result in our inability to implement organizational efficiencies and transfer cash and assets from one subsidiary to another in order to allocate assets most effectively.

We are an international company and are exposed to risks in the countries in which we have significant operations or interests.

We are dependent, in large part, on the economies of the countries in which we market our products. The economies of these countries are in different stages of socioeconomic development. Consequently, like many other companies with significant international operations, we are exposed to risks from changes in foreign currency exchange rates, interest rates, inflation, governmental spending, social instability and other political, economic or social developments that may materially reduce our net income.

With the recent acquisition of RMC, our geographic diversity has significantly increased. We currently have operations in Mexico, the United States, Spain, the United Kingdom, the Rest of Europe region (including Germany and France), South America, Central America and the Caribbean (including Venezuela and Colombia), Africa and the Middle East and Asia. As of June 30, 2005, our Mexican operations represented approximately 17% of our total assets, our U.S. operations represented approximately 19% of our total assets, our Spanish operations represented approximately 11% of our total assets, our United Kingdom operations represented approximately 7% of our total assets, our Rest of Europe operations represented approximately 10% of our total assets, our South America, Central America and the Caribbean operations represented approximately 9% of our total assets, our Africa and the Middle East operations represented approximately 3% of our total assets and our Asia operations represented approximately 3% of our total assets. On a pro forma basis giving effect to the RMC acquisition as though it had been completed on January 1, 2004, as of and for the year ended December 31, 2004, before eliminations resulting from consolidation, our Mexican operations represented approximately 17% of our net sales, our U.S. operations represented approximately 23% of our net sales, our Spanish operations represented approximately 9% of our net sales, our United Kingdom operations represented approximately 13% of our net sales , our Rest of Europe operations represented approximately 20% of our net sales, our South America, Central America and the Caribbean operations represented approximately 8% of our net sales, our Africa and the Middle East operations represented approximately 3% of our net sales and our Asia operations represented approximately 1% of our net sales. Adverse economic conditions in any of these countries or regions may produce a negative impact on our net income from our operations in that country or region.

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If the Mexican economy experiences a recession or if Mexican inflation and interest rates increase significantly, our net income from our Mexican operations may decline materially because construction activity may decrease, which may lead to a decrease in sales of cement and ready-mix concrete. The Mexican government does not currently restrict the ability of Mexicans or others to convert Pesos to Dollars, or vice versa. The Mexican Central Bank has consistently made foreign currency available to Mexican private sector entities to meet their foreign currency obligations. Nevertheless, if shortages of foreign currency occur, the Mexican Central Bank may not continue its practice of making foreign currency available to private sector companies, and we may not be able to purchase the foreign currency we need to service our foreign currency obligations without substantial additional cost.

In recent years, Venezuela has experienced considerable volatility and depreciation of its currency, high interest rates, political instability and declining asset values. Additionally, Venezuela has experienced increased inflation, decreased gross domestic product and labor unrest, including a general strike. In response to this situation, and in an effort to shore up the economy and control inflation, Venezuelan authorities have imposed foreign exchange and price controls on specified products, including cement. Although the political uncertainty in Venezuela has diminished since the August 2004 referendum on President Chavez s presidency, following which President Chavez has consolidated his majority in Congress and his control over the Supreme Court, these foreign exchange and price controls remain in place. These developments have had and may continue to have an impact on cement prices and an adverse effect on the construction sector in Venezuela, reducing demand for cement and ready-mix concrete, which may continue to affect our sales and net income adversely.

We believe that Egypt also represents an important market for our future growth. Rising instability in the Middle East, however, has resulted from, among other things, civil unrest, extremism, the continued deterioration of Israeli-Palestinian relations and the war in Iraq. There can be no assurance that political turbulence in the Middle East will abate at any time in the near future or that neighboring countries, including Egypt, will not be drawn into the conflict or experience instability. In Egypt, extremists have engaged in a sometimes violent campaign against the government in recent years. There can be no assurance that extremists will not escalate their opposition in Egypt or that the government will continue to be successful in maintaining the prevailing levels of domestic order and stability. Since 2000, the Egyptian government devalued the pound four times, and in January 2003, it decided to let the pound trade as a freely floating currency. During 2003, the Egyptian pound depreciated approximately 35% against the Dollar; while during 2004, the Egyptian pound appreciated against the Dollar by approximately 1%. The potential impact of the floating exchange rate system and of measures by the Egyptian government aimed at improving Egypt s investment climate continues to be uncertain. Weakened investor confidence as a result of currency instability as well as any of the other foregoing circumstances could have a material adverse effect on the political and economic stability of Egypt and consequently on our Egyptian operations.

The September 11, 2001 terrorist attacks on the World Trade Center and the Pentagon temporarily disrupted the trading markets in the United States and caused declines in major stock markets around the world. Since those attacks, there have been terrorist attacks in Indonesia, Spain and the United Kingdom, and ongoing threats of future terrorist attacks in the United States and abroad. In response to these terrorist attacks and threats, the United States has instituted several anti-terrorism measures, most notably, the formation of the Office of Homeland Security, a formal declaration of war against terrorism and the ongoing armed conflicts in Iraq and Afghanistan. Although it is not possible at this time to determine the long-term effect of these terrorist threats and attacks and the consequent response by the United States, including the conflicts in Iraq and Afghanistan, there can be no assurance that there will not be other attacks or threats in the United States or abroad that will lead to economic contraction in the United States or any other of our major markets. In addition, current and projected United States budget deficits may have an adverse effect on the public construction sector. Economic contraction in the United States or any of our major markets could affect domestic demand for cement and have a material adverse effect on our operations.

PT Semen Gresik (Persero) Tbk., or Gresik, an Indonesian cement producer in which we own a 25.5% interest, has experienced ongoing difficulties at PT Semen Padang, or Semen Padang, the subsidiary of Gresik

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that owns and operates the Padang plant, including the effective loss of operational and financial control of Semen Padang, the inability to prepare consolidated financial statements that include Semen Padang s operations and the inability of its independent auditors to provide an unqualified audit opinion on such financial statements. After the failure of several attempts to reach a negotiated or mediated solution to these problems involving Gresik, on December 10, 2003, CEMEX Asia Holdings, Ltd., or CAH, our subsidiary through which we hold our interest in Gresik, filed a request for arbitration against the Republic of Indonesia and the Indonesian government before the International Centre for Settlement of Investment Disputes, or ICSID, based in Washington D.C. CAH is seeking, among other things, rescission of the purchase agreement entered into with the Republic of Indonesia in 1998, plus repayment of all costs and expenses, and compensatory damages. ICSID has accepted and registered CAH s request for arbitration and issued a formal notice of registration on January 27, 2004. On May 10, 2004, an Arbitral Tribunal was established to hear the dispute. The Indonesian government has objected to the Tribunal s jurisdiction over the claims asserted in CAH s request for arbitration, and on July 28 29, 2005, the Arbitral Tribunal conducted an oral hearing to resolve these jurisdictional objections. As of the date of this prospectus supplement, the Arbitral Tribunal had not yet rendered its jurisdictional decision. We cannot predict what effect, if any, this action will have on our investment in Gresik, how the Tribunal will rule on the Indonesian government s jurisdictional objections or the merits of the dispute, or the time-frame in which the Tribunal will rule.

You may be unable to enforce judgments against us.

You may be unable to enforce judgments against us. We are a stock corporation with variable capital *(sociedad anónima de capital variable*), organized under the laws of Mexico. Substantially all our directors and officers and some of the experts named in this prospectus supplement reside in Mexico, and all or a significant portion of the assets of those persons may be, and the majority of our assets are, located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon those persons or to enforce judgments against them or against us in U.S. courts, including judgments predicated upon the civil liability provisions of the U.S. federal securities laws. We have been advised by Lic. Ramiro G. Villarreal, General Counsel of CEMEX, that it may not be possible to enforce, in original actions in Mexican courts, liabilities predicated solely on the U.S. federal securities laws and it may not be possible to enforce, in Mexican courts, judgments of U.S. courts obtained in actions predicated upon the civil liability provisions of the U.S. federal securities laws.

Preemptive rights may be unavailable to ADS holders.

ADS holders may be unable to exercise preemptive rights granted to our shareholders, in which case ADS holders could be substantially diluted. Under Mexican law, whenever we issue new shares for payment in cash or in kind, we are generally required to grant preemptive rights to our shareholders. However, ADS holders may not be able to exercise these preemptive rights to acquire new shares unless both the rights and the new shares are registered in the United States or an exemption from registration is available.

We cannot assure you that we would file a registration statement in the United States at the time of any rights offering. In addition, while the depositary is permitted, if lawful and feasible at that time, to sell those rights and distribute the proceeds of that sale to ADS holders who are entitled to those rights, current Mexican law does not permit sales of that kind.

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THE OFFERING

Background of the Offering

In order to cover our obligations to deliver CPOs or ADSs upon the future exercise of options granted under our stock option plans, from time to time we have entered into forward transactions in our CPOs or ADSs with banks and other financial institutions. We are currently party to forward contracts in our CPOs or ADSs with Wachovia Bank, National Association, Bank of America, N.A., UBS AG, London Branch, Banco Santander Serfín, S.A., Institución de Banca Múltiple, Grupo Financiero Santander Serfín, Bear Stearns International Limited, Dresdner Bank AG, JPMorgan Chase Bank, The Bank of Nova Scotia and Calyon, New York Branch. These banks are referred to herein as the forward banks. We have extended the maturities of several of these forward contracts, and the current maturities for these forward contracts range from October 2005 to September 2006. As of September 9, 2005, the number of CPOs, including CPOs underlying ADSs, covered by these forward contracts was 309,933,406 CPOs (after giving effect to stock dividends through June 2005 and the two for one stock split that became effective on July 1, 2005), and the aggregate purchase price under these forward contracts, or the forward notional amount, was approximately U.S.$1,314,603,064.

The following table indicates the number of CPOs, including CPOs underlying ADSs, underlying the forward contracts with each forward bank and the forward notional amount of those forward contracts, in each case as of September 9, 2005.

Name of Forward Bank	Number of CPOs	Forward Notional Amount
JPMorgan Chase Bank	67,699,490	U.S.$ 297,886,624
Wachovia Bank, National Association	50,994,874	221,360,488
Banco Santander Serfín, S.A., Institución de Banca Múltiple, Grupo Financiero Santander Serfín	48,336,440	214,090,740
The Bank of Nova Scotia	33,754,102	129,011,894
Bear Stearns International Limited	31,602,000	114,777,247
Dresdner Bank AG	25,607,206	110,015,522
Calyon, New York Branch	18,150,794	80,362,640
Bank of America, N.A.	17,884,798	78,673,996
UBS AG, London Branch	15,903,702	68,423,913
Total	309,933,406	U.S.$ 1,314,603,064

Under these forward contracts, the forward banks agreed to sell to us on the respective maturity dates of the forward contracts the respective number of CPOs or ADSs underlying the forward contracts, which the forward banks purchased in open market transactions, for the respective purchase prices, or the forward notional amounts, under the forward contracts. Upon liquidation and at our option, these forward contracts provide for physical settlement or net cash settlement. The forward purchase price payable at any time under these forward contracts is equal to the present value of the forward notional amount. As of September 9, 2005, the aggregate forward purchase price payable under these forward contracts was approximately U.S.$1,295.5 million, with an average forward purchase price per CPO of approximately U.S.$4.18 per CPO. At maturity, if these forward contracts are not settled or replaced, or if we default on these agreements, the forward banks may sell the CPOs or ADSs underlying these forward contracts. We did not enter into any registration rights agreement with respect to these forward contracts, and, were it not for the contemplated sales by the trust on our behalf in the combined offerings, any sales of the CPOs or ADSs underlying these forward contracts by the forward banks would be required to be made pursuant to an exemption from registration.

In order to reduce our exposure to volatility in the market price for our stock and our need to engage in hedging transactions in our stock, since June 2004 we have been changing our long-term variable compensation programs from stock options to restricted stock awards. Under the terms of our restricted stock program,

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restricted CPOs awarded to employees will be held in a trust on behalf of each employee. The restrictions on these CPOs will gradually lapse, at which time the employees may withdraw them from the trust.

On June 17, 2005, the closing price of the CPOs on the Mexican Stock Exchange exceeded the equivalent of U.S.$8.50 per CPO (U.S.$4.25 per CPO after giving effect to the subsequent stock split), which triggered the automatic exercise of 131,996,243 stock options. In accordance with the terms of these stock options, the gain realized by the executives holding the options upon the automatic exercise was distributed to them in the form of restricted CPOs, which resulted in the distribution of a total of 41,678,352 restricted CPOs (as adjusted to reflect the two for one stock split that became effective on July 1, 2005). Following this automatic exercise, stock options to purchase a total of 68,834,124 CPOs remained outstanding under our stock option plans as of June 30, 2005 (as adjusted to reflect the two for one stock split that became effective on July 1, 2005).

As a result of this automatic exercise, and in an effort to simplify our capital structure, we have agreed with the forward banks to sell the CPOs or ADSs underlying our forward contracts with them in the combined offerings and to terminate these forward contracts prior to their scheduled termination to the extent the underlying CPOs or ADSs are sold in the combined offerings. Any CPOs or ADSs underlying these forward contracts that are not sold in the combined offerings or pursuant to the exercise by the underwriters of the over-allotment option will be returned to the applicable forward banks, and the forward contracts with those forward banks will remain in effect with respect to the returned CPOs or ADSs. If we sell all the CPOs and ADSs underlying the forward contracts in the combined offerings and pursuant to the exercise by the underwriters of the over-allotment option, all our existing forward contracts in our CPOs and ADSs will be terminated, including those hedging our obligations under our remaining stock options. We will analyze alternative hedging strategies to cover our obligations in respect of the unhedged portion of our remaining stock options.

The Offering

In connection with the combined offerings and the early termination of our forward contracts with the forward banks to the extent the underlying CPOs or ADSs are sold in the combined offerings, the forward banks have agreed to transfer all the CPOs and ADSs underlying these forward contracts to a Mexican trust created to sell CPOs and ADSs on our behalf in the combined offerings.

As more fully described under Underwriting, the trust will sell on our behalf a total of 27,000,000 ADSs, representing 270,000,000 CPOs, in the combined offerings in the form of ADSs and CPOs. Of the 27,000,000 ADSs being offered, ADSs are being offered in the United States and in other countries outside of Mexico and the equivalent of ADSs are being offered in the Mexican offering in the form of the underlying CPOs. If the underwriters exercise their over-allotment option, the trust will sell on our behalf up to an additional 3,993,341 ADSs, representing 39,933,410 CPOs, in the form of ADSs and CPOs.

The trust will use the proceeds it receives in the combined offerings to pay the forward purchase price we owe in respect of the CPOs sold by it in the form of ADSs and CPOs in the combined offerings. As of September 9, 2005, the aggregate forward purchase price in respect of the 270,000,000 CPOs being offered by the trust in the form of ADSs and CPOs in the combined offerings would be approximately U.S.$1,128.6 million, based on the average forward purchase price per CPO of approximately U.S.$4.18 as of that date. If the underwriters exercise their over-allotment option in full and an additional 39,933,406 CPOs are sold in the form of ADSs and CPOs, the aggregate forward purchase price in respect of those CPOs would be approximately U.S.$166.9 million as of September 9, 2005. The trust will distribute any proceeds it receives from the combined offerings and any exercise by the underwriters of their over-allotment option in excess of the applicable forward purchase price to us. We intend for any CPOs underlying these forward contracts that are not sold in the combined offerings or pursuant to the exercise by the underwriters of their over-allotment option to be returned by the trust to the applicable forward banks and for the forward contracts with those forward banks to remain in effect with respect to the returned CPOs. As described above, if we sell all the CPOs and ADSs underlying the forward contracts in the combined offerings and pursuant to the exercise by the underwriters of their over-allotment option, all our existing forward contracts in our CPOs and ADSs will be terminated.

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USE OF PROCEEDS

We estimate that the proceeds from the combined offerings will be approximately U.S.$1,358.7 million, or approximately U.S.$1,559.6 million if the underwriters exercise their over-allotment option in full, based upon an assumed public offering price per ADS of U.S.$51.48 and after deducting underwriting discounts and commissions, but before the estimated expenses of the combined offerings.

The trust will receive the proceeds of sales of the ADSs and CPOs being sold on our behalf by the trust in the combined offerings. The trust will use such proceeds to pay the forward purchase price we owe in respect of the CPOs sold by the trust in the form of ADSs and CPOs in the combined offerings, which as of September 9, 2005, would be approximately U.S.$1,128.6 million if all 270,000,000 CPOs being offered hereby in the form of ADSs and CPOs are sold in the combined offerings, or approximately U.S.$1,295.5 million if the underwriters exercise their over-allotment option in full, in each case based on the average forward purchase price per CPO of U.S. $4.18 as of that date. The trust will distribute any proceeds in excess of such forward purchase price to us, which would be approximately U.S.$230.1 million, or approximately U.S.$264.1 million if the underwriters exercise their over-allotment option in full.

We will pay our estimated offering expenses of approximately U.S.$8.3 million from this amount, resulting in net proceeds to us of approximately U.S.$221.8 million, o