



Building a better future

**ADDITIONAL INFORMATION RELATED TO ITEM I (VARIABLE PART OF CAPITAL STOCK INCREASE) OF THE AGENDA FOR THE EXTRAORDINARY SHAREHOLDERS MEETING OF CEMEX, S.A.B. DE C.V.**

Shareholders of CEMEX, S.A.B. de C.V. ("CEMEX") should consider that CEMEX is not required under the laws of Mexico to disclose the following additional information ahead of the date of the Extraordinary Shareholders Meeting to be held on April 5, 2018 (the "Extraordinary Meeting"). As such, shareholders of CEMEX should be aware that changes to the following additional information may occur until and including the date of the Extraordinary Meeting.

On February 8, 2018, the Board of Directors of CEMEX issued the call-notice for the Extraordinary Meeting, in which it is being proposed that CEMEX receive an authorization to increase the variable part of its share capital through the issuance of up to 11,250 MM additional shares (including convertible notes) of CEMEX, which is equivalent to up to 375 MM ADSs (up to 25% of CEMEX's share capital).

The following is information that shareholders of CEMEX should consider when submitting their vote as it relates to the proposal contained in item I of the agenda for the Extraordinary Meeting. In addition to the information provided below, CEMEX will be hosting its "CEMEX Day" on March 15, 2018, at which additional information on this proposal will be provided. The "CEMEX Day" agenda will be provided to the public prior to the event. The live "CEMEX Day" webcast may be accessed at [www.cemex.com](http://www.cemex.com) the day of the event.

**I.- Context and rationale for proposal. Changes in Mexican securities regulation:**

CEMEX is requesting this approval for increasing the variable part of its share capital to bring its capital flexibility in line with that of standard practices in the U.S. and Europe. CEMEX also wants to be able to take advantage of the regulatory framework that has recently started to be used in Mexico, which allows issuers to file and establish a program similar to what in the United States is known as a shelf registration, which provides flexibility for capital transactions.

The broad Mexican shelf registration, known as "*Programa Multivalor*", would allow CEMEX to issue debt, equity, convertible notes and/or other securities, in one or more issuances within a five-year period, with the first issuance having to occur within a two-year period after CEMEX receives the authorization, otherwise CEMEX would need to reapply for the program. Having access to this program would substantially reduce the amount of regulatory authorizations and time that CEMEX would need to issue certain securities. CEMEX is considering seeking approval for this program during the remainder of 2018, and could also consider filing for a similar process in the U.S.

It is contemplated that any such issuance of securities would only occur if (i) market conditions are attractive and (ii) the use of proceeds from any such issuance are also attractive and in keeping with CEMEX's strategy. Also on February 8, 2018, during CEMEX's fourth quarter results call, CEMEX's Chief Executive Officer and Executive Vice President of Investor Relations, Corporate Communications and Public Affairs, further explained the general framework under which it is contemplated such capital increase would happen, if at all, and also mentioned that currently CEMEX is not looking at a transaction that would involve a capital increase.

**II.- General framework under which such capital increase is contemplated:**



**Building a better future**

CEMEX expects that any contemplated increase in the variable part of the share capital of CEMEX pursuant to a securities issuance would be used primarily to fund investments in the building materials sector in line with CEMEX's investment criteria described below. Such criteria, which has been developed in consultation with the Board of Directors of CEMEX, and takes into account the experience gained from past investments, considers the following elements:

- A) Risk Management: CEMEX intends to consider investments that are expected to present manageable risks,. It is CEMEX's intent that any such investments should (i), be consistent and aligned with CEMEX's priority of reaching and/or maintaining an investment grade credit rating; (ii) be expected to be an asset size that CEMEX at such time would consider manageable; (iii) be expected to contribute to a further geographic diversification of CEMEX's portfolio of assets; and (iv) be expected to be funded with a combination of equity and/or free cash flow and/or short and long-term debt.
- B) Portfolio enhancement: CEMEX intends to consider investments in markets that would be expected to enhance its portfolio of assets from a diversification and growth potential stand point, which it expects would consist mainly of (i) investments in the cement industry, primarily in developing markets, and (ii) investments in the aggregates industry, primarily in developed markets.
- C) Value Creation: CEMEX intends to consider investments that are expected to provide opportunities to benefit from CEMEX's expertise and practices, so that (i) returns exceed the cost of capital and (ii) earnings and/or free cash flow on a per share basis exceeds stand-alone expectations.

**III.- If the proposal being presented to this Extraordinary Meeting is approved, the treasury shares that are issued would only be subscribed and paid for pursuant to the issuance of securities that further require the evaluation and approval of CEMEX'S Board of Directors, which would be expected to also consider the overall investment-criteria mentioned herein.**



## **PROPOSAL TO INCREASE THE CAPITAL STOCK IN ITS VARIABLE PART AND ISSUE CONVERTIBLE NOTES**

(subject to the approval by the Extraordinary General Shareholders Meeting to be held on April 5, 2018)

**The Board of Directors of Cemex, S.A.B. de C.V. will propose to the Shareholders Meeting the increase to the capital stock in its variable part and the issuance of shares to be subscribed with or without a public offer, either in Mexico or abroad, and/or through the issuance of convertible notes, on the following terms:**

- (A) Increase the capital stock of Cemex, S.A.B. de C.V. in its variable part in the amount of \$31'236,862.50 M.N. (thirty one million two hundred thirty six thousand eight hundred and sixty two Mexican pesos 50/100), through the issuance of up to 11,250'000,000 (eleven billion two hundred and fifty million) nominative ordinary common shares without expression of nominal value, of which up to 7,500'000,000 (seven billion five hundred million) will be Series A, and up to 3,750'000,000 (three billion seven hundred and fifty million) will be Series B, which will confer the same rights and obligations than the currently outstanding shares. Subscription of the shares would be made to a theoretic value of \$0.00277661 per share, plus a premium.

The shares will be subscribed and paid by their placement through a public offer or private placement, either in Mexico or abroad, and/or through the issuance of convertible notes pursuant to Article 210 Bis of the Mexican Securities and Credit Transactions Law (*Ley General de Títulos y Operaciones de Crédito*).

The shares will be kept in treasury to be subscribed and paid afterwards, through payment or conversion, as applicable, without the preemptive right being applicable pursuant to the Company's by-laws and applicable legislation.

- (B) Shares representing the capital increase will be represented by 3,750'000,000 (three billion seven hundred and fifty million) Ordinary Participation Certificates ("Cemex.CPO") to be issued by Banco Nacional de México, S.A. as trustee of Trust No. 111033-9, which will each be referred to 2 (two) Series A ordinary shares and 1 (one) Series B ordinary share. For these purposes, shares representing the capital increase will be issued on behalf of such financial institution and deposited in S.D. Indeval Institución para el Depósito de Valores, S.A. de C.V.
- (C) Terms and conditions of the public offer or private placement of the shares and of the convertible notes, would be decided by the Board of Directors, pursuant to the applicable legal rules and taking always into account the prevailing conditions in the market, being the Board of Directors authorized to formalize the capital increase when the subscription price is determined and the conversion of the convertible notes takes place, and to decide any terms and conditions that have not been decided by the Shareholders Meeting.



Building a better future

- (D) The convertible notes would be convertible into shares that would be represented by ordinary participation certificates, with maturity not to exceed 10 (ten) years from their placement, without the possibility of placing them below par and being able to carry out the placement through public offer or private placement or with institutional investors, in Mexico or abroad.
- (E) Placement of the shares through public offer or private placement and, if applicable, the issuance of convertible notes, would take place within a period that would not exceed 5 (five) years from the date the extraordinary shareholders meeting is held.
- (F) The certificates representing the shares to be issued, whether temporary or definitive certificates, will include 12 coupons with the corresponding consecutive numeration and, as with the convertible notes, could be executed by any two directors.