During 1998 we were pleased to witness that our Industrial Safety programs produced a 10% decrease in the accident rate of our operations as compared to the previous year. Now, through the effort and involvement of everyone working at CEMEX, we will continue to move ahead in accident prevention, improving the well being of our employees, communities, and environment.

This year we also reached a new milestone in health and Quality of Life, as we established the corporate area that will set forth the general criteria for developing a culture of health education and promotion - one of the strategic values necessary to maintain the high dynamics of world-class companies.

Additionally, we made significant progress in the use of natural cementing materials and in implementing in-house technology to minimize energy use in the calcination process.

Finally, in keeping with our geographic diversification strategy, we acquired plants in the Philippines, one of the largest cement markets in Southeast Asia, where we have already implemented operational and technological improvements in the areas of environment, health and safety.

Thus, we continue to focus on our mission of being the most efficient, profitable, and safe
multinational cement company in the world.

Lorenzo H. Zambrano
Chairman & CEO

RESULTS

In 1998, the annual accident rate per 100 workers fell 10%, from 4.0 to 3.6. Our cement-producing operations performed particularly well, reporting a 34% reduction in this indicator compared with the previous year. In addition, 18 of our concrete operating units and two cement plants achieved the objective of zero accidents during the year, and 134 of our work centers, representing 52% of CEMEX’s human resources, achieved our primary goal of an annual accident rate below 1%. These results represent significant progress toward our vision of being “the world's safest multinational cement company”.

USE OF ELECTRONIC MEDIA

We have a special system within the CEMEX Intranet to share indicators, reports, and relevant health and safety facts among all our business units, helping to optimize projects and prevent accidents.

QUALITY OF LIFE

At the beginning of the year, we created a special Corporate Department of Health and Quality of Life, because at CEMEX we believe that this area is a strategic factor for maintaining the rhythm of activities required by a world-class company.
INNOVATION AND TECHNOLOGICAL UPDATING

During 1998, the in-house technology introduced into the calcination process at our Monterrey, Mexico plant enabled us to reduce the consumption of energy by 4%. This process is a real example of ecoefficiency because lowering energy use and gas emissions results in both economic and environmental benefits.

We have also continued to update the technology used in all our business units. In Colombia, we began operating a new cement plant where we took advantage of our wide experience in the design and construction of such facilities to optimize the consumption of raw materials and fuel.

USE OF NATURAL CEMENTING MATERIALS

During the past year, we made great progress in our use of natural cementing materials, commonly called pozzolana. These materials, which may be added to cement in quantities up to 20% without affecting its quality, reduce the energy used in the production process because they do not require calcination. We have already begun to use pozzolana in a program in Panama and at the new plant in Colombia.

CULTURE OF ECOEFFICIENCY

During the year, we extended our ecoefficiency programs to our administratives offices, focusing on paper recycling and water - and energy - saving initiatives.
SPONSORING PUBLICATIONS

In 1998, we continued our ecological book program. At the request of the organizers of the Lisbon 1998 World Expo, we produced a commemorative book, "Celebration of the Seas." Almost 10,000 copies were donated in ten different nations to support numerous environmental conservation projects. Through Nature's Best magazine, in 1998 CEMEX gave a prize for the best nature photograph, in support of the use of visual images to encourage environmental awareness and to promote caring for wildlife.

COMMUNITY PARTICIPATION

We continued our good-neighbor program, with organized visits to our facilities and joint projects with the community. In Mexico, we made significant progress with our low-income housing development and medical services projects, while in Colombia we continued to support the establishment of micro-companies, and in Venezuela we implemented programs for maintaining and preserving selected beaches and parks.
**Training**

Training all our personnel in the area of safety was one of our priorities during 1998. The programs we established have been integrated into our regular induction courses to ensure that training and empowerment in accident prevention is continuously carried out in all our operations. In the environmental area we held both internal and community events to promote a culture of environmental awareness and the conservation of our natural resources. In the area of health and quality of life, during the year we began a corporate program to disseminate basic health care issues, such as the need for exercise, regular medical check-ups, and good eating habits.

**Growth and Continuous Improvement**

**Growth**

In January 1998, we began operations in the Philippines and started the process of implementing the CEMEX Environmental, Health and Safety systems. Our ecological book program was extended to this country, and we donated copies to support local nature conservation projects.

**ISO 14000**

Three more of CEMEX's Mexican cement plants were given ISO 14001 certification in 1998, implying significant progress toward our goal of certifying all our Mexican plants by the year 2000. The certification process was also initiated in Spain, and we are currently evaluating its implementation in Panama, Colombia, Venezuela, and the United States.
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