

Shareholders' General Meeting

May 15, 2012

Report



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REPORT ON THE ORDINARY SHAREHOLDERS' MEETING HELD ON MAY 15, 2012



Lafarge's ordinary shareholders' meeting, which was held in Paris on May 15, 2012 under the chairmanship of Bruno Lafont, approved all resolutions submitted for their vote.

The shareholders' meeting approved a dividend of €0.50 per share and a loyalty dividend of €0.55 per share. The dividend will be paid on July 6, 2012 (with an ex-dividend date on July 3, 2012).

The shareholders' meeting also ratified the cooptation of Mr. Ian Gallienne (and the renewal of his term of office) and approved the appointment of Mr. Gérard Lamarche to the Lafarge Board of Directors. The meeting also renewed the terms of office of Mssrs Paul Desmarais Jr., Jérôme Guiraud, Michel Rollier and Nassef Sawiris as Directors. All appointments and renewals to the Board of Directors are for a period of four years.

In addition, the Group's statutory and alternate auditors (from the Deloitte and Ernst & Young networks) have been renewed for a period of six years.

Contents

| | |
|---|---------|
| <u>Results of the votes at the General Meeting and Quorum</u> | Page 3 |
| <u>Pre-AGM consultation : shareholders' areas of interest</u> | Page 4 |
| <u>The General Meeting : snapshot</u> | Page 5 |
| <u>Answers to shareholders' questions</u> | Page 6 |
| <u>The Board of Directors after the General Meeting</u> | Page 7 |
| <u>Key Figures at December 31, 2011</u> | Page 9 |
| <u>Next General Meeting scheduled in 2013</u> | Page 12 |

1. Results of the votes at the General Meeting and Quorum

Number of shareholders present or represented, or having voted by mail: 17,636

Quorum: 196,384,022 shares, representing **68,41%** of the shares with voting rights

Number of voting rights: 298 177 332, representing 74,74% of the existing voting rights at the shareholders' meeting and 74,71% of the total number of voting rights.

| <u>Resolutions</u> | | <u>For</u> | <u>Against</u> | <u>Abstain</u> |
|-----------------------------|---|-------------------------|------------------------|----------------------|
| 1 st resolution | Approval of the 2011 Company financial statements and transactions | 297,873,066 (99.90%) | 183,697 (0.06%) | 120,569 (0.04%) |
| 2 nd resolution | Approval of the 2011 consolidated financial statements and transactions | 297,876,079 (99.90%) | 186,208 (0.06%) | 115,045 (0.04%) |
| 3 rd resolution | Appropriation of earnings and setting of the dividend | 297,549,336 (99.79%) | 497,097 (0.17%) | 130,899 (0.04%) |
| 4 th resolution | Approval of a new related-party agreement (<i>convention réglementée</i>): amendment to Mr. Bruno Lafont's employment contract | 261,221,140 (87.62%) | 35,772,812 (12.00%) | 1,135,368 (0.38%) |
| 5 th resolution* | Approval of a new related-party agreement (<i>convention réglementée</i>): amendment to the Shareholder agreement with NNS Holding Sàrl | 166,376,561 (91.44%) | 14,197,481 (7.80%) | 1,383,834 (0.76%) |
| 6 th resolution | Ratification of the cooptation of Mr. Ian Gallienne as a Director | 281,458,341 (94.39%) | 15,568,090 (5.22%) | 1,150,901 (0.39%) |
| 7 th resolution | Renewal of the term of office of Mr. Ian Gallienne as a Director | 281,056,491 (94.26%) | 15,985,757 (5.36%) | 1,135,084 (0.38%) |
| 8 th resolution | Appointment of Mr. Gérard Lamarche as a Director | 278,161,752 (93.29%) | 18,896,256 (6.34%) | 1,119,324 (0.37%) |
| 9 th resolution | Renewal of the term of office of Mr. Paul Desmarais Jr. as a Director | 267,819,301 (89.82%) | 29,232,529 (9.80%) | 1,125,502 (0.38%) |
| 10 th resolution | Renewal of the term of office of Mr. Jérôme Guiraud as a Director | 278,837,609 (93.51%) | 18,218,187 (6.11%) | 1,121,536 (0.38%) |
| 11 th resolution | Renewal of the term of office of Mr. Michel Rollier as a Director | 295,882,822 (99.23%) | 1,173,564 (0.39%) | 1,120,946 (0.38%) |
| 12 th resolution | Renewal of the term of office of Mr. Nassef Sawiris as a Director | 277,342,791 (93.01%) | 19,707,245 (6.61%) | 1,127,296 (0.38%) |
| 13 th resolution | Renewal of the appointment of Deloitte & Associés as Statutory Auditor | 291,794,371 (97.86%) | 5,249,950 (1.76%) | 1,133,011 (0.38%) |
| 14 th resolution | Appointment of Ernst & Young et Autres as Statutory Auditor | 296,748,259 (99.52%) | 287,181 (0.10%) | 1,141,892 (0.38%) |
| 15 th resolution | Renewal of the appointment of BEAS as Alternate Auditor | 292,774,290 (98.19%) | 4,260,463 (1.43%) | 1,142,579 (0.38%) |
| 16 th resolution | Renewal of the appointment of Auditex as Alternate Auditor | 295,433,678 (99.08%) | 1,597,830 (0.54%) | 1,145,824 (0.38%) |
| 17 th resolution | Authorization granted to the Company to buy and sell its own shares | 295,716,604 (99.17%) | 1,280,525 (0.43%) | 1,180,203 (0.40%) |
| 18 th resolution | Delegation of powers to carry out corporate formalities | 296,888,427 (99.57%) | 149,298 (0.05%) | 1,139,607 (0.38%) |

* Specific quorum, as NNS Holding Sàrl and related persons were excluded from the vote of the resolution: 156,315,392 shares, representing, 63.28% of the shares with voting rights for this resolution, and 218,312,966 voting rights, representing 68.42% of the existing voting rights for this resolution and 54.70% of the total number of voting rights. The statutory adjustment of voting rights mechanism applied and, following adjustment, the number of voting rights taking part in the vote was 181,957,876.

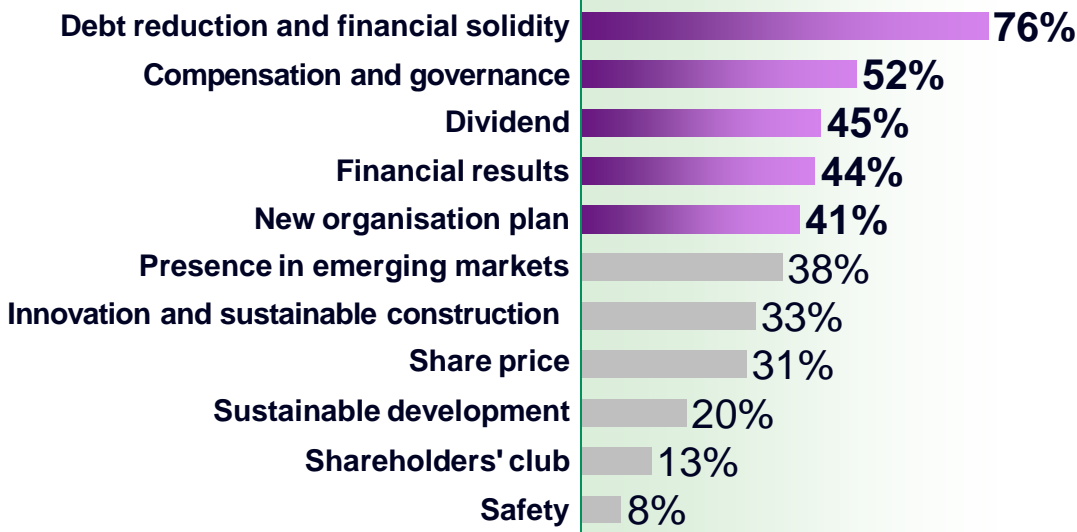
2. Pre-AGM consultation : Shareholders' areas of interest



The General Meeting is an opportunity to answer precisely shareholders' questions. As every year, we organized a pre-meeting consultation on our website.

Below are the main shareholders' areas of interest:

**Pre-AGM consultation
Shareholders' areas of interest**



3. The General Meeting : snapshot

2011: a year to strengthen the Group

In a very contrasted economic context, the highlights of 2011 were:

- Reaching our two principal objectives: a significant reduction in our debt and a €250 million reduction in costs.
- Sustained growth thanks to improved volumes in emerging markets.
- The transformation of the Group, which is now strongly placed to enter a new dynamic for growth thanks to the country-based reorganization.

Outlook 2012: a new dynamic for growth

In 2012, the Group intends to both continue and step up its efforts to improve its balance sheet and reduce its debt, but also to move up a gear in terms of:

- cutting costs, with a target of more than €400 million in 2012,
- increasing our prices,
- limiting our investments to €800 million,
- and continuing our program of divestments, with a target of at least €1 billion.

These efforts to strengthen our financial structure are associated with a strategy of growth.

Following a period of rapid geographical expansion, the Group is now turning its focus to penetrating its markets, and developing its customer offer and sales strategy. It is prioritizing innovation in products, services and solutions as a driver of differentiation and growth.

Massive urbanization, growing environmental concerns and greater demand for technical performance at the lowest cost are all challenges that constitute opportunities for the Group as a player in the construction sector.

To meet these challenges, the Group has chosen to develop responses such as:

- building differently through increasingly innovative solutions in terms of sustainability, performance and attractiveness,
- and building for everyone through more affordable construction solutions that improve access to housing.

Two new directors

Messrs Ian Gallienne and Gérard Lamarche (Groupe Bruxelles Lambert) were approved as new directors.

This year's Shareholders' General Meeting also provided an opportunity for a special tribute to be paid to Mr. Bertrand Collomb, Honorary President of the Board of Directors, whose term of office ended today.

4. Answers to shareholders' questions

A presentation of the answers to the main shareholders' written and oral questions during the General Meeting can be found in the French version of the Report on the Ordinary Shareholders' Meeting held on May 15, 2012.

You may also listen to the questions and answers session in English by viewing the broadcast of the General Meeting on our website: www.lafarge.com.

5. The Board of Directors after the General Meeting

The Ordinary Shareholders' Meeting of May 15, 2012 resolved to:



ratify the cooptation of **Mr. Ian Gallienne** as Director and renew of his term of office ; and



appoint **Mr. Gérard Lamarche** as Director.

The terms of office of Msrs. Paul Desmarais Jr., Jérôme Guiraud, Michel Rollier and Nassef Sawiris were also renewed at the General Meeting.

Following the General Meeting, the Board of Directors is composed of the following **16 directors**, out of which **10 have been classified as independents**:

| | |
|---|---|
| Mr. Bruno Lafont (Chairman and Chief Executive Officer) | Mr. Oscar Fanjul <i>(independent)</i> (Vice-Chairman of the Board of Directors – Lead Independent Director) |
| Mr. Michel Bon <i>(independent)</i> | Mr. Philippe Charrier <i>(independent)</i> |
| Mr. Philippe Dauman <i>(independent)</i> | Mr. Paul Desmarais Jr. |
| Mr. Juan Gallardo <i>(independent)</i> | Mr. Ian Gallienne |
| Mr. Jérôme Guiraud | Mr. Gérard Lamarche |
| Mrs. Colette Lewiner <i>(independent)</i> | Mrs. Hélène Ploix <i>(independent)</i> |
| Mr. Baudouin Prot <i>(independent)</i> | Mrs. Michel Rollier <i>(independent)</i> |
| Mr. Nassef Sawiris | Madame Véronique Weill <i>(independent)</i> |

The percentage of independents Directors on the Board corresponds to 62,5 %, while maintaining and ensuring representation on the Board of the principal shareholders.

In addition, following the General Meeting and the Board of Directors' meeting immediately following, the four Committees of the Board of Directors are composed as follows, with a percentage of independent Directors as indicated below:

Audit Committee :

Mrs. Hélène Ploix (*independent*) (*Committee Chairman*)

Mr. Michel Bon (*independent*)

Mr. Juan Gallardo (*independent*)

Mr. Jérôme Guiraud

Mr. Gérard Lamarche

Mr. Michel Rollier (*independent*)

Mrs. Véronique Weill (*independent*)

Independent Directors : 71%

Corporate Governance and Nominations Committee :

Mr. Oscar Fanjul (*independent*) (*Committee Chairman*)

Mr. Philippe Dauman (*independent*)

Mr. Juan Gallardo (*independent*)

Mr. Ian Gallienne

Mr. Baudouin Prot (*independent*)

Mr. Michel Rollier (*independent*)

Mr. Nassef Sawiris

Independent Directors : 71%

Remunerations Committee :

Mr. Oscar Fanjul (*independent*) (*Committee Chairman*)

Mr. Philippe Charrier (*independent*)

Mr. Juan Gallardo (*independent*)

Mr. Ian Gallienne

Mr. Nassef Sawiris

Mrs. Véronique Weill (*independent*)

Independent Directors : 67%

Strategy, Investment and Sustainable Development Committee :

Mr. Michel Bon (*independent*) (*Committee Chairman*)

Mr. Philippe Charrier (*independent*)

Mr. Philippe Dauman (*independent*)

Mr. Paul Desmarais Jr.

Mrs. Colette Lewiner (*independent*)

Mr. Baudouin Prot (*independent*)

Mr. Nassef Sawiris

Independent Directors : 71%

As a reminder, Directors are classified as independent by the Board of Directors using mainly the rules and criteria proposed in the Code of Corporate Governance for listed companies published by Afep-Medef and by carrying out materiality tests on business relationships between the Company and its Directors.

6. Key figures at December 31, 2011

Lafarge is a world leader in building materials, with top-ranking positions in its Cement, Aggregates & Concrete businesses. With a diversified and balanced geographic portfolio and 68,000 employees in 64 countries, Lafarge is at the heart of global growth supporting developing economies and responding to the tremendous need for housing and infrastructure in emerging countries.

SALES

In millions euros

15,284

NUMBER OF PRODUCTION SITE

1,600

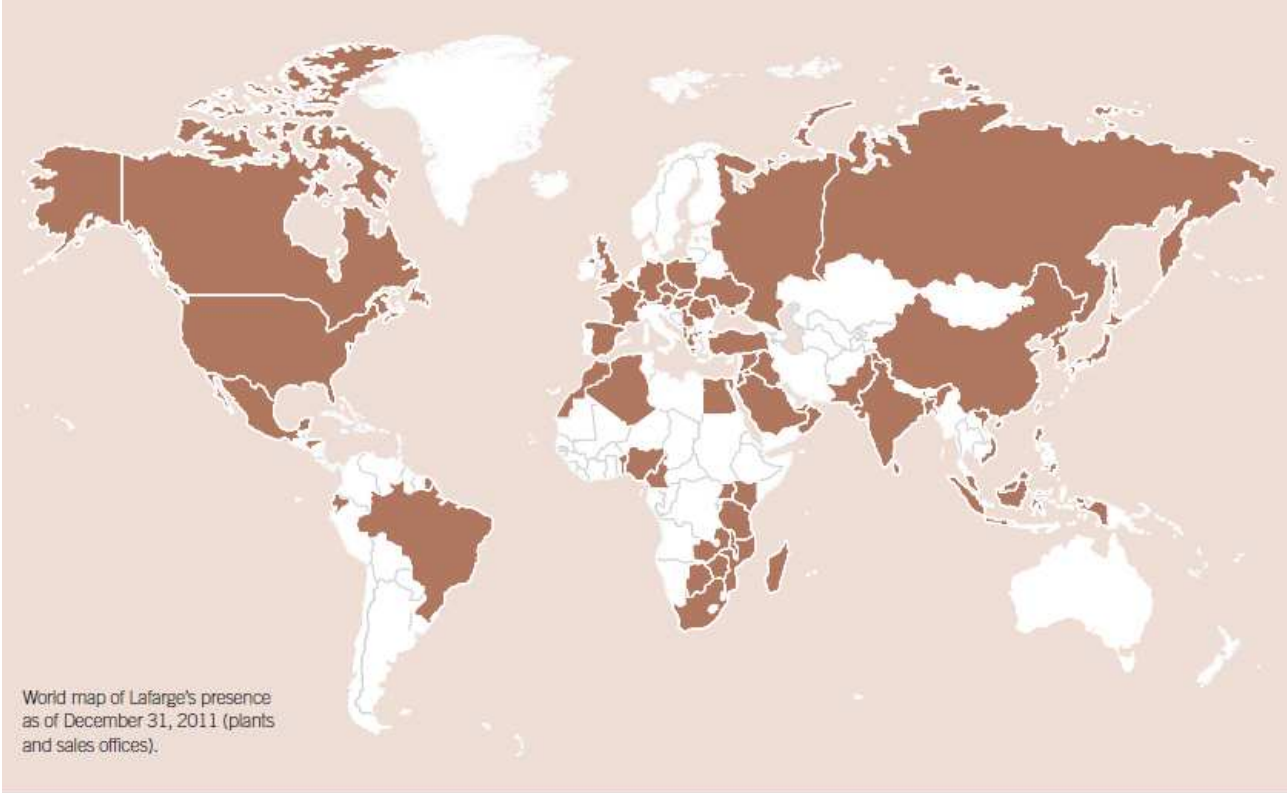
| REVENUES | | in million euros | |
|--|--|-----------------------|--|
| 2011 | | 15,284 | Sales growth driven by emerging markets. |
| 2010 | | 14,834 ⁽²⁾ | |
| 2009 | | 15,884 ⁽³⁾ | |
| EBITDA ⁽¹⁾ | | in million euros | |
| 2011 | | 3,217 | Resilience of EBITDA in an environment of higher cost inflation. |
| 2010 | | 3,488 ⁽²⁾ | |
| 2009 | | 3,600 ⁽³⁾ | |
| OPERATING INCOME BEFORE CAPITAL GAINS, IMPAIRMENT, RESTRUCTURING AND OTHERS ⁽¹⁾ | | in million euros | |
| 2011 | | 2,179 | The achievement of 250 million euros of structural cost savings partially offset the impact of higher cost inflation on our results. |
| 2010 | | 2,393 ⁽²⁾ | |
| 2009 | | 2,477 ⁽³⁾ | |
| FREE CASH FLOW ⁽¹⁾ | | in million euros | |
| 2011 | | 1,208 | Cost reduction actions, control of the capital expenditure and working capital optimization mitigated the impact of the strong inflation on costs. |
| 2010 | | 1,761 ⁽²⁾ | |
| 2009 | | 2,834 ⁽³⁾ | |
| GROUP NET DEBT ⁽¹⁾ | | in million euros | |
| 2011 | | 11,974 | Significant reduction of Group net debt by 2 billion euros. |
| 2010 | | 13,993 | |
| 2009 | | 13,795 | |
| NET INCOME GROUP SHARE | | in million euros | |
| 2011 | | 593 | Net income includes significant gains on disposals, but was impacted by cost inflation and goodwill impairment losses. |
| 2010 | | 827 | |
| 2009 | | 736 | |
| NET EARNINGS PER SHARE | | in euros | |
| 2011 | | 2.07 | Net earnings per share decrease 28%. |
| 2010 | | 2.89 | |
| 2009 | | 2.77 | |
| DIVIDEND PER SHARE | | in euros | |
| 2011 | | 0.50 | Dividend of 0.50 euro per share, proposed at General Assembly meeting on May 15, 2012. |
| 2010 | | 1.00 | |
| 2009 | | 2.00 | |

(1) See section 4.2 (Accounting Policies and Definitions) in the Group's 2011 Annual Report (Registration Document).

(2) 2010 figures have been restated following the disposal of Gypsum activities as mentioned in Note 3 (Significant events) in the Group's 2011 Annual Report (Registration Document). The free cash flow includes the 338 million euros one-time payment for the Gypsum competition fine.

(3) Data published in 2010 for 2009 and not restated following the disposal of Gypsum activities.

Lafarge Worldwide



Cement World Leader

| | | | |
|--|---------------------------------------|---|--|
| REVENUES <i>in million euros</i> 9,975 | NUMBER OF PLANTS 166 | NUMBER OF EMPLOYEES 43,400 | PRESENT IN 58 countries |
| Cement, hydraulic binders and lime for construction, renovation and public works. | | | |

Aggregates & Concrete No. 2 & No. 4 Worldwide

| | | | |
|---|---|---|--|
| REVENUES <i>in million euros</i> 5,227 | NUMBER OF PLANTS 1,438 | NUMBER OF EMPLOYEES 23,200 | PRESENT IN 35 countries |
| Aggregates, ready-mix and precast concrete products, asphalt and paving for engineering structures, roads and buildings. | | | |

Consolidated key figures at December 31, 2011

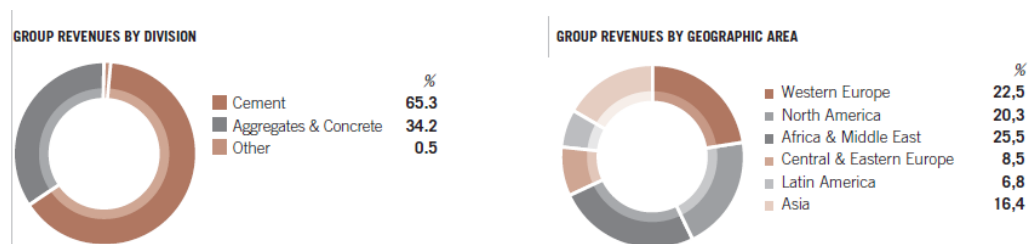
| YEARS ENDED DECEMBER 31, | | | |
|---------------------------------------|--------|--------|-----------|
| (in millions of euros) | 2011 | 2010 | VARIATION |
| Sales | 15,284 | 14,834 | +3% |
| Current operating income | 2,179 | 2,393 | -9% |
| Operating margin (%) | 14.3 % | 16.1 % | -180bp |
| Net income Group share | 593 | 827 | -28% |
| Earnings per share (€) ⁽¹⁾ | 2.07 | 2.89 | -28% |
| Free cash flow ⁽²⁾ | 1,208 | 1,761 | -31% |
| Net debt | 11,974 | 13,993 | -14% |

Note: Sales, EBITDA, Current operating income and Free Cash Flow are restated for 2011 and 2010 to reflect the reclassification of the Gypsum activities to discontinued operations.

(1) Basic average number of shares outstanding of 286.5 million and 286.1 million for 2011 and 2010, respectively, and 287.0 million and 286.1 million for the fourth quarter 2011 and 2010, respectively.

(2) Free Cash Flow for the full year includes the €338 million one-time payment for the Gypsum competition fine paid in the third quarter 2010.

Key figures by Division and by geographic area at December 31, 2011



Group highlights

- Current operating income grew in the fourth quarter from higher sales volumes, higher pricing, and cost cutting measures. For the year, higher cost inflation and the negative impact of foreign exchange lowered overall results.
- The Group successfully achieved its €2 billion net debt reduction target and strengthened its already solid liquidity. The strategic divestment of Gypsum assets generated a net gain of €466 million.
- Cost savings accelerated at the end of 2011, with €100 million delivered in the fourth quarter achieving €250 million for the full year, well above the €200 million target. As part of the announced program to reduce costs by €500 million, the Group plans to reach at least €400 million of savings in 2012.
- Net earnings were impacted by a non-cash goodwill write-off of €285 million, mainly in Greece.
- The Group will implement in 2012 its new country-based organization project to accelerate organic growth and innovation and reinforce efficiency.

7. Next General Meeting scheduled in 2013

Lafarge S.A.'s next General Meeting is scheduled to take place on
May 7, 2013 at 15h30, Salle Pleyel.

To participate in the 2013 General Meeting

- If your shares are **registered**, full documentation enabling you to take part in General Meetings will be sent to you automatically.

New : if you want to be convened to Lafarge Shareholders' meetings by e-mail, connect on the Planetshares website, section « My personal information / My subscriptions » : <https://planetshares.bnpparibas.com>

- If you own **bearer** shares, you can take part in General Meetings by asking your account holder for the meeting documentation.

We would like to inform you that, starting from next year, we will cease sending notices of Meeting to shareholders holding 200 bearers shares or more. If this applies to you, we would encourage you to either register your shares or contact your financial intermediary ahead of future Meetings to receive Shareholders' Meetings documentation.



[You can view the webcast of the General Meeting of May 15, 2012](http://www.lafarge.com)
[in English on our website :](http://www.lafarge.com)
www.lafarge.com (Shareholders & Investors Section)