This Offer and this draft offer document remain subject to examination by the AMF
In the event of any differences between this unofficial English-language translation and the official French document, the official French document shall prevail.

DRAFT PUBLIC EXCHANGE OFFER

FOR THE SHARES OF

LAFARGE

INITIATED BY

Holcim

PRESENTED BY

SOCIETE GENERALE
Corporate & Investment Banking

UBS
UBS Securities France

HOLCIM LTD DRAFT OFFER DOCUMENT
(*PROJET DE NOTE D'INFORMATION*)

EXCHANGE RATIO: 9 newly issued Holcim Ltd shares for 10 Lafarge S.A. shares

OFFER PERIOD: The calendar shall be determined by the Autorité des marchés financiers (the "**AMF**") pursuant to its general regulations.

IMPORTANT NOTICE

Pursuant to article L. 433-4 III of the monetary and financial code and articles 237-14 *et seq.* of the general regulations of the Autorité des marchés financiers, in the event that the minority shareholders of Lafarge do not represent, at the end of the Offer acceptance period, more than 5% of the capital or voting rights of Lafarge, Holcim reserves the rights to request the AMF to implement, within a three-month period after the end of this Offer acceptance period, a squeeze-out procedure to allow transfer to it of the Lafarge shares not tendered to the Offer (except treasury shares). The implementation of such squeeze-out will be subject to examination by the AMF.

This document is an unofficial English-language translation of the draft offer document (*projet de note d'information*) prepared and filed with the AMF on 11 May 2015, in accordance with articles 231-13, 231-16 and 231-18 of the general regulations of the AMF.

This offer and this draft offer document remain subject to examination by the AMF.

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AMF AUTORITÉ DES MARCHÉS FINANCIERS

This draft offer document is available on the website of the AMF (www.amf-france.org) and of Holcim (www.holcim.com). Copies of this draft offer document are also available free of charge upon request at:

Holcim Ltd Zürcherstrasse 156 8645 Jona Switzerland	Société Générale Corporate Finance 75886 Paris Cedex 18 France	UBS Securities France S.A. 69 Boulevard Haussmann 75008 Paris France

In accordance with article 231-28 of the general regulations of the AMF, information relating in particular to the legal, financial and accounting aspects of Holcim will be made available to the public in the same manner as mentioned above no later than the day preceding the opening of the public exchange offer.

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1 Presentation of the Offer

1.1 Presentation of the Offer

Pursuant to Section III of Book II and more specifically articles 232-1 *et seq.* of the general regulations of the AMF (the "**AMF General Regulations**"), Holcim Ltd, a company organized under the laws of Switzerland, having its registered office at Zürcherstrasse 156, 8645 Jona, Switzerland (hereafter referred to as "**Holcim**" or the "**Offeror**" and, after the successful closing of the Offer, "**LafargeHolcim**"), whose shares are traded on the SIX Swiss Exchange in Zurich ("**SIX**"), irrevocably offers to the shareholders of Lafarge S.A., a *société anonyme* with a share capital of EUR1,151,729,248 as at 30 April 2015, having its registered office at 61 rue des Belles Feuilles, 75116 Paris, registered with the Company Registry of Paris under the identification number 542 105 572 ("**Lafarge**" or the "**Company**"), whose shares are traded on the Euronext Paris market (*Compartiment A*) (hereafter, "**Euronext Paris**") under ISIN Code FR0000120537, to exchange, pursuant to the terms and conditions set forth below, all shares of Lafarge they hold for newly issued shares of Holcim according to an exchange ratio of nine newly issued shares of Holcim for ten shares of Lafarge (the "**Offer**").

The Offer is made for:

- all existing and outstanding shares of Lafarge, i.e., to Holcim's knowledge, 287,932,312 shares as of the date of this draft offer document, including all outstanding shares of Lafarge issued pursuant to performance share plans and still in the holding period, i.e. 277,902 shares as of the date of this draft offer document, being specified that any outstanding holding period at the date of the exchange would apply to the Holcim shares received in exchange;
- all shares of Lafarge, that may be issued prior to the end of the Offer acceptance period (or, as applicable, until the end of the re-opening of the Offer acceptance period) as a result of the exercise of outstanding stock options, i.e. 5,407,702 shares as of the date of this draft offer document;

altogether representing to the knowledge of Holcim a maximum number of 293,340,014 shares of Lafarge (the "**Lafarge Shares**").

Except for cases where there is an applicable exception to the vesting period established under legal or regulatory provisions (such as the death or disability of the beneficiary), certain Lafarge Shares which may be issued upon the exercise of Lafarge stock options prior to the end of the Offer acceptance period (or, as applicable, prior to the end of the re-opening of the Offer acceptance period) may not be tendered to the Offer because of legal, regulatory or governance constraints. In addition, certain Lafarge Shares issued pursuant to performance share plans may not be tendered to the Offer for the same reasons. To the extent permitted under applicable regulations, such Lafarge Shares will be the subject of liquidity mechanisms as described in article 2.8 of this draft offer document.

The shares of Lafarge issued pursuant to performance share plans still in the vesting period at the end of the Offer acceptance period (or at the end of the Re-opened Offer acceptance period as defined in article 2.13 of this draft offer document) are not targeted by the Offer, except when non-transferability is waived as provided by legal or regulatory provisions (such as the death or disability of the beneficiary).

The main characteristics of the Lafarge stock options, the Lafarge performance share plans and the Lafarge Shares held in employee funds are described in article 2.7 of this draft offer document.

At the date of this draft offer document, Holcim does not hold directly or indirectly, alone or in concert with any other party, any share of Lafarge. In addition, Holcim has not entered into any agreement, at the date hereof, which would enable it, on its own initiative, to acquire any shares of Lafarge.

The Offer is subject to the satisfaction of the following conditions which are further detailed in article 2.9 of this draft offer document:

- the number of Lafarge Shares obtained by the Offeror shall represent, together with the shares of Lafarge held by Lafarge or its affiliates, as of the end date of the Offer acceptance period, at least two-thirds (2/3) of the share capital or voting rights (taking into account the loss of double voting rights of Lafarge Shares tendered to the Offer) of Lafarge; and
- the general meeting of shareholders of Holcim shall have approved the increase in Holcim's share capital in such a maximum amount as may be necessary to issue the Holcim shares to be delivered as consideration for the Lafarge Shares tendered to the Offer, as well as the amended Holcim articles of association and the Holcim shares to be issued and delivered as consideration for the Lafarge Shares tendered to the Offer shall have been registered with the commercial register of St. Gallen, Switzerland, in accordance with Swiss law.

The Offer will be carried out according to the normal procedure in accordance with the provisions of article 232-1 *et seq.* of the AMF General Regulations. Société Générale and UBS Securities France S.A. ("**UBS Securities**"), as presenting banks of the Offer, warrant, in accordance with the provisions of article 231-13 of the AMF General Regulations, the content and irrevocable nature of the undertakings made by the Offeror in connection with the Offer.

1.2 Context and Reasons for the Transaction

1.2.1 Context of the Offer

Following various exchanges during which representatives of Holcim and Lafarge discussed key aspects of a strategic combination of their business through a merger of equals, with a view to creating the most advanced group in the building materials industry, the respective boards of directors of Holcim and Lafarge (the "**Holcim Board of Directors**" and the "**Lafarge Board of Directors**" respectively) agreed on the industrial and strategic potential of the combination and to enter into a negotiation and exclusivity agreement pursuant to which they granted an exclusivity to each other to discuss the possible terms of the transaction to be structured as an exchange offer under which Holcim would offer to acquire Lafarge Shares according to an exchange ratio of one Lafarge Share for one newly issued Holcim share. Such agreement was executed on 6 April 2014.

Following the execution of the negotiation and exclusivity agreement, Holcim and Lafarge published on 7 April 2014, a joint press release which is available on the respective websites of Holcim (www.holcim.com) and Lafarge (www.lafarge.com), in which Holcim and Lafarge described the key highlights of the Offer.

1.2.2 Combination Agreement

On 7 July 2014, following completion of the consultation process of relevant employee representative bodies, Holcim and Lafarge entered into an agreement (the "**Combination Agreement**") whereby Holcim and Lafarge agreed to jointly prepare the launching by Holcim of a public tender offer in France pursuant to which Holcim undertakes to acquire all Lafarge Shares according to an exchange ratio of one Lafarge Share for one newly issued Holcim share. In the context of this Combination Agreement, Holcim and Lafarge respective boards of directors unanimously determined that the proposed Offer was in the best interests of respectively Holcim and Lafarge, their respective shareholders, employees and other stakeholders.

On 20 March 2015, Holcim and Lafarge published a joint press release, which is available on the respective websites of Holcim (www.holcim.com) and Lafarge (www.lafarge.com), pursuant to which they announced that they have reached an agreement to amend certain terms of the proposed merger of equals (and the Combination Agreement), and more specifically that they agreed, among other things, on a new exchange ratio under the exchange offer of nine newly issued Holcim shares for ten Lafarge Shares.

Holcim and Lafarge agreed to take all actions reasonably necessary or desirable to implement the divestment process (as further described in article 1.2.3), the Euronext Paris listing of the newly issued Holcim Shares to be remitted in exchange for the Lafarge Shares tendered to the Offer and the Offer itself, as well as to use their respective reasonable best efforts to make any required offers under applicable law for shares of the relevant listed subsidiaries, with respect to which no waiver could be obtained.

Holcim and Lafarge also agreed that a post-closing exceptional scrip dividend shall be paid after the closing of the Re-opened Offer in respect of all LafargeHolcim shares, including newly issued Holcim shares exchanged for Lafarge Shares in the context of the Offer. Such scrip dividend shall be in the ratio of one new LafargeHolcim share for twenty existing LafargeHolcim shares, subject to the successful closing of the Offer. The authorized share capital based on which the board of directors of LafargeHolcim is authorized to distribute the scrip dividend was approved at the Holcim shareholders' meeting of 8 May 2015.

The Combination Agreement, as amended, also contains a number of provisions which are further described in other parts of this draft offer document, such as:

- the conditions to the Offer, as further described in article 2.9;
- the parity between the annual dividends paid in 2015 for the financial year 2014 by Holcim and Lafarge, as further described in article 2.3;
- the possibility for Holcim to proceed with certain transactions after the closing of the Offer, as further described in article 1.3.6 and 1.3.7; and
- the management and the governance of LafargeHolcim, the main terms of which are further described in article 1.3.3.

Pursuant to the Combination Agreement, Holcim and Lafarge shall pay a break-up fee of EUR350,000,000 to each other under the following conditions:

(i) a break-up fee shall be payable by Lafarge to Holcim in case of (i) a third party announces an offer to Lafarge relating to an alternative transaction (a) resulting in a change of the Lafarge Board of Directors' recommendation or support in respect of the Offer or (b) followed by a failure of the Offer (whether or not filed) and the execution of an alternative transaction agreement, or the approval or recommendation by Lafarge of an alternative transaction to the Lafarge shareholders, within nine (9) months after termination of the Combination Agreement, (ii) a failure to provide a required recommendation of the Lafarge Board of Directors or a change in the Lafarge Board of Directors' recommendation or support, (iii) a recommendation of an alternative transaction by the Lafarge Board of Directors, or (iv) any action taken by Lafarge to frustrate the Offer.

(ii) a break-up fee shall be payable by Holcim to Lafarge in case of (i) (a) a third party offer to Holcim relating to an alternative transaction resulting in a support to such alternative transaction or change of the Holcim Board of Directors' recommendation and (b) a termination of the Combination Agreement by Lafarge pursuant to condition (a) above or a termination either by Holcim or Lafarge if the shareholders' resolutions at the relevant Holcim general meetings required to complete the Offer are not approved, (ii) a third party offer to Holcim relating to an alternative transaction resulting in the Holcim general meeting failing to take a required shareholders' resolution, and the execution of an alternative transaction agreement, or the approval or recommendation by Holcim of an alternative transaction to the Holcim shareholders, within nine (9) months after termination of the Combination Agreement, (iii) a failure to provide a required recommendation of the Holcim Board of Directors or a change in the Holcim Board of Directors' recommendation or support, (iv) a recommendation of an alternative transaction by the Holcim Board of Directors, or (v) any action taken by Holcim to frustrate the transaction or the votes of shareholders at the relevant Holcim general meetings required to complete the Offer.

Independently of the circumstances described above, no break-up fee shall be payable by Holcim or Lafarge to each other if the Combination Agreement is terminated as a result of a material adverse effect event occurring prior to any of the events listed in (i) and (ii) above or if a condition to the Offer (as provided in article 2.9 of the draft offer document) is not satisfied.

The Holcim Board of Directors has approved the filing of the draft Offer on 7 May 2015. The Lafarge Board of Directors has approved the draft Offer and recommended that shareholders of Lafarge tender their shares to the Offer on 10 May 2015. The recommendation of the Lafarge Board of Directors on the Offer is set forth in the draft response document filed by Lafarge with the AMF on 11 May 2015.

1.2.3 Antitrust and Divestment Process

Holcim and Lafarge have agreed, subject to certain conditions, to divest certain entities and assets as part of a rebalancing of the global portfolio of the combined group resulting from the merger and to address potential regulatory concerns.

Shareholders of Lafarge should refer to article 2.6 of Part I (*Activities to Be Divested by Holcim and Lafarge*) of the Registration Document prepared by Holcim and under registration with the AMF (the "**Registration Document**") for any details on this divestment process.

The Offer itself is not subject to any approval from any competition authority. However, the proposed transaction required obtaining approvals from several competition authorities.

In this respect, Holcim and Lafarge have obtained clearance of the combination by the competition authorities in the following jurisdictions: Brazil, Canada, China, Common Market for Eastern and Southern Africa (COMESA), European Union, India, Kenya, Mexico, Morocco, Russia, Serbia, Singapore, South Africa, Tanzania, Turkey, Ukraine and the United States.

Clearances by the competition authority of Mauritius is expected by end of May 2015. The review of the Indonesian competition authority, which is based on a voluntary filing, is also ongoing. The review of the Indonesian competition authority and of the competition authority of Mauritius has no suspensive effect on the Offer or the transaction.

All competition approvals required prior to the closing of the transaction have been obtained.

1.2.4 Reasons of the Offer and Benefits of the Transaction

Holcim and Lafarge are both worldwide leading producers of cement, aggregates (crushed stone, sand and gravel), ready-mix concrete and asphalt, and provide related services. Their building products and solutions are used to construct and renovate homes, buildings and infrastructure.

The vision of LafargeHolcim is to create the most advanced group in the building materials industry. The combination will create the best growth platform in the industry and enable LafargeHolcim to drive growth across its global, well-balanced footprint; deliver best-in-class operating performance and returns enhanced by synergies; and fundamentally transform the business. Furthermore, the combination will position LafargeHolcim to meet the changing market needs by enhancing the value proposition to meet customer demands, addressing challenges of urbanization, and setting the benchmark on corporate social responsibility, including sustainability and climate change mitigation. The compelling strategic rationale has been reinforced by the preparatory integration work undertaken since the announcement of the combination.

In 2014, on a combined basis, LafargeHolcim sold 263.0 million tons ("**mt**") of cement, 288.3 mt of aggregates and 56.7 million m^3 of ready-mix concrete through its geographic presence in around 90 countries. As of 31 December 2014, on a combined basis, LafargeHolcim had an installed production capacity of 386.5 million tons per annum ("**mtpa**") of cement. As of 31 December 2014, on a combined basis, it operated 251 cement, clinker and grinding plants, 621 aggregate plants and 1,640 ready-mix concrete plants worldwide and it had 115,000 full-time equivalent employees. In fiscal year 2014, on a pro forma basis, the combined group recorded net sales of CHF32.6 billion and an operating

EBITDA of CHF6.7 billion. Its pro forma net financial debt and shareholders' equity as at 31 December 2014 were CHF17.9 billion and CHF43.4 billion, respectively.

(i) Creating the Most Advanced Group in the Building Materials Industry

(a) Market Trends That Represent Opportunities

The combination of Holcim and Lafarge brings together two leading building materials companies with the objective of creating the most advanced company in the building materials industry.

LafargeHolcim believes that it will create value for all stakeholders – customers, employees, communities and shareholders – by seizing the opportunities presented by the major trends of its market environment:

- **Population growth and rapid urbanization are driving demand for more housing and infrastructure.** By 2020, the world population is expected to reach approximately 7.7 billion, from 7.0 billion today, and approximately 1.0 billion more people compared to today are expected to live in or around urbanized areas in 2020. This trend affects emerging markets and mature economies differently. In emerging markets, this drives a demand for affordable multiple-dwelling housing, with a view to limiting urban sprawl and rehabilitating spontaneous, uncontrolled, constructed areas, while complying with building standards that tend to get closer to those of developed countries. It also drives the need for affordable infrastructure, and in particular transport infrastructure, so that living and working across those cities remains possible. In developed countries, the focus will be more on renovation and building solutions capable of contributing to the development of attractive and sustainable cities in a context of increasing environmental constraints.
- **Increasing demand for value-added products and services from building materials companies.** Competition between building materials companies is no longer only based on prices and the ability to deliver cement close to where it is needed. To differentiate themselves from their competitors, market actors need to offer innovative, user-tailored products and solutions, that improve the quality of buildings (e.g., environmental properties, aesthetics and durability), reduce the cost of either construction or the total cost of ownership lifecycle. They also increasingly offer global services and solutions to building companies.
- **Resource scarcity and climate change require environmentally friendly, energy-efficient building materials and processes.** The need to reduce CO2 emissions through, among others, more energy-efficient buildings is also a key driver for innovative, environmentally-

friendly building materials. At the same time, building materials companies need to constantly adapt their processes to reduce their environmental footprint.

(b) LafargeHolcim Is Best Positioned to Seize These Opportunities

To seize these opportunities, LafargeHolcim will leverage the competitive advantages of Holcim and of Lafarge and the benefits of the combination of the two groups. Its new, well balanced, global footprint will allow it to respond to the demand for additional housing, commercial building and infrastructure in both emerging markets (Central and Eastern Europe, Asia, Middle East & Africa, Latin America) and mature economies on a large scale. The two companies' well established expertise, know-how and capacity to innovate, will allow the combined group to scale up its development of value-added solutions and services that respond to increasing environmental constraints. Its new organization will be focused on the provision of differentiating products and solutions to customers, architects, designers and end-users along the construction cycle.

Specifically, LafargeHolcim will rely on the following strengths:

- **A global, well-balanced footprint.** LafargeHolcim sells its products through its geographic presence in around 90 countries, with a strong presence and leadership positions in each of the world's major regions. It realized 2014 pro forma net sales of CHF10.1 billion in Asia Pacific, CHF8.1 billion in Europe, CHF5.8 billion in the Middle East and Africa, CHF5.6 billion in North America and CHF3.9 billion in Latin America (Lafarge historical information has been translated into Swiss Francs using an average exchange rate for the year ended December 31, 2014 of EUR1 = CHF1.2146). This footprint is also well-balanced, with 58 per cent. of the pro forma 2014 net sales realized in emerging markets and no country served by the combined group representing more than 10 per cent of 2014 pro forma net sales (except India and the United States representing both approximately 11 per cent.). At the same time, due to its broad scale, the combined group can focus on optimizing this network with selective investments. It gives the combined group a bigger platform to deploy trading activities, to take advantage of unused production capacity in certain areas to serve, and sometimes to enter, other markets.
- **Innovative and customer focused approach.** Both Holcim and Lafarge have long focused on bringing to their customers a range of innovative products and solutions that address a wide spectrum for needs of individual, professional and industrial end-users. LafargeHolcim will have the world's largest research & development center in the building materials industry, as well as a network of development

laboratories in key regions around the world. The combined group will benefit from the market insight of its teams on the ground and from their proven capacity to successfully deploy tailored ways of bringing their products to their end-users and offering value-adding services to their customers.

- **Deep operational expertise, "local-global" model.** Both Holcim and Lafarge have in the past successfully developed and implemented strong operating models and processes and cost reduction measures, developing a capability to operate efficiently with a constant quality of products, while delivering savings with a strict and disciplined capital allocation across their entire portfolio. This group-wide expertise, superior performance management and continuous improvement mindset are leveraged at the local level through central support for expertise, cross-sharing of best practices and the best local teams.
- **Strong tradition of sustainable development, health and safety.** Holcim and Lafarge have demonstrated a commitment to the development of sustainable products with reduced environmental impacts, reflected in successes such as new cement and concrete products with reduced carbon footprints and insulation capacities, long-term reductions in CO2 emissions per tonne of cement produced, increased use of alternative energy sources, enhanced waste management programs, and preservation of water resources through wastewater recycling and rainwater recovery systems. LafargeHolcim's commitment to a "zero harm to people" principle is also reflected in the priority given to health and safety, to reduce lost-time incidents, as well as initiatives to promote diversity and inclusiveness in the workplace.
- **Financial and risk capacity.** Following the combination, LafargeHolcim expects to benefit from a position of financial strength. Its financial position should be further enhanced through synergies, improved cash flow generation, and its strategy of portfolio optimization and disciplined capital allocation, with the aim of providing attractive returns for its shareholders.

(ii) Synergies and Related Costs

LafargeHolcim believes that it is well positioned for sustainable and profitable growth, with the capacity to deliver synergies through operational efficiencies resulting from the implementation of best practices, cost synergies and economies of scale in procurement and selling, general and administrative expenses, and from the deployment of innovations on a larger scale, with the cross-fertilisation of Holcim's and Lafarge's respective value-added solutions and services portfolios. LafargeHolcim also believes that its enhanced cash flow generation and optimized capital allocation strategy may generate further cash synergies.

In connection with their evaluation of the merger, Holcim and Lafarge estimated the potential synergies resulting from their combination. These estimates are summarized below. Furthermore, those potential synergies were calculated at the foreign exchange rate of CHF1.223 per Euro, which prevailed around the date of the announcement of the merger on 7 April 2014.

LafargeHolcim is targeting run-rate synergies of EUR1.4 billion (CHF1.7 billion) phased in over three years following the completion of the combination, with EUR410 million (CHF500 million) of synergies in the first year (before non-recurring synergies implementation costs described below) and EUR900 million (CHF1.1 billion) of synergies phased-in in the second year (before non-recurring synergies implementation costs described below). Of the EUR1.4 billion (CHF1.7 billion) of run-rate synergies, LafargeHolcim estimates that it could realise around EUR1.0 billion (CHF1.2 billion) in operational synergies at the EBITDA level, EUR200 million (CHF240 million) in financing synergies and EUR200 million (CHF250 million) in capital expenditure synergies. Furthermore, LafargeHolcim targets one-time working capital synergies through the sharing of best practices of approximately EUR410 million (CHF500 million) over 3 years.

LafargeHolcim estimates that it will incur approximately EUR1.0 billion (CHF1.2 billion) of non-recurring synergies implementation costs during the two years following completion of the combination in order to implement these synergies.

Potential operational synergies could come from:

- Operational efficiencies realized from the selection and implementation of best practices, including in logistics, distribution, IT and energy consumption. The objective is to generate from these sources approximately EUR200 million (CHF240 million) of run-rate synergies at the EBITDA level;
- Procurement, including economies of scale and cost synergies achieved both through centralized procurement for certain global supplies and at the local level in countries where both Holcim and Lafarge are present. The objective is to generate from these sources approximately EUR340 million (CHF410 million) of run-rate synergies at the EBITDA level;
- Cost synergies in selling, general and administrative expenses due to the reduction or elimination of duplicative functions and the consolidation of corporate overhead, with the objective of generating approximately EUR250 million (CHF300 million) of run-rate synergies at the EBITDA level; and

- Deployment of innovations on a larger scale and the cross-fertilization of value-added product and services portfolio. The objective is to generate from these sources approximately EUR200 million (CHF240 million) of run-rate synergies at the EBITDA level.

The total operational synergies would therefore amount to approximately EUR1.0 billion (CHF1.2 billion) at the EBITDA level.

Potential financing and cash-flow synergies could come from:

- Financing synergies due to more favorable financing rates and synergies in cash allocation with a target of approximately EUR100 million (CHF120 million) from the end of the first year following the combination and up to approximately EUR200 million (CHF240 million) after the third year following the combination; and
- Capital expenditure synergies, through the selection and adoption of best practices on maintenance capital expenditures and higher efficiency on expansion capital expenditures, with a target of approximately EUR200 million (CHF250 million).

The total financing and cash flow synergies would therefore amount to approximately EUR400 million (CHF490 million).

These target synergies are based on a number of assumptions, which rely to a large extent on factors that are beyond the control of LafargeHolcim. LafargeHolcim may fail to realize these target synergies for many reasons, and in particular because it may have to bear significant implementation costs that could exceed the expected amounts, management may not be able to dedicate sufficient attention to the integration of the merged companies, and the combination and harmonization of the different standards, procedures, organization and business culture could be more difficult or take more time than anticipated, as well as the other factors described under Section 3 of Part I and Section 2 of Part II of the Registration Document, in Section 2 of the draft securities note which will be registered with the AMF and in Section 5.1 of the Lafarge 2014 *Document de Référence* filed with the AMF under n° D.15-0190.

1.3 Holcim's Intentions for the Next Twelve Months

1.3.1 Industrial Strategy and Policy

The vision of LafargeHolcim is to create the most advanced group in the building materials industry. For shareholders, LafargeHolcim seeks to generate attractive returns, by applying a disciplined approach to capital allocation to improve returns on capital employed and generate strong cash flows.

LafargeHolcim intends to implement five principal strategic initiatives to achieve these objectives:

- **Pro-active portfolio management and disciplined capital allocation.** LafargeHolcim intends to pro-actively manage its portfolio through a systematic review of the market attractiveness and performance of its assets. The focus will be to increase the utilization of the existing asset network, which covers all major geographical regions. In this context, LafargeHolcim intends to make selective investment or divestiture decisions, based on compelling business cases and a disciplined capital allocation process. Creating opportunities for viable growth and new business models will contribute to sustained competitiveness. LafargeHolcim will also seek to leverage its business portfolio through trading, partnerships or franchising. In parallel, LafargeHolcim will focus its resources on marketing and sales, innovation and operational excellence.

- **Serve the building needs of homebuilders and individuals.** Leveraging on the detailed local market knowledge of Holcim and Lafarge, the combined group will develop and roll-out differentiating strategies to market and bring its products to those who sell and use them. With respect to distributors and retailers, this will, for instance, involve marketing and customer loyalty support programs, advanced logistics to reach more isolated rural and urban communities, and a shortening of the distribution chain and partnerships with retail chains. With respect to homebuilders, individuals and other end-users, this will involve the introduction of innovative products and value-added services such as bundling or helping affordable housing financing solutions for individuals, and developing a brand associated with values such as respect for people, sustainability, quality, reliability, ease of purchase and ease of use.

- **Be the preferred partner for building and infrastructure.** LafargeHolcim will look to enhance and develop its in-depth understanding of end-users and the eco-systems in which its projects will be implemented. In the commercial construction segment, it will work with mature market customers on solutions that reduce their operational costs and create differentiation, and with emerging market customers to assist them in developing their reputations, in each case working closely with decision-makers such as architects and designers. In the infrastructure segment, LafargeHolcim will seek early involvement to participate in the initial design phase of these complex projects, while providing materials that meet specific infrastructure challenges relating to technology, acceptability and longevity, together with project delivery, from bidding to delivery and after sales.

- **Achieve operational excellence through continuous improvement to create value.** LafargeHolcim will seek to deliver cost leadership and to implement the most advanced models at scale to create value. It will capitalize on its professional teams, assets and technologies, and innovation in industrial operations and business management. It plans to take advantage of the strong operating models of the two predecessor groups to continue to identify and replicate best practices across its business in all its geographic markets:

  - In manufacturing, LafargeHolcim will focus on improved productivity, maintenance efficiency, process uniformity, cost-effective product mix, design optimization and equipment reliability;

    - LafargeHolcim will seek to reduce energy costs through improved efficiency, an emphasis on forecasting energy requirements, focusing on the fuel mix including the use of alternative energy sources, hedging where appropriate and selecting cost-effective energy sources; and
    - Supply chain management, procurement and central functions will also be optimized to achieve the benefits of LafargeHolcim's scale.

- **Commitment to create economically and environmentally sustainable solutions.** LafargeHolcim will be a leader in sustainable solutions and will seek to develop the best possible sustainability footprint. Examples of these objectives include:
    - Innovative solutions such as low CO2 cement and recyclable aggregates;
    - Products optimizing energy consumption of buildings throughout their lifecycle;
    - Demonstrated leadership in environmentally-sustainable and socially-responsible solutions;
    - Pro-active engagement with regulatory agencies and stakeholders at all levels, applying and promoting strict environmental and social standards for the industry;
    - Waste management solutions, use of biomass, water management, robust rehabilitation and biodiversity management at extraction sites; and
    - Acting with integrity in all dealings, promoting a culture of inclusiveness in the workplace.

These initiatives seek to create shared value with society benefitting all stakeholders, from communities to employees and to shareholders, as operating performance and competitiveness are linked to social and economic development and living conditions. This focus will also differentiate LafargeHolcim from many competitors, particularly in emerging markets, where its reputation for products and solutions that are both ecologically responsible and economical will enhance its attractiveness for a wide range of customer groups.

1.3.2 Intentions Regarding Employment

Following the divestments to the CRH International plc Group further described in article 2.6 of Part I (*Activities to Be Divested by Holcim and Lafarge*) of the Registration Document, there will be limited overlaps between the industrial activities of Holcim and Lafarge. As part of the industrial project described in article 2.1 of Part I (*Building the Most Advanced Group in the Building Materials Industry*) of the Registration Document, Holcim believes that, subject to certain measures which may be necessary due to circumstances independent from the Offer, the combination of the two companies should have a limited impact on the production sites in general or research centers in France, on which LafargeHolcim will continue to rely to pursue its development strategy. There is currently no plan to reduce headcount in industrial sites within the next twelve months.

Out of an aggregate number of 130,000 persons currently employed at Holcim and Lafarge, around 15,000 are intended to be transferred to the CRH International plc Group in the context of the transaction announced on 31 January 2015.

With exceptions to the divestments to the CRH International plc Group referred to above, there will be limited consequences in terms of employment other than in the central corporate functions:

– In April 2014, it has been announced that CHF300 million (EUR250 million) of selling, general & administrative synergies would be achieved over a three year time period.

– As initially announced, a balanced allocation of corporate center functions will be implemented between France and Switzerland. These functions will be staffed following a principle of diversity and balance between Holcim and Lafarge while respecting the respective legislation on labor matters.

1.3.3 Intentions Regarding Management and Management Bodies

(i) Boards of Directors

(a) LafargeHolcim Board of Directors

As from the closing of the Offer and in accordance with the Combination Agreement, the LafargeHolcim board of directors (the "**LafargeHolcim Board of Directors**") and its committees will be modified.

The LafargeHolcim Board of Directors shall be comprised of the directors who have been appointed as such at the shareholders meeting of Holcim on 8 May 2015 (subject to the settlement of the Offer): Mr. Wolfgang Reitzle and Mr. Bruno Lafont shall be co-chairmen of the LafargeHolcim Board of Directors, whereby Mr. Reitzle will be recorded as chairman in the commercial register and have as such all powers and rights of a chairman according to Swiss law, the Articles of Association and the Organizational Regulations, and Mr. Lafont shall be the non-executive co-chairman for Government and International Affairs. Mr. Beat Hess shall be vice-chairman of the LafargeHolcim Board of Directors and will be recorded as vice-chairman in the commercial register (assuming all statutory and special powers in case of the absence of the chairman, Mr. Reitzle). The other members of the LafargeHolcim Board of Directors shall be the following:

– Mr. Bertrand Collomb;

– Mr. Philippe Dauman;

– Mr. Paul Desmarais Jr.;

– Mr. Oscar Fanjul;

- Mr. Alexander Gut;
- Mr. Gérard Lamarche;
- Mr. Adrian Loader;
- Mr. Nassef Sawiris;
- Mr. Thomas Schmidheiny;
- Mrs. Hanne Birgitte Breinbjerg Sørensen; and
- Mr. Dieter Spälti.

Holcim and Lafarge shall also establish various committees of the LafargeHolcim Board of Directors from the closing of the Offer:

- a nomination, compensation and governance committee expected to comprise Mr. Paul Desmarais Jr., Mr. Oscar Fanjul, Mr. Adrian Loader and Mr. Wolfgang Reitzle and chaired by Mr. Paul Desmarais Jr.;
- a finance and audit committee expected to comprise four members (two members appointed by Holcim and two members appointed by Lafarge); and
- a strategy and sustainable development committee expected to comprise four members (two members appointed by Holcim and two members appointed by Lafarge).

(b) Lafarge Board of Directors

Mr. Bruno Lafont shall remain as chairman of the Board of Directors of Lafarge.

As from the closing of the Offer and for so long as Lafarge remains listed on Euronext Paris, in accordance with the provisions of the Combination Agreement, Lafarge shall have a board of directors and committees, the composition of which shall comply with the AFEP-MEDEF Code of corporate governance.

(ii) Management Bodies

(a) Management Body of LafargeHolcim

Mr. Eric Olsen has been appointed by the Holcim Board of Directors on 8 April 2015 as chief executive officer of LafargeHolcim as from the settlement of the Offer.

Following the announcement, on 23 December 2014, of the composition of the expected executive committee of LafargeHolcim (the “**Executive Committee**”), and the appointment of Mr. Eric Olsen on 8 April 2015 as chief executive officer, the composition of the expected Executive Committee after closing of the Offer is as follows:

- Mr. Eric Olsen as chief executive officer;

– Mr. Thomas Aebischer, as chief financial officer;

– Mr. Jean-Jacques Gauthier, as chief integration officer – Organization & Human Resources;

– Mr. Urs Bleisch, in charge of Performance and Cost;

– Mr. Gérard Kuperfarb, in charge of Growth and Innovation;

– Mr. Alain Bourguignon, in charge of North America;

– Mr. Roland Köhler, in charge of Europe;

– Mr. Saâd Sebbar, in charge of Latin America; and

– Mr. Ian Thackwray, in charge of Asia Pacific.

A member of the Executive Committee in charge of operations in Africa and the Middle East will be appointed in due course and, in any case, no later than following the closing of the Offer.

(b) Management Body of Lafarge

In accordance with the provisions of the Combination Agreement, the executive mandates and functions of Mr. Bruno Lafont within the Lafarge group shall terminate as from the settlement of the Offer. However, Mr. Bruno Lafont shall remain chairman of the Board of Directors of Lafarge.

In addition, Mr. Eric Olsen shall be appointed as chief executive officer of Lafarge as from the settlement of the Offer.

1.3.4 Benefits for Holcim, Lafarge and their Shareholders

(i) Benefits for Holcim and Lafarge

As highlighted in article 1.2.1 of this draft offer document, the objective of Holcim and Lafarge is to create the most advanced group in the building materials industry. This combination will enhance sustainable and profitable growth through operational, financial and cash flow synergies.

(ii) Benefits for Shareholders of Holcim and Lafarge

For shareholders of Holcim and Lafarge, LafargeHolcim will seek to generate value and an attractive dividend policy, while applying a disciplined approach to capital allocation to improve returns on capital employed, and generate strong cash flows.

This merger between equals intends to create shared value with society benefiting all stakeholders, from communities to employees to shareholders, as operating performance and competitiveness are linked to social and economic development and living conditions. This focus will also differentiate the new group from many competitors, particularly in emerging markets, where its reputation for products and solutions that are both ecologically responsible and economical will enhance its attractiveness for a wide range of customer groups.

1.3.5 Dividend Distribution Policy

In 2003, the Holcim Board of Directors determined that one-third of the net income attributable to shareholders of Holcim should be distributed. However, LafargeHolcim will examine the policy for distributing dividends of LafargeHolcim and Lafarge following the closing of the Offer, depending on the ability of LafargeHolcim and Lafarge to distribute any dividend, the market conditions, and their respective financial situations and financial needs.

Holcim and Lafarge agreed that a post-closing exceptional scrip dividend shall be paid after the closing of the Re-opened Offer in respect of all LafargeHolcim shares, including newly issued Holcim shares exchanged for Lafarge Shares tendered to the Offer. Such scrip dividend shall be in the ratio of one new LafargeHolcim share for twenty existing LafargeHolcim shares, subject to the successful closing of the Offer. The authorized share capital based on which the LafargeHolcim Board of Directors is authorized to distribute the scrip dividend was approved at the Holcim shareholders' meeting of 8 May 2015.

1.3.6 Prospects for Merger, Restructuring and Reorganization

Whether more or less than 95% of the share capital or voting rights of Lafarge shall have been acquired by Holcim in the context of the Offer, Holcim reserves the right to contribute assets to, merge certain of its subsidiaries with, or undertake other reorganizations of, Lafarge.

There is no intention to effect a statutory merger of Holcim and Lafarge after the closing of the Offer.

1.3.7 Squeeze-Out (*Retrait obligatoire*) and De-Listing

In accordance with articles 237-14 *et seq.* of the AMF General Regulations, Holcim reserves its right to request the AMF that a squeeze-out be implemented within three (3) months from the end of the Offer acceptance period for the Lafarge Shares not tendered to the Offer or the Re-opened Offer, if such Lafarge Shares do not represent more than 5% of the share capital or the voting rights of the Company. In such case, the squeeze-out would be subject to the control of the AMF which would assess its conformity, in particular with respect to the valuation of the Lafarge Shares provided by Holcim and to the report by the independent expert appointed pursuant to the provisions of article 261-1 II of the AMF General Regulations. In such a case, Holcim intends to offer to the shareholders of Lafarge, as consideration under the squeeze-out, an alternative in cash or in shares, the consideration in shares being equal to the terms and conditions of the Offer. The shareholders of Lafarge who would not have expressed themselves or would not have expressly indicated their choice in a time period which would be further determined under the control of the AMF would be considered as having chosen the cash consideration.

Holcim reserves its right, in the event it would hold, directly or indirectly, at least 95% of the voting rights of Lafarge and if a squeeze-out is not implemented under the conditions described above, to file with the AMF a draft buyout offer, followed by a squeeze-out transaction (pursuant to article 236-3 of the AMF General Regulations) targeting the Lafarge Shares which would not be directly or indirectly held by Holcim (except the treasury shares). In such case, the buyout would be subject to the control of the AMF which would assess its conformity, in particular with respect to the valuation of the Lafarge Shares provided by Holcim and to the report by the independent expert appointed pursuant to the provisions of article 261-1 II of the AMF General Regulations.

In addition, Holcim reserves its right, in the event it could not implement a squeeze-out at the time of the closing of the Offer, to request that Euronext Paris delist the Lafarge Shares from the Euronext Paris market, pursuant to Euronext Paris market rules.

1.3.8 Listing of LafargeHolcim

Holcim, whose shares are already listed on the SIX Swiss Exchange, has filed a request for admission of its shares to trading on Euronext Paris on 22 April 2015.

The Registration Document for the listing of the Holcim shares is currently under registration with the AMF. The listing prospectus (comprising the Registration Document and the securities note) will be approved by the AMF.

All Holcim shares, including those issued as Offer consideration, will be listed on both SIX and Euronext Paris upon settlement of the Offer.

1.3.9 Legal Structure

(i) Registered Name

After closing of the Offer, the registered name of Holcim will be modified to reflect the transaction, in accordance with the approval of such resolution by the general meeting of shareholders of Holcim on 8 May 2015. The new name will combine the names of Holcim and Lafarge as follows: “LafargeHolcim”.

(ii) Legal Form

Holcim shall remain, after the closing of the Offer, a corporation limited by shares (*Aktiengesellschaft*) under Swiss law.

(iii) Registered Office

The registered office of Holcim shall remain in Jona, Switzerland, after the closing of the Offer.

1.4 Agreements which may have an Influence on the Consideration of the Offer or on its Results

With the exception of the agreements mentioned below, Holcim is not aware of any other agreements that could have a significant impact on the consideration of the Offer or on its results.

1.4.1 Combination Agreement

Holcim and Lafarge have entered into a Combination Agreement on 7 July 2014 (as further described in article 1.2.2 of this draft offer document), as amended on 20 March 2015.

1.4.2 Undertakings to Tender to the Offer

Pursuant to an undertaking agreement dated 6 April 2014 and reiterated on 19 March 2015, Groupe Bruxelles Lambert (a company incorporated under the laws of Belgium jointly controlled by the Frère and Power Corporation of Canada groups, "**GBL**") has undertaken to tender to the Offer, to Lafarge's knowledge as of 30 April, 2015, 60,568,754 Lafarge Shares, representing 21.04% of the share capital and 29.29% of the voting rights[1] of Lafarge including, if applicable, any additional Lafarge Shares acquired by any means since the date of the undertaking agreement.

Pursuant to a similar undertaking agreement dated 6 April 2014 and reiterated on 19 March 2015, NNS Holding Sàrl (a company incorporated under the laws of Luxembourg controlled by trusts created by Mr. Nassef Sawiris and members of his family) and Mr. Nassef Sawiris (NNS Holding Sàrl and Mr. Nasser Sawiris, together "**NNS**") have undertaken to tender to the Offer , to Lafarge's knowledge as of 30 April 2015, 40,064,682 Lafarge Shares[2], representing 13.91% of the share capital and 19.42% of the voting rights[3] of Lafarge including, if applicable, any additional Lafarge Shares acquired by any means since the date of the undertaking agreement.

The main provisions of those undertaking agreements and of the reiteration of such undertakings have been disclosed in notices from the AMF dated respectively 14 April 2014 (number 214C0562) and 27 March 2015 (number 215C0361).

Pursuant to these undertaking agreements, the undertakings of each of GBL and NNS shall be void in the event a third party (i) files a public tender offer on Lafarge before the filing date of the Offer or (ii) files a public competing offer (*offre concurrente*) following the filing of the Offer, and such offers described in (i) and (ii) are declared compliant (*conformes*) by the AMF. However, following such filing of an offer by a third party, in the event that Holcim files a competing offer or an improved offer (*surenchère*), as the case may be, that is declared compliant by the AMF, and that all other terms and conditions of the Offer remain unchanged in such Holcim's competing offer or higher bid (in particular with respect to the governance principles of the new combined group), all of the undertakings of GBL and NNS will immediately apply with full force, *mutatis mutandis*, to the competing offer or higher bid, as the case may be, as if such undertakings had never been void.

Each of GBL and NNS has represented and warranted that it is not acting in concert with any third party in respect of Holcim or Lafarge and has undertaken not to act in concert with any third party in respect of Holcim or Lafarge until 31 December 2015 (the "**Restricted Period**").

In addition, during the Restricted Period, each of GBL and NNS has undertaken, on its own behalf and on behalf of its subsidiaries, (i) to hold and not to sell or otherwise transfer, including through the use of derivative instruments, any Lafarge

1 Including GBL's double voting rights which will be lost upon the transfer of the Lafarge Shares to Holcim in the context of the Offer.

2 In addition, NNS Holding (Cayman), an indirect shareholder of NNS Holding Sarl, is party to a cash settled share forward agreement giving it only an economic exposure over 6,000,000 reference Lafarge Shares.

3 Including NNS's double voting rights which will be lost upon the transfer of the Lafarge Shares to Holcim in the context of the Offer.

Share (subject to certain exceptions[4]), (ii) not to take any measure resulting in encouraging, facilitating or leading to an alternative transaction[5] and to provide Lafarge and Holcim with oral and written notice of the terms and conditions of such alternative transaction, (iii) not to have any discussion with any person relating to an alternative transaction or engage in any negotiations concerning an alternative transaction, and (iv) not to support, or propose publicly to support, any alternative transaction.

Both undertaking agreements shall be automatically terminated on 31 December 2015, subject to early termination, it being specified that in the event that the Offer is filed by Holcim before 31 December 2015, the term of the agreements shall be automatically extended until the closing of the Offer.

1.4.3 Undertaking to Vote in Favor of all Shareholders' Resolutions to Complete the Offer

Pursuant to an undertaking agreement dated 6 April 2014 and reiterated on 19 March 2015, Schweizerische Cement-Industrie-Aktiengesellschaft[6] ("**SCIA**"), which holds 20.11% of the share capital and voting rights of Holcim as of 31 December 2014, has undertaken to vote in favor of all shareholders' resolutions at the relevant Holcim general meetings required to complete the Offer and to reiterate such undertaking as may be required for the purpose of the Offer.

Pursuant to this agreement, the undertakings of SCIA shall be void in the event a third party (i) files a public tender offer on Lafarge before the filing date of the Offer or (ii) files a public competing offer (*offre concurrente*) following the filing of the Offer, and such offers described in (i) and (ii) are declared compliant (*conformes*) by the AMF. However, following such filing of an offer by a third party, in the event that Holcim files a competing offer or an improved offer (*surenchère*), as the case may be, that is declared compliant by the AMF, and that all other terms and conditions of the Offer remain unchanged in such Holcim's competing offer or higher bid (in particular with respect to the governance principles of the new combined group), all of the undertakings of SCIA will immediately apply with full force, *mutatis mutandis*, to the competing offer or higher bid, as the case may be, as if such undertakings had never been void.

SCIA has represented and warranted that it is not acting in concert with any third party in respect of Holcim or Lafarge and has undertaken not to act in concert with any third party in respect of Holcim or Lafarge during the Restricted Period.

In addition, during the Restricted Period, SCIA undertakes, on its own behalf and on behalf of its subsidiaries, (i) to hold and not to sell or otherwise transfer, including through the use of derivative instruments, the Holcim shares (subject to

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4 Such exceptions referring to (i) the granting of any pledges or any other securities or the transfer of Lafarge Shares to their subsidiaries, provided that these Lafarge Shares can still be tendered to the Offer, and (ii) change in the form of holding of the Lafarge Shares from registered (*nominatif*) to bearer (*porteur*), to the extent strictly necessary in order to avoid any mandatory tender offer.

5 An alternative transaction encompasses, for Holcim and Lafarge, any offer or proposal, or any solicitation, which could reasonably lead, directly or indirectly to (i) the obligation to file a tender offer for all shares of Holcim or Lafarge pursuant to applicable laws or (ii) the acquisition of a significant part of the assets of Holcim or Lafarge.

6 This entity is indirectly controlled by Mr. Thomas Schmidheiny.

certain exceptions[7]), (ii) not to take any measure resulting in encouraging, facilitating or leading to an alternative transaction and to provide Lafarge and Holcim with oral and written notice of the terms and conditions of such alternative transaction, (iii) not to have any discussion with any person relating to an alternative transaction or engage in any negotiations concerning an alternative transaction, and (iv) not to support, or propose publicly to support, any alternative transaction.

This undertaking agreement shall be automatically terminated on 31 December 2015, subject to early termination, it being specified that in the event that the Offer is filed by Holcim before 31 December 2015, the term of the agreement shall be automatically extended until the closing of the Offer.

[7] Such exceptions referring to (i) the granting of any pledges or any other securities or the transfer of Holcim shares to its subsidiaries and (ii) the transfer of Holcim shares to the extent strictly necessary in order to avoid any mandatory tender offer.

2 Terms and Conditions of the Offer

Pursuant to the terms of article 231-13 of the AMF General Regulations, Société Générale and UBS Securities, acting on behalf of the Offeror, filed this draft offer document with the AMF on 11 May 2015. Société Générale and UBS Securities, acting as presenting banks, guarantee the terms and the irrevocable character of the undertakings taken by the Offeror.

The Offer will be made pursuant to the standard procedure in accordance with the provisions of articles 232-1 *et seq*. of the AMF General Regulations.

This Offer and this draft offer document are subject to examination by the AMF. A notice of filing will be published by the AMF on its website. In accordance with the terms of article 231-16 of the AMF General Regulations, a press release including the main elements of this draft offer document and setting forth the means by which this draft offer document will be made available by the Offeror, will be published by the Offeror on 11 May 2015. This draft offer document is also available on the website of the AMF and of the Offeror.

The AMF will publish on its website a formal statement of compliance regarding the Offer, after having assured itself of the compliance of the Offer with applicable legal and regulatory provisions. This declaration of conformity will include the visa for the offer document. The offer document having received the visa of the AMF and the information regarding the legal, financial and accounting characteristics of the Offeror will be, in compliance with article 231-28 of the AMF General Regulations, made available at no cost to the public at either Société Générale, UBS Securities and the Offeror, no later than the day before the opening of the Offer. These documents will also be available on the website of the Offeror and the AMF.

A press release setting forth the means by which these documents will be published and made available by the Offeror no later than the day before the opening of the Offer.

A draft response document (*projet de note en réponse*) should also be filed on 11 May 2015 by Lafarge with the AMF. Such draft response document contains in particular the report of the independent expert appointed by Lafarge in the context of the Offer, the reasoned opinion of the Lafarge Board of Directors on the Offer and the opinion of Lafarge's works council on the Offer.

Prior to the opening of the Offer, the AMF and Euronext Paris will publish, respectively, a notice of the opening and of the calendar of the Offer, and a notice announcing the terms and specifying the timetable and conditions for the realization of the Offer.

2.1 Number and Type of Shares Targeted by the Offer

At the date of this draft offer document, Holcim does not hold directly or indirectly, alone or in concert with any other party, any shares of Lafarge. In addition, Holcim has not entered into any agreement, at the date hereof, which would enable it, on its own initiative, to acquire any shares of Lafarge.

In accordance with article 231-6 of the AMF General Regulations, and subject to the terms and conditions of the Offer, Holcim irrevocably offers to holders of the Lafarge Shares to exchange, according to the exchange ratio specified in article 2.2, all Lafarge Shares (as defined in article 1.1) they hold, i.e. a maximum number of 293,340,014 shares of Lafarge.

Except for cases where there is an applicable exception to the vesting period established under legal or regulatory provisions (such as the death or disability of the beneficiary), certain Lafarge Shares which may be issued upon the exercise of Lafarge stock options prior to the end of the Offer acceptance period (or, as applicable, prior to the end of the re-opening of the Offer acceptance period) may not be tendered to the Offer because of legal, regulatory or governance constraints. In addition, certain Lafarge Shares issued pursuant to performance share plans may not be tendered to the Offer for the same reasons. To the extent permitted under applicable regulations, such Lafarge Shares will be the subject of liquidity mechanisms as described in article 2.8 of this draft offer document.

The shares of Lafarge issued pursuant to performance share plans still in the vesting period at the end of the Offer acceptance period (or at the end of the Re-opened Offer acceptance period) are not targeted by the Offer, except when non-transferability is waived as provided by legal or regulatory provisions (such as the death or disability of the beneficiary).

The main characteristics of the Lafarge stock options, the Lafarge performance share plans and the Lafarge Shares held by employee funds are described in article 2.7 of this draft offer document.

To Holcim's knowledge, there exists no equity security or any other financial instrument providing a right, either immediately or in the future, to the share capital or voting rights of Lafarge, other than the Lafarge Shares.

2.2 Terms of the Offer

Pursuant to the article 232-1 of the AMF General Regulations and under the terms and conditions described in this draft offer document (and in particular, under the terms and conditions of article 2.9 of this draft offer document), the Offeror irrevocably proposes to the shareholders of Lafarge, within an Offer acceptance period whose closing date shall be determined by the AMF, to exchange their Lafarge Shares according to an exchange ratio of nine registered shares of Holcim, bearing current dividend rights (*portant jouissance courante*), for every ten Lafarge Shares, bearing current dividend rights (*portant jouissance courante*) (the "**Exchange Ratio**" or "**ER**").

The Lafarge shareholders tendering their Lafarge Shares to the Offer will not be entitled to receive the annual dividend of CHF1.30 per Holcim share for the financial year 2014 as approved by the annual shareholders' meeting of Holcim on 13 April 2015, and Holcim will not be entitled to receive the annual dividend of EUR1.27 per Lafarge Share for the financial year 2014 as approved by the annual shareholders' meeting of Lafarge on 7 May 2015. Such annual dividends for the financial year 2014 have been paid by Holcim on 17 April 2015 and shall be paid by Lafarge on 12 May 2015.

2.3 Adjustment of the Terms of the Offer

On 20 February 2015, the Holcim Board of Directors proposed an annual dividend for the financial year 2014 of CHF1.30 per Holcim share. On 23 February 2015, the Board of Directors of Lafarge proposed an annual dividend for the financial year 2014 of EUR1.27 per Lafarge share. Such dividends were approved by the annual shareholders' meetings of Holcim and Lafarge respectively on 13 April 2015 and 7 May 2015.

Holcim and Lafarge agreed that a post-closing exceptional scrip dividend shall be paid after the closing of the Re-opened Offer in respect of all LafargeHolcim shares, including newly issued Holcim shares exchanged for Lafarge Shares in the context of the Offer. Such scrip dividend shall be in the ratio of one new LafargeHolcim share for twenty existing LafargeHolcim shares, subject to the successful closing of the Offer. The authorized share capital based on which the LafargeHolcim Board of Directors is authorized to distribute the scrip dividend was approved at the Holcim shareholders' meeting of 8 May 2015.

Nevertheless, if, before the end of the Offer acceptance period, either Holcim or Lafarge decides to pay any dividend (except the scrip dividend mentioned above), interim dividend or other kind of distribution (other than the dividends abovementioned), in any form, including through any capital reduction or amortization, the Offer consideration shall be adjusted to provide to the holders of Lafarge Shares or Holcim Shares, as the case may be, with the same economic effect as contemplated by this agreement prior to such event, by calculating the Exchange Ratio as follows:

ERn = [(ERn-1 x SPHolcim) - DivLafarge] / (SPHolcim - DivHolcim)

Where;

i. "ERn-1" shall be the Exchange Ratio applicable immediately prior to the calculation is made;

ii. "SPHolcim" shall be the market price of a Holcim Share (as such term is defined in article 2.5.1 below) (in EUR) equal to the volume weighted average share price over the three (3) trading day period before the day immediately preceding the day on which the first of Lafarge or Holcim's dividend is announced (the "**Reference Date**") and the foreign exchange rate applied shall be the foreign exchange rate as published by the Banque de France on the day immediately preceding the Reference Date;

iii. "DivLafarge" shall mean the average per share amount (in EUR) of the distribution announced by Lafarge, whereby such average shall be calculated by taking into account that any holder of a Lafarge Share holding such share in registered form for at least two (2) years, including at the dividend payment date, is entitled to an increased dividend as per the provisions of the articles of association of Lafarge; and

iv. "DivHolcim" shall mean the actual per share amount (in EUR) of the distribution announced by Holcim and the foreign exchange rate applied shall be the foreign exchange rate as published by the Banque de France on the day immediately preceding the Reference Date.

The Exchange Ratio shall also be adjusted in the event that the Lafarge Shares or the Holcim Shares have been changed into a different number of shares or a different class by reason of any stock dividend, subdivision, reclassification, split, reverse split, combination or exchange of shares.

Any adjustment of the Exchange Ratio shall be subject to prior agreement of the AMF and announced in a press release by Holcim.

Nevertheless, it is specified that each of Holcim and Lafarge may continue to declare, set aside and pay regular annual dividends (or pay-outs) which are consistent with past practices of both companies, provided that such regular annual dividends (or pay-outs) may only be paid in cash.

2.4 Treatment of Fractional Shares

No fractional Holcim Shares may be issued in connection with the Offer. As a consequence, Holcim will not deliver fractional shares to the Lafarge shareholders. The Lafarge shareholders who tendered to the Offer (or the Re-opened Offer as the case may be) a number of Lafarge Shares which does not entitle them to a whole number of Holcim Shares will be considered as having expressly agreed to participate in the mechanism to resell fractional Holcim Shares described below for the fractional Holcim Shares to which they are entitled. Holders of Lafarge performance shares still subject to a holding period should refer to article 2.7.2 of this draft offer document.

Following the end of the Offer acceptance period (or the end of Re-opened Offer acceptance period as the case may be), an authorized intermediary designated by Holcim will put in place a mechanism to resell fractional Holcim Shares for the account of Lafarge shareholders who tendered to the Offer a number of Lafarge Shares which does not allow them to receive a whole number of Holcim Shares.

Euronext Paris will aggregate the fractional Holcim Shares in order to obtain a whole number of Holcim Shares (with their number being rounded up to the next unit) and will deliver those to the authorized intermediary thus designated which will sell them on the market on the account of the Lafarge shareholders participating in this resale mechanism no later than ten (10) trading days following the closing of the Offer (or the closing of the Re-opened Offer as the case may be). The cash amount (in EUR rounded to the next EUR, it being noted that EUR0.5 will be rounded to EUR1) will be paid to the Lafarge shareholders as soon as possible following this date. The Lafarge shareholders who participate in this resale mechanism will receive the net proceeds of sales *pro rata* to their participation in this mechanism, net of brokerage fees, commissions and other expenses related to the resale of the fractional Holcim Shares.

In addition, under no circumstances will any interest be paid on the cash amount to be received by the Lafarge shareholders in return for fractional Holcim Shares, even in the event of late payment of this amount.

As an example, and only for illustration purposes:

- in the event that a Lafarge shareholder tenders 15 Lafarge Shares to the Offer, the Lafarge shareholder will receive 13 Holcim Shares (15x0.9 = 13.5) and the proceeds of the sale in cash of the 0.5 fractional Holcim Share;
- in the event that a Lafarge shareholder tenders 5 Lafarge Shares to the Offer, the Lafarge shareholder will receive 4 Holcim Shares (5x0.9 = 4.5) and the proceeds of the sale in cash of the 0.5 fractional Holcim Share.

2.5 Number, Origin, Characteristics of the Holcim Shares to be Issued in the Offer

2.5.1 Maximum Number of Holcim Shares to be Issued in the Offer

Subject to any adjustment pursuant to article 2.3 above and based on the tender of all 293,340,014 Lafarge Shares, the Offer consideration shall consist in up to 264,006,013 new Holcim shares, each with a par value of CHF2.00 bearing current dividend rights (*portant jouissance courante*) (the “**Holcim Shares**”).

The table below provides for the impact of the Offer on the share capital of Holcim if 100% of the Lafarge Shares are tendered to the Offer and as a result if 264,006,013 of Holcim Shares were issued for the Offer:

Maximum number of Holcim Shares to be issued for the Offer	Maximum total number of Holcim Shares after closing of the Offer	Maximum percentage of Holcim share capital acquired by the former Lafarge shareholders in the Offer
264,006,013	591,092,389	44.66%

2.5.2 Origin of the Holcim Shares Issued in the Offer

(i) General

Holcim shareholders have approved on 8 May 2015 (a) the issue of up to 264,237,400 Holcim Shares in an ordinary share capital increase, (b) an authorized share capital of up to 132,118,700 Holcim Shares for the needs, as the case may be, of the Re-opened offer and, as the case may be, the squeeze-out (whereby in each of (a) and (b) existing shareholders' preferential subscription rights for the newly issued Holcim Shares have been withdrawn) and (c) an authorized share capital of up to 29,566,188 LafargeHolcim shares for the scrip dividend.

The resolution of the extraordinary general meeting referred to under (a) above is valid until 8 August 2015. After that date, it will automatically lapse, in which case Holcim will convene another shareholders meeting in accordance with the conditions provided in article 2.9.2 of this draft offer document.

(ii) Creation of the Holcim Shares in an Ordinary Capital Increase

Up to 264,237,400 shares are expected to be issued by Holcim in an ordinary share capital increase consisting of two tranches respectively for the Offer and for the re-opening of the Offer, as the case may be. The Holcim Shares are expected to be subscribed by UBS AG, Bahnhofstrasse 45, CH-8098 Zurich ("**UBS AG**") for the account of the Lafarge shareholders who tendered their Lafarge Shares to the Offer. The Holcim Board of Directors expects that the first tranche of the share capital increase will occur on or around 10 July 2015, along with the relevant amendments to the articles of association. The Holcim Board of Directors expects that the second tranche of the capital increase will occur on or around 4 August 2015 after the end of the Re-opened Offer acceptance period, along with the relevant amendments to the articles of association.

The exact amount of the capital increase will be determined by the Holcim Board of Directors, after publication of the results of the Offer (and of the Re-opened Offer) by the AMF, based on the number of Lafarge Shares tendered to the Offer (and to the Re-opened Offer) and which will be contributed in consideration for such capital increase.

The issuance of the Holcim Shares issued in exchange for the Lafarge Shares tendered to the Offer (and to the Re-opened Offer) is subject to and only becomes effective upon the registration of the amended articles of association of Holcim and of the relevant share capital increase with the commercial register of St. Gallen, Switzerland (as further provided in article 2.9.2 of this draft offer document). As a consequence, the closing of the Offer shall occur subject to and once such registration has been completed.

(iii) Creation of an Authorized Share Capital

(a) Creation of an Authorized Share Capital for the Re-opened Offer and the Squeeze-out

As provided in article 1.3.7, Holcim reserves its right to request the AMF that a squeeze-out be implemented for the Lafarge Shares not tendered to the Offer or to the Re-opened Offer, if such remaining Lafarge Shares do not represent more than 5% of the share capital or the voting rights of Lafarge.

Such squeeze-out would be carried out in exchange for compensation in cash or in exchange for LafargeHolcim shares. In connection therewith, the shareholders' meeting of 8 May 2015 has created an authorized share capital allowing the Holcim Board of Directors to issue Holcim Shares in exchange of Lafarge Shares.

In addition, the authorized share capital resolved by Holcim at the shareholders' meeting of 8 May 2015 was also created to allow for the issuance of new Holcim Shares to be exchanged as consideration for the Lafarge shares tendered during the Re-opened Offer in the event that the Re-opened Offer would not occur before 8 August 2015, as Swiss law only allows the shareholders' meeting to delegate to the Holcim Board of Directors the authority to carry out the ordinary share capital increase resolved by shareholders at the shareholders' meeting of 8 May 2015 within three months from the date of the respective shareholders' meeting at the latest.

The issuance of the Holcim Shares issued in exchange for the Lafarge Shares tendered to the Re-opened Offer or the squeeze-out procedure only becomes effective upon and subject to the registration of the amended articles of association of Holcim and of the relevant share capital increase with the commercial register of St. Gallen, Switzerland (as further provided in article 2.9.2 of this draft offer document). As a consequence, the closing of the Re-opened Offer or the squeeze-out procedure shall occur once such registration has been completed.

(b) Creation of an Authorized Share Capital for the Scrip Dividend

As set forth in article 1.3.5 above, a post-closing exceptional scrip dividend shall be paid to all LafargeHolcim shares, including newly issued Holcim shares exchanged for Lafarge Shares in the context of the Offer.

In connection therewith, the shareholders' meeting of 8 May 2015 has created an authorized share capital allowing the Holcim Board of Directors to distribute a scrip dividend.

The issuance of the LafargeHolcim Shares issued for the purpose of the distribution of the scrip dividend only becomes effective upon and subject to the registration of the amended articles of association of Holcim and of the relevant share capital increase with the commercial register of St. Gallen, Switzerland (as further provided in article 2.9.2 of this draft offer document). As a consequence, the distribution of the scrip dividend shall occur once such registration has been completed.

Twenty subscription rights will allow its holder to receive one LafargeHolcim share for free.

2.5.3 Characteristics of the Holcim Shares Issued in the Offer

The Holcim Shares issued as Offer consideration are ordinary registered shares. They will rank *pari passu* with the existing Holcim shares and will carry the right to payment of any dividend or other distribution and to liquidation proceeds in proportion to the fraction of the share capital that they represent. They will carry dividend rights in respect of the current financial year.

The Holcim Shares will be issued as uncertificated securities (*Wertrechte*) in accordance with article 973c of the Swiss Code of Obligations and constitute intermediated securities within the meaning of the Federal Intermediated Securities Act. The Holcim Shares will be registered in the main register (*Hauptregister*) maintained by SIX SIS Ltd and credited to the securities account of each purchaser, and thus will become book entry securities (*Bucheffekten* in the meaning of the Federal Intermediated Securities Act).

According to the articles of association of Holcim, the Offeror may issue its registered shares in the form of single certificates, global certificates or uncertificated securities. Subject to the conditions set forth by statutory Swiss law, the Offeror may convert its registered shares from registered shares into bearer shares at any time and without the approval of its shareholders. No shareholder has the right to demand a conversion of the form of registered shares. Each shareholder may at any time request a written confirmation from Holcim of the registered shares held by such shareholder, as reflected in Holcim's share register. Any such confirmation is not a negotiable instrument.

Each Holcim Share shall entitle its holder to one voting right at any shareholders meetings of Holcim, subject to compliance with the formalities described in article 2.5.4 of this draft offer document.

The shareholders of Lafarge who tender their Lafarge Shares to the Offer will become shareholders of Holcim (and LafargeHolcim respectively), and as a consequence will hold different rights than those they enjoyed as Lafarge shareholders. Shareholders of Lafarge should refer to articles 3.1.8 (*Loss of Double Voting Rights and of Loyalty Dividend*), 3.1.9 (*Differences Between French Corporate Law and Swiss Corporate Law*) and 5.3 (*Comparison of Shareholders' Rights Under French Law and Swiss Law*) of Part I of the Registration Document under registration with the AMF for a comparison of the rights attached to Lafarge and Holcim shares and a description of the rights attached to Holcim shares.

2.5.4 Transferability and Tradability of the Holcim Shares Issued in the Context of the Offer – Listing

No provision of the articles of association of Holcim, nor any provision of Swiss law or SIX or other regulations, limit the tradability of Holcim Shares. The Holcim Shares issued as consideration for the Lafarge Shares tendered to the Offer shall therefore be transferrable by any shareholder of Holcim as soon as they have been registered with the commercial register of St. Gallen.

Holcim, whose shares are already listed on the SIX under ISIN Code CH0012214059, has filed a request for admission of its shares to trading on Euronext Paris on 22 April 2015. The shareholders of Lafarge having tendered their Lafarge Shares to the Offer will have the possibility to trade their Holcim Shares on either markets as from the settlement date of the Offer.

Holcim, with respect to the registered shares, maintains a share register in which the shareholders are registered with regard to their names and addresses. Acquirers of registered shares are registered upon request in the share register as shareholders with voting rights, provided they expressly declare to have acquired the registered shares in their own name and on behalf of their own account. If a person fails to expressly declare in its registration application that she/he holds the shares for her/his own account (a "**Nominee**"), the Holcim Board of Directors will only enter such person in the share register with voting rights, subject to the requirements that (i) such person has entered into an agreement with Holcim governing her/his status in its function as a Nominee and (ii) such person is subject to a recognized bank or financial market supervision. The Holcim Board of Directors may cancel with retroactive effect any registration in the share register, which was made based on incorrect information. The relevant shareholder or Nominee must be immediately informed of the cancellation. The Holcim Board of Directors regulates the details and enacts the instructions necessary for compliance with the aforementioned regulations. In special cases, the Holcim Board of Directors may grant exemptions to the rule concerning Nominees. In accordance with the articles of association of Holcim, the Holcim Board of Directors may delegate its abovementioned duties. Until the acquirer has been notified to Holcim, any sold Holcim Share is held by SIX SIS Ltd and is recorded in the default Nominee account of SIX SIS Ltd. Such Holcim Shares do not carry any voting rights, and such acquirer may not request the Holcim Board of Directors to call a shareholders' meeting or propose to put a matter on the agenda and may neither participate nor be represented or speak at a shareholders' meeting. The Holcim shares recorded in the default Nominee account of SIX SIS Ltd are held for the benefit of the beneficial owners of the Holcim shares.

Holcim shareholders are entitled to attend and vote at shareholders' meetings only if they are registered in one of the Holcim share registers. As from the closing of the Offer, LafargeHolcim will maintain two share registers. One share register will be maintained in Switzerland by Nimbus AG, which currently maintains the Holcim share register (the "**Swiss Share Register**"). The second share register will be maintained by BNP Paribas Securities Services in France (the "**French Share Register**").

Lafarge shareholders participating in the Offer will receive upon closing of the Offer their Holcim Shares in the same form as they currently hold their Lafarge Shares (pure registered form, administered registered form or bearer form).

Holders of Lafarge Shares in pure or administered registered form participating in the Offer will receive upon closing of the Offer their Holcim Shares automatically registered in the French Share Register maintained by BNP Paribas Securities Services. They will be entitled to attend and vote at Holcim shareholders' meetings.

Holders of Lafarge Shares in bearer form participating in the Offer will receive their Holcim Shares in bearer form from Euroclear France.

Shareholders holding their shares in bearer form will have the possibility to exercise their voting rights via Euroclear Bank SA/NV, acting as a Nominee. They will need to submit to Euroclear Bank SA/NV, acting as a Nominee, through their financial intermediary, their voting instructions in order for Euroclear Bank SA/NV, acting as Nominee, to exercise voting rights accordingly on their behalf. If shareholders fail to complete these steps in time, their voting instructions will not be taken into account.

Shareholders holding their Holcim Shares in bearer form and who want to participate in the shareholders' meeting in person will need to ask their financial intermediaries to convert their shares from the bearer form into the pure or administered registered form. If shareholders fail to complete these steps in time, they will not be entitled to participate in the shareholders' meeting.

2.5.5 New Securities, Number, Type and Par Value of the Securities

Subject to the tendering of the Lafarge Shares by Lafarge shareholders, up to 264,006,013 Holcim Shares with a nominal value of CHF2.00 each will be allocated to the Lafarge shareholders at an exchange ratio of nine Holcim Shares for every ten tendered Lafarge Shares, pursuant to the provisions of the Combination Agreement (as amended).

Application has been made for up to 264,237,400 new registered shares out of the ordinary capital increase and up to 161,684,888 new registered shares out of the authorized share capital with a nominal value of CHF2.00 each to be admitted to listing and trading on the SIX and Euronext Paris as at the date of this draft offer document.

2.5.6 Paying Agent

The principal paying agent (*Hauptzahlstelle*) for the shares in Switzerland will be UBS AG. So long as the Holcim Shares are listed on the SIX, Holcim will maintain a principal paying agent (*Hauptzahlstelle*) in Switzerland.

2.5.7 Net Proceeds

The Holcim Shares will be exchanged for Lafarge Shares in connection with the Offer. The exchange ratio is nine Holcim Shares for every ten Lafarge Shares.

2.5.8 Public Purchase or Exchange Offers

In the prior and the current financial years, there has not been any (i) public tender offers or exchange offers made by third parties for Holcim's securities, or (ii) public exchange offers made by Holcim for securities of another company.

2.5.9 Publication

All notices to Holcim shareholders shall be validly given by publication in the Swiss Official Gazette of Commerce and disclosure in France through a press release made available on the Holcim's website and, if applicable, disseminated through a primary information provider ("*diffuseur professionnel*") in accordance with Article 221-4 of the AMF General Regulations. The Board of Directors may also notify Holcim shareholders by publication in any other newspaper.

2.5.10 Price Performance of the Securities

For the year ended 31 December 2014, the closing trading price on the SIX for Holcim shares was CHF71.35 and the highest and lowest trading prices during the year were CHF82.80 and CHF61.55 respectively.

For the year ended 31 December 2013 the closing trading price on the SIX for Holcim shares was CHF66.75 and the highest and lowest trading prices during the year were CHF78.40 and CHF63.15 respectively.

For the year ended 31 December 2012 the closing trading price on the SIX for Holcim shares was CHF66.90 and the highest and lowest trading prices during the year were CHF67.55 and CHF49.53 respectively.

2.5.11 Security Number and ISIN

The security number for Holcim shares is 1221405 and their ISIN is CH0012214059.

2.5.12 Representative

UBS AG is acting as recognized representative for Holcim in connection with the listing of the Holcim Shares on the SIX according to the Main Standard within the meaning of article 43 of the SIX Listing Rules.

2.5.13 Amendments and Changes

Any notices containing or announcing amendments or changes to the terms of the listing or to this draft offer document will be announced through the electronic media in Switzerland and, if required, published in electronic form on the website of the SIX in the form of an official notice. Such official notice will form part of this draft offer document.

2.6 Consequences of the Offer on the Breakdown of the Holcim Share Capital and Voting Rights

To the knowledge of Holcim, the share capital and voting rights of Holcim is allocated as follows:

Shareholders	Number of shares	% of share capital and voting rights
SCIA	65,777,912[8]	20.11%
Eurocement Holding AG[9]	35,402,772[8]	10.82%
Harris Associates L.P.[10]	16,163,815[11]	4.94%
Harbor International Fund	9,840,977[12]	3.01%
Free float	198,681,561	60.74%
Treasury shares	1,219,339	0.37%
Total	**327,086,376**	**100%**

To the knowledge of Holcim, in the event where all existing and outstanding shares of Lafarge as of 30 April 2015 (i.e. 287,932,312 shares) would be tendered to the Offer, the share capital and voting rights of Holcim would be allocated as follows as of the date of the closing of the Offer:

Shareholders	Number of shares	% of share capital and voting rights
SCIA	65,777,912	11.22%
GBL	54,511,878	9.30%
NNS	36,058,212	6.15%
Eurocement Holding AG	35,402,772	6.04%
Dodge & Cox	18,880,975	3.22%
Harris Associates L.P.	16,163,815	2.76%
Harbor International Fund	9,840,977	1.68%
Free float	348,328,127	59.41%
Treasury shares	1,260,789	0.22%
Total	**586,225,457**	**100%**

As a consequence, in the event where all Lafarge Shares would be tendered to the Offer, a shareholder of Holcim holding 1.00% of the share capital and voting rights in Holcim prior

8 As of 31 December 2014

9 This entity is held by Mr. Filaret Galchev-Kaltsidis.

10 Harris Associates L.P. include Oakmark International Fund and Oakmark Global Fund. Both funds are managed and controlled by Harris Associates L.P.

11 As of 14 April 2014

12 As of 4 August 2014

to the Offer would hold 0.56% of the share capital and voting rights in LafargeHolcim as of the date of the closing of the Offer.

2.7 Situation of Holders of Lafarge Stock Options, Lafarge Performance Shares and Lafarge Shares held in Employee Funds

The information relating to the Lafarge stock options, Lafarge performance shares and Lafarge Shares held in employee funds, results from the Lafarge *Document de Référence* filed with the AMF on 23 March 2015 under number D.15-0190. Updated information as at 30 April 2015 has been further provided by Lafarge to the Offeror.

2.7.1 Situation of Holders of Lafarge Stock Options

Each of the Lafarge stock options gives right to one Lafarge Share and is granted subject to a four-year vesting period.

Holders of Lafarge stock options granted by Lafarge under the 2005, 2006 (1), 2006 (2), 2007, 2008, 2009, 2010, 2011 and 2012 plans may tender to the Offer the shares of Lafarge they will hold following the exercise of the Lafarge stock options, subject to applicable legal, regulatory or governance constraints:

– the Lafarge stock options granted under the 2005, 2006 (1), 2006 (2), 2007, 2008, 2009, 2010 and 2011 plans are, subject to applicable performance conditions, vested as at the date of this draft offer document, and

– the Lafarge stock options granted under the 2012 plans are, subject to applicable performance conditions, vested as at the date of this draft offer document in accordance with the acceleration clause stipulated in such plan.

As of 31 December 2014, a total of 5,752,615 Lafarge stock options were outstanding.

The table below summarizes the principal characteristics of the Lafarge stock options as of 30 April 2015.

	2005 Plan	2006 Plan (1)	2006 Plan (2)	2007 Plan	2008 Plan
Date of the shareholders' meeting providing authorization	25/05/05	25/05/05	25/05/05	03/05/07	03/05/07
Date of the Lafarge Board of Directors meeting/ Date of grant	16/12/05	24/05/06	24/05/06	15/06/07	26/03/08
Settlement	Newly-issued shares	Newly-issued shares	Newly-issued shares	Newly-issued shares	Newly-issued shares
Total number of shares that could be subscribed	1,466,294	768,626	171,980	621,865	819,487
Duration of the options (*in years*)	10	10	10	10	10
Available for exercise from	16/12/09	24/05/10	24/05/10	15/06/11	26/03/12
End of exercise period	16/12/15	24/05/16	24/05/16	15/06/17	26/03/18
Exercise price (*in EUR*)	62.78	84.42	84.42	110.77	96.18
Total number of	1,283,500	718,978	156,195	553,729	740,477

outstanding Lafarge stock options as at 30 April 2015					

	2009 Plan	2010 Plan	2011 Plan	2012 Plan
Date of the shareholders' meeting providing authorization	03/05/07	06/05/09	06/05/09	12/05/11
Date of the Lafarge Board of Directors meeting/ Date of grant	25/03/09	24/03/10	15/03/11	15/03/12
Settlement	Newly-issued shares	Newly-issued shares	Newly-issued shares	Newly-issued shares
Total number of shares that could be subscribed	744,045	1,203,500	781,980	789,920
Duration of the options (*in years*)	10	10	10	10
Available for exercise from	25/03/13	24/03/14	15/03/15	15/03/16 (but acceleration as a result of the Offer per plan rules)
End of exercise period	25/03/19	24/03/20	15/03/21	15/03/22
Exercise price (*in EUR*)	30.74	51.30	44.50	36.00
Total number of outstanding Lafarge stock options as at 30 April 2015	383,985	592,744	486,392	491,702

Holders of Lafarge stock options benefit, under certain conditions, and to the extent permitted under applicable regulations, from a liquidity mechanism (see article 2.8 of this draft offer document).

2.7.2 Situation of Holders of Lafarge Performance Shares

Lafarge has put in place several plans granting Lafarge performance shares in 2011, 2012, 2013 and 2014.

The Lafarge performance shares are definitely allotted to beneficiaries upon expiry of a three-year vesting period for French tax residents or upon expiry of a four-year vesting period for non-French tax residents, subject to applicable performance conditions. In addition, French tax residents must also hold the Lafarge performance shares for an additional period of two years following definitive allotment. It should be noted that, pursuant to Article L. 225-197-1 III of the French commercial code, performance shares subject to a holding period can be exchanged under certain conditions in an exchange offer, in which case the remaining holding period shall apply to the shares remitted in exchange pursuant to the exchange offer.

Hence the shares allocated under Lafarge performance share plans to French tax residents under the plans 2011 (1), 2011 (2) and 2012 may be tendered to the Offer, subject to legal, regulatory and governance constraints. The Holcim Shares received in exchange will be subject to the remaining holding period. As a result of the deferral of the holding period related to the Holcim Shares received in exchange, the holders of Lafarge performance shares still subject to a holding period will only be able to tender to the Offer 10 Lafarge Shares or multiples of 10 Lafarge Shares and will not benefit from the resale mechanism of fractional shares described in article 2.4.

In addition, if certain of the performance shares could become transferable following the death or the invalidity of the holders pursuant to the provisions of article L. 225-197-1 of the French commercial code, these performance shares would be targeted by the Offer and could be tendered to the Offer.

On 17 February 2015, the Lafarge Board of Directors amended the 2011 plan applicable to non-French tax residents and the 2012 plan applicable to French tax residents in order to allow the settlement of such plans with newly-issued shares. By decisions dated 16 and 17 March 2015, a total of 303.666 shares have been issued to this effect.

As of 30 April 2015, a total of 277,902 Lafarge performance shares were outstanding, all of which were still subject to a vesting period and/or a mandatory holding period.

The table below summarizes the principal characteristics of the Lafarge performance shares as of 30 April 2015.

	2011 Plan (1)	2011 Plan (2)	2012 Plan	2013 Plan	2014 Plan
Date of the meeting providing authorization	06/05/09	12/05/11	12/05/11	12/05/11	07/05/13
Date of the Lafarge Board of Directors meeting/ Date of grant	15/03/11	12/05/11	15/03/12	13/03/13	11/03/14
Settlement	Existing shares (except for non-French tax residents)	Existing shares	Existing shares (except for French tax residents)	Existing shares	Existing shares
Total of Lafarge performance shares initially granted	328,755	20,000	483,967	636,920	331,745
Date of definitive allotment					
French tax residents	15/03/14	12/05/14	17/03/15	15/03/16	14/03/17
Non-French tax residents	15/03/15	N/A	15/03/16	14/03/17	12/03/18
Date Lafarge performance shares can be transferred					
French tax residents	15/03/16	12/05/16	17/03/17	16/03/18	15/03/19
Non-French tax residents	15/03/15	N/A	15/03/16	14/03/17	13/03/18
Lafarge performance shares outstanding as at 30 April 2015	0	0	188,528	563,090	327,140

Holders of Lafarge performance shares benefit, under certain conditions, and to the extent permitted under applicable regulations, from a liquidity mechanism which is further described in the article 2.8 of this draft offer document.

2.7.3 Shares Held in Employee Funds

The supervisory board of the FCPE Lafarge 2000 (which holds 0.52% of the share capital and voting rights of Lafarge as of 31 December 2014) will have to decide during the Offer acceptance period whether it tenders the Lafarge Shares it holds to the Offer and, if it decides to tender such shares, the supervisory board will have to draw the consequences of its decision and decide to amend the rules of the FCPE, subject to the approval of the AMF, in order notably to substitute any reference to “Lafarge” in the plan for “LafargeHolcim”.

2.7.4 Shares Held through the Lafarge LEA group savings plan

Lafarge shareholders who directly hold Lafarge Shares through the Lafarge LEA group savings plan (*plan d’épargne groupe LEA*, hereinafter the “**LEA Plan**”) and who reside in a jurisdiction where the Offer will be open, will be permitted to tender their Lafarge Shares held through the LEA Plan in the Offer, under the following conditions:

(i) Where the holder tenders to the Offer both Lafarge Shares that are still subject to a holding period and Lafarge Shares that are not subject to a holding period, the application of the Exchange Ratio and the mechanism implemented for the treatment of fractional shares described in article 2.4 of this draft offer document will be applied separately to each category of shares;

(ii) Holcim Shares received in exchange for the Lafarge Shares will be held through the LEA Plan. Where the Lafarge Shares tendered to the Offer are subject to a holding period, the residual holding period will be rolled over to the Holcim Shares received in exchange;

(iii) Where the holder receives a cash payment in consideration for fractional shares, such amount will be paid to the holder where the holder is not a resident of France, and reinvested in FCPE units or fractional units in the group savings plan in accordance with the rules thereof and subject to the same residual holding period as the related Lafarge Shares where it corresponds to Lafarge Shares that were subject to a holding period where the holder is a resident of France.

Lafarge shareholders who directly hold Lafarge Shares through the LEA Plan and who reside in a jurisdiction where the Offer will not be open may benefit under certain conditions, and to the extent permitted under applicable regulations, from a liquidity mechanism which is further described in article 2.8 of this draft offer document.

The provisions of this article are subject to confirmation by the *Direction Générale du Travail*, which is expected to be provided shortly.

2.8 Liquidity Mechanisms to the Benefit of Holders of Lafarge Stock Options and of Lafarge Performance Shares

2.8.1 Liquidity Offered to Holders of Lafarge Stock Options

Holders of Lafarge stock options will be granted the right to exchange the Lafarge shares resulting from the exercise of such stock options after the closing of the

Offer into LafargeHolcim shares on the basis of the Exchange Ratio, to the extent permitted under applicable regulations and provided that such holders have agreed to such exchange upon exercise of their stock options.

For each Lafarge stock option granted pursuant to the 2005, 2006, 2007, 2008, 2009, 2010, 2011 or 2012 plan, such liquidity will only be available until the earlier of (i) the last trading day of the month during which the exercise of the Lafarge stock options will occur, or, if the date of such exercise is less than 5 trading days prior to such month end, the last trading day of the month following the month during which such exercise will occur, and (ii) 31 December 2020. For the avoidance of doubt, no liquidity will be available for any Lafarge shares resulting from the exercise of Lafarge stock options from 1 January 2021.

2.8.2 Liquidity Offered to Holders of Lafarge Performance Shares

Holders of Lafarge performance shares who cannot tender such Lafarge performance shares to the Offer due to the terms and conditions of the relevant plan (vesting period) or because of legal, regulatory or governance constraints will have the right to exchange their Lafarge performance shares into LafargeHolcim shares on the basis of the Exchange Ratio, to the extent permitted under applicable regulations and provided that such holders have agreed to such exchange.

Such liquidity will only be available until the first trading day following the date on which the applicable vesting period or, if any, holding period, of the Lafarge performance shares will end.

For French tax residents, the liquidity mechanism will therefore be available, to the extent permitted under applicable regulations, until the first trading day following the applicable holding period of the 2012 plan, 2013 plan and 2014 plan, respectively.

For non-French tax residents, the liquidity mechanism shall therefore be available, to the extent permitted under applicable regulations, until the first trading day following the applicable vesting period of the 2012 plan, 2013 plan and 2014 plan, respectively.

2.8.3 Other Liquidity Mechanisms

Non-French tax resident holders of stock options, performance shares or securities issued pursuant to employee saving plans will also benefit from comparable liquidity rights, subject to applicable local restrictions. Information will be provided to the concerned employees after the closing of the Offer.

2.9 Conditions to the Offer

2.9.1 Minimum Acceptance Threshold of 2/3 of Share Capital or Voting Rights

Pursuant to the provisions of article 231-9 II of the AMF General Regulations, the Offer is subject to the condition that Lafarge Shares, together with the shares of Lafarge held by Lafarge or its affiliates, representing at least two-thirds (2/3) of the share capital or voting rights of the Company (taking into account the loss of double voting rights of Lafarge Shares tendered to the Offer) as of the end date of the Offer acceptance period, be obtained by the Offeror (hereafter, the "**Success Threshold**").

To calculate the Success Threshold, the following will be taken into consideration:

(i) for the numerator: all Lafarge Shares validly tendered to the Offer as of the end date of the Offer acceptance period as well as all the treasury shares of Lafarge;

(ii) for the denominator: all existing Lafarge Shares as of the end of the Offer acceptance period.

Whether the Success Threshold has been reached will not be known by the Offeror or holders of the Lafarge Shares before the publication of the final results of the Offer, which will occur after the end of the Offer acceptance period.

Pursuant to Article 231-9 II of the AMF General Regulations, the Offeror may waive the Success Threshold after the publication of the results of the Offer by the AMF. Such waiver will only be possible to the extent that it will have been previously agreed by Lafarge (pursuant to the Combination Agreement) and that the number of Lafarge Shares tendered to the Offer exceeds the caducity threshold referred to in article 231-9 I of the AMF General Regulations, i.e., 50% of the existing share capital or voting rights of Lafarge

If the Success Threshold is not reached, and if the Offeror has decided not to waive the Success Threshold as specified in the preceding paragraph, the Offer will terminate and the Lafarge Shares tendered to the Offer will be returned to their holders, without any interest or compensation of any kind being due to them.

The Offeror may also decide to waive or reduce the Success Threshold, by filing an improved offer (*surenchère*) at least five trading days before the end of the Offer acceptance period, in accordance with the provisions of article 232-7 of the AMF General Regulations. In any case, the Success Threshold shall not be reduced (i) without the prior approval of Lafarge (pursuant to the Combination Agreement) and (ii) below the caducity threshold of 50% of the share capital or voting rights referred to in article 231-9 I of the AMF General Regulations.

2.9.2 Approval by the Holcim General Meeting of Shareholders of the Issuance of the Holcim Shares and Subsequent Registration of the Amended Holcim Articles of Association and the Holcim Shares with the Commercial Register of St. Gallen, Switzerland

The Offer is subject to the condition of approval of the issuance of the Holcim Shares by the Holcim general meeting of shareholders, and the subsequent registration of amended Holcim articles of association and all such Holcim Shares to be issued as consideration for the Lafarge Shares tendered to the Offer, with the commercial register of St. Gallen.

More specifically, the Offer is subject to the condition of approval by the general meeting of shareholders of Holcim of the increase in Holcim's share capital in such a maximum amount as may be necessary to issue the Holcim Shares.

After the approval of the general meeting of shareholders of Holcim of the relevant resolutions, if the Offer is successful, the issuance of the Holcim Shares, in accordance with applicable Swiss law, becomes effective only upon and subject to the registration of the share capital increase with the commercial register of St. Gallen, Switzerland. Under Swiss law, this registration may be blocked for reasons beyond Holcim's control if a request to this effect is filed with the Commercial Register by any third party, thereby delaying or preventing the issuance of the Holcim Shares and consequently delaying or preventing the settlement of the Offer.

The general meeting has approved the relevant share capital increase on 8 May 2015. However, Swiss law only allows for an ordinary capital increase to be carried out by the Holcim Board of Directors within three months from the date of the respective shareholders' meeting at the latest. As a consequence, if the issuance of the Holcim Shares could not occur before 8 August 2015, a new shareholders' meeting shall be convened to resolve on the share capital increase for the issuance of such Holcim Shares. In such a case, the Offer will be subject to the approval by such new general meeting of shareholders of Holcim of the ordinary share capital increase in Holcim's share capital in such a maximum amount as may be necessary to issue the Holcim Shares to be remitted as consideration for the Lafarge Shares tendered to the Offer (and the registration with the commercial register as described above).

The Holcim Board of Directors has undertaken to convene such additional shareholders' meeting in the event the corresponding resolution adopted on 8 May 2015 lapses prior to closing of the Offer.

It is noted that SCIA, which holds 20.11% of the share capital and voting rights of Holcim as of 31 December 2014, has undertaken to vote in favor of all shareholders' resolutions at the relevant Holcim general meetings required to complete the Offer and to reiterate such undertaking as may be required for the purpose of the Offer, in accordance with the undertaking agreement dated 6 April 2014 as further described in article 1.4.3.

If, for any reason whatsoever, including a delay or an impossibility in the registration of the capital increase with the commercial register, the condition provided in this article 2.9.2 would not be fulfilled, the Offer will terminate and the Lafarge Shares tendered to the Offer will be returned to their holders, without any interest or compensation of any kind being due to them.

2.10 Additional Information Related to the Offer

The risk factors relating to Holcim are provided in article 2 of Part II (*Risk Factors*) of the Registration Document and the risk factors relating to LafargeHolcim are provided in article 3 of Part I (*Risk Factors*) of the Registration Document.

The risk factors relating to the admission of the LafargeHolcim shares to trading on Euronext Paris will be provided in the securities note which will be published after the approval of the AMF.

2.11 Possibility of Withdrawal of the Offer

Pursuant to the provisions of article 232-11 of the AMF General Regulations, the Offeror reserves its right to withdraw the Offer within five (5) trading days following the publication of the timetable for a competing offer or improved offer.

Pursuant to the provisions of article 232-11 of the AMF General Regulations, the Offeror also reserves its right to solicit the authorization from the AMF to withdraw the Offer if the Company undertakes, during the Offer acceptance period, measures resulting in the modification of its substance, or if such measures result in an increase of the consideration of the Offer, or if the Offer becomes irrelevant.

In case of withdrawal, the Lafarge Shares tendered to the Offer would be returned to their holders, without any interest or compensation of any kind.

2.12 Extension of the Offer Acceptance Period

In accordance with the terms of article 231-32 of the AMF General Regulations, the dates of opening, of the end of the Offer acceptance period and of the publication of the results of the Offer will be published by the AMF. While the Offer is open, the AMF may postpone the date of the end of the Offer acceptance period and has sole authority in this regard.

2.13 Re-Opening of the Offer

In accordance with the terms of article 232-4 of the AMF General Regulations, if the Offer is successful, it will be automatically re-opened during ten (10) trading days following the publication of the final results of the Offer for a minimum period of ten (10) trading days (the "**Re-opened Offer**").

In the event of a re-opening of the Offer, the terms of the Re-opened Offer will be identical to those of the initial Offer. In this situation, the AMF will publish a timetable for the Re-opened Offer.

2.14 Procedure for Tendering Lafarge Shares to the Offer

In accordance with the terms of the article 232-2 of the AMF General Regulations, the Offer shall be open during twenty-five (25) trading days. After setting the end date of the Offer acceptance period, the AMF may postpone such date in accordance with the AMF General Regulations.

Lafarge Shares tendered to the Offer (and, as the case may be, the Re-opened Offer) must be freely tradable and free of any lien, pledge, or other form of security or restriction of any kind whatsoever which may limit the free transfer of ownership. The Offeror reserves the right to reject any Lafarge Share tendered which does not comply with this condition.

In accordance with the terms of article 232-2 of the AMF General Regulations, orders tendering Lafarge Shares to the Offer (and, as the case may be, the Re-opened Offer) may be withdrawn at any moment until, and including, the last day of the Offer acceptance period (and, as the case may be, of the Re-opened Offer acceptance period). Beyond this date, they will be irrevocable.

Shareholders of the Company which are under the pure nominative form (*nominatif pur*) who wish to tender their Lafarge Shares to the Offer should send their instructions to BNP Paribas Securities Services, which will maintain the subregistry of the share register of the Offeror, up until the last day of the Offer acceptance period at the very latest.

Shareholders of the Company whose Lafarge Shares are either held under administered nominative form (*nominatif administré*) or bearer form (*porteur*) with a financial intermediary (a credit institution, an investment company, etc.) and who wish to tender their Lafarge Shares to the Offer should provide an instruction to their financial intermediary to tender their Lafarge Shares to the Offer, which is in conformity with the model which will be made available to them by the intermediary. Lafarge administered shareholders and bearer shareholders should consult with their own financial intermediary whether any shorter period is specified.

The new Holcim Shares will be created by means of capital increases by way of a contribution in kind through UBS AG (acting on behalf of the shareholders of Lafarge who have tendered Lafarge Shares to the Offer) of the Lafarge Shares tendered to the Offer or, as the case may be, by way of contribution in cash.

The Lafarge shareholders having tendered their Lafarge Shares to the Offer accept that, within the context of the capital increases of Holcim, UBS AG, as Swiss exchange agent, will undertake the contributions in kind of the Lafarge Shares and the subscription of the Holcim Shares acting for the account of the Lafarge shareholders who have accepted the Offer. Each Lafarge shareholder tendering her/his shares to the Offer will accordingly be deemed to have authorized UBS AG, to contribute Lafarge Shares tendered to the Offer and to subscribe for the new Holcim Shares acting for the account of the tendering Lafarge shareholders and to take other necessary or advisable action for their account to effect the exchange, including, in case of contribution in cash, as the case may be, the subscription of the new Holcim Shares against payment of the aggregate par value of the newly issued Holcim Shares in cash (payment financed by UBS AG) in an intermediate step for the subsequent exchange of the new Holcim Shares for the tendered Lafarge Shares and the contribution of such tendered Lafarge Shares to Holcim against repayment by Holcim to UBS AG of the subscription price paid by UBS AG.

2.15 Centralization of the Orders

Each financial intermediary must, at the date indicated in the Euronext Paris notice, transfer to Euronext Paris the Lafarge Shares, for which they have received an instruction to tender to the Offer.

After receipt by Euronext Paris of all orders for tendering to the Offer in the conditions described above, Euronext Paris will centralize all of the orders and determine the results of the Offer.

2.16 Publication of the Results of the Offer – Settlement

The AMF will announce the results of the Offer not later than nine (9) trading days after the end of the Offer acceptance period.

Euronext Paris will indicate in a notice the date of settlement of the Offer, subject to registration of the Holcim Shares with the commercial register of St. Gallen.

No interest will be due for the period from the tender of Lafarge Shares to the Offer until the date of closing of the Offer.

The settlement shall take place after (i) the completion of the centralization by Euronext Paris of the Lafarge Shares tendered to the Offer and (ii) the registration of the Holcim Shares to be issued as consideration for the Lafarge Shares tendered to the Offer with the commercial register of St. Gallen.

The following steps will be taken for settlement of the Offer:

– once the Lafarge Shares tendered to the Offer have been centralized by Euronext Paris, and confirmation thereof has been obtained by Holcim from Euronext Paris, Holcim will issue new Holcim Shares as consideration for the Lafarge Shares tendered to the Offer;

- the issuance of these Holcim Shares will be subject to, and become effective upon, registration of the capital increase with the commercial register of St. Gallen;
- the Holcim Shares will be transferred to Euronext Paris, which will transfer such Holcim Shares to each of the Lafarge shareholders having tendered their Lafarge Shares to the Offer, and correlatively, the Lafarge Shares tendered to the Offer will be transferred by Euronext Paris to Holcim.

By tendering their Lafarge Shares, the Lafarge shareholders having tendered their Lafarge Shares to the Offer accept that their Lafarge Shares will be contributed to Holcim in exchange for the Holcim Shares. By sending an order to tender their shares to the Offer, each Lafarge shareholder will be deemed to have authorized UBS AG, or another intermediary acting on their account, to contribute the Lafarge Shares tendered to the Offer to Holcim and to take all other necessary or advisable action for their account to effect the exchange.

2.17 Indicative Timetable

This timetable is tentative and subject to the approval of the AMF.

11 May 2015	Filing of Holcim's draft offer document with the AMF (*Projet de Note d'Information*) Filing of Lafarge's draft response document (*Projet de Note en Réponse*) with the AMF
11 May 2015	Making Holcim's draft offer document available to the public and publishing it on the AMF website (www.amf-france.org) and on the website of the Offeror (www.holcim.com) Making Lafarge's draft response document available to the public and publishing it on the AMF website (www.amf-france.org) and on the website of the Company (www.lafarge.com)
28 May 2015	Publishing of the declaration of conformity of the Offer by the AMF with approval of Holcim's offer document Approval of Lafarge's response document
29 May 2015	Publication of notices advising the availability of Holcim's offer document and Lafarge's response document and other information
29 May 2015	Making Holcim's offer document and Lafarge's response document available to the public, in accordance with article 231-27 of the AMF General Regulations
29 May 2015	Making the information relating to the legal, financial and accounting situations available to the public by Holcim and by Lafarge in accordance with article 231-28 of the AMF General Regulations
1 June 2015	Opening of the Offer
3 July 2015	End of the Offer

9 July 2015	Publication of the final results of the Offer
At the latest 10 trading days after the publication of the results of the Offer	In case of success of the Offer, opening of the Re-opened Offer

2.18 Financing of the Offer and Related Costs of the Offer

2.18.1 Expenses Related to the Offer

The total cost incurred by Holcim in connection with the Offer, fees and other costs of external, financial, legal and accounting advisers as well as any experts and other consultants and advertising and communication costs, and the costs relating to the financing of the transaction, are estimated at approximately EUR15 million excluding VAT.

2.18.2 Means of Financing the Offer

The Offer does not require any financing since it is realized by way of a public exchange offer pursuant to which the Lafarge Shares tendered to the Offer shall be exchanged for Holcim Shares.

2.19 Assumption of Expenses for Shareholders

No expenses will be reimbursed and no commissions will be paid by Holcim to any intermediary of Lafarge shareholders or any other person soliciting the tendering of Lafarge Shares to the Offer.

2.20 Restrictions Applicable to the Offer Outside France

The Offer is made exclusively in France, other than provided below. This draft offer document is not to be distributed in countries other than France.

This draft offer document and any other document related to the Offer does not constitute an offer to sell or buy financial instruments or the solicitation of such an offer in any country where such offer or solicitation would be illegal or to any person to whom such an offer may not validly be made. Holders of Lafarge Shares outside France may not participate in the Offer unless such participation is permitted under the local law to which they are subject.

The distribution of this draft offer document and any document related to the Offer and participation in the Offer may be subject to legal restrictions in certain jurisdictions.

Persons coming into possession of this draft offer document must inform themselves of and comply with all applicable legal restrictions. The violation of such legal restrictions may constitute a violation of applicable securities laws and regulations in certain jurisdictions.

In particular in the countries mentioned hereafter, the distribution of this draft offer document or of any information provided herein, as well as the Offer itself, is subject to applicable restrictions and local laws.

United States

The Holcim Shares offered in the Offer have not been and will not be registered under the United States Securities Act of 1933 (the "**Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered, sold, pledged, delivered or otherwise transferred in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. The Holcim Shares offered in the Offer are being offered in exchange for existing Lafarge Shares (a) in the United States by Holcim only to certain "qualified institutional buyers", or "QIBs", as defined in Rule 144A under the Securities Act, in reliance on the exemption from registration provided for private placements by Section 4(a)(2) under the Securities Act and (b) outside the United States only in reliance on Regulation S in "offshore transactions" as defined in, and in accordance with, Regulation S.

Accordingly, except for offers of Holcim Shares offered in the Offer to QIBs by Holcim in the Offer, as set forth in the preceding sentence:

- Lafarge shareholders in the United States may not tender their shares or American Depositary Shares in the Offer.
- No communication relating to the Offer or invitation to participate in the Offer may be addressed to the United States or directed to persons who reside or are present in the United States.
- Neither this document nor any other document relating to the Offer may be distributed or disseminated by an intermediary or any other person into the United States.
- Envelopes containing orders to tender should not be postmarked in the United States or otherwise dispatched from the United States, and all persons exchanging Lafarge Shares for Holcim Shares and wishing to hold such Holcim Shares in registered form must provide an address for registration of the Holcim Shares that is outside the United States.
- At the time of a person's decision to tender Lafarge Shares to the Offer, a person receiving this draft offer document will be deemed to represent that (i) he or she did not receive in the United States of America a copy of this draft offer document, any other offer document or document relating to the Offer of the Holcim Shares nor any exercise form or information, (ii) at the time of tender, he or she is located outside the United States and is not acting on behalf of a person located in the United States and (iii) he or she is acquiring the Holcim Shares outside the United States in an "offshore transaction" as this term is defined in Regulation S under the Securities Act.

Authorised financial intermediaries may not accept tenders of Lafarge Shares if they reasonably believe that they do not conform to the provisions mentioned above, and in particular may not accept tenders of Lafarge Shares made by clients who are present in the United States or have an address in the United States, subject to certain exceptions described in a U.S. private placement memorandum for QIBs. Any incomplete instruction or instruction that does not meet these requirements shall be null and void.

In addition, until the expiration of 40 days as the distribution of Holcim Shares in exchange for existing Lafarge Shares, an offer to sell or a sale of Holcim Shares within the United States by a dealer (whether or not it is participating in this Offer) may violate the registration requirements of the Securities Act.

Canada

The making of the Offer in Canada is exempt from the formal take-over bid and other requirements of Canadian securities laws. No securities commission or similar authority in Canada has reviewed or in any way passed upon this document, the related materials provided in connection with the Offer or the merits of the securities described herein and therein.

Canadian Lafarge shareholders are advised that this document and the related materials provided in connection with the Offer have been prepared in accordance with securities laws, stock exchange rules and other legal requirements of jurisdictions other than Canada or any province or territory of Canada. Information contained within this document and the related materials provided in connection with the Offer has not been prepared with regard to matters that may be of particular concern to Canadian Lafarge shareholders and may not be comparable to information that would be contained in take-over bid materials prepared in accordance with Canadian securities laws. Accordingly, Canadian Lafarge shareholders should consult with their own legal, financial and tax advisers concerning the information contained herein and therein and the implications of accepting the Offer in their particular circumstances.

Canadian Lafarge shareholders that wish to accept the Offer should carefully follow the procedures set forth in this draft offer document and the related materials provided in connection with the Offer. Canadian Lafarge shareholders that own their Lafarge shares through or in the name of a broker, investment dealer, bank, trust company or other intermediary should also carefully follow the instructions provided by such intermediary in order to accept the Offer.

Any resale of the Holcim Shares received as consideration in the Offer must be made in accordance with applicable Canadian securities laws, which may require resales to be made in accordance with prospectus and registration requirements or exemptions from the prospectus and registration requirements, which may vary depending on the province or territory. Canadian Lafarge shareholders are advised to seek legal advice prior to any resale of the Holcim Shares, both within and outside Canada.

Any discussion of taxation and related matters contained within this draft offer document and the related materials provided in connection with the Offer does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to accept the Offer and, in particular, does not address Canadian tax considerations. Canadian Lafarge shareholders should consult with their own legal, financial and tax advisers with respect to the tax and other implications of accepting the Offer in their particular circumstances and with respect to the eligibility of the Holcim Shares for investment under relevant Canadian federal and provincial legislation and regulations.

2.21 Tax Treatment of the Offer and of the Holcim Shares Received in Exchange for Lafarge Shares

The description of the French and Swiss tax treatment of the Offer and of the Holcim Shares received in exchange for Lafarge Shares summarized below is based on the laws as currently in force, as such laws may be modified by subsequent amendments brought to the applicable French or Swiss tax rules (potentially with retrospective effect) and their interpretation by the French or Swiss tax authorities.

The statements below are a summary provided for general information purposes only and should by no means be considered as a comprehensive analysis of all tax consequences that may apply to holders of Lafarge Shares or Holcim Shares. Holders of such shares should contact their usual tax advisor in order to determine the tax regime applicable to their own situation.

Holders of Lafarge Shares or Holcim Shares who are not residents of France or Switzerland for tax purposes should also comply with the applicable tax laws of their country of residence, subject to the application of any double tax treaty entered into between such country of residence and France, and/or Switzerland.

2.21.1 Swiss Tax Treatment of the Offer

(i) The Offer has been disclosed to the relevant Swiss tax authorities, which agreed that the transaction in the context of the Offer qualifies as a tax neutral transaction for Swiss tax purposes (merger-like combination; *Quasifusion*).

Shareholders who are not tax residents of Switzerland are not subject to Swiss individual and corporate income taxes, except if their shares are attributed to a permanent establishment (*Betriebsstätte*) or a fixed place of business in Switzerland.

(ii) Individual Income Tax

As confirmed by the Swiss tax authorities, the exchange of Lafarge Shares for Holcim Shares within the context of the Offer is not subject to federal, cantonal and communal income taxes for Swiss resident shareholders holding their Lafarge Shares as private assets (*Privatvermögen*).

The exchange of Lafarge Shares for Holcim Shares within the context of the Offer is not subject to Swiss federal, cantonal and communal income taxes for Swiss resident shareholders holding the Shares as business assets (*Geschäftsvermögen*) or classifying as a professional securities dealer (*gewerbsmässiger Wertschriftenhändler*) provided the Holcim Shares will carry over the (tax) book value of the Lafarge Shares.

(iii) Corporate Income Tax

As confirmed by the Swiss tax authorities, the exchange of Lafarge Shares for Holcim Shares within the context of the Offer is not subject to Swiss federal, cantonal and communal income taxes for Swiss resident corporate shareholders provided the Holcim Shares will carry over the (tax) book value of the Lafarge Shares.

(iv) Swiss Withholding Tax

As confirmed by the Swiss tax authorities, the exchange of Lafarge Shares for Holcim Shares within the context of the Offer is not subject to Swiss withholding tax.

(v) Stamp Duties

As confirmed by the Swiss tax authorities, the exchange of Lafarge Shares for Holcim Shares, the contribution of the Lafarge Shares to the share capital and the reserves from capital contributions of Holcim and the issuance of the Holcim shares in the course of the capital increase within the context of the Offer are exempt from Swiss one-time issuance stamp duty (*Emissionsabgabe*) and the Swiss securities transfer stamp duty (*Umsatzabgabe*).

(vi) Tax Treatment Applicable to the Scrip Dividend

(*The following considerations are completing the Swiss Taxation considerations above with the specific tax treatment of the scrip dividend*)

(a) Swiss Withholding Tax (*Verrechnungssteuer*)

Neither the scrip dividend (which will be issued from Qualifying Reserves) nor the cash consideration for fractional Holcim Shares are subject to Swiss Withholding Tax.

(b) Foreign Final Withholding Tax (*Abgeltungssteuer*)

On 1 January 2013, treaties on final withholding taxes entered into force between Switzerland and the United Kingdom and Switzerland and Austria. Under the treaties, income and gains arising on investments held by individual UK or Austrian taxpayers, as applicable, in accounts with a Swiss paying agent (as defined in the treaties; the term includes, inter alia, Swiss banks and other Swiss financial institutions) will be subject to a foreign final withholding tax at rates specified in the treaties, inter alia, on cash consideration for fractional Holcim Shares.

(c) Swiss Federal, Cantonal and Communal Individual Income Tax and Corporate Tax

(I) Non-Resident Shareholders

Shareholders who are not resident in Switzerland for tax purposes, and who, during the relevant taxation year, have not engaged in a trade or business carried on through a permanent establishment or fixed place of business situated in Switzerland for tax purposes (see below "Domestic Commercial Shareholders"), will not be subject to any Swiss federal, cantonal and communal income tax on the scrip dividend (see article 2.21.3 "Swiss Withholding Tax" for a summary of Swiss federal withholding tax on dividends and similar distributions, and 2.21.3 "Foreign Final Withholding Tax" for a summary on final withholding taxes in respect of shares held in Swiss accounts by non-resident shareholders).

(II) Resident Private Shareholders

An individual who is resident in Switzerland for tax purposes and holds Holcim Shares as part of his or her private assets (*Privatvermögen*) will realise a tax-free capital gain on the scrip dividend respectively the cash consideration for fractional Holcim Shares.

Swiss resident individuals holding Holcim Shares as business assets or qualifying as professional securities dealer (*Wertschriftenhändler*), as well as non-resident individuals holding the shares as part of a permanent establishment or a fixed place of business in Switzerland may be subject to federal, cantonal and communal income tax with respect to the script dividend if the scrip dividend is booked as asset or income.

(III) Domestic Commercial Shareholders

Corporate entities and individuals who hold Holcim Shares as part of a trade or business in Switzerland (the "**Domestic Commercial Shareholders**"), in the case of residents abroad, carried on through a permanent establishment or a fixed place of business in Switzerland, are required to recognize the cash consideration for fractional Holcim Shares (and potentially the scrip dividend, if it is booked in either the balance sheet or the profit and loss statement of a Domestic Commercial Shareholder) in their financial statements for the respective taxation period and are taxable on any net taxable profit for such period.

This taxation treatment also applies to Swiss-resident individuals who, for income tax purposes, are classified as "professional securities dealers" for reasons of, inter alia, frequent dealing and leveraged investments in securities.

Corporate taxpayers may be eligible for participation relief (*Beteiligungsabzug*) in respect of cash consideration for fractional Holcim Shares (and potentially the scrip dividend, if it is booked in either the balance sheet or the profit and loss statement of a Domestic Commercial Shareholder) if the Holcim Shares held by them as part of a Swiss business have an aggregate market value of at least CHF 1 million.

2.21.2 French Tax Treatment of the Offer

(i) Individuals resident of France for tax purposes who are holding Lafarge Shares as part of their private estate and who do not trade on the markets on a usual basis (other than individuals holding Lafarge Shares acquired in the frame of a company or group savings plan – *plan d'épargne d'entreprise ou de groupe*)

(a) General Regime Applicable to French Resident Individuals (Other than Individuals Holding their Lafarge Shares through a Share Savings Plan (PEA) or Holding Shares Acquired Pursuant to Stock Option or Performance Share Plans)

In accordance with the provisions of article 150-0 B of the French tax code (the "**FTC**"), capital gains or capital losses realized upon the exchange of Lafarge Shares for Holcim Shares in the context of the Offer are subject to a rollover regime (*sursis d'imposition*) and are not taken into account for the assessment of the personal tax income for the year of the exchange, the exchange resulting from a public offer realized in accordance with the applicable regulation.

It follows, in particular, that:

- the exchange does not have to be reported by the taxpayer in his or her personal income tax return; and
- the capital loss, if any, realized in the exchange cannot be taken into account in respect of the year of the exchange, and cannot be set off against the capital gains, if any, realized during the year in which the exchange takes place or in the ten (10) following years.

The rollover regime expires, in particular, upon the sale, the repurchase, the redemption or the cancellation of the Holcim Shares received in exchange for the Lafarge Shares or, under certain conditions, for French resident holders of Holcim Shares who become resident in another country and who hold a substantial shareholding in Holcim (i.e. a shareholding the value of which exceeds EUR 800,000). The net capital gain realized upon the realization of one of the events mentioned above and ending the rollover regime will be calculated by reference to the taxpayer's tax basis in the Lafarge Shares tendered to the Offer and according to the rules of taxation which apply on the day of said event.

Where the holder receives a cash payment in consideration for fractional shares, the exchange is analyzed, up to the amount of the shares corresponding to the fractional rights transferred, as a sale which is immediately taxable under standard conditions.

*(b) Individuals Resident of France for Tax Purposes, Who Hold their Lafarge Shares through a Share Savings Plan (plan d'épargne en actions ("**PEA**"))*

Persons holding Lafarge Shares through a PEA can participate in the Offer.

Under current French law, Holcim Shares received in the context of the Offer will not be eligible to the PEA and will have to be registered on an ordinary securities account.

As a consequence, the exchange of Lafarge Shares held through a PEA for Holcim Shares in the context of the Offer will constitute a withdrawal from the PEA, which in principle will trigger, depending on the year during which the PEA was opened, either the termination of the PEA (if it takes place before the eighth anniversary of the opening of the plan, or after the eight anniversary of the opening of the plan if the withdrawal concerns the totality of the amounts/values held through the PEA) or the prohibition to contribute any additional amounts to the PEA (if it takes place after the eighth anniversary of the opening of the plan and concerns only part of the amounts/values held through the PEA).

By exception, such an exchange will trigger neither the termination of the PEA nor the prohibition to contribute any additional amounts to the PEA, if the shareholder, within two months following the exchange of its Lafarge Shares for Holcim Shares, makes a cash contribution to the PEA for an amount equal to the value of the Lafarge Shares exchanged in the Offer at the date of the exchange. Such compensatory contribution will not be taken into account in assessing the maximum contribution authorized in a PEA.

In any event, the exchange and the corresponding capital gain will be regarded as realized in the context of the PEA.

Individuals holding their Lafarge Shares through a PEA should contact their usual tax advisor in order to determine the tax regime applicable to their own situation.

(c) French Resident Holders of Lafarge Shares Received Following the Exercise of Lafarge Stock Options

Acquisition gain recognized upon exercise of the options

Pursuant to Article 163 bis C of the FTC (as applicable to Lafarge stock options granted before September 28, 2012), French resident beneficiaries of Lafarge stock options granted in accordance with the provisions of Article L. 225-177 to L. 225-186 of the French commercial code cannot benefit from the favorable tax and social regime applicable to the acquisition gain recognized upon exercise of their stock options, unless the Lafarge Shares received following the exercise of these Lafarge stock options are held in the nominative form and are not transferred or converted in the bearer form before the expiration of a four-year period (for options granted as from 27 April 2000) starting from the granting of such options (except, under certain conditions, in case of death, redundancy, invalidity or retirement of the holder occurring during this period).

In addition, pursuant to the third paragraph of Article 200 A 6. of the FTC (as applicable to Lafarge stock options granted before September 28, 2012), beneficiaries of such Lafarge stock options can benefit from a reduced tax rate in respect of their acquisition gain, provided that they hold their Lafarge Shares for a minimum additional two-year holding period starting on the later of the exercise of the options and the expiry of the four-year period mentioned hereinabove.

Pursuant to Article 163 bis C-I bis of the FTC and Article 200 A 6. of the FTC (as applicable to Lafarge stock options granted before September 28, 2012), the exchange of Lafarge Shares resulting from the exercise of stock options in the Offer :

- will not *per se* trigger the loss of the benefit of the aforementioned provisions, since such an operation is treated as an interim transaction and the holding obligations are rolled over to the shares received in the exchange;
- will not be a triggering event for tax and social security purposes provided that Holcim Shares are maintained in registered form;
- will not result in a breach of the four-year holding period provided for under Article 163 bis C of the FTC (as applicable to Lafarge stock options granted before September 28, 2012), it being noted that the aforementioned conditions of the first paragraph of Article 163 bis, I of the FTC will remain applicable to the Holcim Shares received in the exchange;
- will not result in breach of the two-year holding period provided for under the third paragraph of Article 200 A 6 of the FTC (as applicable to Lafarge stock options granted before September 28, 2012), it being noted that the conditions mentioned in this article remain applicable to the Holcim Shares received in the exchange.

The Offer will however not be considered as an interim transaction, and will then trigger, as the case may be, per se the loss of the benefit of the favorable tax and social regime and result in the breach of the aforementioned holding periods still applicable, in case holders of Lafarge Shares received following the exercise of Lafarge stock-options, receive a cash payment in consideration for fractional shares, and up to the number of shares corresponding to the fractional rights transferred.

The acquisition gain recognized upon exercise of the stock options will become taxable upon subsequent sale, repurchase, redemption or cancellation of the Holcim Shares received in exchange for the Lafarge Shares or upon the conversion of such shares into bearer form before the end of the four-year freeze period. The applicable tax and social security regime will depend on whether or not the conditions of Article 163 bis C of the FTC and Article 200 A 6 of the FTC (as applicable to Lafarge stock options granted before September 28, 2012) described hereinabove are satisfied at the time of such transfer.

Capital gain or loss recognized at the time of the exchange or of the subsequent disposal of the shares received in exchange

The capital gain or loss, as applicable, which may be realized upon the exchange, in the context of the Offer, of Lafarge Shares resulting from the exercise of stock options, equal to the excess (or shortfall as applicable) of

(i) the value of the Holcim Shares received in the exchange over (ii) the opening trading price of the Lafarge Shares on the exercise date of the options, will be subject to the rollover regime provided by Article 150-0 B under the conditions described in article 2.21.2(i)(a) hereof and to the specific provisions applicable to fractional shares.

Shareholders recognizing a loss upon subsequent disposal of their Holcim Shares should consult their usual tax advisor in order to determine the tax regime applicable to their own situation.

Liquidity agreement

The attention of stock option holders is drawn to the fact that French resident holders of Lafarge stock options entering into the liquidity agreement described in article 2.8.1 hereof would not benefit from any rollover regime in connection with the exchange of the Lafarge Shares resulting from the exercise of their stock options for Holcim Shares. As a result the corresponding acquisition gain and capital gain, if any, would be taxable in the year of the exchange of the Lafarge Shares for Holcim Shares, pursuant to the liquidity agreement.

(d) French resident holders of Lafarge Shares granted under performance share plans

Acquisition gain recognized upon acquisition of the performance shares

Pursuant to the first paragraph of Article 80 quaterdecies of the FTC (as applicable to Lafarge performance shares granted before September 28, 2012), French resident holders of performance shares granted pursuant to the provisions of Articles L. 225-197-1 to L. 225-197-3 of the French commercial code can benefit from the favorable tax and social regime attached thereto, provided, among other conditions, that such Lafarge performance shares are held for a minimum two-year holding period following the day they are definitively acquired.

In this respect, pursuant the second paragraph of Article 80 quaterdecies of the FTC (as applicable to Lafarge performance shares granted before September 28, 2012), the exchange of Lafarge Shares granted under performance share plans in the Offer:

- will not *per se* trigger the loss of the benefit of the aforementioned provisions, since such an operation is treated as an interim transaction and the holding obligations will be rolled over to Holcim Shares received in the exchange;
- will not be a triggering event for tax and social security purposes provided that Holcim Shares are maintained in registered form;
- will not result in a breach of the two-year holding period mentioned hereinabove, it being noted that the aforementioned conditions of Article 80 quaterdecies of the FTC remain applicable to the Holcim Shares received in the exchange.

The Offer will however not be considered as an interim transaction in case holders of Lafarge Shares granted under performance share plans receive a cash payment in consideration for fractional shares pursuant to the administrative guidelines BOI-RSA-ES-20-20-10-20-20140812, no 140, 150, 200 and 250, and up to the number of shares corresponding to the fractional rights transferred. As described in article 2.7.2 above, the holders of Lafarge performance shares still subject to a holding period will only be able to tender to the Offer 10 Lafarge Shares or multiples of 10 Lafarge Shares and will not benefit from the resale mechanism of fractional shares described in article 2.4, since any outstanding holding period will apply for its remaining duration to the Holcim Shares received in exchange pursuant to the provisions of article L. 225-197-1 of the French commercial code.

The acquisition gain recognized upon acquisition of the performance shares will become taxable upon subsequent sale, repurchase, redemption or cancellation of the Holcim Shares received in exchange for the Lafarge performance shares.

Capital gain or loss recognized at the time of the exchange or of the subsequent disposal of the shares received in exchange

The capital gain or loss, as applicable, which may be realized upon the exchange of the Lafarge performance shares in the context of the Offer, equal to the excess (or shortfall as applicable) of (i) the value of the Holcim Shares received in the exchange over (ii) the opening trading price of the Lafarge Shares on the day Lafarge performance shares have been definitively acquired, will be subject to the rollover regime provided by Article 150-0 B under the conditions described in article 2.21.2(i)(a) hereof. Shareholders recognizing a loss upon subsequent disposal of their Holcim Shares should consult their usual tax advisor in order to determine the tax regime applicable to their own situation.

(e) *French resident holders of Lafarge Shares held through the LEA plans*

French resident holders of Lafarge Shares held through the LEA Plan may tender their shares to the Offer in accordance with the terms and conditions described in article 2.7.4 of this draft offer document. The application of the social security levies will not be triggered so long as the holder does not request a withdrawal of all or part of his or her investment from the LEA Plan. The tax basis of the Lafarge Shares tendered to the Offer will be rolled over to the Holcim Shares received in exchange and, as applicable, the FCPE units or fractional units received in consideration for the reinvestment of the net proceeds of the fractional shares. The residual holding period will be rolled over as described in article 2.7.4 of this draft offer document.

(ii) Legal Entities Which Are Tax Resident in France and Subject to French Corporate Income Tax under Standard Conditions

Under the provisions of article 38-7 of the FTC, a rollover regime is applicable to any profit or loss realized in the context of public exchange offers. As a consequence, in accordance with the provisions of article 38-7 of the FTC, the profit or the loss resulting from the exchange of Lafarge Shares for Holcim Shares realized in the context of the Offer is to be included in the taxable income of the fiscal year during which the Holcim Shares received in exchange for the Lafarge Shares are disposed of.

The application of the provisions of article 38-7 of the FTC is mandatory.

The profit or the loss resulting from the subsequent sale of the Holcim Shares received in exchange for the Lafarge Shares will be determined by reference to the tax basis the holder had in the Lafarge Shares it tendered to the Offer. For the application, as the case may be, of the long term capital gains regime, the holding period of the Holcim Shares will be computed as from the acquisition date of the Lafarge Shares tendered to the Offer.

According to the provisions of article 54 *septies* of the FTC, specific declarative obligations are to be complied with by the legal entities benefiting from the rollover regime set out by article 38-7 of the FTC.

Where the holder receives a cash payment in consideration for fractional shares, the exchange is analyzed, up to the amount of the shares corresponding to the fractional rights transferred, as a sale which is immediately taxable under standard conditions, with application of the long term capital gains regime as the case may be.

(iii) Non-Residents for French Tax Purposes

Subject to applicable provisions of international tax treaties, the capital gains derived from the transfer of Lafarge Shares in the context of the Offer by persons (i) who are not fiscal residents of France as defined by article 4B of the FTC or whose registered office is situated outside of France, (ii) who do not hold their Lafarge Shares in connection with a French fixed base or permanent establishment, and (iii) who have not, at any moment during the course of the five years preceding the transfer, held, directly or indirectly, alone or with members of their family, an interest representing more than 25% in the rights to the Company’s profits, are, in principle, not subject to French taxes (articles 244 bis B and C of the FTC), except if the capital gains are recognized by persons or organizations residing, established or constituted outside of France and in a non-cooperative state or territory ("NCST") within the meaning of Article 238-0 A of the FTC. In the latter case, regardless of the magnitude of the interest held in the rights to the Company’s profits, capital gains are taxed at a 75% flat rate. The list of non-cooperative States or territories is published by ministerial decree and updated yearly.

Persons who do not fulfil the condition of exemption should consult their usual tax advisor.

Holders of Lafarge Shares who are not French tax residents should contact their usual tax advisor to get informed about the tax regime that applies to their own situation, and non-French resident holders of Lafarge stock options and performance shares should also contact their usual tax advisor in order to determine the tax regime applicable to their own situation, both in France and in their country of residence.

(iv) Other Shareholders

Holders of Lafarge Shares who are subject to a tax regime other than one of those described above and who are participating in the Offer, in particular taxpayers who are not holding their Lafarge Shares as part of their private estate or who trade on the markets on a usual basis, should contact their usual tax advisor to get informed about the tax regime that applies to their own situation.

(v) Grant of free shares by way of incorporation of reserves

The grant of free LafargeHolcim shares to LafargeHolcim shareholders in the context of the share capital increase by way of incorporation of free reserves which is to take place after closing of the re-opened Offer, as approved by Holcim shareholder's meeting on 8 May 2015 (the "**Share Capital Increase by Way of Incorporation of Free Reserves**"), should not trigger any withholding tax in Switzerland.

<u>French Resident Individuals Holding their LafargeHolcim Shares as Part of their Private Estate and Who Do Not Trade on the Markets on a Usual Basis</u>

Pursuant to article 121 of the FTC, the grant of free LafargeHolcim shares to holders of LafargeHolcim shares in the context of the Share Capital Increase by Way of Incorporation of Free Reserves should neither constitute a taxable event for income tax purposes for holders of LafargeHolcim shares who are French resident individuals holding their LafargeHolcim shares as part of their private estate and who do not trade on the markets on a usual basis, nor give rise, consequently, to any levy or withholding tax in France.

However, the cash payment for fractional shares should be considered as a taxable capital gain as from the first euro in the conditions described under section 2.21.3 (ii)(a) (with no rebate for holding period).

For the purpose of the calculation of the capital gains realised upon the sale of the LafargeHolcim shares, the LafargeHolcim shares granted for free in the context of the Share Capital Increase by Way of Incorporation of Free Reserves will have a tax basis of zero.

Holders of Lafarge Shares willing to tender their Lafarge Shares to the Offer and holders of Holcim shares should contact their tax advisor to get informed about the tax regime applicable to their own situation.

Other Shareholders

Other holders of Lafarge Shares willing to tender their Lafarge Shares to the Offer and other holders of Holcim shares, in particular French resident legal entities subject to corporate income tax under standard conditions, should contact their tax advisor to get informed about the tax regime applicable to their own situation in their country of residence.

2.21.3 Tax Treatment Applicable to the Holcim Shares Received in Exchange for Lafarge Shares in the Offer

(i) Swiss Taxation

(a) *Swiss Withholding Tax* (*Verrechnungssteuer*)

For purposes of this discussion, the term "Qualifying Reserves" means the "reserves from capital contributions," as part of the general (legal) reserves, of the Swiss statutory financial statements of the company which is accumulated by certain qualifying contributions received from shareholders and which is notified to and recognized by the Swiss Federal Tax Administration.

Dividends and similar distributions out of Qualifying Reserves and repayments of the nominal share capital will not be subject to Swiss withholding tax. Under the applicable capital contribution principle, the repayment of all qualifying capital contributions made by the investors will be exempt from Swiss withholding tax provided that such capital contributions have been made after December 31, 1996 and notified to and approved by the Swiss Federal Tax Administration. In this regard, the Swiss Federal Tax Administration issued a specific circular on how the capital contribution principle should be applied (circular by the Swiss Federal Tax Administration No. 29 of December 9 2010, capital contribution principle; *Kreisschreiben der Eidgenössischen Steuerverwaltung Nr. 29 vom 9. Dezember 2010, Kapitaleinlageprinzip*). It is at the discretion of the Holcim shareholders to decide (at a general meeting) whether to distribute a dividend out of Qualifying Reserves free of Swiss withholding tax and/or out of profit/retained earnings/non-qualifying reserves subject to Swiss withholding tax. Once cumulative distributions exceed the Qualifying Reserves, any distributions paid by LafargeHolcim will be subject to Swiss withholding tax. To the extent that additional shares are issued by LafargeHolcim in the future, the value of the distributions which can be made free of Swiss withholding tax will be increased by an amount corresponding to the total nominal share capital and paid-in capital/share premium of the shares issued. The share premium created as a result of the issuance of consideration shares is expected to qualify as Qualifying Reserves.

Any dividends and similar cash or in-kind distributions of profit and reserves other than Qualifying Reserves made by Holcim, including stock dividends and the distribution of any liquidation proceeds in excess of nominal share capital and Qualifying Reserves, will be subject to Swiss withholding tax imposed on the gross amount at the then-prevailing rate (currently 35%).

For distributions subject to Swiss withholding tax, Holcim may only pay out 65% of the gross amount of any dividend and similar distributions to the holders of Holcim Shares. A portion equal to 35% of the gross amount of such dividends and similar distributions must be paid to the Swiss Federal Tax Administration.

The redemption of Holcim Shares by Holcim may under certain circumstances (in particular, if the Holcim Shares are redeemed for subsequent cancellation) be taxed as a partial liquidation for Swiss withholding tax purposes, with the effect that Swiss withholding taxes at the then-prevailing rate (currently 35%) is due on the difference between the redemption price and nominal value plus proportionate Qualifying Reserves of the redeemed Holcim Shares.

Swiss resident beneficiaries of taxable dividends and similar distributions in respect of Holcim Shares are entitled to full subsequent relief of the Swiss withholding tax, either through a tax refund or tax credit against their income tax liability, if they duly report the underlying income in their tax returns or financial statements used for tax purposes, as the case may be, and if there is no tax avoidance.

(b) A non-resident shareholder may be entitled to a partial refund of the Swiss federal withholding tax on a dividend and similar distributions if the country of his or her residence for tax purposes has entered into a bilateral treaty with respect to taxes on income with Switzerland and the conditions of such treaty are met. Such shareholders should be aware that the procedures for claiming treaty benefits (and the time required for obtaining a refund) might differ from country to country. For example, a shareholder who is a resident of France for the purposes of the tax treaty entered into between France and Switzerland and dated 6 September, 1966, as amended by the protocols of 3 December 1969, 22 July 1997, 27 August 2009, and 25 June 2014 (the "**Treaty**") is eligible for a partial refund of the amount of the withholding tax in excess of the 15% treaty rate, provided that such shareholder: (i) qualifies for benefits under this treaty and qualifies as the beneficial owner of the dividends or similar distributions and (ii) does not conduct business through a permanent establishment or fixed base in Switzerland to which the shares are attributable. Such an eligible French shareholder may apply for a refund of the amount of the withholding tax in excess of the 15% treaty rate. The applicable refund request form may be filed with the Swiss Federal Tax Administration following receipt of the dividend (or similar distribution) and the relevant deduction certificate, however no later than 31 December of the third year following the calendar year in which the dividend (or the similar distribution) was payable. An eligible French shareholder that holds, directly or indirectly, more than 10% of the capital in the company may benefit from a zero tax rate on dividends or similar distributions under Article 11.2(b)(i) of the Treaty, and subject to the limitations set forth under Article 11.2(b)(ii) and 11.2(b)(iii) of the Treaty. However, the Swiss Withholding Tax at a rate of currently 35% has to be withheld, unless the distributing Swiss company applies for the notification procedure before the dividend becomes due. The application for the notification procedure and the declaration of the dividend (or similar) distribution must be made by use of the applicable forms. A deadline of 30 days after the dividend payment is due has to be respected.

Shareholders should contact their usual tax advisor in order to determine the tax regime and formalities applicable to their own situation.

(c) Foreign Final Withholding Tax (*Abgeltungssteuer*)

On 1 January 2013, treaties on tax cooperation which Switzerland entered into with the United Kingdom and with Austria came into force (each of the United Kingdom and Austria being, for the purpose of this paragraph, a "Contracting State"). The treaties require a Swiss paying agent, as defined in the treaties, to levy a flat-rate "final withholding tax" at rates specified in the treaties on certain capital gains and income items (including dividends), all as defined in the treaties, deriving from certain assets (which would include the Shares) booked or deposited with a Swiss paying agent by (i) an individual resident in a Contracting State, or (ii) if certain requirements are met, by a domiciliary company (*Sitzgesellschaft*), an insurance company in a so-called insurance wrapper (*Lebensversicherungsmantel*) or any other individual with an account or deposit with a Swiss paying agent, if the beneficial owner of the relevant asset is an individual resident in a Contracting State. Under the treaty with the UK, the tax rate for individuals resident and domiciled in the UK is 35% on dividends and 27% on capital gains, and, under the treaty with Austria, 25% on dividends and capital gains. The flat-rate tax withheld replaces the ordinary capital gains tax and income tax on the relevant capital gains and income items in the Contracting State where the individuals are tax resident, unless an affected individual elects for the flat-rate tax withheld to be treated as if it were a credit allowable against the income tax or, as the case may be, capital gains tax, due from that individual for the relevant tax year in the relevant Contracting State. Alternatively, instead of paying the flat-rate tax, such individuals may opt for a disclosure of the relevant capital gains and income items to the tax authorities of the Contracting State where they are tax residents.

If Swiss federal withholding tax of 35% has been withheld on dividends or similar distributions made in respect of Holcim Shares, the Swiss paying agent will – to the extent provided in the applicable bilateral treaty with respect to taxes on income between Switzerland and the Contracting State – in its own name and on behalf of the relevant shareholder file with the Swiss tax authorities a request for the partial refund of the Swiss federal withholding tax. The Swiss federal withholding tax which is not refundable according to the bilateral tax treaty (residual tax) is credited against the flat-rate final withholding tax.

(d) Swiss Federal, Cantonal and Communal Individual Income Tax and Corporate Tax

(I) Non-Resident Shareholders

Shareholders who are not resident in Switzerland for tax purposes, and who, during the relevant taxation year, have not engaged in a trade or business carried on through a permanent establishment or fixed place of business situated in Switzerland for tax purposes, will not be subject to any Swiss federal, cantonal and communal income tax on dividends and similar distributions on Shares (including dividends on liquidation proceeds and stock dividends), distributions based upon a capital reduction (*Nennwertrückzahlungen*) and Qualifying reserves on shares, or capital gains realized on the sale or other disposition of shares (see article "Swiss Withholding Tax" for a summary of Swiss federal withholding tax on dividends and similar distributions, and "Foreign final withholding tax" for a summary on final withholding taxes in respect of shares held in Swiss accounts by non-resident shareholders).

(II) Resident Private Shareholders

An individual who is resident in Switzerland for tax purposes and holds Holcim Shares as part of his or her private assets (*Privatvermögen*) and who receives dividends and similar distributions (including stock dividends and liquidation proceeds in excess of nominal share capital and Qualifying Reserves) from Holcim must include these distributions in his or her personal tax return and will be subject to federal, cantonal and communal income tax on any net taxable income for the relevant tax period. However, dividends and similar distributions out of Qualifying Reserves and repayments of the nominal share capital will not be subject to federal, cantonal and communal income tax.

Swiss resident individuals holding Holcim Shares as business assets or qualifying as professional securities dealer (*Wertschriftenhändler*), as well as non-resident individuals holding the shares as part of a permanent establishment or a fixed place of business in Switzerland are required to include all taxable distributions received on Holcim Shares in their income statements and will be subject to federal, cantonal and communal income tax on any net taxable income for the relevant tax period.

(III) Resident Corporations

Non-resident corporations holding Holcim Shares as part of a Swiss permanent establishment or legal entities resident in Switzerland are required to include all taxable distributions received on Holcim Shares in their profit and loss statement relevant for profit tax purposes and will be subject to federal, cantonal and communal corporate income tax on any net taxable earnings for such period. A Swiss corporation or cooperative, or a non-Swiss corporation or co-operative holding Holcim Shares as part of a Swiss permanent establishment, may, under certain circumstances, benefit from taxation relief with respect to distributions (*Beteiligungsabzug*), provided such Holcim Shares represent at the time of the distribution at least 10% of the share capital or 10% of the profit and reserves, respectively, or a fair market value of at least 1 million Swiss francs.

(e) Swiss cantonal and communal private wealth tax and capital tax

(I) Non-Resident Shareholders

Non-resident shareholders are not subject to Swiss cantonal and communal private wealth tax or capital tax.

(II) Resident Private Shareholders

An individual who is a non-Swiss resident holding Holcim Shares as part of a Swiss permanent establishment or fixed place of business situated in Switzerland, or who is a Swiss resident for tax purposes is required to include his or her Holcim Shares in his or her assets which are subject to cantonal and communal private wealth tax. No private wealth tax is levied at the federal level.

(III) Resident Corporations

Corporations resident in Switzerland or non-resident corporations with a Swiss permanent establishment are subject to cantonal and communal capital tax. The cantonal and communal capital tax is levied on the basis of the taxable equity of the legal entities. Usually, the acquisition of Holcim Shares should not influence the equity of a legal entity and should therefore have no or only limited influence on its capital tax charge. No capital tax is levied at the federal level.

(f) Taxes on capital gains upon disposal of Holcim Shares

(I) Non-Resident Shareholders

Shareholders who are not resident in Switzerland for tax purposes, and who, during the relevant taxation year, have not engaged in a trade or business carried on through a permanent establishment or fixed place of business situated in Switzerland for tax purposes, will not be subject to any Swiss federal, cantonal and communal income tax or capital gains realized on the sale or other disposition of shares.

(II) Resident Private Shareholders

Individuals who are resident in Switzerland for tax purposes and hold Holcim Shares as part of their private assets (*Privatvermögen*) generally are exempt from Swiss federal, cantonal and communal taxes with respect to capital gains realized upon the sale or other disposal of Holcim Shares, unless such individuals are qualified as professional securities dealer (*Wertschriftenhändler*) for income tax purposes. Under certain circumstances, share sale proceeds of a private individual may be recharacterized into taxable investment income. Upon a repurchase of Holcim Shares by LafargeHolcim, the portion of the repurchase price in excess of the nominal amount and Qualifying Reserves may be classified as taxable investment income if the Holcim Shares repurchased are not sold within a six-year period or if the Holcim Shares are repurchased for a capital reduction.

Capital gains realized by an individual on Holcim Shares that are held as part of his or her business assets are subject to income taxation and social security contributions. Capital gains realized by individuals who, for income tax purposes, are classified as professional securities dealers are subject to income taxation and social security contributions.

(III) Resident Corporations

Capital gains upon the sale or other disposal of Holcim Shares realized by corporations resident in Switzerland for tax purposes or foreign corporations holding Holcim Shares as part of a Swiss permanent establishment are generally subject to ordinary profit taxation. A Swiss corporation or co-operative, or non-Swiss corporation or co-operative holding Holcim Shares as part of a Swiss permanent establishment, may, under certain circumstances, benefit from taxation relief on capital gains realized upon the disposal of Holcim Shares (*Beteiligungsabzug*), provided such Holcim Shares were held for at least one year and the shareholder disposes of at least 10% of the share capital or 10% of the profit and reserves, respectively. Subsequent sales can be less than 10% of the nominal share capital in order to qualify for the participation relief, provided the fair market value of the Holcim Shares held as per the previous financial year end prior to this sale amounts to at least 1 million Swiss francs.

(g) Gift and Inheritance Taxes

The transfer of Holcim Shares may be subject to cantonal and/or communal gift, estate or inheritance taxes if the donor is, or the deceased was, resident for tax purposes in a canton levying such taxes.

(h) Stamp Tax upon the Transfer of Holcim Shares

The transfer of any Holcim Shares may be subject to Swiss securities transfer duty (*Umsatzabgabe*) at a current rate of up to 0.15% if such transfer occurs through or with a Swiss or Liechtenstein bank or securities dealer as defined in the Swiss federal stamp tax act.

(ii) French Taxation

(a) Individuals Residents of France for Tax Purposes who are Holding Holcim Shares as Part of their Private Estate and Who Do Not Trade on the Markets on a Usual Basis

As noted hereinabove in article 2.21(i)(b), Holcim Shares will not be eligible to the PEA.

Dividends

Personal income tax and additional contributions

The dividends paid by Holcim to holders who are fiscally domiciled in France are subject to personal income tax in France under the conditions described below.

The gross amount of the dividends is taken into account to calculate the taxpayer's total income in the category of tax on income from investment in securities, subject to personal income tax at the progressive scale, after deduction of an allowance equal to 40% of the amount of the dividends.

Under Article 25-A, 1 of the of the Treaty, the withholding tax levied in Switzerland on such dividends, if any, will not be deductible from the French taxable income of holders of Holcim Shares. However, holders of Holcim Shares may claim a tax credit in respect of such withholding tax, if any, in accordance with article 25-A, 1(b) of the Treaty. The amount of this tax credit shall correspond to the amount of Swiss withholding tax levied on these dividends at the reduced Treaty rate, capped at the amount of French personal income tax assessed on the dividends. No credit will be available for the portion of the withholding tax exceeding the 15% Treaty rate.

The gross amount of the dividends received will also be included (before application of the 40% rebate) in the taxpayer's reference income (*revenu de référence*), which may be subject to the 3% or 4% contribution on high-income taxpayers.

21% levy

It should be noted that, subject to limited exceptions, under Article 117 quater of the FTC, a 21% levy must be paid on dividends, such levy being an advance personal income tax payment which can be set off against the personal income tax charge due in respect of the year in which the 21% levy applies, the surplus, if any, being refunded to the taxpayer. This levy is paid (i) by withholding at source where the paying agent is established in a European Union member State or in a State that is a party to the European Economic Area Agreement that has signed a tax agreement with France that contains an administrative assistance clause with a view to combating tax fraud or tax evasion, provided, in the latter case, that the taxpayer instructs the paying agent in this respect, or, otherwise, (ii) by the taxpayer himself or herself.

However, individuals belonging to a tax household whose taxable income for the year before last, as defined in 1° of IV of Article 1417 of the FTC, is less than EUR50,000 for taxpayers who are single, divorced or widowed, or EUR75,000 for couples filing jointly, may request exemption from this withholding under the terms and conditions of Article 242-quater of the FTC, i.e. by providing to the paying agent no later than November 30 of the year preceding the year of the payment of the dividends a sworn statement that the reference fiscal income shown on the taxation notice (*avis d'imposition*) issued in respect of the second year preceding the year of payment was below the above-mentioned taxable income thresholds. However, taxpayers who acquire shares after the deadline for providing the aforementioned exemption request can, subject to certain conditions, provide such exemption request to the paying agent upon acquisition of such shares pursuant to paragraph 320 of the administrative guidelines BOI-RPPM-RCM-30-20-10-20140211.

When the paying agent is established outside France, only individuals belonging to a tax household whose taxable income of the year before last, as defined in 1° of IV of Article 1417 is equal or superior to the amounts mentioned in the previous paragraph are subject to this tax.

In addition, dividends paid by Holcim will be subject to social contributions at the aggregate rate of 15.5%, which is made up of:

- the *contribution sociale généralisée* (CSG) at the rate of 8.2%, of which a portion representing 5.1% of the dividends is deductible from the taxable income for the year of payment of the CSG;
- the social levy at the rate of 4.5%, not deductible from the personal income tax basis;

– the additional contribution to the social levy at the rate of 0.3%, not deductible from the personal income tax basis;

– the solidarity levy at the rate of 2%, not deductible from the personal income tax basis; and

– the *contribution pour le remboursement de la dette sociale* (CRDS) at the rate of 0.5%, not deductible from the personal income tax basis.

These social contributions are levied in the same way as the 21% non-discharging withholding tax described above.

Relevant shareholders should contact their usual tax advisor to determine the method by which this withholding tax will be credited against the amount of their income tax.

In addition, regardless of the place of residence of the shareholder, and subject to applicable tax treaties if any, under Article 119 bis 2 of the FTC, if dividends are paid outside France in an NCST, withholding tax is levied at a rate of 75%. The list of NCSTs is published by decree and is updated annually.

Capital gains

Net capital gains realized upon the sale of Holcim Shares during a given year will be subject to personal income tax at the progressive scale (and will also be included, without deduction, in the taxpayer's reference income (*revenu de référence*), which may be subject to the 3% or 4% contribution on high-income taxpayers), after application, as the case may be, of a rebate the amount of which depends on the period during which the taxpayer has held such shares, as provided by article 150-0 D of the FTC, it being provided that such rebate does not apply for the purposes of the calculation of the reference income and the basis of the contribution on high-income taxpayers.

Such rebate currently amounts to (i) 50% of the net capital gains when the shares sold have been held for at least two (2) years and for less than eight (8) years as at the date of the sale, or (ii) 65% of the net capital gains when the shares sold have been held for at least eight (8) years as at the date of the sale. No rebate is applicable where the sale is realized during the first two (2) years of holding of the shares. For the purposes of the determination of the rebate applicable, as the case may be, to holders of Lafarge Shares (other than individuals holding their Lafarge Shares through a share savings plan (PEA)) who have tendered their Lafarge Shares to the Offer, the holding period is computed as from the acquisition date of the Lafarge shares tendered to the Offer in exchange for Holcim shares.

In addition, and with no rebate applicable, capital gains arising on the sale of Holcim Shares will also be subject to:

– the CSG at the rate of 8.2%, of which a portion representing 5.1% of the gain is tax deductible;

– the social levy at the rate of 4.5%, not deductible from the personal income tax basis;

– the additional contribution to the social levy at the rate of 0.3%, not deductible from the personal income tax basis;

– the solidarity levy at the rate of 2%, not deductible from the personal income tax basis; and

– the CRDS at the rate of 0.5%, not deductible from the personal income tax basis.

Capital losses realized in respect of the sale of Holcim Shares during a given year can be set off against capital gains of the same nature realized during the same year or during the ten (10) following years, subject to the application of the rebates provided by article 150-0 D of the FTC to such capital losses, as far as personal income tax is concerned. Shareholders recognizing capital losses should contact their usual tax advisor to determine the rules applicable to the use of such capital losses.

(b) *Wealth Tax* (*Impôt de Solidarité sur la Fortune – ISF*)

The Holcim Shares held by individuals fiscally domiciled in France will be included, if applicable, in their taxable assets subject to French wealth tax.

(c) Inheritance and Gift Taxes

Subject to double tax treaties, Holcim Shares acquired from individuals fiscally domiciled in France by way of inheritance or gift will generally be subject to inheritance or gift taxes in France.

Subject to double tax treaties, Holcim Shares acquired by individuals fiscally domiciled in France by way of inheritance or gift will generally be subject to inheritance or gift taxes in France, where the beneficiary has been fiscally resident in France for at least six years during the ten-year period preceding that in which the inheritance or the gift occurs.

Subject to double tax treaties, double taxation will be avoided by setting off against the French tax liability any inheritance or gift tax paid abroad in respect of Holcim Shares (article 784 A of the FTC).

(d) Legal Entities Subject to Corporate Income Tax under Standard Conditions

Dividends

The dividends paid by Holcim to holders who are legal entities subject to corporate income tax in France are subject to corporate income tax in France under the conditions described below.

The gross amount of the dividends received is included in the taxable income of such holders subject to corporate income tax at the standard rate of 33 1/3%, increased by (i) the social contribution of 3.3% (Article 235 ter ZC of the FTC), which is based on the amount of corporate tax reduced by a discount that cannot exceed EUR763,000 per twelve-month period and (ii) for companies with revenues above EUR250,000,000, an exceptional contribution of 10.7% (Article 235 ter ZAA of the FTC) based on the corporate tax as determined before the attribution of reductions, tax credits and tax receivables of any nature. Lower rates apply under certain conditions to small companies.

Under Article 25-A, 1 of the Treaty, the withholding tax levied in Switzerland on such dividends, if any, will not be deductible from the French taxable income of holders of Holcim Shares. However, such holders may claim a tax credit in respect of such withholding tax, if any, in accordance with article 25-A, 1(b) of the Treaty. The amount of this tax credit shall correspond to the amount of Swiss withholding tax levied on these dividends at the reduced Treaty rate, capped at the amount of French corporate income tax assessed on the dividends. No credit will be available for the portion of the withholding tax exceeding the 15% Treaty rate.

However, in accordance with the provisions of articles 145 and 216 of the FTC, legal entities which hold at least 5% of the share capital in Holcim, may benefit, under certain conditions and upon election, from the parent-subsidiary regime. According to such regime, dividends received by a parent company are not subject to corporate income tax, save for an amount representing 5% of the net dividends received (including the tax credit, if any) which remains taxable. No tax credit in respect of the Swiss withholding tax will be available for dividends eligible to the parent subsidiary regime.

In addition, regardless of the place of residence or the registered office of the shareholder, and subject to applicable tax treaties if any, under Article 119 bis 2 of the FTC, if dividends are paid outside France in an NCST, withholding tax is levied at a rate of 75%. The list of NCSTs is published by decree and is updated annually.

Capital gains

Net capital gains and net capital losses realized upon the sale of Holcim Shares are in principle included in the taxable income subject to corporate income tax at the standard rate of 33 1/3%, increased, as the case may be, by the 3.3% social tax, and by the exceptional contribution at the current rate of 10.7%, under the conditions described hereinabove.

Notwithstanding the above, the capital gain realized upon the sale of Holcim Shares may however be exempt from taxation (specific long term capital gains regime) under the provisions of article 219 I-a *quinquies* of the FTC if the shares being sold qualify as equity investment (*titres de participation*) within the meaning of 219-I a *quinquies* of the FTC, held for at least two (2) years. A share of expenses and charges representing 12% of the gross amount of capital gain, must however, be included in the taxable income of the legal entity selling the Holcim Shares, which is subject to the standard rate of corporate income tax, and applicable surtaxes, as described hereinabove.

Equity investment within the meaning of article 219-I a *quinquies* of the FTC includes shares which qualify and are booked as such for accounting purposes, as well as, under certain conditions, shares acquired by the initiator of a public tender offer or a public exchange offer, and securities eligible for the parent-subsidiary regime referred to in articles 145 and 216 of the FTC, with the exception of securities issued by real estate companies.

Long-term capital losses on the transfer of Holcim Shares cannot be offset against long-term capital gains and cannot be carried forward.

(iii) Other situations

Holders of Holcim Shares who are subject to a tax regime other than one of those described above should contact their usual tax advisor to get informed about the tax regime applicable to their own situation.

3 Assessment of the Price of the Offer

The Offer initiated by Holcim relates to Lafarge Shares in the context of a merger of equals to create the most advanced group in the building materials industry. Following the decision of the Holcim Board of Directors not to pursue the execution of the Combination Agreement concluded on 7 July 2014 under the terms approved by the boards of directors of Holcim and Lafarge respectively and based on the negotiation and exclusivity agreement announced on 7 April 2014 (the "**Negotiation and Exclusivity Agreement**"), the principles of the merger have been revised through an amendment to the combination agreement dated as of 20 March 2015 (the "**Amendment to the Combination Agreement**"). The principle of the merger of equals implies notably a balanced governance and leadership: a board of directors composed with 7 members from Holcim and 7 members from Lafarge, with Wolfgang Reitzle and Bruno Lafont as non-executive co-chairmen of the board, a management equally comprised of members from Holcim and Lafarge. On 9 April 2015, Lafarge and Holcim announced the appointment of Eric Olsen as future chief executive officer of LafargeHolcim. Furthermore, this agreement sets the principle of a dual listing on the SIX and on Euronext Paris, but also the principles of a balanced allocation of the corporate functions across Zurich (headquarter of the new entity) and Paris.

The Exchange Ratio proposed by the Offeror is nine Holcim Shares (ex-dividend 2014) for ten Lafarge Shares (ex-dividend 2014), with, subject to shareholder approval, a post-closing scrip dividend of 1 new LafargeHolcim share for each 20 existing LafargeHolcim shares.

The elements provided to appraise the Exchange Ratio have been prepared by Société Générale and UBS Securities, the presenting banks of the Offer on behalf of the Offeror. The analysis has been established on the basis of a multi-criteria analysis according to the commonly used valuation methodologies, taking into account the specificities of Holcim and Lafarge, their size and their activity. As a result, this section does not aim at providing an intrinsic valuation of Lafarge, but solely to assess the Exchange Ratio as regards to the multi-criteria analysis.

The analysis presented below has been produced based on the financial information published by the two companies or available through public databases. This information has not been subject to any independent verification by the presenting banks. 2014 financial statements disclosed by Holcim and Lafarge as of 18 and 23 February 2015 respectively have been used. Q1 2015 results published on 30 April 2015 both by Holcim and Lafarge have not been retained as the elements provided to appraise the Exchange Ratio have been presented as of 19 March 2015, the day prior to the publication of a joint press release relating to the Amendment to the Combination Agreement.

On 15 January 2015, the Swiss National Bank (the "**SNB**") decided to end its policy to set the Euro exchange rate with the Swiss Franc at or above 1.20, introduced in September 2011. As a consequence, the Swiss Franc appreciated immediately after the announcement before stabilising. As of 19 March 2015, the day prior to the publication of a joint press release relating to the Amendment to the Combination Agreement, the exchange rate was 1.054 Swiss Franc for 1 Euro. Assessment criteria are based on the foreign exchange rate as of 19 March 2015, excluding for historical elements published before the date of abandonment of the floor of the Swiss Franc against the Euro by the

SNB which are adjusted to take into account the appreciation of the Swiss Franc against the Euro.

As of 2 February 2015, as part of their proposed combination, Holcim and Lafarge announced that they entered into exclusive negotiations further to a binding commitment made by CRH regarding the sale of certain Holcim and Lafarge assets with operations mainly in Europe, Canada, Brazil and the Philippines. All together, the assets being disposed generated estimated 2014 sales of EUR 5.2 billion, with an estimated 2014 operating EBITDA of EUR 744 million. On 19 March 2015, 99.99% of the CRH shareholders who voted at the EGM were in favour of the acquisition of these assets.

These divestments are subject to the completion of the proposed combination, including the approval by Holcim's shareholders and the success of the Offer in the second and third quarters of 2015. The perimeter and financials selected for the elements provided to appraise the Exchange Ratio have not been specifically adjusted for these disposals.

3.1 Financials / preliminary data

3.1.1 Financials

Medium term business plans over 2015-2017 were communicated to the presenting banks on 4 April 2015. These business plans were prepared independently and separately by the respective management teams of Holcim and Lafarge, at two different dates (in December 2014 for the business plan of Holcim and in February 2015 for the business plan of Lafarge). Some of the assumptions (both macro-economic and company specific) underpinning these business plans would need to be adjusted in the frame of the assessment of the Exchange Ratio as of the reference date given the significant variations observed over this period. Holcim’s business plan (defined in Swiss franc) is based on forex assumptions prior the SNB decision as of 15 January 2015 to abandon the exchange rate target of 1.20 Swiss franc for 1 Euro and would therefore need to be adjusted to take into account the substantial evolution observed on the exchange rates between the Swiss franc and the other currencies, following this decision. In addition, this business plan has been defined prior the release of the 2014 full year financial results. An adjustment to take into account the actual performance could therefore also be contemplated. Regarding Lafarge’s business plan, the restructuring costs whose amount has not been communicated by the company, represent an identified source of adjustment on the operational aggregates of the group. Given the difficulty for the presenting banks to assess such adjustments, it has been decided for both groups to use the 2014 audited consolidated financial statements as well as the consensus of equity research analysts.

As a result, 2014 financial statements disclosed by Holcim and Lafarge as of 18 and 23 February 2015 respectively have been used. Consensus selected for the 2015-2017 period are based on FactSet Research’s consensus including forecasts from analysts who published reports after the last publication of Holcim and Lafarge results. As a matter of fact, the consensus selected for Holcim only includes analysts taking into account the abandonment of the floor of the Swiss Franc against the Euro by the SNB (on 15 January 2015).

In addition, for consistency purposes between Holcim and Lafarge, Lafarge's restructuring costs – considered as recurring items by the analysts, therefore forecasted as such, but not included in EBITDA and EBIT calculations in Lafarge statements – have been restated within Lafarge EBITDA and EBIT in the analysis presented thereafter. For a given year, the amount of the restructuring costs corresponds to the average of the forecasts based on a selection of research analysts explicitly forecasting these costs.

Finally, the analysis has been based on the standalone perimeter for both companies, i.e. before the impact of the combination. In this respect, the impact of the subsequent disposals or the potential synergies related to the merger has not been taken into account. In addition, these potential synergies would result from the combination of both businesses with no possible allocation ex-ante between each group and they would only materialize post-closing and only if the transaction is successful.

- Consensus used for Holcim

Holcim - in CHFm as of 31-Dec	Sales			EBITDA		
	15E	16E	17E	15E	16E	17E
Metrics	19,277	20,646	21,895	3,958	4,437	4,865
Growth/Margin		*7.1%*	*6.0%*	*20.5%*	*21.5%*	*22.2%*
Exchange rate CHF to EUR	*0.949*	*0.949*	*0.949*	*0.949*	*0.949*	*0.949*

Holcim - in EURm as of 31-Dec	Sales			EBITDA		
	15E	16E	17E	15E	16E	17E
Metrics	18,286	19,585	20,770	3,755	4,209	4,615
Growth/Margin		*7.1%*	*6.0%*	*20.5%*	*21.5%*	*22.2%*

Source: Company, Factset as of 19 March 2015
Note: Swiss Franc to Euro exchange rate of 0.949 as of 19 March 2015 (source : Datastream)

- Consensus used for Lafarge

Lafarge - in EURm as of 31-Dec	Sales			EBITDA		
	15E	16E	17E	15E	16E	17E
Metrics	13,849	14,764	15,734	2,890	3,251	3,557
Growth/Margin		*6.6%*	*6.6%*	*20.9%*	*22.0%*	*22.6%*

Source: Company, Factset as of 19 March 2015
Note: FactSet consensus for EBITDA before restructuring costs is €3,025m in 2015E, €3,368m in 2016E and €3,674m in 2017E

3.1.2 Enterprise value to equity value bridge

Adjustments from enterprise value to equity value retained as of 19 March 2015 are based on the publicly available financial statements as of 31 December 2014.

In addition to gross financial debt (retained at market value) adjusted for cash and cash equivalents (net financial debt), items for the bridge from enterprise value to equity value include the following other non-operating balance sheet items: minority interests (retained at market value for listed entities), post-tax pension provisions (the statutory tax rate has been retained for this adjustment), associates (retained at market value for listed entities) and other financial assets and specific provisions (mainly site restoration and other environmental provisions).

Before calculating the ratio between a given price per share translated into Euro for Holcim and a given price per share – by definition – in Euro for Lafarge, the reported net financial debt of Holcim should be adjusted for the evolution of the exchange rate between the reporting date and the calculation date. This adjustment was made using the net financial debt sensitivity analysis related to foreign exchange rate provided in Holcim Annual Report (page 148 of Holcim's 2014 Annual Report).

Such adjustment is particularly noticeable for Holcim given the significant evolution of the CHF exchange rate with other currencies (especially euro following the change of the Swiss National Bank policy in January 2015). Based on the closing of exchange rate as of 19 March 2015; the retained retreatment corresponds to a negative CHF297m adjustment to the net financial debt reported by Holcim.

The payment of a dividend in respect of financial year 2014 was not included in the following calculations for Holcim and Lafarge.

- Holcim

	CHFm	*Exchange rate CHF to EUR*	EURm
Adjusted net financial debt as of 31 December 2014:	10,330	*0.949*	9,799
Minority interests:	7,184	*0.949*	6,814
Post-tax pension provisions:	598	*0.949*	567
Associates and other financial assets:	(3,377)	*0.949*	(3,204)
Other adjustments (provisions):	742	*0.949*	704
Adjusted Net Debt / (Cash) of:	**15,477**	***0.949***	**14,681**

Note: Swiss Franc to Euro exchange rate of 0.949 as of 19 March 2015 (Source: Datastream)
Note: Net financial debt published by Holcim as of 31 December 2014 is CHF9,644m. Adjusted net financial debt as of 31 December 2014 includes the adjustment of CHF297m related to the impact of the appreciation of the Swiss Franc against the Euro. Bonds are retained at market value, CHF983m above their book value (Source: Bloomberg)

- Lafarge

	EURm
Adjusted net financial debt as of 31 December 2014:	10,667
Minority interests:	2,935
Post-tax pension provisions:	914
Associates and other financial assets:	(5,253)
Other adjustments (provisions):	201
Adjusted Net Debt / (Cash) of:	**9,465**

Source: Company
Note: Net financial debt published by Lafarge as of 31 December 2014 is €9,310m. It includes derivatives instruments assets and liabilities (€45m) included in "other financials assets/liabilities" in the adjusted net financial debt above. Bonds are retained at market value, €1,212m above their book value (Source: Bloomberg)

3.1.3 Numbers of shares retained

(i) Methodology

Numbers of Holcim and Lafarge shares retained correspond to the total number of shares issued, as communicated by Holcim and Lafarge, decreased by the number of treasury shares and increased by the number of shares to be issued by the exercise of share subscription options in the money calculated according to the “treasury stock method” on the basis of a reference price per share, based on the closing as of the day prior to the publication of a joint press release relating to the Amendment to the Combination Agreement.

Numbers of shares retained are based on the latest financial statements published by the two companies.

(ii) Numbers of Holcim and Lafarge shares retained

	As of 19 March 2015	
	Holcim	Lafarge
Total number of shares issued:	327,086,376	287,876,347
Treasury shares:	(1,219,339)	(70,538)
Impact of dilutive instruments* :	168,100	1,885,516
Number of shares retained:	**326,035,137**	**289,691,325**

*Shares to be issued by the exercise of share subscription options on the basis of the reference price as of 19 March 2015

3.2 Selected Methodologies for the elements provided to appraise the Exchange Ratio

The Exchange Ratio was assessed through a multi-criteria analysis based on the following valuation methods:

- Analysis of historical share prices;
- Analysis of analysts target prices;
- Analysis of trading comparables.

The selected methodologies were applied as of 19 March 2015, closing of the day prior to the publication of the Amendment to the Combination Agreement. However, the share prices of Holcim and Lafarge are no more independent since the statement confirming the proposed combination (the **“Confirmation Statement”**) on 4 April 2014. In this context, the Exchange Ratio was also analysed with references to historical share prices prior to the Confirmation Statement.

3.2.1 Analysis of historical share prices

Holcim shares are listed on the SIX (ISIN code: CH0012214059). They are classified within the Main Standard of the SIX. Moreover, the company has a non-sponsored American Depositary Receipts program.

Lafarge Shares are listed on Euronext Paris (ISIN code: FR0000120537). Moreover, following its delisting from the New York Stock Exchange, the company maintained a sponsored American Depositary Receipts program, and the ADRs continue to be traded on the OTC market (Level 1 program).

These stocks are part of the main indices of their respective markets (SMI for Holcim and CAC40 for Lafarge). They are covered by a large number of equity research analysts and are furthermore traded in significant volumes. Over the 12 months before the 19 March 2015, the total volume of Holcim shares traded on the SIX represented 99% of Holcim's capital and 144% of its free float (according to SIX definition); the total volume of Lafarge shares traded on the Euronext Paris represented 66% of Lafarge's capital and 114% of its free float (according to Euronext Paris definition).

On 19 March 2015, the market capitalisation of Holcim amounted to EUR23.4 billion and the market capitalisation of Lafarge amounted to EUR18.0 billion.

The Exchange Ratio was assessed on the back of historical share price evolution prior to the Confirmation Statement. However, the share prices of Holcim and Lafarge have not been completely independent since then. It can thus be observed that between 4 April 2014 and 27 February 2015 (closing date prior to the first rumours(1) of a potential revision of the exchange ratio), the coefficient of correlation(2) between the two share prices was 0.96 (while it was 0.22 during the last twelve months prior to 4 April 2014).

Furthermore, the first rumours of a potential revision of the exchange ratio have led to a progressive decorrelation of the share prices of Holcim and Lafarge since 27 February 2015 and until the date of the publication of a joint press release relating to a joint press release relating to the Amendment to the Combination Agreement. The Exchange Ratio was also analysed as of 19 March 2015 (closing of the day prior to the publication of a joint press release relating to the Amendment to the Combination Agreement) even if it includes the possibility of a merger with modified terms compared to the ones outlined in the Confirmation Statement.

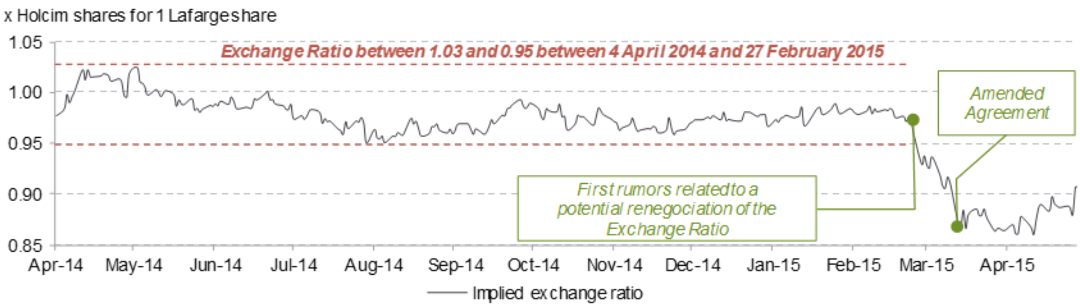
Reference	Holcim Share price (CHF)	*Exchange rate* CHF to EUR*	Holcim Share price (EUR)	Lafarge Share price (CHF)	Resulting Exchange Ratio	Resulting Premium / (Discount)
As of 3 April 2014 (day prior to the Confirmation Statement release)						
Volume-weighted average price over 12 months:	68.7	*0.814*	55.9	51.1	0.91	(1.6%)
Low (12 Months):	63.2	*0.813*	51.4	45.5	0.89	1.6%
High (12 Months):	78.4	*0.803*	63.0	58.9	0.93	(3.7%)
As of 19 March 2015 (the day prior to the Amended Agreement release)						
Spot price as of 19 March 2015:	75.8	*0.949*	71.9	62.3	0.87	3.9%

Source: Datastream
Note: Historical averages are based on calendar days. Holcim share price was converted to Euro using daily exchange rates (Source: Datastream)
* Implied CHF to EUR exchange rate

(1) The first rumours refer to the strong decrease of the implied exchange ratio

(2) Correlation coefficient is based on daily comparison of the share prices in EUR

The graph below shows the evolution of the exchange ratio since 4 April 2014, the day of the Confirmation Statement:



3.2.2 Analysis of analysts target prices

Holcim and Lafarge are covered by a large number of equity research analysts. Holcim and Lafarge are regularly followed by 34 and 28 equity research analysts respectively, of which 27 are common to both of them.

These research analysts periodically publish recommendations and indicative valuations of the two companies. For the analysis, only equity research analysts who have published research reports on both companies after the last publication of their respective earnings results (18 February 2015 for Lafarge and 23 February 2015 for Holcim) have been selected in order to ensure a consistent approach by taking into account the latest results of the two companies.

Also, following the Negotiation and Exclusivity Agreement, some analysts have based their target prices for Holcim and Lafarge on the exchange ratio of one (1) Holcim share for one (1) Lafarge share announced on 7 April 2014. These analysts were not included in the analysis, but presented for information, in order to only consider the analysts carrying out independent analysis of both companies.

The table below presents the target prices as of 19 March 2015, published by the research analysts common to both companies after release of the 2014 financial results and whose analysis is based on independent company valuation not taking into account the Exchange Ratio announced in the Negotiation and Exclusivity Agreement:

		Target prices - Holcim			Target prices - Lafarge		Exchange	Premium /
Analysts	Retained	Date	CHF	EUR	Date	EUR	Ratio	(Discount)
AlphaValue	✓	19-Mar-15	68.2	64.7	19-Mar-15	66.3	1.02	(12.2%)
Oddo & Cie	✓	19-Mar-15	91.0	86.3	19-Mar-15	75.0	0.87	3.6%
Sanford C. Bernstein & Co	✓	18-Mar-15	68.0	64.2	18-Mar-15	55.0	0.86	5.1%
Kepler Chevreux	✓	17-Mar-15	76.0	71.4	17-Mar-15	73.0	1.02	(12.0%)
Exane BNP Paribas	×	17-Mar-15	77.0	72.3	17-Mar-15	67.0	0.93	(2.9%)
Raymond James	×	16-Mar-15	89.0	83.5	16-Mar-15	75.0	0.90	0.2%
Baader-Helvea	✓	16-Mar-15	75.0	70.4	16-Mar-15	60.0	0.85	5.6%
MainFirst Bank	✓	16-Mar-15	82.0	77.0	16-Mar-15	60.0	0.78	15.4%
Berenberg	✓	16-Mar-15	73.0	68.5	16-Mar-15	64.0	0.93	(3.6%)
Jefferies	×	11-Mar-15	82.0	77.0	11-Mar-15	79.0	1.03	(12.3%)
UBS	×	6-Mar-15	73.0	68.3	6-Mar-15	68.0	1.00	(9.6%)
Equita SIM	×	26-Feb-15	81.5	76.2	2-Mar-15	76.0	1.00	(9.7%)
CM - CIC Securities	×	23-Feb-15	76.8	71.4	18-Mar-15	72.6	1.02	(11.5%)
Deutsche Bank	✓	23-Feb-15	81.0	75.3	16-Mar-15	75.0	1.00	(9.7%)
Aurel - BGC	✓	23-Feb-15	80.0	74.4	16-Mar-15	75.0	1.01	(10.8%)
Average target prices retained*			**77.1**	**72.5**		**67.0**	**0.93**	**(2.7%)**
Global average of target prices			**78.2**	**73.4**		**69.4**	**0.95**	**(4.8%)**

Source: Bloomberg
Note: Swiss Franc / Euro exchange rate at the date of publication of equity research notes
* Selected target prices in grey highlight analysts using an independent methodology to value Holcim and Lafarge

The Exchange Ratio represents a (2.7%) discount on the exchange ratio implied by this approach.

For information, based on the average of all brokers' target prices published following annual results publication of both companies, the Exchange Ratio represents a (4.8%) discount on the exchange ratio implied by this approach.

3.2.3 Analysis of trading comparables

This approach consists in applying to Holcim's and Lafarge's metrics, the multiples observed for the comparable peers of Holcim and Lafarge in terms of their activity, markets and size.

This methodology has been selected given the existence of a sufficient number of comparable peers although there are some differences in terms of business model, positioning and size.

We have retained EBITDA as the most relevant metric given that it limits the impact of distortions arising from different depreciation policies between the companies in the sample. We have applied to Holcim and Lafarge EBITDA forecasts the multiples of the comparable companies related to the same periods. For this analysis, it has been decided to apply the multiples related to current year (2015) and following year (2016).

We have adjusted the EBITDA for both Holcim and Lafarge by removing the contribution held by minority shareholders in the main listed subsidiaries (ACC Limited and Ambuja Cement for Holcim and Lafarge Malaysia Berhad and Lafarge Africa Plc. for Lafarge) from consolidated EBITDA in order to obtain a proportional EBITDA. Enteprise value to equity value bridges have been adjusted accordingly.

The sample of comparable peers includes companies exposed to similar underlying markets. It is composed of cement players with a global or multi-regional presence:

- HeidelbergCement: Leading German cement producer with a presence in 40 countries. The group also operates in the aggregate segment. The company generated in 2014 sales of EUR12,614 million mainly in Europe for 33% and in North America for 26%. 2014 EBITDA margin was 18.1%;
- Italcementi: Fifth largest global cement producer and largest player in the Mediterranean area. The group mainly operates in the European market, with Ciments Français being the main subsidiary, as well as in emerging Europe and Africa. The company generated EUR4,156 million of sales in 2014, with an EBITDA margin of 15.5%;
- Buzzi Unicem: Specialised player in cement and cement derivatives, ready-mix concrete and expanded clay aggregate. In 2013, the company sold 27.4 million tons of cement and 13 million cubic meters of ready-mix concrete, generating sales of EUR2,759 million. 26% of the company's sales were generated in North America, 22% in Germany, 16% in Italy and 18% in the rest of Europe. EBITDA margin reached 16.7% in 2013;

- Titan Cement: Specialised player in cement and cement derivatives headquartered in Greece. 2014 sales amounted to EUR1,158 million mainly generated in North America with 39% of total revenue, 17% in Turkey and Egypt, 26% in Greece and Western Europe and 17% in South-Eastern Europe. 2014 EBITDA margin was 15.3%;
- Vicat: Cement player with strong research and development activities. While mastering the manufacturing process, the company is specialised in construction works requiring highly technical cements. The company generated revenues of EUR2,423 million in 2014 mainly in France (35% of revenues), Kazakhstan, India and Turkey with 22%, and 17% in Europe. 2014 EBITDA margin reached 18.2%;
- Cemex: Major player in building materials (cement, ready-mix concrete and aggregates), with a presence in more than 50 countries across 55 cement plants and minority stakes in 12 other cement plants. The company generated sales of EUR12,927 million in 2014 mainly in Mexico (20% of revenues), USA (23%), Europe (28%), South and Central America and Caribbean (13%), as well as Africa, Asia and the Middle East (16%). 2014 EBITDA margin reached 17.4%.

Some other cement companies have not been retained primarily due to their characteristics in terms of geographic location, size or activity.

Market multiples used to value Holcim and Lafarge are the ratios of enterprise value to EBITDA (EV / EBITDA). The applied values correspond to the average of the comparable companies multiples. As of 19 March 2015, retained comparable multiples are the following:

Peer group	Market Capitalisation (€m)	Enterprise Value (€m)	EBITDA multiple	
			2015E	2016E
HeidelbergCement	13,655	21,585	8.3x	7.7x
Italcementi	2,513	5,467	7.9x	6.9x
Buzzi Unicem	2,536	3,444	7.8x	6.8x
Titan Cement	1,588	2,228	9.2x	7.6x
Vicat	2,877	4,226	8.4x	7.4x
Cemex	12,694	26,894	9.7x	8.3x
Average multiple			**8.5x**	**7.5x**

The Exchange Ratio represents a 0.6% premium on the 2015-2016 average exchange ratio implied by this approach.

The application of the multiples based on earnings per share (Price Earnings Ratio) has been excluded since the net earnings are impacted by the differences between the amortisation policies, financial indebtedness structures and corporate tax rates between Holcim and Lafarge. Furthermore, the net earnings include the contribution from associates, accounted under the equity method, which again present different profiles for Holcim and for Lafarge. Finally, the net earnings include non-recurring items, such as the impacts of divestments and restructuring costs.

3.3 References presented for information purposes

3.3.1 Discounted cash flow analysis

This approach consists in discounting future free cash flows generated by each company, taking into account their medium to long term performances. This methodology implies modelling and discounting all future cash flows available to the shareholders and debt holders of each company.

This approach was retained for illustrative purposes for two main reasons. Cash flow forecasts are based on equity research analyst consensus and therefore do not necessarily reflect long term cash flows as perceived by Holcim and Lafarge. In addition, the horizon of these forecasts is limited to three years.

The discounted cash flow analysis has been implemented based on Holcim and Lafarge FactSet consensus:

- Modelling of the future cash flows available before financial expenses:
  - FactSet consensus provides forecasts for the years 2015 to 2017;
  - Normative year in 2018, based on assumptions in line with the final year of forecasts.
- These cash flows are discounted at the weighted average cost of capital (also called WACC thereafter) and respecting the mid-year cash flow discounting convention.
- Deduction of the adjusted net debt (see section “1.2. Enterprise value to equity value bridge”) as of the date of the beginning of the forecast period to derive the equity value as of 1 January 2015

The terminal value is based on the normative cash flow estimated as follows:

- Perpetuity growth rate of 2% for both companies;
- EBITDA margin in line with the three-year average of the consensus for Holcim (21.4%) and Lafarge (22.7%);
- Sustaining capital expenditures representing 3.9% of sales for Holcim and 2.8% for Lafarge in line with the 2014 level as a percentage of sales;
- Flat change in net working capital as a percentage of change in sales for both companies in line with the last year of the consensus;
- The presenting banks have also assumed that the depreciation level tends towards 100% of normative capital expenditure.

The cash flows have been discounted as of 1 January 2015, using a WACC of 7.8% for Holcim and 8.4% for Lafarge.

The Exchange Ratio represents a premium of 7.6% compared to the exchange ratio implied by this methodology.

3.3.2 Reference to the Negotiation and Exclusivity Agreement announced on 7 April 2014

The Negotiation and Exclusivity Agreement of 7 April 2014 was based on an exchange ratio of one (1) Holcim share for one (1) Lafarge share, on the back of analyses derived from the consensus selected and exchanged at the time by Holcim and Lafarge as part of the preparation for the proposed merger between the two companies.

On 20 March 2015, the parties have agreed on a new exchange ratio of nine Holcim shares for ten Lafarge shares.

3.4 Excluded methodologies

3.4.1 Comparable transaction multiples approach

This approach consists in applying the average valuation multiples of a sample of recent transactions in a comparable sector.

This methodology usually encompasses issues in the selection of relevant transactions:

- The price paid for a transaction may reflect a strategic interest specific to a buyer or may include a premium reflecting industrial synergies which vary from one transaction to another;
- This methodology depends on the quality and reliability of the information available for selected transactions (depending on the status of the companies acquired - listed, private, subsidiaries of a group - and confidentiality level of the transactions);
- This methodology assumes that the targets of the transactions selected in the sample are entirely comparable to the company being valued (in terms of size, positioning, geographical presence, growth prospects, profitability, etc.).

This approach has been excluded due to the lack of relevant, recent and documented comparable transactions, notably in terms of profitability, growth, strategic positioning, business model or client portfolios.

3.4.2 Net asset value approach

Net asset value has not been retained as relevant approach in assessing the proposed exchange ratio: this reference, based on a historic value of assets and liabilities, is not relevant as it does not take into account either the actual value of the intangible assets of the two companies (market shares, client relationships, brand image, know-how, etc.) or the future performance of the group.

3.4.3 Adjusted net asset value approach

The adjusted net asset value is the net asset value of the group adjusted for unrealised gains and losses identified in assets, liabilities or off balance sheet commitments.

This approach, usually used for the valuation of portfolio companies with minority financial holdings, has been excluded since the assets of Holcim and Lafarge are mainly majority owned operating assets.

3.4.4 Dividend discount model approach

This methodology, which consists in valuing the equity of a company by discounting, at the company's cost of equity capital, the projected dividends, has been excluded since it mainly relies on the payout ratio decided by companies' managements. As the policies related to the payment of dividends differed in the past between the two companies, this method has been excluded.

3.5 Summary of the elements provided to appraise the Exchange Ratio

Criteria	Holcim implied share price (EUR)	Lafarge implied share price (EUR)	Resulting Exchange Ratio	Resulting Premium / (Discount)
Share price - as of 3 April 2014				
12-month VWAP	55.9	51.1	0.91	(1.6%)
12-month low - in EUR	51.4	45.5	0.89	1.6%
12-month high - in EUR	63.0	58.9	0.93	(3.7%)
Share price - as of 19 March 2015				
Spot price as of 19 March 2015	71.9	62.3	0.87	3.9%
Analysts' target price - as of 19 March 2015				
Analysts' target price post Annual Results	72.5	67.0	0.93	(2.7%)
Trading comparables - as of 19 March 2015				
Average EV / EBITDA 15E-16E	58.4	52.2	0.89	0.6%

4 Information Relating to Holcim Made Available to the Public

In accordance with the provisions of article 231-28 of the AMF General Regulations, information relating in particular to the legal, financial and accounting aspects of Holcim will be the subject of a special document filed with the AMF and made available to the public according to applicable terms in order to ensure effective and comprehensive distribution, no later than the day preceding the opening of the Offer.

5 Persons Responsible for the Draft Offer Document

5.1 Persons Responsible for the Information Pertaining to the Presenting Banks

"*In accordance with article 231-18 of the AMF General Regulations, Société Générale and UBS Securities, presenting banks of the Offer, attest that, as far as they are aware, the presentation of the Offer which they have examined on the basis of the information provided by Holcim and the valuation elements of the proposed price are realistic and do not include an omission liable to distort the content thereof.*"

Société Générale	UBS Securities

5.2 Persons Responsible for the Information Pertaining to Holcim

"*As far as I am aware, the information presented in the draft offer document is realistic and does not include any omission liable to distort the content thereof.*"

Bernard Fontana	Thomas Aebischer
Chief Executive Officer	Chief Financial Officer