

Decisions of the Board of Directors relating to :

- ***Implementation of certain recommendations of the Corporate Governance code issued by Afep-Medef***
- ***the compensation and the benefits granted to the Chairman and CEO***

Compensation paid to the Chairman and Chief Executive Officer

Bruno Lafont fixed annual compensation was set up at 900,000 euros by the Board of Directors. It remains unchanged since his appointment as Chairman and Chief Executive Officer on May 3, 2007.

Regarding the 2008 performance related pay to be paid in 2009, the Board of Directors, with Bruno Lafont not attending this discussion, decided the percentage of performance-related pay due to our Chairman and Chief Executive Officer to 64 % of his maximal bonus, which amounts to 919,440 euros.

For 2008, the financial criteria used to determine performance-related pay were the increase in earnings per share, the free cash flow, the increase in economic value-added, which reflects the return on capital employed, the relative return on investment of Lafarge by comparison with its competitors and the cost-savings program called Excellence 2008. The portion based on individual performance is determined by reference to the personal targets set at the beginning of the year with respect to the major tasks to be undertaken.

Pensions and other retirement benefits for the Chairman and Chief Executive Officer

Bruno Lafont, is eligible for two supplementary plans with defined benefits. According to specific requirements, the first plan has been designed for all senior executives of Lafarge SA and its French subsidiaries, and the second plan for Group Executive Committee members. On principle, somebody can be eligible to these two plans only if he is still with the company at retirement date. As far as Bruno Lafont is concerned and due to his 26 year length of services within the Group, those two plans would provide him a pension equal to 26% of his reference salary (average of the variable and fixed compensation over the last 3 years) in excess of 8 times the annual French social security cap to which an additional 13% would be added in excess of 16 times the annual French social security cap.

In February 2009, the Board of Directors has reviewed the recommendations of the company governance code from Afep-Medef, and has checked that the estimated pension amount paid to the Chairman and Chief Executive Officer related to these two plans would remain below 40% of his last total cash compensation (variable and fixed). This cap will be the rule decided by the Board of Directors for any future corporate executive officers.

There is no specific pension plan for the corporate officers.

Rule concerning the stock options portion attributable to corporate executive officers compared to the total amount allocated

The Remunerations Committee has proposed the Board of Directors to decide on a new rule of principle concerning corporate executive officers benefiting from stock options. Under this rule, for each stock option award, the portion attributable to corporate executive officers may not exceed 10% of the total amount allocated.

Under the current rule, corporate executive officers may not benefit from bonus share plans.

Holding rule resulting from the exercise of stock options for corporate executive officers

As regards corporate executive officers (those in office and future officers), the Board also amended the rule of principle concerning the requirement for them to hold shares resulting from the exercise of stock options until they stand down from their functions. This new rule also requires executive officers to hold 50% of shares resulting from the exercise of stock options for each allocation until the shares thus held represent an amount equivalent to three years of the last fixed pay of the executive officer in question (based on a calculation taking account of the share price at the time of each exercise). This rule is now applicable for all exercises of options carried out for all options awarded that have not yet been exercised.

Employment agreement of Mr. B. Lafont

In agreement with Mr. B. Lafont, his employment agreement will be terminated on 30 June 2011.

Severance compensation and amendments to the employment agreement

If, until his employment agreement is terminated, Mr. Bruno Lafont were once again to receive the benefits of his employment agreement after his term of office as CEO, in the event of dismissal (for any reason other than serious misconduct or gross negligence), he would receive contractual severance compensation, the conditions of which have been reviewed by the Board in order to take into account the Afep-Medef's recommendations on the subject.

Such severance compensation would therefore be due only insofar as all conditions have been satisfied.

- The first term is the event giving rise to the right to severance compensation. The dismissal must take place after a change of control (meaning (i) a change in the Company's capital distribution characterized by the holding by the Groupe Bruxelles Lambert and NNS Holding Sarl of respectively, not acting in concert, more than 30% and 20% of the Company's voting rights or (ii) the fact that another shareholder or several shareholders acting in concert hold more than 50% of the Company's voting rights) or after a change in the Company's strategy.
- The second term is performance based. This term will be satisfied and the severance compensation would be paid if two of the following three criteria are satisfied. If only one criterion out of the three is satisfied, the term will be only partially satisfied and only one half of the severance compensation would be paid. If none of the criteria are satisfied, the term would not be satisfied and no severance compensation will be paid. The three criteria to be

satisfied, over a period of the last three fiscal years preceding the employment agreement's termination, are as follows:

- on average over the last three fiscal years: the after-tax return on invested capital is greater than the Average Weighted Cost of the Capital. Here the term Average Weighted Cost of the Capital means the sum of the cost of the debt multiplied by the total debt divided by the total of the capital and the cost of equity multiplied by the equity and divided by the total of capital (Group Turnover)
- on average over the last three fiscal years: the EBITDA/Turnover is strictly greater than 18% (Group Turnover);
- on average over the last three fiscal years: the average percentage of given bonuses under the Employment Agreement or the Term of Office is greater than 60% of the maximum bonus.

The amount of such severance compensation is a maximum of equal to two years of total, gross remuneration received by Mr. Bruno Lafont for the most favorable of the three years preceding the date of his dismissal notice. In order to ensure that the total amount of the compensation due to Mr. Bruno Lafont in case of a departure is within such limit, such severance compensation would be reduced:

- by the amount of the contractual dismissal compensation due pursuant and in compliance with the terms of the applicable collective bargaining agreement, and
- by all the amounts received by Mr. Bruno Lafont during and based on his dismissal notice period.

A job elimination or decrease in level of responsibilities would also constitute a case of dismissal creating a right to dismissal compensation.

In addition, at the Board's request and in order to ensure his presence to successfully carry out the strategy undertaken by the Group, Mr. Bruno Lafont has agreed not to leave the Company before June 30, 2011. As consideration for such commitment, the Company has agreed, in the case of dismissal other than for gross negligence or serious misconduct that Mr. Bruno Lafont's dismissal notice may run until such date.

The amendments to Mr. Bruno Lafont's employment agreement resulting from the decisions made by the Board and mentioned above will be presented to the shareholders for a vote at the next general meeting. This is a "regulated agreement"
