

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

In accordance with French law governing a société anonyme, as amended on May 15, 2001, and our by-laws (statuts), our affairs are managed by the Board of Directors, the Chairman of the board (*président*) and the Chief Executive Officer (*directeur général*), with the Chairman and the Chief Executive Officer being the same person or different persons, as may be decided from time to time by the Board of Directors.

The Board of Directors sets forth our business strategy and monitors its implementation. Within the limits of our corporate purpose and subject to the powers expressly reserved to our shareholders by law and by our *statuts*, it can make decisions on any matter regarding our company. Under French law, the Board of Directors presents the year-end accounts for the approval of the shareholders and convenes shareholders' meetings. The Board of Directors reviews and monitors the economic, financial and technical strategies of the company. In addition, the Board of Directors has the power to appoint and remove the Chairman and/or the Chief Executive Officer at any time.

The Chairman organizes and presides over the Board of Directors' proceedings and ensures that the directors are capable of fulfilling their tasks, and reports on these proceedings to the meetings of shareholders, monitors the compliance with our corporate governance principles and presides over general meetings of shareholders. Our Chairman is Bertrand Collomb.

The Chief Executive Officer has full executive authority to manage the affairs of our company and has broad powers to act on behalf of our company and to represent Lafarge in dealings with third parties, subject only to the powers expressly reserved to its Board of Directors or its shareholders by law, by our *statuts*, by decision of the Board of Directors or by decision of the shareholders. Our Chief Executive Officer is Bernard Kasriel.

Our *statuts* also include provisions providing for the possibility of the appointment of up to five Chief Operating Officers (*directeurs généraux délégués*) by the Board, pursuant to a proposal by the Chief Executive Officer. We currently have two Chief Operating Officers, Michel Rose and Bruno Lafont, that were appointed by the Board of Directors on February 27, 2002 and May 20, 2003, respectively.

Board of Directors

Presently, the Board of Directors consists of fourteen members. Our *statuts* currently provide that there must be at least three directors and no more than 18 directors elected by the general meeting of shareholders, that the term of office of directors elected in 2002 and in subsequent years shall be four years, that the term of office of directors elected in 2001 is five years and that directors elected prior to 2001 have a term of office of six years.

Only the shareholders can increase the actual number of members serving on the Board. Each director must hold such number of shares of the company in registered form as represent in the aggregate a nominal value of at least 4,572 euros, which, at the current par value of 4 euros, amounts to 1,143 shares per director. Under French law, a director may be an individual or a legal entity, but the Chairman and/or the Chief Executive Officer must be an individual or individuals.

Directors are elected by the shareholders and serve until the expiry of their respective term, upon reaching the age of 70, or until their resignation, death or removal, with or without cause by the shareholders. Under certain conditions, the Board of Directors may fill vacancies on the Board of Directors, pending the next shareholders' meeting.

In consideration for their services on the board, directors are entitled to receive directors' fees. The total annual amount of directors' fees (*jetons de présence*) is fixed by the shareholders' meeting, but the Board of Directors determines their allocation among the directors. In addition, remuneration may be granted to directors who serve as members of committees formed from among board members or who are entrusted with specific tasks or duties. In such event, such remuneration is charged to operating costs, notified to the auditors, submitted for prior authorization of the Board of Directors and subsequently submitted for approval at the shareholders' meeting. A director may not vote for his or her own remuneration. The board may also

authorize the reimbursement of travel and accommodation expenses as well as other expenses incurred by directors in the corporate interest.

Meetings of the Board of Directors are held at least four times a year and are normally convened by the Chairman. A quorum consists of one-half of the members of the Board of Directors and decisions are made by a vote of the majority of the members present or represented by other members of the Board of Directors. Members of the Board of Directors represented by another member at meetings do not count for purposes of determining the existence of a quorum. A director may not vote for an arrangement or contract in which he or she is materially interested.

Under French law, the directors and the Chief Executive Officer are liable for violations of French legal and regulatory requirements applicable to *sociétés anonymes*, violations of our by-laws and negligent mismanagement. A director or the Chief Executive Officer may be held liable for such actions both individually and jointly with the other directors.

French law prohibits us from making, directly or indirectly, any type of loan, including in the form of an open account or guaranty, to our directors (including permanent representatives of companies on the Board of Directors) and their close family. This provision also applies to our Chief Executive Officer and Chief Operating Officers.

The table below sets forth key information regarding our directors.

<u>Director</u>	<u>Age</u>		<u>Principal Business Activities Performed Outside Lafarge S.A.</u>	<u>Initial Year of Appointment</u>	<u>Expiration of Term of Office</u>
Bertrand Collomb (1)	62	Chairman of the Board of the company	– Chairman of Lafarge North America Inc. – Director of Total, Atco, Vivendi Universal and Unilever – Chairman of the World Business Council for Sustainable Development (“WBCSD”)	1987	2005
Bernard Kasriel	58	Vice-Chairman of the Board and Chief Executive Officer of the company	– Vice Chairman of Lafarge North America Inc. – Director of L’Oreal and Sonoco Products Company	1989	2006
Jacques Lefèvre	66	Vice-Chairman of the Board of the company	– Chairman of the Supervisory Board of Compagnie de Fives Lille – Director of Société Nationale d’Investissement (Morocco), Cimentos de Portugal and Petrokazakhstan Inc. (Canada).	1989	2006
Michael Blakenham . .	67		– President of the British Trust for Ornithology – Director of Sotheby’s Holdings Inc.	1997	2007
Michel Bon (1).	61		– President of the Institut Pasteur – Chairman of the Supervisory Board of Editions du Cerf – Director of Sonepar and of the Banque Transatlantique – Senior adviser of Dôme Close Brothers and of Permira	1993	2005
Guilherme Frering . .	46		– President of the Instituto Desiderata (Brazil)	1997	2007
Juan Gallardo (1)	57		– Chairman of Grupo Embotelladoras Unidas S.A. de C.V. (Mexico) – Director of Nacional Drogas, Grupo Mexico and Caterpillar Inc. – Member of the International Advisory Council of Textron Inc. – Member of the Mexican Business Roundtable	2003	2005

<u>Director</u>	<u>Age</u>	<u>Principal Business Activities Performed Outside Lafarge S.A.</u>	<u>Initial Year of Appointment</u>	<u>Expiration of Term of Office</u>
Patrice le Hodey	60	– Vice Chairman of Libre Belgique Dernière Heure (IPM), – Chairman of Audiopresse – Director of RTL-TVI and the Belga press agency	1987	2005
Alain Joly (1)	66	– Chairman of the Supervisory Board of Air Liquide (France) – Director of BNP Paribas	1993	2005
Jean Keller	70	– Member of the Standards Advisory Council of the International Accounting Standards Board	1998	2005
Raphaël de Lafarge . .	62		1982	2007
Robert W. Murdoch . .	63	– Director of Lafarge North America Inc., Lafarge Canada, Sierra Systems Group Inc., Lallmand Inc., A.P. Plasman, Inc. and Timber West Forest Corp. (Canada)	1993	2005
Michel Pébereau	63	– Chairman of BNP Paribas – Director of Total and Saint-Gobain (France) – Member of the Supervisory Board of Axa and Galeries Lafayette (France) – Président de l’Institut de l’Entreprise	1991	2007
Hélène Ploix (1)	60	– Chairman of Pechel Industries S.A.S. (France) – Chairman of the Supervisory Board of CDC Gestion (France) – Director of Publicis Groupe, BNP Paribas, Ferring S.A. (Switzerland) and the Boots Group Plc. (Great Britain)	1999	2005

(1) Director whose term of office is expected to be renewed for an additional period of four years by the shareholders’ meeting to be held on May 25, 2005.

In addition to the renewal of the term of office of certain directors as described above, the election of four new directors will be proposed to our next shareholders’ meeting to be held on May 25, 2005. The new directors that are being proposed for election are Messrs Jean-Pierre Boisivon, Philippe Charrier and Oscar Fanjul as well as Mr. Bruno Lafont, currently one of our two Chief operating officers. These new directors would be replacing respectively Messrs Isautier, Jean Keller, Patrice Le Hodey and Robert Murdoch. Mr Isautier resigned as a director effective December 31, 2004 and the term of office of the other directors will be expiring following the meeting.

Corporate governance and Board committees

Our Board of Directors has spent a considerable amount of time beginning in 2003 evaluating corporate governance issues and particularly those raised by the report of the working group set up by the French employers’ associations, the MEDEF and AFEP-AGREF, which was chaired by Daniel Bouton, President of Société Générale, and entitled “Promoting Better Corporate Governance In Listed Companies” and by the changes to the New York Stock Exchange (the “NYSE”) listing rules which adopted new corporate governance standards (which primarily apply to U.S. domestic issuers). As the Bouton report and NYSE listing standards highlight, the approach to corporate governance in France and the United States differs in some respects.

With respect to director independence, our Board of Directors has determined, following the approach recommended by the Bouton report but without applying the recommended 12-year limitation on length of service as a director, that a majority of its members qualify as “independent” directors. These “independent” directors are currently Mrs. Hélène Ploix and Messrs. Michael Blakenham, Michel Bon, Juan Gallardo, Alain Joly, Jean Keller, Raphaël de Lafarge and Patrice Le Hodey. Following the partial renewal of our Board of

Directors by the Shareholders' meeting to be held on May 25, 2005, we expect that nine of our directors (out of fifteen) will qualify as "independent directors".

Although the criteria for the determination of director independence under the Bouton report differ from those found in the rules and regulations of the U.S. Securities and Exchange Committee (the "SEC") and the NYSE, a majority of the members of our Board of Directors may also be deemed independent under the SEC and NYSE criteria. As prescribed by our internal charter, all of the members of our Audit Committee are "independent" directors under the criteria set by the Board of Directors and all meet the standards for director independence of the SEC and the NYSE. Two thirds of the members of our Nomination and Remunerations Committee qualify as "independent" directors, in accordance with our internal charter, which provides that a majority of its members must qualify as "independent", whereas NYSE rules establish for U.S. domestic issuers that all the members of nominating and compensation committees should be independent. We do not have a separate corporate governance committee composed exclusively of independent directors, as provided for under the NYSE rules for U.S. domestic issuers, this function being performed collectively by the Board of Directors and its committees, as described below.

With respect to the corporate governance responsibilities of the Board of Directors, our Board has adopted an internal charter and a code of conduct, as further described below, which set guidelines both on an individual basis for directors and for the work of the Board and its committees.

Board of Directors. The Board approved a charter governing board and committee practices as well as a code of conduct for directors that sets out certain standards that our directors must abide by in relation to qualification, conflicts of interest, training, insider trading and access to company information and to management. Our Board's internal charter establishes the responsibilities of the Board and its committees and requires the Board to hold a meeting at least once a year to discuss its performance with the goal of improving its functioning efficiency. Our *statuts* provide that our Board of Directors meets at least four times a year, in France or abroad. The Board held five regular meetings in 2004: on February 25, May 25 (2 meetings, held before and after the annual shareholders' meeting), September 8 and December 14. The directors' attendance rate was 92% in 2004.

The Board of Directors is supported by the following committees:

Audit Committee. The Audit Committee (*comité des comptes et des questions financières*) performs a preliminary review of the semi-annual and annual financial statements, reviews accounting methods used to establish such financial statements and the scope of consolidated companies and performs an assessment of material liabilities, off balance sheet commitments and financial reporting. The Committee holds meetings with, the statutory auditors and with general and financial management including the head of the internal audit department. Our management provides the Audit Committee with regular updates on our financial position, on the main thrust of current financial policy and advises the committee on the terms of major financial transactions prior to their completion. The Committee also receives copies of all earnings press releases prior to their issue. The Committee oversees the work of, and reviews the report prepared by, the statutory auditors and can ask to hear directly from members of our internal audit department without the presence of our management, provided our Chairman so agrees. More generally, the Audit Committee may be consulted by our management in relation to various other issues. Certain procedures have been established by the Company under the supervision of the Audit Committee for the receipt, retention and treatment of complaints which may be received regarding accounting, internal accounting controls or auditing matters, and for the confidential, anonymous submission by employees of concerns regarding accounting matters. The Audit Committee has the authority to engage independent advisors, as it may deem necessary.

The Audit Committee usually meets at least twice a year, in February to review our annual financial statements and in September to review our semi-annual financial statements. The Committee met three times in 2004: on February 25, on September 8 to perform respectively a preliminary review of our 2003 annual and 2004 semi-annual financial statements, and on December 13 to review internal controls procedures put in place by our Group and receive a report of our internal audit director. The Audit Committee also proposed to the Board the terms of engagement of auditors and their budget for 2004 in accordance with U.S. regulations. See the section entitled "Principal Accountant Fees and Services" under Item 16. Since the renewal of the Audit Committee by the Board of Directors on February 23, 2004, the member's attendance rate was 100% in

2004. The following directors are members of the Audit Committee: Michel Bon, Juan Gallardo, Patrice le Hodey, Jean Keller and H el ene Ploix, who is the Chairman of the Committee.

Nominations and Remunerations Committee. The Nominations and Remunerations Committee (*comit  des nominations et des r mun rations*) assists the Chairman and the Board of Directors with decisions concerning the composition of the Board of Directors and its remuneration, management remuneration policy, the allocation of stock subscription and purchase options and the organizational structure of management. The Committee also issues recommendations to the Board of Directors concerning the remuneration of senior management and the nomination of new directors and executive officers when appropriate. The Committee has responsibility for the periodic assessment of the Board of Directors.

The Committee normally meets twice a year in February and in December to review the remuneration of senior management and decide on the allocation of stock options, respectively. It may also be convened at other dates to discuss specific matters depending on the evolution of the composition of the Board of Directors or management. In 2004, the Nominations and Remunerations Committee met three times: on February 25 and April 2 to review the remuneration of our senior management and the employment contracts of our Chief Operating Officers, and on December 14 to review the allocation of the directors' fees and stock options. The member's attendance rate was 100% in 2004. In 2005, the Committee met on February 23 to discuss the the performance-based remuneration of senior management as well as their fixed remuneration for 2005. The Committee also considered the proposals to renew the appointment of certain directors and to nominate some new directors that will be submitted to the next shareholders' meeting. The following directors are currently members of the Nominations and Remunerations Committee: Michel P bureau, Michael Blakenham and Alain Joly, who is the Chairman of the Committee.

Strategy and Investment Committee. The Strategy and Investment Committee (*comit  strat gie et d veloppement*) examines in detail important strategic issues and major investment and divestment projects. The Strategy and Investment Committee meets usually twice a year during in May and September. It met three times in 2004: on May 25, September 9 and December 14, and reviewed our performance as compared to our competitors. The following directors are currently members of the Strategy and Investment Committee: Michel Bon, Guilherme Frering, Alain Joly, Rapha l de Lafarge, Jacques Lef vre, Robert Murdoch and Michel P bureau, who is the Chairman of the Committee.

Directors' fees

Policy regarding directors' fees

The combined ordinary and extraordinary general meeting of May 28, 2001 established the maximum amount of directors fees to be paid in 2001 and in subsequent years at 609,796 euros.

Each of our directors is entitled to receive a fixed fee of 15,245 euros per year (increased by 25% for the chairmen of our committees). A director who is appointed or whose office terminates in the course of the year is entitled to 50% of the fixed fee.

In 2004, an additional fee of 1,857 euros was payable to each director who attended a meeting of our Board of Directors or one of its committees.

Fees paid

The following table presents the fees paid to our directors in 2005 with respect to the 2004 fiscal year:

<u>Director</u>	<u>Fees for 2004</u> (amounts in euros)
Bertrand Collomb	24,531
Bernard Kasriel	24,531
Jacques Lefèvre	31,960
Michael Blakenham	28,246
Michel Bon	35,675
Guilherme Frering	30,103
Juan Gallardo	28,245
Patrice le Hodey	30,103
Bernard Isautier (1)	17,102
Alain Joly	39,487
Jean Keller	30,103
Raphaël de Lafarge	31,960
Robert W. Murdoch	31,960
Michel Pébereau	39,487
Hélène Ploix	33,915
TOTAL	457,408

(1) Mr Bernard Isautier resigned as a director effective as at December 31, 2004.

In comparison, in 2004 we paid 457,393 euros in directors' fees with respect to the 2003 fiscal year.

Directors' Share Ownership

The following table presents share ownership information for each current member of our Board of Directors at December 31, 2004:

<u>Director</u>	<u>Number of shares held at</u> <u>December 31, 2004*</u>
Bertrand Collomb	28,845
Bernard Kasriel	17,488
Jacques Lefèvre	13,630
Michael Blakenham	1,806
Michel Bon	3,567
Guilherme Frering	2,298
Juan Gallardo	1,500
Patrice le Hodey	3,255
Alain Joly	2,628
Jean Keller	1,432
Raphaël de Lafarge	45,951
Robert W. Murdoch	1,651
Michel Pébereau	2,018
Hélène Ploix	1,896

* Collectively our directors held approximately 0.07% of our share capital as at December 31, 2004 and 0,11% of our voting rights.

Executive officers

French law governing a *société anonyme* permit the Board of Directors to appoint up to five Chief Operating Officers proposed by the Chief Executive Officer. The Board of Directors, upon the recommendation by the Chief Executive Officer, determines the extent and the duration of the powers of the Chief Operating Officers. Currently, Bernard Kasriel is our Chief Executive Officer and Michel Rose and Bruno Lafont are our Chief Operating Officers. Under French law, a Chief Operating Officer, like the Chief Executive Officer, has broad powers to represent and bind the company in dealing with third parties. A Chief Operating Officer may be held responsible individually for actions he takes that are contrary to the company's interests.

The table below shows, the names and ages of our current executive officers and their responsibilities at Lafarge.

<u>Name</u>	<u>Age</u>	<u>Position with Lafarge</u>
Bertrand Collomb.....	62	Chairman
<i>Executive Committee</i>		
Bernard Kasriel	58	Chief Executive Officer
Michel Rose	62	Chief Operating Officer
Bruno Lafont	48	Chief Operating Officer
Jean-Charles Blatz	61	Executive Vice President, Aggregates & Concrete*
Jean-Jacques Gauthier	45	Executive Vice President and Chief Financial Officer
Ulrich Glaunach	48	Executive Vice President, Roofing
Christian Herrault	54	Executive Vice President, Human Resources & Organization
Isidoro Miranda	46	Executive Vice President, Gypsum
<i>Other Executive Officers</i>		
Jean Carlos Angulo	55	Executive Vice President, Regional President, Western Europe
Yves de Clerck.....	62	Executive Vice President, Regional President, Central Europe
Philippe Rollier	62	Executive Vice President, Regional President, North America
Jean-Marie Schmitz	61	Executive Vice President, Morocco

* since April 12, 2004

The following is a brief biography of each of our executive officers:

Bertrand Collomb, Chairman of the Board of Directors of Lafarge. Mr Collomb was appointed to the Board of Directors in 1987 and served as Chairman and Chief Executive Officer from 1989 to 2003. Prior to his appointment as Chairman and Chief Executive Officer, he held various executive positions within the Group, namely in North America, from 1975 to 1989 and in the French Ministry of Industry and governmental cabinets from 1966 to 1975. He is also Chairman of Lafarge North America Inc. and a company officer of several group subsidiaries. He is a Director of Total, Atco, Vivendi Universal and Unilever. He is a member of the French Institute (Academy of moral and political sciences), the Chairman of the French Association of Private Companies (“AFEP”) and the Chairman of the World Business Council for Sustainable Development (“WBCSD”).

Executive Committee

Bernard Kasriel, Chief Executive Officer of Lafarge since 2003. He was appointed as director of Lafarge in 1989. Prior to his current position, Mr. Kasriel was Vice Chairman since 1995 and Chief Operating Officer between 1989 and 2003. He served as Senior Executive Vice President from 1982 to 1989, President and Chief Operating Officer of National Gypsum in Dallas, Texas, from 1987 to 1989 and held various executive positions within the Group since he joined Lafarge in 1977. From 1975 to 1977, he served as Senior Executive Vice President of the Société Phocéenne de Métallurgie, and from 1972 to 1974 he served as Chief Executive Officer of Braud. Mr. Kasriel began his career in 1970 at the Institut du Développement Industriel. He is Vice Chairman of Lafarge North America Inc. and holds various executive positions in the subsidiaries of Lafarge. He is a Director of L’Oréal and Sonocco Products Company.

Michel Rose, Chief Operating Officer since February 2003. He was named Senior Executive Vice President in 1989, served as Senior Executive Vice President in charge of emerging countries from 1996 to 2002 and was President and Chief Executive Officer of Lafarge North America Inc. from 1992 to 1996. He has held various positions within the Group, including Chairman and Chief Executive Officer of Orsan, which has since been divested, Executive Vice President in charge of Human Resources and Internal Communications and Chief Executive Officer of our activities in Brazil. He first joined Lafarge in 1970, as a plant engineer.

Bruno Lafont, Chief Operating Officer since May 2003. He was named Executive Vice President in 1995 and served as Executive Vice President, Gypsum, from October 1998 to May 2003 and Executive Vice President and CFO, from 1995 to 1998. Mr. Lafont previously served in a variety of financial and managerial positions with Lafarge, including in Turkey and the Eastern Mediterranean and with our former German

sanitary ware subsidiary, Allia. Mr. Lafont joined Lafarge in January 1983 as an internal auditor within the finance department.

Jean-Charles Blatz, Executive Vice President, Aggregates & Concrete, since April 2004. Prior to his current position, Mr. Blatz was President for the Mediterranean basin and Trading activities in the Cement Division and performance director of the Aggregates and Concrete Division from 1993 to 1995. He previously served in a variety of positions within Lafarge and namely at Cementia, in the Group Finance Department and in our former sanitary ware subsidiary Allia. Mr Blatz first joined Lafarge in 1970 as organization and methods manager with Ciments Lafarge.

Jean-Jacques Gauthier, Executive Vice President and Chief Financial Officer, since March 2001. Prior to joining Lafarge in March 2001, Mr. Gauthier had been serving as Executive Vice President, Finance since 2000 for the Astrium group, which resulted from the merger of Matra Marconi Space with the space activities of Daimler Benz. From 1996 to 2000, he served as Executive Vice President, Finance of Matra Marconi Space. Prior to this appointment, he held various financial positions both in France and the United States with the Matra group from 1986.

Ulrich Glaunach, Executive Vice President, Roofing, and member of the executive committee since May 2000. Prior to holding his current position, Mr. Glaunach was Chief Operating Officer of the Roofing Division in charge of concrete tiles from July 1998 to May 2000, after holding the position of President and Chief Executive Officer of Lafarge Perlmooser, our Austrian subsidiary, from June 1995 to July 1998.

Christian Herrault, Executive Vice President, Human Resources and Organization, since October 1998. Prior to holding his current position, Mr. Herrault was General Manager of the Aluminates and Admixtures business area from 1995. From 1985 until 1995, he assumed successive managerial responsibilities in our bioactivities sector. Prior to joining Lafarge in 1985, he occupied several positions in French Ministries.

Isidoro Miranda, Executive Vice President, Gypsum since May 2003 and member of the executive committee since March 2001. Prior to holding his current position, Mr. Miranda served as Executive Vice President, Cement between March 2001 and May 2003. He previously served as Chief Executive Officer of Lafarge Asland, our cement subsidiary in Spain. He joined Lafarge in 1995 as group Director of Group Strategic Studies. Prior to this, he worked in London and in Paris in a strategic consulting firm.

Other Executive Officers

Jean Carlos Angulo, Executive Vice President and Regional President of Western Europe and Morocco since 2000. From 1997 to 2000, he was Chief Executive Officer of Lafarge Ciments, our French cement subsidiary. Mr. Angulo joined Lafarge in 1975, and subsequently held various positions including Managing Director of our Brazilian operations between 1990 and 1996. He is a member of the Board of Cimentos de Portugal.

Yves de Clerck, Executive Vice President and Regional President of Central Europe since March 2001. From February 1997 to March 2001, Mr. De Clerck served as Executive Vice President in charge of the Cement Division. Prior to this, he was Chief Executive Officer of Lafarge Ciments, our French cement subsidiary, from September 1988 to February 1997. From September 1983 until September 1988, he was responsible for social development at our headquarters.

Philippe Rollier, Executive Vice President and Regional President of North America since May 2001. He is President and Chief Executive Officer of Lafarge North America Inc. Prior to holding his current position, Mr. Rollier served as Executive Vice President in charge of Central Europe and CIS between January 1999 and May 2001, before which he served as Regional President of Central Europe and CIS from January 1995 to December 1998. From 1989 to 1994, he was President and Chief Executive Officer of Orsan, which has since been divested.

Jean-Marie Schmitz, Executive Vice President and Chief-Executive Officer of Lafarge Maroc since December 1998. Prior to holding his current position, Mr. Schmitz was Executive Vice President in charge of Human Resources and Communication and member of the executive committee from 1988 to September 1998, before which he served as O&HR director from 1986 to 1988. Prior to joining the group in 1978, he

served as head of the cabinet of François Ceyrac, President of the CNPF (the French national employers' union).

Compensation of Executive Officers

Global remuneration paid to executive officers in 2004

The aggregate amount of compensation paid to our Chairman and other executive officers for the fiscal year 2004 (14 persons, one of whom left and one of whom was appointed in 2004) for services in all capacities was approximately 9.004 million euros. This amount:

- includes the fixed share of executive officers' salaries in 2004 as well as the bonuses paid in 2004 in respect of 2003;
- includes a long-term bonus relating to the 2003 financial results benefiting our executive officers excluding our senior management;
- concerns all those who were executive officers in 2004, for the time during that year during which they were executive officers;
- does not include the directors' fees paid by Lafarge S.A. to Messrs. Bertrand Collomb and Bernard Kasriel (see the subsection above entitled "Directors' Fees").

The aggregate amount of compensation paid to our Chairman and other executive officers for the fiscal year 2003 (14 persons, one of whom left in 2003) was approximately 9.103 million euros and for the fiscal year 2002 (14 persons) was approximately 7.404 million euros.

Remuneration of senior management

Our Nominations and Remunerations Committee is responsible for recommending to our Board of Directors a remuneration policy for our Chairman, Chief Executive Officer and our Chief Operating Officers (our "senior management"). The Nominations and Remunerations Committee, in establishing the remuneration policy, seeks guidance from outside consultants on the market practices of comparable companies.

The remuneration of senior management is composed of a fixed portion and a performance-based portion, which may be up to 80% of the fixed remuneration for our Chairman, 160% of the fixed remuneration of our Chief Executive Officer and 120% of the fixed remuneration for our Chief Operating Officers. All remuneration received by the officers with respect to the various offices they hold within our consolidated subsidiaries is imputed with respect to the fixed portion.

Two-thirds of the performance related pay of the Chairman and three-fourths of the performance pay of the Chief Executive Officer and Chief Operating Officers is based on of the financial results of the Group in comparison to the objectives established at the beginning of the year and for one third for the Chairman and one fourth for the Chief Executive Officer and Chief Operating Officers on the basis of their individual performance over the course of the year.

For 2004, the financial criteria used to determine the performance related pay were the increase in economic value added, which reflects the return on capital employed, the increase of the net income per share, the relative return on investment of Lafarge assets as compared to its competitors and the reduction of our group's debt. The portion based on individual performance is determined in part by reference to the personal targets set at the beginning of the year with respect to the major tasks to be undertaken.

In 2004, the outcome in relation to the increase in economic value added was average. The performance of senior management was good with respect to the increase of the net income per share, very good in relation to the reduction of Group debt and good as regards the relative return on investment of Lafarge assets as compared to its competitors. Taking into consideration the appointments and change of remunerations decided by the Board on May 20, 2003, the compensation we paid to our Chairman, Chief Executive Officer and to our Chief Operating Officers for the fiscal year 2004 was the following:

	<u>B. Collomb</u>	<u>B. Kasriel</u>	<u>M. Rose</u>	<u>B. Lafont(1)</u>
	(in thousands of €)			
Fixed remuneration paid in 2004 (2)	875	750	460	440
2004 Variable remuneration paid in 2005	553	997	413	395
2004 Lafarge S.A. directors' fees paid in 2005	24.5	24.5	N/A(3)	N/A(3)
Total 2004	1,452.5	1,771.5	873	835
Fixed remuneration paid in 2003 (2)	875	662	437	370
2003 Variable remuneration paid in 2004	733	700	361	262
2003 Lafarge S.A. directors' fees paid in 2004	24.6	24.6	N/A(3)	N/A(3)
Total 2003	1,632.6	1,386.6	798	632
Fixed remuneration paid in 2002 (1)	875	500	400	N/A
2002 Variable remuneration paid in 2003	889	325	260	N/A
2002 Lafarge S.A. directors' fees paid in 2003	24.6	24.6	N/A(3)	N/A(3)
Total 2002	1,788.6	849.6	660	N/A

- (1) Prior to 2003, Bruno Lafont was not a member of senior management and therefore we did not separately report his compensation.
- (2) Including directors' fees for directorships in our subsidiaries (but excluding directors' fees for Lafarge S.A.).
- (3) Not a director.

Severance arrangements benefiting our Chief Operating Officers

Our Board of Directors, in approving the employment contracts of Messrs. Michel Rose and Bruno Lafont on May 25, 2004 decided to grant to each of them a severance pay in case of termination of their employment other than for gross negligence or willful misconduct. The cancellation of their current position or the reduction of their level of responsibility would amount to termination under these provisions. The amount of this severance pay would be equal to (i) their statutory severance entitlement plus the equivalent of six months pay (based on their most recent fixed and variable remuneration) or (ii) their statutory severance entitlement plus the equivalent of 18 months pay (based on their most recent fixed and variable remuneration) in case of termination of their employment within 24 months of a change of control of Lafarge. Their employment contract defines a change of control as the acquisition of a significant portion of the share capital of Lafarge which is followed by the replacement of more than half of the members of the Board of Directors or by the appointment of a new Chief Executive Officer or a new Chairman.

Pensions and other retirement benefits

Each member of senior management and of the Executive Committee are beneficiaries of a supplemental retirement plan the terms of which vary depending on his position and age as at December 10, 2003, which is the date of the meeting of the Board of Directors that set the terms of the plan.

Members of senior management over 55 years of age at December 10, 2003 who have the benefit of a supplemental retirement plan that currently applies to officers of the cement Division (that is Messrs. Bertrand Collomb, Bernard Kasriel and Michel Rose) benefit from a guaranteed retirement pension amount equal to 60% of their total remuneration (fixed and variable, with a variable remuneration capped at 100% of the fixed remuneration) with an overall floor and cap set respectively at 1 and 1.2 times their average fixed remunerations in 2001, 2002 and 2003.

Members of senior management below 55 years of age at December 10, 2003 (currently Mr. Bruno Lafont) and members of the Executive Committee, have the benefit of a supplemental retirement plan which, according to its terms, aims at providing a retirement pension amount equal to 40% of their last fixed remuneration and of the average of their variable remuneration over the last three years.

In addition, the aggregate amount set aside or accrued to provide pension, retirement or similar benefits for persons who were executive officers at December 31, 2004 (13 persons in all) and former executive officers (9 persons in all), was 56.04 million euros at December 31, 2004.

Executive officers stock options and share ownership

Stock options granted to executive officers

In the financial year ended December 31, 2004, 12 of our executive officers were granted 261,500 subscription stock options at an exercise price of 70.79 euros per share. The tables showing the number of subscription or purchase stock options held by our executive officers (13 persons) at December 31, 2004 are presented under a separate line item in the tables under the subsection below entitled “Subscription and purchase stock options at December 31, 2004”.

In order to align more closely the interests of the members of our Executive Committee with those of our shareholders, our Board of Directors decided on December 10, 2003, upon the proposal of the Nominations and Remunerations Committee, to require all members of the Executive Committee to hold the equivalent of their fixed annual remuneration for value in Lafarge shares. In order to achieve that objective, each member of the Executive Committee must invest one third of the net theoretical after tax gain realized upon the exercise of his stock purchase or subscription options in Lafarge shares each year until he reaches that objective.

None of our executive officers owns 1% or more of our outstanding shares.

At December 31, 2004, four of our executive officers held a total of 282,500 subscription options in our subsidiary Lafarge North America Inc. In 2004, 29,500 options in Lafarge North America Inc. were exercised, at an average price of \$28.55 per share.

Stock options granted to our senior management

The following table sets forth the options granted to our senior management, Messrs. Collomb, Kasriel, Rose and Lafont, by all of our consolidated subsidiaries and all options exercised by them in 2004.

	<u>Total number of shares covered/exercised</u>	<u>Exercise Price</u>	<u>Option Period Lapses</u>	<u>Plan number</u>
Options Granted:				
B. Collomb:				
Lafarge	28,000	€70.79	12/14/2014	M14
	12,000*	€70.79	12/14/2014	M14
Lafarge North America Inc.	30,000	\$41.86	02/04/2014	
B. Kasriel:				
Lafarge	49,000	€70.79	12/14/2014	M14
	21,000*	€70.79	12/14/2014	M14
Lafarge North America Inc.	25,000	\$41.86	02/04/2014	
M. Rose:				
Lafarge	21,000	€70.79	12/14/2014	M14
	9,000*	€70.79	12/14/2014	M14
Lafarge North America Inc.	1,000	\$41.86	02/04/2014	
B. Lafont:				
Lafarge	21,000	€70.79	12/14/2014	M14
	9,000*	€70.79	12/14/2014	M14
Lafarge North America Inc.	1,000	\$41.86	02/04/2014	
Options Exercised:				
B. Collomb:				
Lafarge	14,041	€48.42	—	N9
Lafarge North America Inc.	15,000	\$18.00	—	—
B. Kasriel:				
Lafarge North America Inc.	10,000	\$21.37	—	—
M. Rose				
Lafarge North America Inc.	1,000	\$23.00	—	—
	1,000	\$29.97	—	—
	1,000	\$29.81	—	—
B. Lafont				
Lafarge	6,964	€43.10	—	M2
	118	€43.10	—	M3
	2,000	€50.19	—	M6
Lafarge North America Inc.	697	\$32.20	—	—
	553	\$32.20	—	—
	250	\$41.86	—	—

* The exercise of these options is subject to the performance of our share price. See the subsection below entitled “Stock Options” under “Employees”.

Options granted by us and our consolidated subsidiaries to each of Messrs. Collomb, Kasriel, Rose and Lafont outstanding as of December 31, 2004.

	<u>Options exercisable as of December 31, 2004</u>	<u>Options not exercisable as of December 31, 2004</u>	<u>Total number of options held</u>
B. Collomb:			
Lafarge	171,028	247,533*	418,561
Lafarge North America Inc.	132,500	37,500	170,000
B. Kasriel:			
Lafarge	75,854	253,767*	329,621
Lafarge North America Inc.	75,000	30,000	105,000
M. Rose:			
Lafarge	39,705	102,619*	142,324
Lafarge North America Inc.	3,000	0	3,000
B. Lafont:			
Lafarge	32,189	76,363*	108,552
Lafarge North America Inc.	250	4,250	4,500

* Includes options the exercise of which is subject to the performance of our shares.

Ten highest options grants to our employees other than our senior management and our directors

The following table shows the total of the ten highest option grants made by us and our consolidated subsidiaries to our employees, other than Messrs. Collomb, Kasriel, Rose and Lafont, and the total of the ten highest option exercises.

	<u>Total number of shares covered/exercised</u>	<u>Weighted Average Price</u>
Options Granted:		
Lafarge	109,500	€70.79
Lafarge North America Inc.	265,000	\$41.86
Options Exercised:		
Lafarge	38,488	€48.45
Lafarge North America Inc.	532,375	\$30.17

Employees

The following tables set forth our number of employees at December 31, 2004, 2003 and 2002 by area of primary activity and our number of employees at December 31, 2004, 2003 and 2002 by geographical region:

Employees by Division

	<u>Year ended December 31, 2004</u>		<u>% Var. 2004/2003</u>	<u>Year ended December 31, 2003</u>		<u>% Var. 2003/2002</u>	<u>Year ended December 31, 2002</u>	
	<u>Number</u>	<u>%</u>	<u>in %</u>	<u>Number</u>	<u>%</u>	<u>in %</u>	<u>Number</u>	<u>%</u>
Cement	38,202	49.6	6.20	35,984	47.8	(4.1)	37,521	48.4
Aggregates & Concrete	20,096	26.1	(2.2)	20,547	27.3	(2.5)	21,069	27.2
Roofing	11,683	15.2	(1.8)	11,901	15.8	(1.7)	12,106	15.6
Gypsum	6,012	7.8	8.7	5,530	7.3	4.0	5,319	6.9
Specialty Products*	66	0.1	(82.9)	387	0.5	(7.2)	417	0.5
Others**	1,016	1.2	2.8	988	1.3	(11.3)	1,114	1.4
Total	77,075	100.0	2.3	75,338	100.0	(2.8)	77,547	100.0

* Figures for the 2002 and 2003 fiscal years reflect the unsold units of our Specialty Products Division.

** Including employees at our corporate office and in research and development.

Employees by Geographical Zone

	Year ended December 31, 2004		% Var. 2004/2003	Year ended December 31, 2003		% Var. 2003/2002	Year ended December 31, 2002	
	Number	%	in %	Number	%	in %	Number	%
Western Europe	24,710	32.1	(0.4)	24,814	32.9	(3.4)	25,676	33.1
North America	15,828	20.5	3.2	15,343	20.7	(1.5)	15,573	20.1
Mediterranean Basin	3,391	4.4	(12.4)	3,873	5.1	(9.4)	4,277	5.5
Central and Eastern Europe	10,304	13.4	19.6	8,616	11.4	(7.3)	9,301	12.0
Sub-Saharan Africa	7,502	9.7	(0.4)	7,536	10.0	(1.3)	7,632	9.8
Latin America	4,336	5.6	(1.4)	4,398	5.8	(5.0)	4,626	6.0
Asia/Pacific	11,005	14.3	2.3	10,758	14.3	2.8	10,463	13.5
Total	77,075	100.0	2.3	75,338	100.0	(2.8)	77,547	100.0

Labor Policy

A significant percentage of our non-managerial employees in Europe and the United States are members of labor unions. As required by French and European law, our management holds annual meetings with a delegation of French union representatives and a delegation of the employees of our other European companies in order to respond to questions regarding our economic and employment situation. While we have experienced some strikes in the past five years, we have not experienced any strikes, walkouts or work stoppages which have had a material negative impact on our financial condition, results of operations or cash flows. We believe that we enjoy good relations with our employees.

In accordance with the regulation (*ordonnance*) No. 86-1134 of October 21, 1986 concerning employee profit-sharing schemes, almost every one of our French subsidiaries has, over the past few years, renewed profit sharing agreements with their employees. Such arrangements allocate a portion of the profits to employees based partly on financial results and partly on specific performance criteria, such as cost reduction and quality of products or services provided to the customer. The employees' share of the profits may be invested in the different mutual funds of the savings scheme of Lafarge. The employees' share of the profits that is invested in the savings scheme of our company, as well as personal investments of French and foreign employees, benefit from an additional contribution by us.

Employee Share Ownership

Employee shareholding, through wide ranging reserved share offerings and stock option plans, is an important part of our strategy for motivating our employees. At December 31, 2004, 16% of our individual shareholders were employees of Lafarge. As at December 31, 2004, our employees owned 1.7% of our shares and 2.9% of our voting rights. Our long-term goal is to raise employee ownership to 3% of our outstanding shares.

Employee Reserved Share Offerings

On April 15, 2002, we launched *Lafarge en action 2002*, an employee stock ownership program reserved for our employees outside the United States and Canada and certain other countries. The *Lafarge en action 2002* program was adopted pursuant to the authorization given by our shareholders at the extraordinary general meeting held on May 28, 2001.

Under *Lafarge en action 2002*, our eligible employees were able to subscribe for 1 to 110 shares, with every share from the eleventh purchased, giving the right to receive one option. The maximum number of shares offered directly under the program was 3,425,000 shares at a price of 81.84 euros per share (a 20% discount from the market price over the reference period of the twenty trading days prior to March 29, 2002). In accordance with French laws governing a *Plan d'Epargne Groupe* (group Savings Scheme), except in certain specific circumstances, employees who subscribed for shares in the program will be required to hold them for at least five years. The price at which the options can be exercised was set at 108.15 per share on May 28, 2002 by reference to the price over the reference period of the twenty trading days preceding this date without any discount. The options will be exercisable from the fifth anniversary of the date they are granted and will expire on the tenth anniversary.

We subsidized each of our eligible employees purchase of up to ten shares under the program. The amount of the subsidy depended on the gross national product of the country in which the employee in question was domiciled for tax purposes. The subsidy was 30% in countries in which the gross national product per capita was more than \$10,000 and 60% in countries in which the gross national product per capita was less than \$10,000. We also agreed to provide, where legally permitted, to each eligible employee who requested it, an interest free loan to purchase shares in the program, repayable over 24 months. The associated capital increase was completed in June 2002.

On February 23, 2005, our Board of Directors approved a share capital increase reserved for our employees outside the United States and Canada to be carried out during the course of 2005. According to the terms set by the Board, eligible employees would be able to subscribe up to 110 Lafarge shares with a 20% discount from the market price and benefit from a subsidy for the first ten shares purchased. The level of the subsidy will depend on the gross national product per capita of the relevant country.

Stock Options

The allotment of stock options is recommended to the Board of Directors each year by the Nominations and Remunerations Committee. Stock options are allotted to the executive officers, as well as to middle management and other employees who have contributed significantly to our performance.

Over the last two fiscal years, the average number of stock options allocated annually represented approximately 980,738 shares, or, on average, 0.57% of our outstanding shares as at December 31, 2004. A total of 1,732 employees received options in 2003 and 479 in 2004.

A total of 7,256,947 allotted stock options had still to be exercised at the end of December 2004, representing approximately 4.25% of our outstanding shares. Executive Officers (13 persons in all) held 20.67% of these options.

The Board of Directors decided on December 10, 2003 to subject the exercise of part of the stock options (up to 30%) granted since 2003 to our Chairman and to the members of the Executive committee to the performance of our share price.

According to the terms of these stock options, part of the options granted to our Chairman and to the members of the Executive Committee can only be exercised if the trading price of our share has reached on average during a continuous period of 60 trading days, during the first four years after the date of grant, an amount equal to the issue price increased by 20% or, failing which, during the following two years an amount equal to the issue price increased by 30%.

If our share fails to perform as stated above during the first four years after the date of grant or the following two years, these stock options would no longer be exercisable and would be cancelled accordingly.

Subscription and purchase stock options at December 31, 2004

The table below shows the number and price of subscription or purchase stock options granted to our employees, including our executive officers (13 persons) at December 31, 2004. The number of stock options featured in this table have been readjusted since their allotment each time that we have entered into financial transactions which have had an effect on the value of the shares, such as certain increases in share capital or the issue of bonus shares, so as to maintain a constant total option value for each beneficiary. The number of options granted to our employees and executive officers outstanding as at December 31, 2004 is, therefore, not equal to the difference between the number outstanding on December 31, 2003 and the number exercised in 2004.

Stock options granted from January 1, 1994 to December 18, 1996

	<u>Plan n°N9</u>	<u>Plan n°M1</u>	<u>Plan n°M2</u>	<u>Plan n°M3(1)</u>	<u>Plan n°M4</u>
Allotment authorized by the shareholders' meeting of	06/15/1992	05/22/1995	05/22/1995	05/22/1995	05/21/1996
Date of allotment by the Board of Directors	09/27/1994	05/22/1995	12/13/1995	12/13/1995	12/18/1996
Type of options	subscription	subscription	subscription	Subscription	subscription
Stock options initially granted (total) ..	269,550	27,200	593,840	331,060	71,400
of which to executive officers(2) ..	37,600	2,000	83,500	800	4,500
Initial beneficiaries (total)	772	52	1,039	8,368	127
of which executive officers(2)	10	2	11	8	3
Available for exercise from	09/27/1994	05/22/1995	12/13/1999	12/13/1999	12/18/2000
Options exercise period lapses	09/27/2004	05/22/2005	12/13/2005	12/13/2005	12/18/2006
Options outstanding at December 31, 2003(3)	127,880	17,170	368,301	176,751	57,543
Options purchased or subscribed between January 1st, 2004 and December 31, 2004	120,571	1,355	40,246	16,261	4,216
Options cancelled (4)	7,309	1,790	37	468	—
Options outstanding at December 31, 2004	0	14,025	328,018	160,022	53,327
Exercise price in euro	48.62	44.20	43.10	43.10	42.57

Stock options granted from December 19, 1996 to December 13, 2000

	<u>Plan n°M5</u>	<u>Plan n°M6</u>	<u>Plan n°M7</u>	<u>Plan n°M8</u>	<u>Plan n°M9</u>	<u>Plan n°A1</u>
Allotment authorized by the shareholders' meeting of	05/21/1997	05/21/1997	05/21/1997	05/21/1997	05/27/1999	05/27/1999
Date of allotment by the Board of Directors	12/17/1997	12/17/1997	05/26/1998	12/10/1998	12/15/1999	12/13/2000
Type of options	subscription	purchase	subscription	purchase	subscription	purchase
Stock options initially granted (total)	346,650	402,550	122,775	98,450	918,200	461,900
of which to executive officers(2)	10,000	144,500	0	9,000	146,000	93,000
Initial beneficiaries (total) ..	999	127	108	150	1,552	438
of which executive officers(2)	1	9	0	4	11	11
Available for exercise from	12/17/2002	12/17/2002	05/26/2003	12/10/2003	12/15/2004	12/13/2005
Options exercise period lapses	12/17/2007	12/17/2007	05/26/2008	12/10/2008	12/15/2009	12/13/2010
Options outstanding at December 31, 2003(3) ..	368,869	436,138	134,484	110,119	1,046,514	499,285
Options purchased or subscribed between January 1st, 2004 and December 31, 2004	35,139	21,870	0	0	0	0
Options cancelled (4)	2,336	—	19,198	576	13,113	5,625
Options outstanding at December 31, 2004	331,394	414,268	115,286	109,543	1,033,401	493,660
Exercise price in euro	50.19	50.19	74.72	74.18	82.70	79.74

Stock options granted from December 14, 2000 to December 14, 2004

	<u>Plan n°A2</u>	<u>Plan n°M10</u>	<u>Plan n°M11(5)</u>	<u>Plan n°M12</u>	<u>Plan n°M13</u>	<u>Plan n°M14</u>
Allotment authorized by the shareholders' meeting of	05/27/1999	05/28/2001	05/28/2001	05/28/2001	05/20/2003	05/20/2003
Date of allotment by the Board of Directors	05/28/2001	12/13/2001	05/28/2002	12/11/2002	12/10/2003	12/14/2004
Type of options	purchase	subscription	subscription	subscription	subscription	Subscription
Stock options initially granted (total)	12,000	1,188,825	437,373	472,390	1,273,925	687,550
of which to executive officers(2)	12,000	277,000	1,100	98,000	350,000	261,500
Initial beneficiaries (total)	1	1,703	14,364	421	1,732	479
of which executive officers(2)	1	13	11	11	13	12
Available for exercise from	05/28/2006	12/13/2005	05/28/2006	12/11/2006	12/10/2007	12/14/2008
Options exercise period lapses	05/28/2011	12/13/2011	05/28/2012	12/11/2012	12/10/2013	12/14/2014
Options outstanding at December 31, 2003(3)	12,754	1,264,338	472,985	502,263	1,273,925	—
Options purchased or subscribed between January 1st, 2004 and December 31, 2004	0	0	0	0	0	0
Options cancelled (4)	—	4,438	5,374	—	—	—
Options outstanding at December 31, 2004	12,754	1,259,900	467,611	502,263	1,273,925	687,550
Exercise price in euro	102.12	96.16	101.79	74.48	65.95	70.79

(1) Lafarge en action 1995 employee stock ownership plan.

(2) Including senior management (see the subsection entitled “Senior Management and Executive Officers”).

(3) After readjustments due to financial transactions.

(4) In accordance with the terms of the plan

(5) Lafarge en action 2002 employee stock ownership plan.

Our Board of Directors has not granted any further options since December 14, 2004.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Major Shareholders

The following table sets out to the best of our knowledge the principal holders of Lafarge's share capital at December 31, 2004 as well as the percentage ownership over the past three years:

Group of Shareholders	At December 31, 2004				At December 31, 2003	At December 31, 2002
	Number of Shares Held	Number of Votes Held	% of Total Issued Shares	% of Total Voting Rights	% of Total Issued Shares	% of Total Issued Shares
Individual shareholders	25,229,595	29,802,429	14.8%	16.6%	13.0%	13.1%
Resident institutional investors (France)	57,636,368	62,186,515	33.7%	34.6%	34.4%	30.6%
Non-resident institutional investors (outside France) *	86,218,719	87,726,140	50.4%	48.8%	51.5%	54.9%
Treasury shares	1,834,396	0	1.1%	0%	1.1%	1.4%
Total	170,919,078	179,715,084	100.0%	100.0%	100.0%	100.0%

* including 49,994 Lafarge S.A. shares currently held by Cementia Holding AG for the benefit of shareholders who not have yet requested the delivery of their Lafarge S.A. shares following the squeeze out procedure carried out by Lafarge S.A. in 2002 with respect to the Cementia Holding AG shares.

For share ownership information for members of the Board of Directors, see “Item 6. Directors, Senior Management and Employees — Board of Directors — Director's Share Ownership”.

To our knowledge no individual or entity or group of individuals or entities acting together in concert held more than 5% of the outstanding shares or total voting rights. To our knowledge however, 11 institutional shareholders held more than 1% of our outstanding shares at December 31, 2004, 1% being the threshold for the notification requirement set out in our *statuts*, (see the subsection under Item 10 entitled “Required Holdings Exceeding Certain Percentages”). Of these institutional shareholders, eight held between 1% and 2% of our shares, one held between 2% and 3% of our shares and two held between 3% and 4% of our shares.

All of our shares bear the same conditions as to voting rights, except for our treasury shares, which bear no voting rights and except for shares held in registered form for over two years which have double voting rights (see “Item 10. Additional Information — Attendance and Voting at Shareholders’ Meetings”).

To our knowledge, we are not directly or indirectly owned or controlled by another corporation, any government or any other natural or legal person severally or jointly. There is no arrangement known to us the operation of which may at any subsequent date result in a change in control of Lafarge.

To our knowledge, at December 31, 2004, (i) the number of record holders of our shares in the United States was 26 and (ii) the number of our ADRs outstanding was 15,395,032 representing approximately 2.25% of our share capital. We have no reason to believe that such information has changed substantially at the date hereof.

Potential Shares — Dilution

At December 31, 2004, the number of our outstanding shares could be increased by up to 16,995,226 new shares as a consequence of:

- The exercise of subscription stock options granted to our employees. At December 31, 2004, the maximum number of shares issuable under currently exercisable subscription options was 2,035,473 shares. In addition, there were subscription options covering 4,191,249 shares that were issued after 2001 and not currently exercisable (see “Item 6. Directors, Senior Management And Employees — Employee Share Ownership”).
- The exercise of the conversion rights attached to the OCEANE bonds issued in June 2001. The maximum number of shares issuable under the OCEANE bonds is 10,768,504 shares. Pursuant to the terms of the OCEANE bonds, upon a bondholder’s exercise of his conversion right, we have the option of converting the bond into new shares or exchanging the bonds for existing treasury shares.

At December 31, 2004, there were no other securities convertible, redeemable or otherwise exchangeable in newly issued shares.

Related Party Transactions

Agreements between Lafarge and one of our directors, the Chairman of the Board and Chief Executive Officer or the Vice Chairman of the Board and Chief Operating Officer or a company in which our directors or these executive officers hold directorships or senior executive positions are, pursuant to the applicable laws and regulations in force, subject to the prior approval of the Board of Directors and then, on a special report from the statutory auditors, to the approval of the ordinary shareholders’ meeting. The director or executive officer concerned is required to inform the Board of all agreements covered by the law. The same prior approval requirement applies to agreements between Lafarge and a shareholder holding more than 10% of the voting rights or, if such shareholder is a corporation, with the corporation controlling such shareholder.

These procedures do not apply to agreements concerning the day-to-day business of the company entered into in the ordinary course of business and with terms and conditions that are not out of the ordinary course.

In accordance with French law on related party transactions, the Board of Directors, during its September 3, 2001 meeting, authorized the execution of the agreements with Lafarge North America Inc. as described below, the execution of which was continuing or renewed in 2004. At the same time, the Board of Directors also authorized an indemnification agreement with Lafarge North America Inc. pursuant to which we agree to indemnify Lafarge North America Inc. and its employees for any loss suffered by any of them as a result of any claim made in relation to the management of Blue Circle’s assets in North America.

In 2004, the Board of Directors approved:

- the employment contracts of Messrs. Michel Rose and Bruno Lafont in their position as Chief Operating Officers of the Group. The purpose of these contracts was to bring together in a single document employment terms that were previously contained in separate documents;

- a services agreement with BNP Paribas Securities Services, a wholly owned subsidiary of BNP Paribas relating to the administration of our share register, employee stock option plans and employee share plans, as well as the management of our general shareholder meetings.

Our director, Mr. Pébereau, is chairman of BNP Paribas, and our directors, Mrs. Ploix and Mr. Joly, are directors of BNP Paribas. We have had and we will continue to have an arm length business relationship with BNP Paribas, including for the conclusion of financings, credit facilities and agreements relating to securities offerings. These agreements were and will be, when applicable, approved by our Board of Directors and communicated to our auditors and our shareholders in compliance with French law on related party transactions.

Following the acquisition of Blue Circle, we entered into an agreement with Lafarge North America Inc., our majority owned North American subsidiary, with respect to Blue Circle's assets in North America. The agreement's initial term expired on December 31, 2002, and has since been renewed annually. It was renewed for 2005. The agreement provides that Lafarge North America Inc. will manage the Blue Circle assets for a fixed annual management fee plus incentives for improving operating results. Lafarge North America Inc. is also entitled to be reimbursed for the costs incurred on behalf of the Blue Circle operations in North America. In 2004, Lafarge North America Inc. charged \$16.3 million (approximately 13.1 million euros) in management fees and \$228.0 million (approximately 183.4 million euros) in cost reimbursement pursuant to the management agreement. In accordance with the terms of the agreement, Lafarge North America Inc. paid \$2.8 million (approximately 2.3 million euros) to Blue Circle North America as compensation for actions taken to optimize the profitability of the combined assets.

At the time we entered into the management agreement, we granted Lafarge North America Inc. an option to purchase the Blue Circle assets anytime between July 1, 2002 and December 31, 2004 at a fixed call price of \$1,400 million, subject to certain adjustments as of the date of acquisition. Lafarge North America Inc. then decided on November 2, 2004 not to exercise the option which therefore lapsed. The terms of the agreement under which Lafarge North America Inc manages the U.S. based assets owned by Blue Circle remain unchanged following this decision.

The assets of Blue Circle covered under the management agreement include:

- 5 cement manufacturing plants with a combined capacity of 5.7 million tonnes of cement;
- 15 cement terminals;
- 1 slag grinding plant outside Baltimore, Maryland;
- 15 aggregate-producing pits and quarries in Georgia and Alabama;
- 100 ready-mixed concrete plants; and
- 10 concrete block plants in Georgia.

We have entered into a mutual technical cooperation agreement with Cimentos de Portugal SGPS, S.A. (Cimpor), in which we hold a 12.6% interest, in the field of industrial performance, namely productivity, safety and environmental protection. The agreement was entered into on July 12, 2002 with an initial term expiring on March 31, 2005. The agreement is renewable for one-year periods thereafter. The first stage of the implementation of the agreement was the identification by us of areas of industrial improvements for Cimpor and was completed on March 31, 2003. A fee of 750,000 euros was paid to us by Cimpor upon completion of this first stage in 2003. The second stage relating to the optimization of industrial performance was initiated in September 2003 and involved technical work performed by us regarding the equipment of certain Cimpor plants to use alternative fuels. We received another fee of 1 million euros from Cimpor for such work performed in 2003. We currently have one common director with Cimpor who is Mr. Jacques Lefèvre. One of our executive officers, Jean-Carlos Angulo, also serves on the Board of Directors of Cimpor.

ITEM 8. FINANCIAL INFORMATION

Consolidated Statements and Other Financial Information

See “Item 18. Financial Statements” for a list of financial statements filed with this registration statement.

Legal Proceedings

See “Item 4. Information on Lafarge — Litigation”.

Dividend Policy

We have no stated dividend policy. For historical information with respect to our dividend distributions, see “Item 3. Key Information — Selected Financial Data”.

Significant Changes

No significant change has occurred in our overall business or financial situation since the date of our most recent annual financial statements. For information on recent events see “Item 4. Information on Lafarge — Recent Events”.

ITEM 9. THE LISTING

Listing Details

The primary market for trading in our shares is Euronext (Paris). Our shares are included in the CAC40 index the SBF 250 100 index and the Dow Jones Eurostoxx 50 index. Our shares have traded on the New York Stock Exchange in the form of American Depositary Shares, or ADSs under the symbol “LR” since July 23, 2001. Each ADS represents one-fourth of one share. The ADSs are evidenced by American Depositary Receipts, or ADRs, which are issued by Morgan Guaranty Trust Company of New York, as Depositary, under a Deposit Agreement dated at July 18, 2001, among us, the Depositary and the registered holders of the ADRs from time to time. The following tables set forth the volume and high and low last sales prices of our shares of common stock as reported on Euronext Paris S.A.:

Trading Prices for our shares of common stock on Euronext Paris S.A. for the five most recent full financial years.

	<u>High</u>	<u>Low</u>	<u>Average Daily</u>	<u>Average Monthly</u>
	<u>(€)</u>		<u>Volume</u>	<u>Volume</u>
			<u>(in shares)</u>	<u>(in millions of shares)</u>
2000	118.40	73.75	521,670	11.00
2001	114.00	74.00	667,518	14.05
2002	111.20	67.00	772,173	16.40
2003	76.25	43.26	1,175,809	24.99
2004	74.50	62.30	924,038	19.94

Source: Euronext

Trading Prices for our shares of common stock on Euronext Paris S.A. for each full financial quarter for the two most recent full financial years.

	<u>High</u>	<u>Low</u>	<u>Average Daily Volume</u>	<u>Average Monthly Volume</u>
	<u>(€)</u>		<u>(in shares)</u>	<u>(in millions of shares)</u>
2003 1st quarter	76.25	43.26	1,026,549	21.56
2nd quarter	64.80	49.26	1,517,404	31.36
3rd quarter	65.70	50.50	1,211,254	26.64
4th quarter	70.90	54.95	955,265	20.38
2004 1st quarter	71.90	62.30	970,474	20.70
2nd quarter	73.90	65.70	1,071,888	22.51
3rd quarter	74.50	66.25	810,247	17.83
4th quarter	74.00	68.55	851,670	18.74

Source: Euronext

Trading Prices for our shares of common stock on Euronext Paris S.A. for each month for the most recent six months.

	<u>High</u>	<u>Low</u>	<u>Average Daily Volume</u>	<u>Average Monthly Volume</u>
	<u>(€)</u>		<u>(in shares)</u>	<u>(in millions of shares)</u>
2004 September	74.50	69.75	1,011,697	22.26
October	74.00	69.35	816,236	17.14
November	73.50	69.70	785,598	17.28
December	72.25	68.55	947,222	21.79
2005 January	79.80	71.00	1,116,478	23.45
February	81.40	75.50	837,122	16.74

Source: Euronext

The following tables set forth the volume and high and low last sales prices of our shares of American Depositary Shares as reported on the NYSE.

Trading Prices for our American Depositary Shares on the NYSE for each full financial quarter for the two most recent full financial years.

	<u>High</u>	<u>Low</u>	<u>Average Daily Volume</u>	<u>Average Monthly Volume</u>
	<u>(\$)</u>		<u>(in ADSs(1))</u>	<u>(in ADSs(1))</u>
2003 1st quarter	20.05	12.10	13,400	272,467
2nd quarter	18.82	13.60	22,495	472,400
3rd quarter	18.02	15.50	21,313	454,667
4th quarter	22.45	16.29	23,778	507,267
2004 1st quarter	22.75	19.12	29,729	614,400
2nd quarter	22.53	19.82	28,227	583,367
3rd quarter	22.78	20.45	34,631	738,800
4th quarter	24.41	22.08	27,059	577,267

Source: NYSE

(1) Each ADS represents one-fourth of one share.

Trading Prices for our American Depositary Shares on the NYSE for each month for the most recent six months.

		<u>High</u>	<u>Low</u>	<u>Average Daily Volume</u>	<u>Average Monthly Volume</u>
		(\$)		(in ADSs(1))	(in ADSs(1))
2004	September	22.78	21.40	36,819	773,200
	October	23.15	22.08	28,343	595,200
	November	23.65	22.69	24,386	512,100
	December	24.41	22.71	28,386	624,500
2005	January	25.98	23.96	35,430	708,600
	February	26.35	25.06	32,170	611,300

Source: NYSE

(1) Each ADS represents one-fourth of one share.

Markets

Our shares of common stock have been listed on the Eurolist of Euronext Paris S.A. (“Euronext Paris”) since July 4, 1923 (Code ISIN: FR000120537). Lafarge has been included in the SBF 250 index since its creation in December 1990, in the CAC 40 index since its creation in December 31, 1987 and in the Dow Jones Eurostoxx 50 index since September 2002. The SBF 250 is an index of shares of 250 companies selected by Euronext Paris as the most representative of the French equities listed on Euronext Paris from twelve economic sectors. The CAC 40 index is an index of shares of the 40 largest companies traded on Euronext Paris in terms of market capitalization. The Dow Jones Eurostoxx 50 index is an index of shares of market sector leading companies in the European Euro zone (covers Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain).

Securities listed on the Eurolist of Euronext Paris are officially traded through authorized financial institutions that are members of the Paris Stock Exchange. Securities are traded continuously on each business day from 9:00 a.m. to 5:25 p.m. (Paris time), with a pre-opening session from 7:15 a.m. to 9:00 a.m. and, for some securities, a pre-closing session from 5:25 p.m. to 5:30 p.m. during which transactions are recorded but not executed, a closing auction at 5:30 p.m. and a “trading at loss” from 5:30 p.m. to 5:40 p.m. Any trade of a security that occurs after a stock exchange session closes is recorded on the next Euronext Paris trading day at the previous session’s closing price for that security. Euronext Paris has introduced continuous electronic trading during trading hours for most actively listed securities.

Euronext Paris may temporarily reserve trading in a security listed in *Continu* on the Eurolist if purchases and sales recorded in the system would inevitably result in a price beyond a certain threshold, determined on a basis of a percentage fluctuation from a reference base. The duration of the so-called reservation period and the relevant thresholds vary depending on whether the price fluctuation occurs when trading commences or during the trading session. Euronext Paris may display an indicative trading price during such reservation period. Euronext Paris also may suspend trading of a security listed on the Eurolist in other limited circumstances, including, for example, where there is unusual trading activity in the security. In addition, in exceptional cases, the *Autorité des Marchés Financiers* may also request a suspension in trading.

Trades of securities listed on the Eurolist are settled on a cash basis on the third trading day following the trade. Market intermediaries are also permitted to offer investors a deferred settlement service (*ordre stipulé à règlement différé*) for a fee. The deferred settlement service is only available for trades in securities that have both a total market capitalization of at least 1 billion euros and a daily average volume of trades of at least 1 million euros. Our shares are eligible for the deferred settlement service. Investors can elect on the determination date (*date de liquidation*), which is the fifth trading day before the end of the month, either to settle by the last trading day of the month or to pay an additional fee and postpone the settlement decision to the determination date of the following month.

Equity securities traded on a deferred settlement basis are considered to have been transferred only after they have been registered in the purchaser’s account. Under French securities regulations, any sale of a security traded on a deferred settlement basis during the month of a dividend payment date is deemed to

occur after the dividend has been paid. If the sale takes place before, but during the month of, a dividend payment date, the purchaser's account will be credited with an amount equal to the dividend paid and the seller's account will be debited by the same amount.

Prior to any transfer of securities held in registered form on the Eurolist, the securities must be converted into bearer form and accordingly placed in an account maintained by an accredited intermediary with Euroclear France S.A., a registered clearing agency. Transactions in securities are initiated by the owner giving instructions (through an agent, if appropriate) to the relevant accredited intermediary. Trades of securities listed on the Eurolist are cleared through Clearing 21 and settled through Euroclear France S.A. using a continuous net settlement system. A fee or a commission is payable to the broker-dealer or other agent involved in the transaction.

ITEM 10. ADDITIONAL INFORMATION

Description of Share Capital

Not applicable

By-laws (*statuts*)

Information concerning material provisions of our by-laws (*statuts*) and applicable French law were summarized in Item 10 on pages 116 to 126 of our Registration Statement on Form 20-F filed with the U.S. Securities and Exchange Commission on July 19, 2001, which information is hereby incorporated by reference herein. The information below updates and complements, and to the extent inconsistent therewith replaces, the information set forth in the summary previously provided. An unofficial English translation of our *statuts* is included as an exhibit to this report. Only the official French version of our *statuts* governs our affairs. You may obtain copies of our *statuts* in French from the Lafarge Legal Department, Siège social: 61, rue des Belles Feuilles 75116 Paris, France.

Corporate Purpose

We are registered under the number 542 105 572 with Registrar of Commerce and Companies of Paris. Our corporate purpose is described in Article 2 of our *statuts*.

Directors

The following is a summary of provisions in our *statuts* pertaining to directors:

Directors' power to vote compensation

Our by-laws authorize the Board of Directors to distribute such remuneration among its members as it sees fit, within the limits established by our shareholders. Our shareholders decided on May 28, 2001, to set the maximum amount of directors' fees payable in fiscal year 2001 and in subsequent fiscal years at 0.610 million euros. The Board of Directors may also authorize the reimbursement of traveling expenses and expenses incurred by directors in the interests of Lafarge.

The remuneration of the Chairman of the Board of Directors, the Chief Executive Officer and the executive officers is set by the Board of Directors. Such remuneration may be fixed and/or proportional.

The Board of Directors may award exceptional remuneration to directors who are members of committees formed from among its members or who are entrusted with specific tasks or duties. In this case, such remuneration is charged to operating costs, indicated to the statutory auditors, submitted for prior authorization of the Board of Directors and subsequently approved by the shareholders' meeting.

Borrowing powers exercisable by directors

Our *statuts* authorize the Board of Directors to accomplish all financial transactions, open all accounts with banking institutions, make and receive all payments, subscribe all negotiable instruments and notes, agree to all credits and request all loans.

The Board of Directors may not contract loans in the form of bonds except with the authorization of the ordinary shareholders' meeting, nor may it issue convertible bonds, bonds exchangeable for shares or bonds with share warrants except with the authorization of the extraordinary shareholders' meeting.

Age requirement for retirement of directors

Our *statuts* provide that the directors may be dismissed at any time by a duly convened shareholders' meeting. Otherwise our *statuts* provide that our directors shall serve a multi-year term of office and each director's term of office may be renewed subject to the condition that directors may not be more than 70 years of age. Our shareholders at our general shareholders' meeting convened on May 28, 2001 approved a resolution which amended our *statuts* and progressively reduced the duration of our directors' terms of office. Under this resolution, directors currently serving and originally appointed for six-year terms will serve out the remainder of their six-year mandate; directors appointed or renewed in office in 2001 shall serve five-year terms; and those appointed or renewed in years subsequent shall serve four-year terms. Each director's term of office expires at the end of the ordinary shareholders' meeting called to approve the previous year's accounts held in the year during which the director's term of office normally expires or during which the director reaches the age limit of 70 years.

The Chairman of the Board and the Chief Executive Officer may not be more than 65 years of age. The term of office of each expires automatically on December 31 of the year in which he reaches the age of 65.

However, the Board of Directors may decide to extend the term of office of the Chairman of the Board beyond the above-mentioned age limit for successive one-year periods provided that his term of office as director continues for such periods. In this case, the term of office of the Chairman of the Board shall expire definitively on December 31 of the year in which he reaches the age of 67.

Number of shares required for a director's qualification

All members of the Board of Directors must hold, in registered form, a number of shares representing a total nominal value of at least 4,572 euros (i.e. 1,143 shares). The par value of our shares is 4 euros.

Attendance and Voting at Shareholders' Meetings

Each share confers on the shareholder the right to one vote. Fully paid-up shares that have been held by the same shareholder in registered form for at least two years have a double voting right.

Shareholders may attend ordinary general meetings and extraordinary general meetings and exercise their voting rights subject to the conditions specified in the French company law and our *statuts*. There is no requirement that a shareholder have a minimum number of shares in order to attend or to be represented at an ordinary or extraordinary general meeting.

Access to the meeting is open to such shareholders, as well as to their proxies and registered intermediaries who have provided evidence of their entitlement to attend no later than 3:00 p.m. (Paris time) the day before the date of the assembly, including an attestation that their shares are registered in a share account. The Board of Directors may shorten or eliminate such time limit. Since 2002, the Board of Directors has decided not to require shareholders to block their shares prior to the general meetings, as provided by French law. Shareholders only had to present a certificate evidencing their share ownership to participate in the meetings in person or by proxy. The Board intends to continue to follow this approach in the future.

In addition, the Board may, where deemed appropriate, provide shareholders with personal admission cards bearing the name of the shareholder and require the production of such cards at the meeting. Shareholders' meetings may also be attended by videoconferencing or other telecommunications means, as may be decided by the Board of Directors. In organizing attendance of shareholders by videoconferencing or other telecommunications means, the Board of Directors needs to provide for a site entirely dedicated to this end and ensure the effectiveness of means enabling the identification of shareholders and guaranteeing their effective participation at the meeting.

The total voting rights of one shareholder during a shareholders' meeting, including voting rights held by other shareholders with whom this shareholder is acting in concert, is limited to 1% of the total number of existing voting rights calculated and, for the balance, according to the quorum obtained, by application of the percentage exceeding 1% to the number of voting rights corresponding to such quorum (calculated taking into account the restriction resulting from this provision). This limitation is meant to prevent the over-representation of a given shareholder at a general meeting as a result of the low level of participation at such meetings and ensuring that the voting rights of each shareholder are at least equal to their share in the overall share capital.

Changes in Share Capital

Increases in Share Capital

As provided by the French company law, our share capital may be increased only with the shareholders' approval at an extraordinary general meeting following a recommendation of the Board of Directors.

Increases in our share capital may be effected by:

- issuing additional shares;
- increasing the nominal value of existing shares; or
- creating a new class of equity securities.

Increases in share capital by issuing additional securities may be effected by issuing such securities:

- for cash;
- for assets contributed in kind;
- for securities contributed through a tender offer;
- by conversion, exchange or redemption of debt securities previously issued;
- upon the exercise of stock options, warrants or other similar securities comprising rights to subscribe to our shares;
- by capitalization of profits, reserves or share premiums;
- subject to various conditions, in satisfaction of debt incurred by our company; or
- by any combination of the above.

Decisions to increase the share capital through the capitalization of reserves, profits and/or share premiums require the approval of an extraordinary general meeting, acting under the quorum and majority requirements applicable to shareholders' meetings. Increases effected by an increase in the nominal value of shares require unanimous approval of the shareholders, unless effected by capitalization of reserves, profits or share premiums. All other capital increases require the approval of an extraordinary general meeting. See "Shareholders' Meetings and Voting Rights".

The shareholders may delegate the right to carry out certain types of capital increases to the Board of Directors, with a maximum amount and for a certain period of time. The Board of Directors may further delegate this right to the Chairman and/or Chief Executive Officer.

Each time the shareholders decide to carry out a capital increase or decide to delegate to the Board of Directors the right to carry out a capital increase (except for a contribution in kind), they must also decide whether to proceed with a capital increase reserved to employees of our company and its subsidiaries, or whether or not to delegate to the Board of Directors the right to carry out such a reserved capital increase.

Our Board of Directors has received from our shareholders' meeting held on May 20, 2003, the right to carry out share capital increases through the issue of shares or other equity securities with or without shareholders' preemptive subscription rights, through the capitalization of reserves, through the issue of employee stock subscription options and through the issue of shares reserved for our employees.

As of the date of this report, our Board of Directors may carry out the following share capital increases pursuant to the delegations granted to it by our shareholders' meeting held on May 20, 2003:

<u>Type of share capital increase</u>	<u>Maximum nominal amount (in €)</u>	<u>Expiration date of delegations</u>
Issue of shares or other equity securities with shareholders' preemptive subscription rights	72,673,888*	July 20, 2005
Issue of shares or other equity securities without shareholders' preemptive subscription rights	72,673,888*	July 20, 2005
Capitalization of reserves	100,000,000	July 20, 2005
Issue of employee stock subscription options	12,664,389**	July 20, 2005
Issue of shares reserved for our employees	14,000,000	July 20, 2005

* the cap on these issues applies to both delegations.

** based on the share capital as of December 31, 2004.

Decreases in Share Capital

According to the French company law, any decrease in our share capital requires approval by the shareholders entitled to vote at an extraordinary general meeting. In the case of a capital reduction, other than a reduction to absorb losses or a reduction as part of a program to purchase our own shares, all holders of shares must be offered the possibility to participate in such a reduction. The share capital may be reduced either by decreasing the nominal value of the outstanding share capital or by reducing the number of outstanding shares. The number of outstanding shares may be reduced either by an exchange of shares or by the repurchase and cancellation of shares. Holders of each class of shares must be treated equally unless each affected shareholder agrees otherwise.

Preemptive Subscription Rights

According to the French company law, if we issue specific kinds of additional securities, current shareholders will have preemptive subscription rights to these securities on a pro rata basis. These preemptive rights require us to give priority treatment to those shareholders. These rights entitle the individual or entity that holds them to subscribe to an issue of any securities that may increase the share capital of our company by means of a cash payment or a settling of cash debts. Preemptive subscription rights are transferable during the subscription period relating to a particular offering. These rights may also be listed on Euronext Paris.

A two-thirds majority of the shares entitled to vote at an extraordinary general meeting may vote to waive preemptive subscription rights with respect to any particular offering. French law requires that the Board of Directors and our independent auditors present reports that specifically address any proposal to waive preemptive subscription rights. In the event of a waiver, the issue of securities must be completed within the period prescribed by law. The shareholders may also decide at an extraordinary general meeting to give the existing shareholders a non-transferable priority right to subscribe to the new securities, during a limited period of time. Individual shareholders may also notify us that they wish to waive their own preemptive subscription rights with respect to any particular offering of shares if they so choose.

Form, Holding and Transfer of Shares

Form of Shares

Our statuts provide that the shares may be held in registered or bearer form.

Holding of Shares

In accordance with French law concerning dematerialization of securities, shareholders' ownership rights are represented by book entries instead of share certificates. We maintain a share account with Euroclear France for all shares in registered form, which is administered by BNP Paribas. In addition, we maintain separate accounts in the name of each shareholder either directly or, at a shareholder's request, through the shareholder's accredited intermediary. Each shareholder account shows the name of the holder and the number of shares held and, in the case of shares held through an accredited intermediary, the shareholder

account shows that the shares are held through such intermediary. BNP Paribas, as a matter of course, issues confirmations to each registered shareholder as to shares registered in the shareholder's account, but these confirmations are not documents of title.

Shares held in bearer form are held on the shareholder's behalf in an account maintained by an accredited intermediary and are registered in an account which the accredited intermediary maintains with Euroclear France. That account is separate from our company's share account with Euroclear France. Each accredited intermediary maintains a record of shares held through it and will issue certificates of registration for the shares that it holds. Shares held in bearer form may only be transferred through accredited intermediaries and Euroclear France. Our *statuts* permit us to request that Euroclear France provide us at any time with the identity of the holders of our shares or other securities, held in bearer form, granting immediate or future voting rights, with the number of shares or other securities so held and any restrictions on such securities.

In addition, shares held, in registered form or bearer form, by non-French residents may be held on the shareholder's behalf in a collective account or in several individual accounts by an intermediary. This intermediary must declare that it is acting as an intermediary and may be requested by us to provide the identity of the shareholders on whose behalf it is acting. Failure to declare that it is acting as an intermediary or the provision of inaccurate or incomplete information about the shareholders can result in the deprivation of both the right to vote and the right to receive dividends.

Transfer of Shares

Our *statuts* do not contain any restrictions relating to the transfer of shares, other than those provided for by law, regulation or statute.

Registered shares must be converted into bearer form before being transferred on Euronext Paris and, accordingly, must be registered in an account maintained by an accredited intermediary. A shareholder may initiate a transfer by giving instructions to the relevant accredited intermediary. A fee or commission is payable to the broker involved in the transaction, regardless of whether the transaction occurs inside or outside of France. Normally, no registration duty is payable in France, unless a transfer instrument has been executed in France.

Liquidation Rights

In the event of a liquidation, any assets remaining after payment of our debts, liquidation expenses and all of our remaining obligations would first be distributed to repay in full the nominal value of our shares. Any surplus would then be distributed pro rata among shareholders in proportion to the nominal value of their shareholdings.

Requirements for Holdings Exceeding Certain Percentages

The French company law provides that any individual or entity, acting alone or in concert with others, that becomes the owner, directly or indirectly, of more than 5%, 10%, 20%, 33⅓%, 50% or 66⅔% of the outstanding shares or voting rights of a listed company in France, such as our company, or that increases or decreases its shareholding or voting rights above or below any of those percentages, must notify the company within five trading days of the date it crosses the threshold of the number of shares and ADSs it holds and their voting rights. The individual or entity must also notify the *Autorité des Marchés Financiers* (the "AMF"), within five trading days of the date it crosses the threshold.

French law and the AMF regulations impose additional reporting requirements on persons who acquire more than 10% or 20% of the outstanding shares or voting rights of a listed company. These persons must file a report with the company and the AMF within 10 trading days of the date they cross the threshold. In the report, the acquirer must specify its intentions for the following 12-month period, including whether or not it intends to continue its purchases, to acquire control of the company in question or to seek nomination to the Board of Directors. The AMF must make the notice public. The acquirer must also publish a press release stating its intentions in a financial newspaper of national circulation in France. The acquirer may

amend its stated intentions, provided that it does so on the basis of significant changes in its own situation or shareholders. Upon any change of intention, it must file a new report. These requirements also apply to registered intermediaries who hold stock on behalf of non-resident shareholders.

Under French regulations, and subject to limited exemptions granted by the AMF, any person or persons acting in concert who come to own in excess of 33⅓% of the share capital or voting rights of a French listed company must initiate a public tender offer for the balance of the share capital of such company. In addition, our *statuts* provide that any person acting alone or in concert who becomes, directly or indirectly, the owner of more than 1% of our share capital or voting rights must notify us within 15 days, by registered mail with return receipt requested, fax or telex, of the number of shares or voting rights it holds. The same notification requirement applies to each subsequent increase or decrease in ownership of 1% or whole multiples of 1%. If a person does not comply with this notification requirement, one or more shareholders holding 1% or more of our share capital or voting rights may require a shareholders' meeting to deprive the shares in excess of the relevant threshold of voting rights for all shareholders' meetings for two years following the date on which the owner complies with the notification requirements. Such sanction is independent of any legal sanction which may be issued by a court upon the request of the Chairman, a shareholder or the AMF.

In order to permit holders or intermediaries to give the required notice, we must publish in the *Bulletin des Annonces Légales Obligatoires* ("BALO"), not later than 15 calendar days after the annual ordinary general meeting of shareholders, information with respect to the total number of voting rights outstanding as of the date of such meeting. In addition, if the number of outstanding voting rights changes by 5% or more between two annual ordinary general meetings, we must publish in the BALO, within 15 calendar days of such change, the number of voting rights outstanding and provide the AMF with a written notice. The AMF publishes the total number of voting rights so notified by all listed companies in a weekly notice (*avis*), including the date each such number was last updated. In order to facilitate compliance with the notification requirements, a holder of ADSs may deliver any such notification to the depository and the depository shall, as soon as practicable, forward such notification to us and to the AMF.

If any person fails to comply with the legal notification requirement, the shares or voting rights in excess of the relevant threshold will be deprived of voting rights for all shareholders' meetings until the end of a two-year period following the date on which the owner thereof complies with the notification requirements. In addition, any shareholder who fails to comply with these requirements may have all or part of its voting rights suspended for up to five years by the Commercial Court at the request of our Chairman of the Board, any shareholder or the AMF. In addition, individuals who are shareholders, the Chairman, members of the Board, managers and managing directors of corporate shareholders may be subject to a fine of 18,000 euros.

There have been no public takeover offers by third parties for our shares during the last or the current financial year.

Purchase of Our Own Shares

Under French law, our company may not issue shares to itself. However, we may, either directly or through a financial intermediary acting on our behalf, purchase our shares for one of three purposes:

- (1) to reduce our share capital by canceling the shares we purchase, with our shareholders' approval at an extraordinary general meeting,
- (2) to provide shares to our employees under a profit-sharing plan or stock option plan, with our shareholders' approval at an extraordinary general meeting, or
- (3) to acquire up to 10% of our share capital in connection with a corporate share repurchase program, with our shareholders' approval at an ordinary general meeting and the publication, either at the latest 15 days before such general shareholders' meeting or right after the Board of Directors implements the share repurchase program, of a notice (*note d'information*) approved by the AMF.

On May 25, 2004, the shareholders authorized a share repurchase program as described in clause (3) above for up to 10% of our outstanding shares. The purchase price may not exceed 120 euros per share and

the selling price must be at least 50 euros per share. Pursuant to the program authorized by our shareholders, the shares purchased could be used to:

- stabilize the price of our shares on the market;
- provide shares for distribution to employees under a profit sharing, employee offering or stock option plan;
- provide consideration in the context of an acquisition or of the issuance of securities exchangeable, redeemable or otherwise convertible into our shares; and
- be kept as treasury shares or cancelled pursuant to a specific resolution approved by the extraordinary general shareholders' meeting of May 20, 2003.

This authorization to repurchase our own shares will expire on November 25, 2005.

Since October 13, 2004, which is the date on which the European Regulation n°2273/2003 came into force in France, all share repurchases by a company are deemed to be illegitimate and subject to the scrutiny of the AMF under market abuse rules unless they fall under the safe harbor framework set by the European Regulation as supplemented by the AMF from time to time. The safe harbor framework provides that repurchases for distribution of shares to (i) employees under stock option plans or other share plans, (ii) to holders of securities exchangeable, redeemable or otherwise convertible into shares or (iii) to be cancelled each constitute legitimate repurchases. The framework also provides that shares can be purchased on behalf of a company by a financial intermediary acting pursuant to a liquidity agreement (*contrat de liquidité*) complying with a charter of ethics approved by the AMF or by the company directly in order to provide consideration in the context of acquisitions.

We have not acquired any of our shares in 2004 and have not entered into a liquidity agreement with any financial intermediary. In the same period we sold 21,870 shares pursuant to the exercise of outstanding purchase stock options at an average price of 50.19 euros per share.

At December 31, 2004, we held directly in treasury 1,834,396 shares purchased pursuant to prior authorizations from our shareholders. Under French law these shares are considered outstanding but have no voting rights. These treasury shares represented 1.07% of our outstanding shares for a total book value of approximately 109 million euros as of December 31, 2004. 1,030,225 of these shares are reserved to be attributed to our employees upon exercise of purchase stock options granted in December 1997, 1998, 2000 and 2001.

In addition, at the shareholders' meeting of May 20, 2003, the shareholders granted the Board of Directors the authorization to cancel some or all of the shares purchased under the share repurchase program up to a limit of 10% of our share capital in any 24-month period. This authorization is valid for a 26-month period from the date of this shareholders' meeting.

In addition, we may not repurchase under either clause (2) or (3) above an amount of shares that would result in our company holding, directly or through a person acting on our behalf, more than 10% of our outstanding share capital, or, if we have different classes of shares, 10% of the shares in each class.

We must hold any shares we repurchase in registered form. These shares also must be fully paid up. Shares repurchased by us are deemed outstanding under French law but are not entitled to dividends or voting rights, and we may not exercise the preemptive subscription rights attached to them.

The shareholders, at an extraordinary general meeting, may decide not to take these shares into account in determining the preemptive subscription rights attached to the other shares. However, if the shareholders do decide to take them into account, we must either sell the rights attached to the shares we hold on the market before the end of the subscription period or distribute them to the other shareholders on a pro rata basis.

Material Contracts

On August 1, 2000, we transferred our interests in Lafarge North America Inc., our U.S. subsidiary and Fabrica Nacional de Cementos, our Venezuelan subsidiary, to voting trusts set up under the laws of the State of New York. These trusts are designed to make available to the public shareholders of these subsidiaries, for a period of ten years, an opportunity comparable to that presently enjoyed under French law and regulations by public shareholders of French subsidiaries of French corporations to receive a tender offer for their shares in the event of a tender or exchange offer under French law for the shares of Lafarge S.A., if at the time of commencement of such offer Lafarge S.A.'s beneficial interest in these subsidiaries comprises 20% or more of the voting power represented by the outstanding voting securities of the relevant subsidiary.

The minority shareholders of Lafarge North America Inc. benefited from a similar protection from July 31, 1990 until July 31, 2000.

The common shares of Lafarge North America Inc. are listed on the NYSE. The exchangeable preference shares of Lafarge Canada Inc., a subsidiary of Lafarge North America Inc., are listed on the Toronto stock exchange and are exchangeable, at any time at the option of the holder, into common shares of Lafarge North America Inc.. The common shares of Fabrica Nacional de Cementos are listed on the Caracas stock exchange.

Each of the trust agreements provides, among other things, that in the event of a tender offer for the shares of Lafarge S.A., we will ensure that the person making the offer extends to the public shareholders of the relevant subsidiaries an opportunity to receive a comparable tender offer for their shares or failing which, we will extend this opportunity to such public shareholders ourselves. Unless an acquirer of Lafarge S.A., or Lafarge S.A. itself consummates a comparable tender offer for all publicly held voting securities, or securities convertible, redeemable or otherwise exchangeable into voting securities, of the relevant subsidiary, the trustees will, for a five year protective period, exercise our voting rights with respect to the voting securities held in the trust, in general, by voting those securities in favor of any resolution proposed by the subsidiary's Board of Directors and in opposition to any resolutions opposed by the subsidiary's Board of Directors.

Before an acquirer commences a tender or exchange offer for Lafarge S.A., we have the power to direct the trustees how to vote all of the voting securities held in the trust.

A "comparable tender offer" is defined in each trust agreement to be a tender offer for any or all of the outstanding voting securities, or securities convertible, redeemable or otherwise exchangeable into voting securities, held by public shareholders of the relevant subsidiary upon specified terms and conditions, including, but not limited to, the requirement that the price offered to the holders of such securities reflect a premium to the current market price for such securities at least equal to the highest premium publicly offered or paid by the acquirer (or publicly offered by any other person making a tender or exchange offer for Lafarge S.A. after the acquirer commences a tender or exchange offer for Lafarge S.A.) in making its tender or exchange offer to acquire a controlling interest in Lafarge S.A. The tender offer may be conditioned only on the acquirer's acquisition of more than 50% of Lafarge S.A.'s voting shares (which condition is not waivable).

Pursuant to each trust agreement, until a potential acquirer commences an offer for Lafarge S.A., we (i) are permitted to transfer the voting securities held by the relevant trust to establish another comparable trust and (ii), through the trust, are permitted to sell all or some of the voting securities held by the trust to a person or an entity who or which is not affiliated with us. Other than as specifically provided in the trust agreement, we shall not have the right to withdraw, sell, assign, transfer or otherwise dispose of the whole or any part of the corpus of the trust. In the event that we beneficially own less than 20% of the voting power represented by the then outstanding voting shares of the relevant subsidiary, we may revoke the trust agreement.

Each trust agreement also provides that, unless otherwise directed by us, all income received by the relevant trust shall be distributed to us, provided that, during a protective period, the trustees shall be permitted to use income from the trust to pay certain expenses.

On May 23, 2003, we amended the trust agreements pertaining to Lafarge North America Inc. in order to (i) make Lafarge North America Inc. a direct beneficiary of the trusts and (ii) to change the law applicable to the trusts from New York law to Maryland law, the state of incorporation of Lafarge North America Inc.

On May 23, 2003, we amended the trust agreement, pertaining to Fabrica Nacional de Cementos SACA to (i) make Fabrica Nacional de Cementos SACA a direct beneficiary of the trust, and (ii) to change the law applicable to the trusts from New York law to English law.

Exchange Controls and Other Limitations Affecting Security Holders

Under current French exchange control regulations, there are no limitations on the amount of payments that may be remitted by us to non-residents of France. Laws and regulations concerning foreign exchange controls do require, however, that all payments or transfers of funds made by a French resident to a non-resident be handled by an authorized intermediary bank. All credit establishments in France, including all registered banks, are accredited intermediaries.

Neither French law nor our *statuts* presently impose any restrictions on the ability of non-French holders to hold or vote the Shares.

For other limitations affecting shareholders, see “Requirements for Holdings Exceeding Certain Percentages” above.

Taxation

French Taxation

The following is a general summary of the material French tax consequences of owning and disposing of the shares of our company. This summary may only be relevant to you if you are not a resident of France and you do not hold your shares in connection with a permanent establishment or a fixed base in France through which you carry on a business or perform personal services.

This discussion is intended only as a descriptive summary. It does not address all aspects of French tax laws that may be relevant to you in light of your particular circumstances. It is based on the laws, conventions and treaties in force as of the date of this prospectus, all of which are subject to change, possibly with retroactive effect, or different interpretations.

In particular, holders of shares should be aware that the French Budget Law for 2004 (n° 2003-1311 dated December 30, 2003) has abolished the *avoir fiscal* and the *précompte* with respect to dividends to be paid to French individual shareholders as of January 1, 2005.

Précompte

As of January 1, 2005, dividend distributions by French companies subject to corporate income tax will no longer be subject to the *précompte*. An exceptional 25% tax (*quasi-précompte*) shall be due on distributions realized in 2005 paid out of profits that have not been subject to corporate income tax at the ordinary rate or that are paid out of profits realized during financial years closed since more than five years. This exceptional 25% tax is paid by the Company and will be creditable against the corporate income tax liability of the three subsequent years (for a maximum of one-third of its amount per year). Any excess that cannot be credited is refundable to the company.

As no *précompte* was paid by us on the 2004 dividend distributions, shareholders are not entitled to any refund.

Avoir fiscal

As of January 1, 2005, no *avoir fiscal* is attached to dividends paid by French companies.

Although yet unclear, non-resident individual shareholders that are entitled to and that comply with the procedures for claiming benefits under an applicable tax treaty should be entitled to the refund of the *avoir fiscal* with respect to distributions paid until December 31, 2004. On the contrary, corporate shareholders

should no longer be entitled to use the *avoir fiscal* as of January 1, 2005 unless under very limited circumstances. This matter should be confirmed by the French Tax Authorities in an expected but not yet released Tax Regulation.

If you are considering buying shares of our company, you should consult your own tax adviser about the potential tax effects of owning or disposing of shares in your particular situation.

Taxation on Sale or Disposal of Shares

Generally, you will not be subject to any French income tax or capital gains tax when you sell or dispose of shares of our company if both of the following apply to you:

- (1) you are not a French resident for French tax purposes, and
- (2) you have held not more than 25% of our company's dividend rights, known as *droits aux bénéfices sociaux*, at any time during the preceding five years, either directly or indirectly, alone or with relatives.

Subject to specific conditions, foreign states, international organizations and a number of foreign public bodies are not considered French residents for these purposes.

If a double tax treaty between France and your country contains more favorable provisions, you may not be subject to any French income tax or capital gains tax when you sell or dispose of any shares of our company, even if one or both of the above statements apply to you.

If you transfer listed shares using a written agreement, that agreement must generally be registered. You will be required to pay a registration duty of 1% (to be increased to 1.1% at the beginning of 2006) of either the purchase price or the market value of the shares transferred, whichever is higher. The maximum duty is 4,000 euros per transfer. However, in some circumstances, if the agreement is executed outside France, you will not be required to pay this duty.

Taxation of Dividends

Under French domestic law, French companies must generally deduct a 25% French withholding tax from dividends paid to non-residents and shareholders who are not resident in France. Under most tax treaties between France and other countries, the rate of this withholding tax may be reduced in specific circumstances. Generally, a holder who is a non-French resident is subsequently entitled to a tax credit in his or her country of residence for the amount of tax actually withheld. Under some tax treaties, the withholding tax is eliminated altogether. Certain tax treaties further provide for a refund of the *avoir fiscal* to such non-residents.

Certain tax treaties further provide for a refund of the *avoir fiscal* to non-residents. Even though the *avoir fiscal* regime was repealed in 2004, non resident individuals located in a country with a tax treaty providing for the refund of the *avoir fiscal* should still benefit from such refund for dividends paid in 2004. This should be clarified by the French Tax Authorities in early 2005.

The following countries, French overseas territories, known as *Territoires d'Outre-Mer*, and other territories have entered into income tax treaties with France that provide for the arrangements summarized below:

Australia	Ghana	Malaysia	Pakistan	United Kingdom
Austria	Iceland	Mali	Senegal	United States
Belgium	India	Malta	Singapore	Venezuela
Bolivia	Israel	Mauritius	South Korea	
Brazil	Italy	Mexico	Spain	<i>French Territoires</i>
Burkina Faso	Ivory Coast	Namibia	Sweden	<i>d'Outre-Mer and</i>
Canada	Japan	Netherlands	Switzerland	<i>Other:</i>
Estonia	Latvia	New Zealand	Togo	Mayotte
Finland	Lithuania	Niger	Turkey	New Caledonia
Gabon	Luxembourg	Norway	Ukraine	Saint-Pierre et Miquelon

Under these treaties, a shareholder who fulfills specific conditions may generally apply to the French tax authorities for the following:

- (1) a lower rate of withholding tax, generally 15%, and
- (2) a refund equal to the *avoir fiscal*, after deduction of withholding tax payable on the *avoir fiscal*, to the extent, however, that the *avoir fiscal* is still available.

Some of the countries and territories listed above impose additional conditions for corporate entities wishing to receive the *avoir fiscal*. In other countries and territories, individual residents may receive the *avoir fiscal* but corporate entities may not.

Except for the United States, none of the countries or territories listed above has a treaty granting benefits to holders of ADSs, as opposed to shares. Accordingly, this discussion of treaty benefits does not apply to ADS holders.

If the arrangements provided for by any of the above-listed treaties apply to a shareholder, we will withhold tax from the dividend at the lower rate, provided that the shareholder has established, before the date of payment of the dividend, that he or she is entitled to the lower rate and has complied with the filing formalities. Otherwise, we must withhold tax at the full rate of 25%, and the shareholder may subsequently claim the excess tax paid.

Estate and Gift Tax

France imposes estate and gift tax where an individual or entity acquires shares of a French company from a non-resident of France by way of inheritance or gift. France has entered into estate and gift tax treaties with a number of countries. Under these treaties, residents of those countries may be exempt from this tax or obtain a tax credit, assuming specific conditions are met. You should consult your own tax adviser about whether French estate and gift tax will apply to you and whether you may claim an exemption or tax credit.

Wealth Tax

You will not be subject to French wealth tax, known as *impôt de solidarité sur la fortune*, on your shares if both of the following apply to you:

- (1) you are not a French resident for the purpose of French taxation, and
- (2) you own less than 10% of our company's capital stock, either directly or indirectly, provided that your shares do not enable you to exercise influence on our company.

If a double tax treaty between France and your country of residence contains more favorable provisions, you may not be subject to French wealth tax even if one or both of the above statements applies to you.

Taxation of U.S. Investors

The following is a general summary of the material U.S. federal income tax and French tax consequences of owning and disposing of our shares or ADSs. This discussion applies only to U.S. holders. You will be a U.S. holder if you are the beneficial owner of shares or ADSs and all of the following five points apply to you:

- (1) You own, directly, indirectly or by attribution, less than 10% of our share capital or voting stock;
- (2) You are any one of the following:
 - (a) an individual who is a citizen or resident of the United States for U.S. federal income tax purposes,
 - (b) a corporation or certain other entities (taxable as corporations for U.S. federal income tax purposes) created in or organized under the laws of the United States or any state thereof,

- (c) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or
 - (d) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust, and if one or more U.S. persons have the authority to control all substantial decisions of the trust;
- (3) You are entitled to the benefits of the “Convention between the Government of the United States of America and the Government of the French Republic for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital”, signed August 31, 1994 (the “U.S.-France income tax treaty”) under the “Limitation on Benefits” article of that treaty;
 - (4) You hold your shares or ADSs in the company as capital assets; and
 - (5) Your functional currency is the U.S. dollar.

If a partnership (including for this purpose any entity treated as a partnership for U.S. federal income tax purposes) holds shares or ADSs, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. If you are a partner in a partnership that holds shares or ADSs, you are urged to consult your own tax adviser regarding the specific tax consequences of owning and disposing of such shares or ADSs.

Special rules may apply to U.S. expatriates, insurance companies, tax-exempt entities, banks, financial institutions, persons subject to the alternative minimum tax, securities broker-dealers, persons holding shares or ADS as part of a hedging transaction, straddle or conversion transaction, persons who acquired their shares or ADSs pursuant to the exercise of employee stock options or otherwise as compensation, among others. Those special rules, except certain rules applicable to certain tax-exempt investors, are not discussed in this annual report. Furthermore, this discussion is based upon current U.S. and French law and practice, including the U.S. Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”), the Treasury regulations promulgated thereunder, rulings, judicial decisions and administrative pronouncements. This summary is subject to any changes to (or changes in the interpretation of) U.S. or French law or practice occurring after the date hereof, which may have retroactive effect. In addition, this summary is based, in part, upon representations made by the depositary to us and assumes that the Deposit Agreement, and all other related agreements, will be performed in accordance with its terms. Holders should consult their own tax advisers concerning the U.S. federal, state and local tax consequences of the ownership or disposition of our shares or ADSs in light of their particular situations as well as any consequences arising under the laws of any other taxing jurisdiction.

Taxation of Dividends

Withholding Tax and Avoir Fiscal

As indicated under “French Taxation” above, under French domestic law, French companies must normally deduct a 25% French withholding tax from dividends paid to non-residents, and shareholders who are not resident in France are not eligible for the *avoir fiscal*.

Under the U.S.-France income tax treaty, this withholding tax is reduced to 15% if your ownership of the shares or ADSs is not effectively connected with a permanent establishment or a fixed base that you have in France and certain other requirements are satisfied.

As regards distributions made by us in 2004, additional provisions of the U.S.-France income tax treaty apply to you if you are considered an “eligible” U.S. holder of shares or ADSs.

As regards distributions that were made in 2004, you are considered “eligible” if your ownership of the shares or ADSs is not effectively connected with a permanent establishment or a fixed base that you have in France and any one of the following four points applies to you:

- (1) You are an individual or other non-corporate holder that is a resident of the United States for purposes of the U.S.-France income tax treaty;

- (2) You are a U.S. corporation, other than a regulated investment company, and do not own, directly or indirectly 10% or more of the capital of the company paying the dividends;
- (3) You are a U.S. corporation which is a regulated investment company, and do not own, directly or indirectly 10% or more of the capital of the company paying the dividends, provided that less than 20% of your shares are beneficially owned by persons who are neither citizens nor residents of the United States; or
- (4) You are a partnership, estate or trust that is a resident of the United States for purposes of the U.S.-France income tax treaty, but only to the extent that your partners, beneficiaries or grantors would qualify as “eligible” under point (1) or point (2) above.

Assuming that non-resident individual shareholders will remain entitled to the transfer of the *avoir fiscal* for distributions made in 2004, an individual holder that is a resident of the United States as defined pursuant to the provisions of the treaty and whose ownership of our shares is not connected with a permanent establishment in France should remain an “eligible” U.S. holder with respect to distributions to be made by our company in 2004. A U.S. holder other than an individual will no longer be “eligible” with respect to distributions to be made in 2004.

If you are and so long as you will remain an eligible U.S. holder, we shall withhold tax from your dividend at the reduced rate of 15%, provided that you have previously established that you are a resident of the United States under the U.S.-France income tax treaty in accordance with the following procedures:

- (1) You complete French Treasury Form RF I A EU-No. 5052 and send it to the French tax authorities before the date of payment of the dividend. If you are not an individual, you will also have to send to the French tax authorities an affidavit attesting that you are the beneficial owner of all the rights attached to the full ownership of the shares or ADSs, including, among other things, the dividend rights.
- (2) If you are not able to complete Form RF I A EU-No. 5052 before the date of payment of the dividend, you may complete a simplified certificate and send it to the French tax authorities. This certificate must state all of the following five points:
 - (a) You are a resident of the United States for purposes of the U.S.-France income tax treaty;
 - (b) Your ownership of our shares or ADSs is not effectively connected with a permanent establishment or a fixed base in France;
 - (c) You own all the rights attached to the full ownership of the shares or ADSs, including, among other things, the dividend rights;
 - (d) You fulfill all the requirements under the U.S.-France income tax treaty to be entitled to the reduced rate of withholding tax and to be entitled to receive the *avoir fiscal* should this remain applicable; and
 - (e) You claim the reduced rate of withholding tax and, so long as it exists, the payment of the *avoir fiscal* (if still applicable).

If you are not an eligible U.S. holder, but you are entitled to the reduced rate of withholding tax, French withholding tax will be levied at the reduced rate of 15%, provided, however, that you file French tax Form RF I B EU-No. 5053 (or any other form that may replace it in the future) with the paying agent before the date of payment of the dividend.

If you complete the applicable form or, where applicable, the five-point certificate before the dividend payment date, we shall deduct French withholding tax at the rate of 25%. In that case, you may claim a refund from the French tax authorities of the excess withholding tax.

Assuming that non-resident individual shareholders will remain entitled to the transfer of the *avoir fiscal* for distributions made in 2004, and if you are an eligible U.S. holder, you may also be entitled to a payment from the French Treasury equal to the *avoir fiscal*, which you may claim by completing Form RF I A EU-No. 5052 and sending it to the French tax authorities before December 31 of the second year following

the year during which the dividend was paid. You will be entitled to a payment equal to the *avoir fiscal*, less a 15% withholding tax on the *avoir fiscal*. As noted below, you will not receive this payment until after the close of the calendar year in which the dividend was paid. To receive the payment, you must submit a claim to the French tax authorities and attest that you are subject to U.S. federal income taxes on the payment of the *avoir fiscal* and the related dividend. For partnerships, estates or trusts, the partners, beneficiaries or grantors must make the attestation.

The *avoir fiscal* and any French withholding tax refund are generally expected to be paid within 12 months after the holder of shares or ADSs files Form RF I A EU-No. 5052. However, they will not be paid before January 15 following the end of the calendar year in which the dividend is paid.

The form or, where applicable, the certificate, together with its respective instructions, are provided by the depository to all U.S. Holders of ADSs registered with the depository and is also available from the United States Internal Revenue Service. The depository will arrange for the filing with the French tax authorities of all forms or certificates completed by U.S. Holders of ADSs that are returned to the depository in sufficient time.

For U.S. federal income tax purposes, the gross amount of any distribution and any related *avoir fiscal*, including any French tax withheld thereon, will be included in your gross income as ordinary dividend income when any such payment is actually or constructively received by you if you hold shares (or received by the depository, if you hold ADSs), to the extent it is paid or deemed paid out of our current or accumulated earnings and profits as calculated for U.S. federal income tax purposes. To the extent that the amount of any distribution exceeds our current and accumulated earnings and profits as calculated for U.S. federal income tax purposes, it will be treated first as a tax-free return of capital and thereafter any balance in excess of your adjusted tax basis will be taxable as capital gain. Dividends paid by us will not give rise to the dividends received deduction generally allowed to U.S. corporations with respect to dividends received from other U.S. corporations. Such dividends generally will constitute foreign source “passive” income for foreign tax credit purposes (or, for some holders, foreign source “financial services” income).

Further, for U.S. federal income tax purposes, the amount of any dividend paid in euros including any French tax withheld will be equal to the U.S. dollar value of the euro amount received calculated by reference to the exchange rate in effect on the date the dividend is actually or constructively received by you, in the case of shares, or received by the depository, in the case of ADSs, regardless of whether the payment is in fact converted into U.S. dollar. If you do not convert any such foreign currency that is distributed to you into U.S. dollars on the date you receive it, you generally will have a basis in that foreign currency equal to its U.S. dollar value on the date of receipt. You generally may be required to recognize U.S. ordinary income or loss resulting from currency exchange fluctuations upon a subsequent conversion or other disposition of the foreign currency. You also may be required to recognize foreign currency gain or loss if you receive a refund under the U.S.-France income tax treaty of tax withheld in excess of the treaty rate. This foreign currency gain or loss generally will be U.S. source ordinary income or loss.

French withholding tax imposed on the dividends you receive and on any *avoir fiscal* at 15% under the U.S.-France income tax treaty is treated as payment of a foreign income tax. You may take this amount as a credit against your U.S. federal income tax liability, subject to complex conditions and limitations, or alternatively you may choose to deduct all foreign taxes paid by you in a particular year as an itemized deduction. The United States Treasury has expressed concerns that parties to whom ADSs are released may be taking actions that are inconsistent with the claiming of foreign tax credits for U.S. holders of ADSs. Accordingly, the discussion above regarding the creditability of French withholding tax on dividends could be affected by future actions that may be taken by the United States Treasury.

Recent U.S. Tax Law Changes Applicable to Individuals

Under 2003 U.S. tax legislation, some U.S. holders (including individuals) are eligible for reduced rates of U.S. federal income tax (currently a maximum of 15%, but lower in some cases, depending on the individual’s general income tax bracket) in respect of “qualified dividend income” received in taxable years beginning after December 31, 2002 and beginning before January 1, 2009. The 2003 tax legislation did not specifically address the situation where a trust is recipient of qualified dividend income, but did preserve the

normal trust pass-through provisions, so that beneficiaries should benefit from the reduced rates. It also appears that trusts themselves may benefit from the reduced rates (in cases where the qualified dividend income is not distributed, but retained within the trust). For this purpose, “qualified dividend income generally” includes dividends paid by non-U.S. corporations if, among other things, certain minimum holding periods are met and either (i) the shares (or “ADSs”) with respect to which the dividend has been paid are readily tradable on an established securities markets in the United States, or (ii) the non-U.S. corporation is eligible for the benefits of a comprehensive U.S. income tax treaty (such as the U.S.-France income tax treaty) which contains an “exchange of information” provision. We currently believe that dividends paid with respect to our shares and ADSs will constitute qualified dividend income for U.S. federal income tax purposes, provided that the individual U.S. holders of our shares and ADSs meet certain requirements. Some of the eligibility requirements for non-U.S. corporations are not entirely certain, however, and further guidance from the Internal Revenue Service is anticipated. In addition, the Internal Revenue Service is expected to issue certification procedures in the form of an annual information return whereby a non-U.S. corporation will state the basis for its position that its dividends are eligible for the reduced U.S. federal income tax rates.

Taxation of Capital Gains

If you are a resident of the United States for purposes of the U.S.-France income tax treaty, you will not be subject to French tax on any capital gain if you sell or dispose of your shares or ADSs, unless you have a permanent establishment or fixed base in France and the shares or ADSs you sold or disposed of were part of the business property of that permanent establishment or fixed base. Special treaty “tie-breaker” rules apply to individuals who may be considered residents of both countries under the tax laws of each country.

In general, for U.S. federal income tax purposes, you will recognize capital gain or loss if you sell or dispose of your shares or ADSs in an amount equal to the U.S. dollar value (on date of sale) of the difference between the amount realized for the share or ADS and your basis (determined in U.S. dollars, on the date of purchase) in the share or ADS. Such gain or loss generally will be U.S. source gain or loss and will be treated as long-term capital gain or loss if your holding period in the shares or ADSs exceeds one year at the time of disposition. The deductibility of capital losses is subject to significant limitations. If you are an individual, any capital gain generally will be subject to U.S. federal income tax at preferential rates if you meet specified minimum holding periods.

Deposits or withdrawals of shares by you of ADSs are not considered taxable events and therefore will not be subject to U.S. federal income tax.

Passive Foreign Investment Company Status

A non-U.S. corporation will be classified as a Passive Foreign Investment Company (a “PFIC”) for any taxable year if (1) 75% or more of the gross income of the corporation for the taxable year is “passive income”, or (2) the average percentage of assets held by the corporation during the taxable year which produced passive income or which are held for the production of passive income is at least 50%. “Passive income” includes dividends, interest, rents or royalties except when such income is related directly or indirectly (i.e., through a “related person”, as that term is defined in the U.S. Internal Revenue Code) to the conduct of an active trade business, or from the conduct of an insurance business or the banking business. We believe that we did not qualify as a PFIC for our taxable year ending December 31, 2004. However, if we were characterized as a PFIC for any taxable year, you would suffer adverse tax consequences. These consequences may include having gains realized on the disposition of our shares or ADSs treated for tax purposes as ordinary income rather than capital gains and, further, being subject to cumulative interest charges based on the period that you held our stock. Furthermore, dividends paid by us during any period in which we are classified as a PFIC would not be “qualified dividend income” and would therefore be taxed at the higher rates applicable to other items of ordinary income. You should consult your own tax adviser regarding the potential application of the PFIC rules to your ownership of our shares or ADSs.

French Estate and Gift Taxes

Under the “Convention between the United States of America and the French Republic for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Estates, Inheritance and Gifts of November 24, 1978,” if you transfer your shares or ADSs by gift, or if they are transferred by reason of your death, that transfer will only be subject to French gift or inheritance tax if one of the following applies:

- (1) you are domiciled in France at the time of making the gift or at the time of your death, or
- (2) you used the shares or ADSs in conducting a business through a permanent establishment or fixed base in France, or you held the shares or ADSs for that use.

French Wealth Tax

The French wealth tax does not generally apply to shares or ADSs if the holder is a “resident” of the United States for purposes of the U.S.-France income tax treaty (except the case where substantial participations are held by a U.S. resident individual).

U.S. Information Reporting and Backup Withholding

Dividend payments made to you and proceeds paid from the sale, exchange, redemption or disposal of your shares or ADSs may be subject to information reporting to the Internal Revenue Service and possible U.S. federal backup withholding imposed at a current rate of 30%. Backup withholding will not apply to a holder who furnishes a correct taxpayer identification number or certificate of foreign status and makes any other required certification, or who is otherwise exempt from backup withholding. U.S. persons who are required to establish their exempt status generally must provide Internal Revenue Service Form W-9 (Request for Taxpayer Identification Number and Certification). Non-U.S. holders generally are not subject to U.S. information reporting or backup withholding. However, such holders may be required to provide certification of non-U.S. status (generally on Internal Revenue Service Form W-8BEN) in connection with payments received in the United States or through U.S.-related financial intermediaries. Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your U.S. federal income tax liability. You may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the Internal Revenue Service in a timely manner and furnishing any required information.

Dividends and Paying Agents

Not applicable.

Experts

Not applicable.

Documents on Display

The documents referred to in this annual report can be read at the U.S. Securities and Exchange Commission’s public reference facilities at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. Investors can obtain information on the operation of the public reference facilities by calling the Commission at 1-800-SEC-0330 or 1-202-942-8090. In addition, the SEC maintains an Internet site at <http://www.sec.gov> that contains reports and other information regarding issues that file electronically with the SEC. These SEC filings are also available to the public from commercial document retrieval services. Material filed by the Company with the SEC can also be inspected at the offices of the NYSE at 20 Broad Street, New York, New York 10005.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to foreign currency risk and interest rate risk. Other market risk exposures are generated by our equity investments, commodity prices changes and counterparty risk.

We have defined strict policies and procedures to measure, manage and monitor our market risk exposures. Our policies do not permit any speculative market position. We have instituted management rules based on a segregation of operations, financial and administrative control and risk measurement. We have also instituted, for all operations managed at corporate level, an integrated system that permits real time monitoring of hedging strategies.

Our policy is to use derivative instruments to hedge against our exposure to exchange rate and interest rate risks. However, to manage our exposure to commodity risks we enter into long-term contracts and, from time to time, we also use derivative instruments. With the prior authorization of our senior management, we have occasionally entered into agreements to limit our or another party's exposure to equity risk.

We are subject to commodity risk with respect to price changes principally in the coal, pet coke, gas, electricity, fuel, gasoline and freight markets. We attempt to limit our exposure to changes in commodity prices by entering into long-term contracts and increasing our use of alternative fuels. For further information on our use of alternative fuels please see "Item 4 — Information About the Company". From time to time, we use forward contracts to manage our exposure to these commodity risks. These contracts are not normally required to be accounted for as derivative instruments as they are subject to the normal purchases or sales exception, as contracts that provide for the purchase or sale of something other than a financial instrument or derivative instrument that will be delivered in quantities expected to be used or sold by us over a reasonable period in the normal course of business. When the normal purchases or sales exception is not applied, the derivatives are recognized for the purposes of the U.S. GAAP reconciliation at their fair value. Under French GAAP, these contracts are considered off-balance sheet commitments (*engagements hors bilan*) and are included in Note 26 to our consolidated financial statements. At December 31, 2004, such commitments included mainly forward purchase contracts and options for fuel oil, gas oil and coal and the amount of our exposure under such contracts was not significant.

We are subject to equity risk with respect to our minority holdings in certain public companies. We occasionally enter into transactions with respect to our equity investments with financial institutions. We account for such instruments by taking the fair value at period end in accordance with applicable valuation rules, and in accordance with French GAAP we record any negative variation between the fair value and the book value under the line item "Financial expenses, net." For the year ended December 31, 2004, the variation was positive in the amount of 1 million euros with respect to contracts limiting our exposure to equity risk. We believe we had no additional material exposure to such contracts. In addition, in respect of certain joint ventures and other acquisitions we have also entered into shareholders agreements which have written call and put options with respect to our and our partners' interests. For a discussion of our exposure to these options see "Item 5. Operating and Financial Review and Prospects — Liquidity and Capital Resources — Disclosures about Contractual Obligations and Contingent Commitments including tabular disclosure", as well as Note 26 to our consolidated financial statements.

Derivative Instruments

In order to reduce our exposure to the risks of currency and interest rate fluctuations, we manage our exposure both on a central basis through our treasury department and in conjunction with some of our subsidiaries. We use various standard derivative financial instruments, such as forward exchange contracts, interest rate and currency swaps and forward rate agreements, to hedge currency and interest rate fluctuations on assets, liabilities and future commitments, in accordance with guidelines established by our senior management.

We use financial instruments only to hedge existing or anticipated financial and commercial exposures. We undertake this hedging in the over-the-counter market with a limited number of highly rated counterparties. Our positions in derivative financial instruments are monitored using various techniques, including the fair value approach.

Foreign Currency Risk

Translation Risk. The assets, liabilities, income and expenses of our operating entities are denominated in various currencies. Our financial statements are presented in euros. Thus, assets, liabilities, income and expenses denominated in currencies other than the euro must be translated into euros at the applicable exchange rate to be included in our financial statements.

If the euro increases in value against a currency, the value in euros of assets, liabilities, income and expenses originally recorded in such other currency will decrease. Conversely, if the euro decreases in value against a currency, the value in euros of assets, liabilities, income and expenses originally recorded in such other currency will increase. Thus, increases and decreases in the value of the euro can have an impact on the value in euros of our non-euro assets, liabilities, income and expenses, even if the value of these items has not changed in their original currency.

In 2004, approximately 13% of our net income was contributed by subsidiaries which prepare their financial statements in U.S. dollars and Canadian dollars. As such, a 10% change in the U.S. dollars/euro exchange rate and in the Canadian dollar/euro exchange rate would have an impact on our net income of approximately 11 million euros, net of any other impact.

Transaction Risk. We are subject to foreign exchange risks as a result of our subsidiaries purchase and sale transactions in currencies other than their operating currencies.

With regard to transactional foreign currency exposures, our policy is to hedge all material foreign currency exposures through derivative instruments at the latest when a firm commitment is entered into or known. These derivative instruments are generally limited to forward contracts and standard foreign currency options, with terms generally less than one year. We also from time to time hedge future cash flows in foreign currencies, when such flows are highly probable. We do not enter into foreign currency exchange contracts for other than hedging purposes.

Each subsidiary is responsible for managing the foreign exchange positions arising as a result of commercial and financial transactions performed in currencies other than its domestic currency. Exposures are hedged with banks using foreign currency forward contracts and occasionally foreign currency options. However, our corporate treasury department attempts, when possible, to act as a direct counterparty of the Group subsidiaries and immediately return its position in the market. It also attempts to reduce our overall exposure by netting purchases and sales in each currency on a global basis when feasible.

As far as financing is concerned, our general policy is for subsidiaries to borrow and invest excess cash in the same currency as their functional currency. A significant portion of our financing is in U.S. dollars, British pounds and U.S. dollars related currencies, reflecting our significant operations in these countries. Part of this debt was initially borrowed in euros at the parent company level then converted into foreign currencies through currency swaps. At December 31, 2004, before these currency swaps, 10% of our total debt was denominated in U.S. dollars and 13% was denominated in British pounds. After taking into account the swaps, our U.S. dollar denominated debt amounted to 26% of our total debt, while our British pound denominated debt represented 20%.

For a further discussion of the financial instruments we use, see notes 23 and 24 to our consolidated financial statements.

Interest Rate Risk

We are exposed to interest rate risk through our debt and cash. Our interest rate exposure can be sub-divided into the following risks:

Price risk for fixed-rate financial assets and liabilities. By contracting a fixed-rate liability, for example, we are exposed to an opportunity cost in the event of a fall in interest rates. Changes in interest rates impact the market value of fixed-rate assets and liabilities, leaving the associated financial income or expense unchanged.

Cash-flow risk for floating rate assets and liabilities. Changes in interest rates have little impact on the market value of floating-rate assets and liabilities, but directly influence the future income or expense flows of the company.

In accordance with the general policy established by our senior management we seek to manage these two types of risks, including by using interest rate swaps and forward rate agreements. Our corporate treasury department manages our financing and hedges interest rate risk exposure in accordance with rules defined by our senior management in order to keep a balance between fixed rate and floating rate exposure.

Before taking into account the interest rate swaps, at December 31, 2004, 80% of our total debt was at fixed rate. After taking into account these swaps, the portion of fixed debt in our total debt amounted to 76%.

For a further discussion of our financial policy and interest rate exposure, see Notes 23 and 24 to our consolidated financial statements.

Interest Rate Sensitivity

The table below provides information about our interest rate swaps and debt obligations that are sensitive to changes in interest rates. For debt obligations, the table presents principal cash flows by expected maturity dates and related weighted average interest rates before swaps. For interest rate swaps, the table presents notional amounts by contractual maturity dates and related weighted average fixed interest rates. Notional amounts are used to calculate the contractual payments to be exchanged under the contract. Weighted average floating rates are based on effective rates at year-end.

	At December 31, 2004								Fair Value
	Average Rate	Maturities of notional contract values						Total	
		2005	2006	2007	2008	2009	> 5 years		
		(in million €)							
Liabilities									
Long-term debt*	5.3	991	1,977	1,052	868	595	2,456	7,939	8,363
Fixed rate portion	5.5	837	1,778	765	719	54	2,405	6,558	6,982
Floating rate portion	4.3	154	199	287	149	541	51	1,381	1,381
Short-term borrowing	5.9	213	—	—	—	—	—	213	213
Interest rate derivatives									
Interest Rate swaps									
Pay Fixed									
Euro	8.4	865	100	62	70	89	—	1,186	-29
Other currencies	6.1	—	4	8	—	8	—	20	1
Receive Fixed									
Euro	2.2	48	—	—	—	—	600	648	30
Other currencies	5.1	—	—	—	—	—	147	147	-1

* including the current portion of long-term debt

Exchange Rate Sensitivity

The table below provides information about our debt and foreign exchange derivative financial instruments that are sensitive to exchange rates. For debt obligations, the table presents principal cash flows in foreign currencies by expected maturity dates. For foreign exchange forward agreements, the table presents the notional amounts by contractual maturity dates. These notional amounts are generally used to calculate the contractual payments to be exchanged under the contract.

At December 31, 2004
Maturities of notional contract values

	2005	2006	2007	2008	2009	> 5 years	Total	Fair Value
(in million €)								
Liabilities								
Debt in foreign currencies	585	186	208	248	100	1,318	2,645	2,761
U.S. dollar	224	30	82	147	66	234	783	815
British pound	21	34	8	8	8	1,022	1,101	1,169
Other currencies	340	122	118	93	26	62	761	777
Foreign Exchange Derivatives								
Forward purchase agreements and currency swaps								
U.S. dollar	130	—	—	—	—	—	130	-3
British pound	465	—	—	—	—	—	465	-4
Other currencies	156	—	—	—	—	—	156	-3
Total	751	—	—	—	—	—	751	-10
Forward sales agreements and currency swaps								
U.S. dollar	1,430	—	—	—	—	—	1,430	103
British pound	1,008	—	—	—	—	—	1,008	16
Other currencies	257	11	—	—	—	—	268	4
Total	2,695	11	—	—	—	—	2,706	123

Assumptions

Debt: The fair values of long-term debt were determined by estimating future cash flows on a borrowing-by-borrowing basis, and discounting these future cash flows using an interest rate which takes into consideration the Company's incremental borrowing rate at year-end for similar types of debt arrangements. Market price is used to determine the fair value of publicly traded instruments.

Off balance sheet financial instruments: The fair values of forward exchange contracts and interest and currency swaps have been calculated using market prices that the Company would pay or receive to settle the related agreements. Primarily, dealer quotes have been used to estimate the fair values of these instruments at the reporting dates.

Counterparty risk

We are exposed to credit risk in the event of a counterparty's default. We attempt to limit our exposure to counterparty risk by rigorously selecting the counterparties with which we trade, by regularly monitoring the ratings assigned by credit rating agencies and by taking into account the nature and maturity of our exposed transactions. We establish counterparty limits which are regularly reviewed. We believe we have no material concentration of risk with any counterparty. We do not anticipate any third party default that might have a significant impact on our financial condition and results of operations. See Note 24 to our consolidated financial statements.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDENDS ARREARAGES AND DELINQUENCIES

To our knowledge, there has been no material default in the payment of principal or interest or any other material default not cured within 30 days relating to debt of Lafarge or any of its subsidiaries.

ITEM 14. MATERIAL MODIFICATIONS OF THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Other than set forth herein (including the financial statements and notes thereto), there have been no material modifications in the rights of our security holders and there are no specific assets securing any class of our securities.

ITEM 15. CONTROLS AND PROCEDURES

Bernard Kasriel, our Chief Executive Officer, and Jean-Jacques Gauthier, our Executive Vice President for Finance (Chief Financial Officer), have carried out an evaluation of the effectiveness of the Lafarge's disclosure controls and procedures pursuant to Exchange Act requirements as of the end of the period covered by of this annual report on Form 20-F. Based upon such evaluation and as of its date, both Mr. Kasriel and Mr. Gauthier have concluded that our disclosure controls and procedures are effective in ensuring that all material information relating to Lafarge and its consolidated subsidiaries, and which is required to be filed in the annual report, has been made known to them by others within those entities, particularly during the period in which this annual report was being prepared.

There have been no significant changes in Lafarge's internal control over financial reporting that occurred during the period covered by this annual report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Pursuant to the French act of August 1, 2003 (*Loi de sécurité financière*), the Chairman of our Board of Director is required to deliver a special report to the ordinary shareholders' meeting regarding our Board's governance practices, the status of the internal control procedures implemented by our company and on the restrictions that our Board of Directors has placed on the powers granted to the Chief Executive Officer. In general, this report describes our overall framework in terms of internal control, the internal control procedures over financial reporting we currently have in place and the evaluation carried out to comply with Section 302 of the Sarbanes-Oxley Act.

Regarding our overall framework in terms of internal control, the report for 2004 describes the objectives of our internal controls: our internal control policy — which states that internal control monitoring is under the responsibility of the general management of each legal or operational unit — and the formal methodology developed to analyze and manage risks, which includes the definition of internal control standards for operational and corporate processes. It also describes the role of the different stakeholders regarding internal control, and in particular the role of our Internal Audit department, which comprises 45 auditors, 15 of whom are attached to our subsidiary Lafarge North America Inc., and the role of the project team in charge of the implementation of the internal control requirements enforced by the Sarbanes-Oxley Act and the *French Loi de sécurité financière*.

The report also describes the identification of key processes having an impact on financial reporting, as well as the detailed work carried out to assess our internal control over financial reporting. This includes documentation and testing of our internal control over financial reporting, as well as implementation of corrective action plans when needed. This work will lead to an evaluation of the operating effectiveness of our internal control over financial reporting, in compliance with Section 404 of the Sarbanes-Oxley Act.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

The Board of Directors, after having reviewed the composition of its Audit Committee, has determined that Mrs. H el ene Ploix qualifies as the committee's financial expert in accordance with the audit committee financial expert requirements set by the Securities and Exchange Commission.

Mrs. H el ene Ploix is an independent director pursuant to Rule 10A-3. She is currently the Chairman of Pechel Industries S.A.S., a French private investment fund and was previously deputy chief operating officer of the Caisse des D ep ots et Consignations, a French public sector financial institution, and chairman of the Supervisory Board of CDC Participations, the institution's investment fund, from 1989 to 1995. She served as special advisor for the single currency at KPMG Peat Marwick from 1995 to 1996.

ITEM 16B. CODE OF ETHICS

We adopted at the beginning of 2004 a code of business conduct that applies to all our officers and employees. This code promotes:

- compliance with applicable laws and regulations;
- the prevention of conflicts of interests;
- the fact that proper attention be given to people and the environment;
- the protection of the group's assets;
- fairness in financial reporting; and
- internal controls.

Training sessions are organized in relation to the principles set out in the code throughout the Group. The full text of the code is available on our website at www.lafarge.com. Amendments to, or waivers from one or more provisions of, the code will be disclosed on our website.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

This table sets out the amount of fees billed for each of the last two fiscal years by our auditors, Deloitte & Associ es, in relation to audit services, audit-related services, tax and other services provided to us.

	2004		2003		2002	
	\$	�	\$	�	\$	�
	(in millions)					
Audit Fees	16.1	11.9	13.4	10.6	12.5	9.9
Audit-Related Fees	3.9	2.9	3.5	2.8	4.3	3.4
Tax Fees	2.6	1.9	1.0	0.8	0.6	0.5
Other Fees	—	—	—	—	1.4	1.1
Total Fees	22.6	16.7	17.9	14.2	18.8	14.9

Deloitte & Associ es has responsibility for the audit of the accounts of all of our French and foreign subsidiaries (except for the accounts of Lafarge North America Inc., which are audited by Ernst & Young).

Fees billed by Deloitte & Associ es in 2004 were pre-approved by the Audit Committee and by our Board of Directors.

Auditors' pre-approval policies and procedures were approved by our Board of Directors in 2004 and are contained in its charter. These policies and procedures provide that the Audit Committee shall:

- update every year the list of services that can be provided by the auditors in light of new rules and regulations in this area and insure that the fees paid by the group to its auditors for services other than audit services (due diligence prior to an acquisition or disposal of companies in the scope of consolidation, accounting advice and advice on control procedures prior to an acquisition, audit or advisory services for the benefit of third parties, specific procedures relating to the consolidation

process, the review of information systems and internal control procedures, the provision of attestations, etc.) do not exceed 60% of the total amount of audit fees paid,

- pre-approve audit fees relating to (i) the audit of Group’s financial statements (including Lafarge S.A. and its subsidiaries), (ii) the issuance of attestation or comfort letters in relation to the filing of a report or prospectus with a securities commission or another regulator, (iii) assistance in responding to the request of regulatory authorities, (iv) the issuance of an attestation relating to the Chairman’s report on internal controls required by French law and (v) advising on certain accounting treatments, the actual or potential impact of new laws and regulations, the interpretation of French GAAP, IASB, FASB pronouncements, rules of the Securities and Exchange Commission and any other rules published by a regulatory body,
- pre-approve engagements relating to tax services (compliance with local tax laws, preparation and review of tax filings in accordance with applicable rules) and the corresponding fees,
- ensure that auditors do not engage in prohibited services for the group, and
- report the same to the Board of Directors for ratification.

The charter of the Board and its committees provides that the scope of audit services are to be pre-approved for each year. Any amendment to the list of audit services or any fees in excess of those that have been pre-approved (other than by reason of exchange rate variations) shall be pre-approved by the Audit Committee and the Board.

Auditors shall confirm every year to the Audit Committee that the services pre-approved are in compliance with applicable rules and regulations relating to auditor’s independence.

The charter also provides that any engagement letter or service proposal prepared by the auditors shall be submitted to the Control and Consolidation Department which will verify whether the relevant services are within the scope of services that have been pre-approved by the Audit Committee, failing which such services shall be presented to the Audit Committee for approval. Such services may only be initiated when confirmation has been received that they fall within the scope of services pre-approved by the Audit Committee or that they have been approved by the Audit Committee.

This table set outs the percentage of fees paid in 2004 for audit-related, tax or other services that have been pre-approved.

	<u>Percentage of fees pre-approved versus total fees paid in 2004</u>
Audit-Related Fees	100%
Tax Fees	100%
Other	N/A

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Neither we nor any “affiliated purchaser”, as defined in Rule 10b-18 (a) under the Securities Exchange Act of 1934, as amended, made any purchase of the equity securities of Lafarge S.A. during the period covered by this report.

PART III

ITEM 17. FINANCIAL STATEMENTS

Not applicable.

ITEM 18. FINANCIAL STATEMENTS

The following financial statements are filed as part of this registration statement from pages F-1 through F-97, incorporated herein by reference:

Lafarge Financial Statements	Page
Report of Independent Registered Public Accounting Firm	F-1
Report of Independent Registered Public Accounting Firm (Ernst & Young LLP)	F-2
Reports of Independent Auditors (Ernst & Young)	F-3
Consolidated Financial Statements of Income for the years ended December 31, 2004, 2003 and 2002	F-4
Consolidated Balance Sheets at December 31, 2004, 2003 and 2002	F-5
Consolidated Financial Statements of Cash Flows for the years ended December 31, 2004, 2003 and 2002	F-6
Consolidated Financial Statements of Changes in Shareholders' Equity for the years ended December 31, 2004, 2003 and 2002	F-7
Notes to the Consolidated Financial Statements	F-8

ITEM 19. EXHIBITS

Exhibits

- 1 By-laws (*statuts*), as amended, of Lafarge S.A. (English translation).*
- 2 Deposit Agreement, dated July 18, 2001 among Lafarge S.A., Morgan Guaranty Trust Company of New York, as depositary, and the holders of American Depositary Receipts.**
- 3 Instruments with respect to long-term debt which do not exceed 10 percent of the total assets of the company and its consolidated subsidiaries have not been filed. The company agrees to furnish a copy of such instruments to the Commission upon request.
- 4.1 Merger Agreement, dated January 2001, between Lafarge S.A. and Blue Circle Industries.**
- 4.2 Lafarge (U.S.) Holdings Agreement and Articles of Trust, dated August 1, 2000, among Lafarge S.A. and Alfred J. Ross, John H.F. Haskell and The United States Trust Company, as trustees.**
- 4.2.1 First Amendment to the Lafarge (U.S.) Holdings Agreement and Articles of Trust, dated May 23, 2003, among Lafarge S.A. and Alfred J. Ross of New York, New York, John H.F. Haskell, Jr. of New York, The Bank of New York, a New York banking corporation, as trustees.***
- 4.3 Lafarge Paris-Zurich Holdings Agreement and Articles of Trust, dated August 1, 2000, among Lafarge (U.S.) Holdings, Lafarge (Swiss) Holdings and Alfred J. Ross, John H.F. Haskell and The United States Trust Company, as trustees.**
- 4.3.1 Lafarge Paris-Zurich Holdings Agreement and Articles of Trust, dated May 23, 2003, among Lafarge S.A. and Alfred J. Ross of New York, New York, John H.F. Haskell, Jr. of New York, The Bank of New York, a New York banking corporation, as trustees.***
- 4.4 Lafarge (Swiss) Holdings Agreement and Articles of Trust, dated August 1, 2000, among Financière Lafarge and Alfred J. Ross, John H.F. Haskell and The United States Trust Company, as trustees.**
- 4.5 Lafarge (Venezuela) Holdings Agreement and Articles of Trust, dated August 1, 2000, among Lafarge Asland S.A. and Alfred J. Ross, John H.F. Haskell and The United States Trust Company, as trustees.**
- 4.5.1 Lafarge (Venezuela) Holdings Agreement and Articles of Trust, dated May 23, 2003, among Lafarge S.A. and Alfred J. Ross of New York, New York, John H.F. Haskell, Jr. of New York, The Bank of New York, a New York banking corporation, as trustees.***
- 8 List of significant subsidiaries.*
- 10.1 Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (10 U.S.C. § 1350).*
- 10.2 Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (10 U.S.C. § 1350).*
- 11.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a).*
- 11.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a).*

* Provided herewith.

** Incorporated by reference to the Registration Statement on Form 20-F filed by Lafarge with the Securities and Exchange Commission on July 19, 2001.

*** Incorporated by reference to Exhibits 4.2.1, 4.3.1 and 4.5.1, respectively, to the Annual Report on Form 20-F for the year ended December 31, 2003, filed with the Securities and Exchange Commission on March 26, 2004.

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

LAFARGE

By:

/s/ BERNARD KASRIEL
Bernard Kasriel
Chief Executive Officer

Date: March 25, 2005