

Paris, December 10, 2007

Euronext: LG

LAFARGE ACQUIRES ORASCOM CEMENT, THE LEADING CEMENT GROUP IN THE MIDDLE EAST AND THE MEDITERRANEAN BASIN

A DECISIVE ACCELERATION IN FAST-GROWING, HIGHLY PROFITABLE EMERGING MARKETS

The Board of Directors of Lafarge, chaired by Bruno Lafont, met on December 9, 2007 and approved the acquisition by Lafarge of Orascom Construction Industries Cement Group (“Orascom Cement”) and the principle of board representation for Groupe Bruxelles Lambert and Nassef Sawiris, majority shareholder with his family of Orascom Construction Industries.

ORASCOM CEMENT: A HIGHLY PROFITABLE CEMENT LEADER IN EMERGING MARKETS

- A leading position in the Middle East and the Mediterranean Basin
- Cement capacity of 35 million tons in 2008 increasing to 45 million tons in 2010, with state-of-the-art assets
- Projected annual sales growth of 30% and annual EBITDA growth of 33% (2007-2010)
- Operating margin of over 40% in 2008 thanks to very low production costs
- Projected sales of \$2.6 billion and EBITDA of \$1.3 billion in 2008
- Superior cash flow generation with Free cash flow over \$1 billion in 2008

A VALUE CREATING TRANSACTION

- Price of €8.8 billion for 100% of Orascom Cement, assumption of €1.4 billion in net debt
- Financed through €6.0 billion of debt and the issuance to Nassef Sawiris of 22.5 million new Lafarge shares at €125 per share (€2.8 billion)
- Long-term investment by Nassef Sawiris with a 11.4% shareholding in Lafarge
- The acquisition will strongly enhance growth, margins and cash flows
- Synergies of more than €150 million a year
- Accretive to earnings per share from year 1
- Transaction ROCE higher than Lafarge’s cost of capital in 2008
- Optimization of Lafarge’s financial structure

A NEW DIMENSION FOR LAFARGE AND RAISED FINANCIAL TARGETS

- A major breakthrough in Lafarge’s cement strategy
 - Cement production capacity of 260 million tons in 2010
 - Increase in emerging markets contribution to Group EBITDA, up from 45% in 2007 to 55% in 2008 and 65% in 2010
- Strong improvement in margins and earnings
- “Excellence 2008” targets will be exceeded and ambitious new financial targets set for the Group:
 - Net earnings per share of more than €15 in 2010, vs €7.86 in 2006
 - ROCE of more than 12% in 2010, vs 9.4% in 2006
 - Free cash flow of more than €3.5 billion in 2010, vs €1.4 billion in 2006

BRUNO LAFONT, CHAIRMAN AND CEO OF LAFARGE STATES:

“This acquisition of a leading Egyptian group is a decisive opportunity to accelerate our profitable growth strategy in cement in emerging markets. As a result of the transaction, 65% of Lafarge’s EBITDA is expected to be generated in emerging markets by 2010, relative to 45% in 2007. Orascom Cement’s positions are concentrated in a fast-growing region that will fully benefit from the boom in oil and natural gas revenues. The two companies are wholly complementary geographically with considerable potential for synergies. We will create a powerful operational regional center in Egypt.”



Through this acquisition, Lafarge is considerably strengthened, with a presence in all of the fastest-growing regions of the world and boosted multicultural teams. This transaction allows us to substantially raise our 2010 financial targets for EPS, ROCE and free cash flow.

The Group's transformation is accelerating. Lafarge is well prepared to enter this new growth phase, become the best performing player in the sector in terms of growth, costs and results, and be the leader in emerging markets.

I am delighted with Nassef Sawiris's long-term commitment as a shareholder of Lafarge and him joining the Board of Directors. This is a strong sign of confidence in the future of our Group.

I am also very pleased about Groupe Bruxelles Lambert's support of our strategy, which enables this transaction to take place in very good conditions. Groupe Bruxelles Lambert joining our Board of Directors is very good news for Lafarge and is something that I have wished for."

The Cement leader in the Middle East and Mediterranean Basin

Orascom Cement is an emerging markets Cement leader, with number-one positions in the key markets of Egypt, Algeria, United Arab Emirates and Iraq and with strategic positions in other growth markets in the region: Saudi Arabia, Syria and Turkey. Orascom Cement also has positions in several high-potential markets in Africa and Asia, including South Africa, Nigeria, Pakistan and North Korea.

Orascom Cement operates ten new or recent, state-of-the-art highly efficient and low cost production facilities, with a production capacity of 35 million tons at the end of 2008. Several plants are also under construction, which will bring total capacity to 45 million tons by 2010. Orascom Cement has a wealth of talented human resources, with a unique experience in developing cement activities in emerging markets.

Orascom Cement enjoys superior growth, profitability and cash generation. In 2008, revenues and EBITDA are estimated at \$2.6 billion and \$1.3 billion, respectively, with significant growth potential in the years ahead. Over the 2007-2010 period, its sales are expected to increase by 30% and its EBITDA by 33% per year. Operating margin in 2008 is expected to exceed 40% and the company's cash conversion rate (cash flow/EBITDA) is greater than 90%, particularly thanks to a very favorable tax situation.

A region with highly attractive potential

Orascom Cement provides Lafarge with unparalleled exposure to the Middle East and Mediterranean Basin, a region with exceptional growth potential driven by buoyant oil and natural gas revenues, strong economic and demographic growth, rapid urbanization and immense infrastructure needs.

Through Orascom Cement, Lafarge will penetrate these fast growing and very profitable markets, with high potential. Orascom Cement's geographical presence is highly complementary with Lafarge's current emerging markets portfolio and is located at the center of our geographical presence. Lafarge takes the lead in emerging markets, through its presence in all of the world's fastest-growing regions. With this acquisition and Lafarge's current construction program of 45 million tons, the Group will add a total of 90 million tons of production capacity located mainly in emerging markets. This operation marks a decisive step in the Group's cement strategy, accelerates growth, creates the best performing player in the sector, enriches our pool of talents and opens new possibilities for future development.

Considerable synergies and low integration risk

Significant synergies of more than €150 million a year from 2010 have already been identified. They notably concern improving technical performances, increasing production capacity of existing plants and optimizing procurement.

There are also substantial local and regional synergies, mainly from the expertise of Orascom Cement's technical resources, optimization of plant networks and vertical integration, with Orascom Cement's positions providing a platform for the development of the Group's Aggregates & Concrete business in this region.

As part of the transaction, Lafarge and Orascom Construction Industries have agreed upon a cooperation agreement, whereby both groups will continue to benefit from mutual synergies in connection with the construction and expansion of new and existing cement plants in the region.



Integration of Orascom Cement within Lafarge will be facilitated by the limited overlap and the high quality of Orascom Cement's management team

Enhanced Financial Profile

The acquisition of Orascom Cement is immediately accretive to Lafarge's growth, margins and cash flow generation. The transaction is also expected to enhance the Group's annual sales growth by 3 percentage points over 2007-2010 and Lafarge's operating margin by 250 bp in 2008.

The transaction is accretive to Lafarge's EPS from year 1 and the transaction ROCE will exceed 8% from 2008.

Lafarge strengthens its financial profile thanks to the increase in cash flow generation and maintains a strong financial structure. The financing structure of the transaction has been designed to maintain Lafarge's credit ratings at their current levels of BBB and Baa2. Asset disposals of € 1bn are planned to be made within the two coming years.

Key Transaction Terms

Lafarge will acquire Orascom Cement for €8.8 billion and will assume €1.4 billion in net financial debt of Orascom Cement. The purchase price is to be financed by debt for €6.0 billion and by the issuance of 22.5 million new shares issued to Nassef Sawiris at a price of €125 per share, i.e. a reserved capital increase of €2.8 billion. The financing of the acquisition has already been committed by BNP Paribas, Calyon and Morgan Stanley.

This purchase price represents a multiple of 11.6x EBITDA 2008E and 10.3x EBITDA 2009E post fully phased-in synergies, calculated on a proportionate basis.

Nassef Sawiris, who, jointly with the rest of the Sawiris family, owns 60% in Orascom Construction Industries, Orascom Cement's parent company with a market capitalization of €13.6 billion, will reinvest most of the proceeds of Orascom Cement's disposal in Lafarge and become a 11.4% shareholder of the Group. Nassef Sawiris demonstrates his long-term commitment to Lafarge's development through a 10-year shareholder pact and will join Lafarge's Board of Directors.

Anticipated Timetable

The acquisition is subject to the approval of Orascom Construction Industries shareholders, expected to be convened in an Extraordinary General Meeting in early January 2008. The reserved capital increase by Lafarge for the Sawiris family is subject to approval by Lafarge's shareholders, who will be convened in an Extraordinary General Meeting by end of January 2008.

The acquisition is also subject to approval by the relevant regulatory and anti-trust authorities and is expected to complete at the end of the first quarter of 2008.

NOTES TO EDITORS

Lafarge is the world leader in building materials, with top-ranking positions in all of its businesses: Cement, Aggregates & Concrete and Gypsum. With 71,000 employees in over 70 countries, Lafarge posted sales of Euros 17 billion and net income of Euros 1.4 billion in 2006.

Lafarge is the only company in the construction materials sector to be listed in the 2007 '100 Global Most Sustainable Corporations in the World'. Lafarge has been committed to sustainable development for many years, pursuing a strategy that combines industrial know-how with performance, value creation, respect for employees and local cultures, environmental protection and the conservation of natural resources and energy. To make advances in building materials, Lafarge places the customer at the heart of its concerns. It offers the construction industry and the general public innovative solutions bringing greater safety, comfort and quality to their everyday surroundings.

Additional information is available on the web site at www.lafarge.com.



Practical information

Analysts and investors

Two **conference calls** will be held:

- at 09:00 AM CET, in English (08:00 AM UK time; 03:00 AM EDT in North America)

- and at 18:30 CET, in English (17:30 UK time; 12.30 EDT in North America)

Both conference calls will be hosted by Bruno Lafont, Chairman and CEO and Jean-Jacques Gauthier, Executive Vice-President, Finance, and may be followed via an audio webcast on the Lafarge website (www.lafarge.com) or via teleconference (see details hereafter). The slides from the presentation will be available on the Lafarge website from 8.00 AM CET.

Conference call at 9.00 AM CET

Dial-in number for France and international: +33 (0)1 70 99 42 75

UK dial-in number: +44(0)20 7138 0824

From USA, toll free (US only): +1866 239 0750

Conference call name: "**Lafarge**"

Please note that a playback will be available:

online through www.lafarge.com one hour after the end of the conference call, or by phone, until December 15, 2007 at 00:00 AM CET at the following numbers:

For France and international: +33 (0)1 71 23 02 48

UK: +44 (0)20 7806 1970

From USA, toll free (US only): +1 866 239 0765

Pin code for all numbers: **9885084#**

Conference call at 18.30 CET

Dial-in number for France and international: +33 (0)1 70 99 42 79

UK dial-in number: +44(0)20 7138 0843

From USA, toll free (US only): +1866 602 0258

Conference call name: "**Lafarge**"

Please note that a playback will be available:

online through www.lafarge.com one hour after the end of the conference call, or by phone, until December 15, 2007 at 00:00 AM CET at the following numbers:

For France and international: +33 (0)1 71 23 02 48

UK: +44 (0)20 7806 1970

From USA, toll free (US only): +1 866 239 0765

Pin code for all numbers: **1644737#**

Press

A **press conference** will be held at **10.30 AM CET** (9.30 AM UK time; 4.30 AM EDT in North America), at:

George V Hotel, 31 avenue George V, Paris 8e. (Metro: George V)

The press conference will be hosted by Bruno Lafont, Chairman and CEO and Jean-Jacques Gauthier, Executive Vice-President, Finance. The slides from the presentation will be available on the Lafarge website from 8.00 AM CET.

It will be possible to follow this press conference in English or French by conference call, at the following numbers:

For France and international: +33 (0)1 70 99 42 88

UK: +44 (0)20 7138 0845

From USA, toll free (US only): +1 866 602 0258

Conference call name: "**Lafarge**"



Statements made in this press release that are not historical facts, including statements regarding expectations on the improvement in operations, the increase of capacities, market trends as well as statements on expected sales, cost reductions, synergies, EBITDA, margins, cash flows, earnings per share and return on capital employed, are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions ("Factors"), which are difficult to predict. Some of the Factors that could cause actual results to differ materially from those expressed in the forward-looking statements include, but are not limited to: the cyclical nature of the Company's business; national and regional economic conditions in the countries in which the Group does business; currency fluctuations; seasonal nature of the Company's operations; levels of construction spending in major markets; supply/demand structure of the industry; competition from new or existing competitors; unfavorable weather conditions during peak construction periods; changes in and implementation of environmental and other governmental regulations; our ability to successfully identify, complete and efficiently integrate acquisitions; our ability to successfully penetrate new markets; and other Factors disclosed in the Company's public filings with the French Autorité des Marchés Financiers. In general, the Company is subject to the risks and uncertainties of the construction industry and of doing business throughout the world. The forward-looking statements are made as of this date and the Company undertakes no obligation to update them, whether as a result of new information, future events or otherwise.

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