



PRESS RELEASE

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Euronext : LG, NYSE : LR

Paris, June 12, 2003

Lafarge to raise €1.28 billion capital via a rights issue

- **The offering will give Lafarge the ability to invest gradually in small and medium sized value-creating opportunities and to accelerate balance sheet strengthening**
 - **Lafarge is committed to strict financial discipline and will achieve its 2003 net debt reduction target of €1 billion, irrespective of the rights issue**

Lafarge announces today a €1.28 billion rights issue. The rights issue is fully underwritten by BNP Paribas and JP Morgan. The subscription period will start on June 19 and end on July 2, with a ratio of 4 new shares for 17 existing shares held. Shares created by shareholders exercising their option to receive stock in lieu of a dividend will also benefit from preferential subscription rights. The subscription price is €41 per new share. Preferential subscription rights will be quoted as of June 19.

The funds raised will provide the Group with added flexibility to seize small to medium sized development opportunities gradually and to strengthen its balance sheet.

With its strict financial discipline and without taking into account the proceeds of the rights issue, the Group will achieve its 2003 net debt reduction target of €1 billion (excluding foreign exchange variations) despite a continued uncertain economic environment. This target will be met through cash flow generation, operational performance improvement, disciplined capital expenditure of €1.2 to €1.3 billion and asset disposals of €400 to €600 million.

Profitable growth: The capital increase will enhance Lafarge's ability to invest in value-creating opportunities through acquisitions or capacity increases. These include small to medium sized projects, primarily in Cement worldwide and in Aggregates in Europe and North America.

Financial strength and flexibility: The capital increase will enable Lafarge to accelerate the strengthening of its balance sheet. Furthermore the provided additional financial flexibility will allow Lafarge to optimize the timing of asset disposals.

Commenting on the announcement, Bernard Kasriel, Chief Executive Officer, said: *"The capital increase will provide Lafarge with added flexibility to invest in value creating opportunities and further strengthen our balance sheet to shape the business for the future."*

The *prospectus*, which received the visa n° 03563 on June 11 from the Commission des Opérations de Bourse ("COB"), is available on the COB's website www.cob.fr and, upon request and free of charge, from Lafarge, BNP Paribas and J.P Morgan. It is also available on the Lafarge website www.lafarge.com.

Lafarge is the world leader in building materials, and employs 77,000 people in 75 countries. The Group holds top-ranking positions in all four of its Divisions: Cement, Aggregates & Concrete, Roofing and Gypsum. Lafarge posted sales of €14.6 billion in 2002. More information is available on www.lafarge.com.



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An interview with Bernard Kasriel, Chief Executive Officer, will be available in video, audio and text from 7.30am CET on www.lafarge.com and www.cantos.com

Analysts Conference Call

Following the release of this announcement, a conference call will be held on **June 12th, 2003 at 9.30am CET, in English** (8:30am GMT time)

The speakers will be:

Bernard Kasriel - CEO
Jean-Jacques Gauthier - Chief Financial Officer
James Palmer - Vice-President Investor Relations
Daniele Daouphars - Investor Relations

If you wish to participate in the conference call, please dial:

From France: +33 (0)1 55 69 80 06
From the UK : +44 20 8515 2328
Toll free number for the UK: +800 279 2280
Conference call name: "Lafarge"

This conference call will not be accessible by persons in USA, in Canada, in Australia and Japan. The documents for the analyst presentation are available on Lafarge web site www.lafarge.com

This document is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration with the United States Securities Exchange Commission or an exemption from registration. Any public offering of the company's securities to be made in the United States will be made by means of a prospectus that may be obtained from the company and that will contain detailed information about the company and its management as well as financial statements.

Statements made in this press release that are not historical facts, including statements regarding its ability to achieve its debt reduction target, 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 Commission des Opérations de Bourse and the US Securities and Exchange Commission including its Reference Document COB number D03-0375 as updated on June 5, 2003 and annual report on Form 20-F. 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.

The prospectus, together with a UK supplement containing certain additional information relevant only to shareholders in the United Kingdom will be used as a prospectus for a public offering of new shares with preferential subscription rights in the UK and will be submitted for mutual recognition by the United Kingdom Listing Authority ("UKLA") pursuant to, and in accordance with, the provisions for mutual recognition set out in European Directive no. 89/298/EEC, as a prospectus for the purposes of the UKLA's Listing Rules and Part VI of the Financial Services and Markets Act 2000. The contents of this document, which have been prepared by and are the sole responsibility of Lafarge, have been approved by BNP Paribas and J.P. Morgan Securities Limited. BNP Paribas is regulated in the conduct of its designated investment business in the United Kingdom by the Financial Services Authority and J.P. Morgan Securities Limited is regulated by the Financial Services Authority, solely for the purposes of Section 21(2)(b) of the Financial Services and Markets Act 2000. BNP Paribas and J.P. Morgan Securities Limited are acting for Lafarge in connection with the Offering and no-one else and will not be responsible to anyone other than Lafarge for providing the protections offered to clients of BNP Paribas and J.P. Morgan Securities Limited nor for providing, advice in relation to the Offering. BNP Paribas can be contacted at 10 Harewood Avenue, London NW1 6AA, for the attention of John Mason (Compliance Officer) telephone number: 00 44 (0) 207 595 33 62. J.P. Morgan Securities Limited can be contacted at 10 Aldermanbury, London, EC2V 7RF, for the attention of Rajesh Choudry (Compliance Officer) (telephone number: 00 44 (0) 207 325 9329).

Stabilisation/FSA