



A French limited liability company (société anonyme) with a share capital of € 531,566,420
Registered Office: 61, rue des Belles Feuilles, 75116 Paris
Registered with the Paris Registry of Companies and Commerce under number 542 105 572

**INCREASE IN SHARE CAPITAL FOR CASH THROUGH THE ISSUE OF A MINIMUM OF 31,268,612
NEW SHARES, WHICH MAY BE INCREASED TO 32,968,028 NEW SHARES WITH
MAINTENANCE OF PREFERENTIAL SUBSCRIPTION RIGHTS FOR AN AGGREGATE MINIMUM
AMOUNT OF € 1,282,013,092, INCLUDING PREMIUM, WHICH MAY BE INCREASED TO € 1,351,689,148**

A legal notice has been published in the *Bulletin des Annonces Légales Obligatoires* on 13 June 2003.



Visa of the Commission des Opérations de Bourse

A prospectus consisting of: the *document de référence* of Lafarge, which was filed with the *Commission des opérations de bourse* on 4 April 2003 under the number D.03-0375, the update to that *document de référence*, which was filed with the *Commission des opérations de bourse* on 5 June 2003 and a *note d'opération* that received visa no. 03-563 dated 11 June 2003 of the *Commission des opérations de bourse* has been prepared by the issuer.

Copies of these documents are available free of charge at the offices of the institutions which are authorized to receive subscription requests and also at the registered office of Lafarge: 61, rue des Belles Feuilles, 75116 Paris. The French prospectus may be viewed on the web site of the *Commission des opérations de bourse*: www.cob.fr and on the Lafarge web site: www.lafarge.fr. Toll free number: 0800 235 235.



Joint Lead Managers and Joint Bookrunners

PRINCIPAL CHARACTERISTICS OF THE INCREASE IN SHARE CAPITAL

ISSUER

Lafarge, a *société anonyme* active in the construction materials sector. Footsie Code No. 132 (Building and Construction materials).

PURPOSE OF THE ISSUE

The purpose of the share capital increase is to provide Lafarge with additional means to finance its development and to capitalise on potential opportunities for external growth, while at the same time further reinforcing its financial structure. The funds raised may be used to finance a certain number of projects. These projects include both the construction of new factories and small and medium sized acquisitions in the Company's Cement activities. The projects also involve the Company's Aggregates activities in Europe and in North America. We will focus on transactions that are likely to generate an internal rate of return after taxes of at least 10 to 11%.

SECURITIES TO BE ISSUED

Legal framework:

- 20 May 2003: authorization granted by the combined general meeting of shareholders to the Board of Directors, for a period of 26 months from the date of that general meeting, to issue shares or securities with preferential subscription rights granting access to the share capital of Lafarge;
- 11 June 2003: decision by the Board of Directors of Lafarge to subdelegate to its Chairman the authority to carry out an increase in the share capital with maintenance of preferential subscription rights;
- 11 June 2003: decision by the Chairman, pursuant to the authority subdelegated to him, to proceed with a share capital increase with maintenance of preferential subscription rights and to suspend the options to subscribe shares and the options to purchase shares from 19 June 2003 to 15 July 2003 included.

Amount of the issue:

A nominal amount of € 125,074,448, which may be increased to a maximum nominal amount of € 131,872,112 depending on the outcome of the exercise of the preferential subscription rights attached to shares resulting from:

- (i) any exercise, before 19 June 2003, of certain options to subscribe shares allocated by Lafarge; and
- (ii) any shareholders that choose to reinvest into Lafarge shares the dividend granted by the combined general meeting of shareholders on 20 May 2003.

The nominal amount of the issue represents 23.53% of the share capital and 22.10% of voting rights based on the share capital and voting rights as of 20 May 2003, and may be increased to a maximum of 24.81% of the share capital and 23.30% of the voting rights.

Type and amount of securities:

Issue of 31,268,612 new shares with a nominal value of € 4 each, capable of being increased to a maximum of approximately 32,968,028 new shares, depending on the outcome of the exercise of options to subscribe for shares and the decision by any shareholders to receive their dividend in the form of shares.

Effective date:

The new shares will bear rights from their date of issue (and thus will give full rights to any dividend voted from their date of issue).

Gross amount of the issue:

€ 1,282,013,092 (including issue premium), which may be increased to a maximum of approximately € 1,351,689,148 depending on the outcome of the exercise of certain options to subscribe for shares and the decision by any shareholders to receive their dividend in the form of shares.

TERMS OF SUBSCRIPTION

Preferential subscription rights:

Subscription of the new shares will be reserved in priority to holders of shares in the existing share capital or shares resulting from the exercise, before 19 June 2003, of any options to subscribe for or purchase shares and from any decision by shareholders to receive their dividend in the form of shares. They will be entitled to subscribe:

- **by way of entitlement without reduction:** for 4 new shares with a nominal value of € 4 each for 17 existing shares owned, without taking fractional shares into account;
- **subject to reduction of their entitlement:** on the condition that they have exercised in full the rights to which they are entitled on an irreducible basis, to additional new shares over and above those to which they are entitled on an irreducible basis, provided that such additional shares shall not exceed the total number of shares not subscribed on an irreducible basis and shall be allocated pro rata in proportion to the number of rights in respect of existing shares that they exercised on an irreducible basis.

New shares to be issued pursuant to the exercise of the share dividend reinvestment option approved by the combined shareholders' meeting of 20 May 2003:

The minimum number of new shares issued in the context of this capital increase may be increased through the exercise of the preferential subscription rights attached to shares issued to shareholders that choose, between 2 June and 20 June 2003, to receive in the form of shares the dividend granted by the combined shareholders' meeting of 20 May 2003.

In order to preserve the rights of shareholders that choose to receive their dividend in the form of shares, such shareholders will receive, after ordinary centralisation and delivery times, shares with preferential subscription rights attached that will enable them, if they choose, to subscribe for the new shares in this offering until 2 July 2003 on the same basis as other shareholders.

Shareholders exercising their right to receive their dividend in the form of shares will receive, on 27 June 2003, shares with preferential subscription rights attached permitting them, if they choose, to subscribe for the new shares in this offering until 2 July 2003 on the same basis as other shareholders.

Period of subscription:

From 19 June 2003 included to 2 July 2003 included.

Issue price:

€ 41 per share, to be paid in full in cash at the time of subscription, of which € 4 shall be the nominal value and € 37 an issue premium.

THEORETICAL VALUE OF THE PREFERENTIAL SUBSCRIPTION RIGHT

€ 3.59 (on the basis of the latest quoted Lafarge share price on 11 June 2003).

SHARE PRICE (EURONEXT PARIS – PREMIER MARCHE)

Highest and lowest share price between 1 December 2002 and 10 June 2003: high € 84.50, low € 43.26. Closing price on 11 June 2003: € 59.85.

TRANSACTION TIMETABLE

- 13 June 2003 Publication of the notice of the increase in share capital in the *Bulletin des Annonces Légales Obligatoires*.
- 19 June 2003 Commencement of the subscription period – listing of the preferential subscription rights.
- 2 July 2003 End of the subscription period – end of listing of the preferential subscription rights.
- 15 July 2003 Issuance of the new shares – Settlement-delivery.
- 15 July 2003 Listing of the new shares.

LISTING OF NEW SHARES

It is intended that the new shares will be listed on the *Premier Marché* of Euronext Paris S.A. on 15 July 2003. Application will also be made to list the new shares on the London Stock Exchange, and on the New York Stock Exchange in the form of ADSs (*American Depositary Shares*). Lafarge is currently reviewing what action to take regarding the listing of its shares on the Frankfurt and Düsseldorf stock exchanges.

LISTING OF PREFERENTIAL SUBSCRIPTION RIGHTS

The preferential subscription rights will be detached from the shares on 19 June 2003 and will be traded on the *Premier Marché* of Euronext Paris S.A. from and including that day until the end of the subscription period. As a result, the shares will be quoted without rights from 19 June 2003.

PUBLIC OFFERING

The shares to be issued pursuant to the present share capital increase will be offered by way of:

- a public offering with preferential subscription rights in France and in the United Kingdom; and
- a private placement in other countries, including to qualified investors in the United States.

OTHER INFORMATION

General Restrictions:

Distribution of the *note d'opération* or the sale of shares and preferential subscription rights may, in certain jurisdictions, be subject to specific regulations. Any person in possession of the *note d'opération* should familiarise himself and comply with any local restrictions.

Any person who receives the *note d'opération* must not distribute it or cause it to be distributed in any jurisdiction contrary to the laws and regulations applicable in that jurisdiction.

Any person who, for whatever reason, distributes or causes to be distributed the *note d'opération* in such a jurisdiction must draw the recipient's attention to this paragraph and the restrictions set forth in paragraph 2.2.8 of the *note d'opération*.

UNDERWRITING

The subscription of all the new shares, including those resulting from the exercise of preferential subscription rights attached to shares resulting from any exercise prior to 19 June 2003 of up to all the exercisable options to subscribe shares and the decision by any shareholders to receive their dividend in the form of shares, will be underwritten by BNP Paribas and J.P. Morgan Securities Ltd. pursuant to an underwriting agreement entered into with Lafarge. Such underwriting agreement includes a *force majeure* clause and will not constitute a "*garantie de bonne fin*" as defined in article L 225-145 of the French Commercial Code.

FINANCIAL INTERMEDIARIES

Share subscriptions and payments:

- BNP Paribas, 16 boulevard des Italiens, 75009 Paris, France
 - J.P. Morgan Chase Bank, Trinity Tower, 9 Thomas More Street, London E1W 1YT, United Kingdom
- Subscriptions and payments from holders of fully registered shares (*nominatif pur*) will be accepted at the offices of Crédit Commercial de France.

Centralization of payments: BNP Paribas Securities Services, GIS Emetteurs, Les Collines de l'Arche, 75450 Paris Cédex 9.

INVESTOR CONTACT INFORMATION

Institutional investors and financial analysts:

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Individuals:

Delphine Bueno
Toll free numbers (only in France)
For information about the issue: 0800 235 235
For information about Lafarge shares and fully registered accounts (at CCF): 0 800 06 06 46
International calls: +33 (0)1 44 34 12 73 Fax: +33 (0)1 44 34 12 37
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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 shares with preferential subscription rights in the UK and has been 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. A copy of the prospectus, together with the UK supplement has been submitted to the UK Listing Authority, and will shortly be available for inspection at the UK Listing Authority's Document Viewing Facility, which is situated at: Financial Services Authority, 25 the North Colonnade, Canary Wharf, London E14 5HS.

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. 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). 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 3362.

Stabilisation/FSA